1. Consolidated Operating Results

(1) Overview of Performance

1st quarter results for the fiscal year ending March 31, 2008
(From April 1, 2007 to June 30, 2007)

[Millions of yen]

	Three months ended June 30, 2007 (April 1, 2007 – June 30, 2007)	Three months ended June 30, 2006 (April 1, 2006 – June 30, 2006)	Increase (Decrease)	
Net sales	252,407	241,272	11,134	4.6%
Gross profit	126,026	118,126	7,900	6.7%
Operating income	24,735	22,240	2,494	11.2%
Recurring profit	27,706	21,468	6,238	29.1%
Net income before income taxes and minority interests	27,490	22,286	5,204	23.4%
Net income	16,135	10,555	5,579	52.9%
Net income per share [yen]	30.40	19.89	10.51	52.9%
Capital expenditure	22,791	16,971	5,819	34.3%
Depreciation	13,947	12,032	1,914	15.9%
R & D expenses	18,703	16,711	1,991	11.9%
Exchange rates [yen]				
US dollar	120.78	114.50	6.28	5.5%
Euro	162.72	143.78	18.94	13.2%

During the quarterly fiscal period under review, consolidated net sales amounted to ¥252.4 billion, up ¥11.1 billion, or 4.6%, from the same period of the previous fiscal year. Due to the January 2006 decision to exit from the Photo Imaging business, which generated ¥17.0 billion in sales during the first quarter of the previous fiscal year, sales in this business field have effectively been eliminated from the period under review. Konica Minolta has been taking measures to effectively utilize business assets previously associated with the Photo Imaging business, and the Konica Minolta Group has worked concertedly to strengthen its operations through the comprehensive execution of its “selection and concentration” strategy, sales of other businesses were strong, reflecting such factors as the Business Technologies business’s sustained robust sales of color MFP products and the Optics business’s marketing of such growth products as optical pickup lenses for next-generation DVD products. Consolidated net sales from continuing operations, excluding the Photo Imaging business, were up approximately 12.6% from the same period of the previous fiscal year.

The negative impact of the fall in selling prices accompanying the intensification of competition and the surge in silver and other raw material prices was more than offset by the positive effects of the Groupwide cost-cutting efforts and growth in sales volume derived primarily from newly launched products as well as the exchange rate benefits of a weaker yen. As a result, gross profit increased ¥7.9 billion, or 6.7%, year on year, to ¥126.0 billion, and the gross profit margin improved from 49.0% to 49.9%.

However, selling, general and administrative (SG&A) expenses were ¥5.4 billion higher than in the first quarter of the previous fiscal year, reflecting such factors as a ¥1.9 billion rise in R&D spending associated primarily with the Business Technologies business’s shift to full-color products and with other growth business fields. As a result, operating income totaled ¥24.7 billion, up ¥2.4 billion, or 11.2%, from the same period of the previous fiscal year. In addition, the operating profit margin improved from 9.2% to 9.8%.

Recurring income increased ¥6.2 billion, or 29.1%, year on year, to ¥27.7 billion, reflecting a ¥3.7 billion improvement in the net value of non-operating income and expense items that resulted from such factors as a significant increase in exchange gain accompanying the trend of yen depreciation. As a result, net income before income taxes and minority interests amounted to ¥27.4 billion, up 23.4%, and net income totaled ¥16.1 billion, up 52.9%.

Konica Minolta implemented measures based on its medium-term business plan, FORWARD 08, which covers the three-year period from March 2006. These measures were designed to promote the Group's growth and maximize the Group's corporate value by concentrating management resources in such growth fields as the Business Technologies and the Optics businesses and effectively implementing the "genre-top strategy," which calls for concentrating management resources in specified business fields and markets to establish the top brand in those fields and markets.

In line with this strategy, Konica Minolta continued augmenting its capabilities for responding to the continued rise in demand for TAC film (protective film for polarizing plates), an essential component of LCDs. The Company moved forward with the construction of its No. 5 TAC film production line (Kobe, Japan), which is scheduled to begin operating in fall 2007. As a result of these and other proactive investments to expand production capacity in strategic growth fields, the Company's capital investments in the quarterly fiscal period under review amounted to ¥22.7 billion, up ¥5.8 billion from the same period of the previous fiscal year.

Depreciation expense totaled ¥13.9 billion, up ¥1.9 billion from the same period of the previous fiscal year. This rise reflected such factors as the increased depreciation burden associated with new plants—the new polymerized toner plant (Nagano, Japan), which was completed in December 2006 as a means of responding to rising demand for MFP consumables, and the No. 4 TAC film production line (Kobe, Japan), which was completed in September 2006—as well as a reevaluation of the depreciation and amortization system in connection with Japan's tax system changes.

(2) Overview by Segment

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

[Millions of yen]

	Three months ended June 30, 2007 (April 1, 2007 – June 30, 2007)	Three months ended June 30, 2006 (April 1, 2006 – June 30, 2006)	Increase (Decrease)	
(1) Net sales to outside customers	172,805	150,796	22,008	14.6%
(2) Intersegment net sales	1,147	908	239	26.3%
Total net sales	173,953	151,705	22,247	14.7%
Operating expenses	152,529	135,608	16,921	12.5%
Operating income	21,423	16,097	5,326	33.1%

Since the business integration, the Business Technologies business has implemented the "genre-top strategy" by emphasizing growth in sales of color MFPs, for which demand is continuing to expand in domestic and overseas general office markets. During the quarterly period under review, Konica Minolta further strengthened its color MFP product lineup with emphasis on the high-speed segment by supplementing the bizhub C550 (launched in February 2007; 45ppm color and 55ppm black and white) with two new products—the bizhub C451 (launched in May 2007; 45ppm color and black and white) and the bizhub C650 (launched in June 2007; 50ppm color and 65ppm black and white). Besides abundant network functions that respond to office network environments as well as the latest security functions, these new products feature high-quality images and high productivity achieved through the use of our unique polymerized toner and tandem engines. These features gave these products considerable competitive strength, supporting robust sales of the color MFPs centered on newly launched models. Anticipating rapid growth in production print market business targeting demand from such customers as companies' in-house printing departments and franchised print shops, Konica Minolta broadened its four product lineup of high-speed color/monochrome MFPs including the bizhub PRO C6500 (launched in September 2006; 65ppm color and black and white), which has continued to generate strong sales performance. Sales of the entire four product lineup continued to grow centered on the U.S. market.

In LBP operations, Konica Minolta has targeted needs associated with projections of additional growth in general office printing volumes by proactively augmenting its marketing of products in the medium-to-high-speed tandem color LBP segment, such as the magicolor 5570 series (30ppm color and

35ppm black and white).

As a result, sales to external customers rose 14.6% year on year, to ¥172.8 billion, and operating income surged 33.1%, to ¥21.4 billion.

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

[Millions of yen]

	Three months ended June 30, 2006 (April 1, 2006 – June 30, 2006)	Three months ended June 30, 2005 (April 1, 2005 – June 30, 2005)	Increase (Decrease)	
(1) Net sales to outside customers	37,490	32,134	5,356	16.7%
(2) Intersegment net sales	231	258	(27)	-10.5%
Total net sales	37,722	32,392	5,329	16.5%
Operating expenses	32,988	27,174	5,814	21.4%
Operating income	4,733	5,218	(484)	-9.3%

Regarding displays, Konica Minolta has increased its TAC film production capacity with the start of operations at its No. 4 TAC film production line in September 2006. In addition, new versions of viewing angle expansion film were launched in January 2007 and have been highly evaluated by customers. The Company recorded strong sales of these products for use with large LCD televisions, for which demand is continuing to increase.

As for memory-related products, Konica Minolta's sales of its mainstay optical pickup lens products for CD-related applications decreased, but demand for current-generation DVD optical pickup lenses centered on high-end recording lenses began recovering. Moreover, robust sales were recorded of the products for use with such next-generation DVDs as Blueray Disks and HD-DVDs. Regarding glass hard disk substrates, the Company's progressive response to vertical magnetic recording format HDDs proceeded smoothly, but customers' inventory adjustments restrained sales during the quarter to approximately the same level as in the same quarter of the previous fiscal year.

In the image input/output component field, sales of micro camera modules and lens units considerably increased for camera-equipped mobile phones customers in Japan and overseas.

As a result, sales to outside customers in this segment grew 16.7% year on year, to ¥37.4 billion. However, the impact of downward pressures on prices of LCD-related materials and the rising depreciation burden stemming from the expansion of manufacturing facilities caused operating income to decrease 9.3%, to ¥4.7 billion.

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

[Millions of yen]

	Three months ended June 30, 2007 (April 1, 2007 – June 30, 2007)	Three months ended June 30, 2006 (April 1, 2006 – June 30, 2006)	Increase (Decrease)	
(1) Net sales to outside customers	35,760	36,440	(679)	-1.9%
(2) Intersegment net sales	1,032	4,305	(3,272)	-76.0%
Total net sales	36,793	40,745	(3,952)	-9.7%
Operating expenses	35,496	38,024	(2,527)	-6.6%
Operating income	1,296	2,721	(1,425)	-52.4%

In the medical segment, we took steps to expand sales of digital input/output equipment, including the REGIUS series of digital radiography image inputting systems and the DRYPRO series of imaging output equipment. Regarding new products introduced during the quarterly period, in June 2007, Konica Minolta launched the REGIUS MODEL 110, which is designed to meet the needs of clinics and other small-scale medical therapy facilities and utilize advanced IT. Offering compactness and a simple operation, the REGIUS MODEL 110 system's design concepts have been highly evaluated by various customers. As very little time had passed since the new products were marketed, sales of digital input/output equipment rose only slightly above the level in the same period of the previous year.

In the graphic (printing) segment, the move to filmless imaging progressed further in step with the shift to digital printing processes, but Konica Minolta recorded solid sales of printing-use films during the quarter, primarily in overseas markets where it has been working to strengthen its marketing operations. Regarding sales of digital equipment, the Company proactively strove to expand sales of the Pagemaster Pro 6500, an on-demand printing system that incorporates the Company's exclusive RIP technology.

As a result, sales to outside customers in this segment amounted to ¥35.7 billion, approximately the same level as in the same period of the previous fiscal year. However, operating income dropped 52.4%, to ¥1.2 billion, reflecting such factors as the soaring price of silver used for manufacturing film products and a rise in R&D expenses.

Other Businesses

- **Sensing Business [Colorimeters, 3D digitizers, etc.]**

This segment uses Konica Minolta's exclusive light-measurement technologies to provide domestic and overseas customers with diverse unique measurement instruments, including those for measuring colorimetric levels, gloss levels, illumination levels, blood-oxygen levels, jaundice levels, and three-dimensional shapes. During the quarterly period under review, the Company recorded robust sales of color measurement instruments centered on the products for measuring object colors. In the three-dimensional measurement field, Konica Minolta worked to strengthen its capabilities for marketing the Vivid 9i three-dimensional digitizer for commercial and academic applications. Sales to outside customers in this segment advanced 17.2% from the same period of the previous fiscal year, to ¥2.25 billion, and operating income surged 69.8%, to ¥0.27 billion.

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

Drawing on Konica Minolta's proprietary inkjet technologies and unique chemical and ink technologies, this segment markets high-definition printer heads to major printer manufacturers and large inkjet printers for textile use. Amid continued rapid economic growth in China, the Company obtained orders from a number of leading printer makers for print heads used in large-format printers to create outdoor advertising posters.

Sales to outside customers in this segment increased 5.4% from the same period of the previous fiscal year, to ¥1.52 billion, and operating income decreased 24.1%, to ¥0.16 billion.

2. Financial Position

At period-end, total assets amounted to ¥972.8 billion, up ¥21.8 billion compared with the end of the previous fiscal year due to factors including rises in tangible assets. The balance of interest-bearing debt increased ¥2.9 billion, to ¥232.2 billion.

Regarding net assets, such factors as a rise in retained earnings caused net assets to rise to ¥386.5 billion. Net assets per share came to ¥725.59 and the equity ratio was 39.6%.

Regarding cash flows during the quarterly period under review, cash flow from operating activities was generated due to income before income taxes of ¥27.4 billion as well as such factors as depreciation and amortization expenses and a decrease in receivables, which were partially offset by such factors as an increase in inventories, an increase in payables, and the payment of income taxes as well as by a decrease in provision for loss on the discontinuation of Photo Imaging business operations. Thus, net cash provided by operating activities totaled ¥21.8 billion

Net cash used in investing activities totaled ¥20.1 billion, primarily due to the acquisition of tangible and intangible fixed assets in the Business Technologies and Optics businesses. As a result, free cash flows amounted to ¥1.6 billion.

Net cash used in financing activities amounted to ¥4.9 billion, reflecting such factors as the payment of ¥5.3 billion in cash dividends.

As a result of the above, cash and cash equivalents at fiscal year-end totaled ¥85.3 billion, down ¥1.2 billion from the end of the previous fiscal year.

3. Consolidated Performance Outlook

While net sales and profits during the period under review were higher than in the same period of the previous fiscal year, the Group's consolidated performance centered on Business Technologies and Optics businesses has generally developed in accordance with the Group's plans. Because of this, the Company has not revised the performance projections it originally announced on May 10, 2007.

Regarding domestic and overseas economic and market conditions during the second and subsequent quarters of the current fiscal year, Konica Minolta anticipates that levels of competition and demand will remain difficult to project and recognizes that conditions will continue to require constant vigilance. Amid these circumstances, the Company will expeditiously implement the strategies and other measures described in FORWARD 08 and use the Group's collective efforts to attain the performance targets specified below.

Earnings forecast for the fiscal year ending March 31, 2008 (reference)
(From April 1, 2007 to March 31, 2008)

Announced on May 10, 2007

[Millions of yen]

	Interim results projection for the fiscal period ending September 30, 2007	Full-year results projection for fiscal year ending March 31, 2008
Net sales	496,000	1,045,000
Operating income	48,000	105,000
Recurring profit	42,000	93,000
Net income	20,500	47,500

The presumed currency exchange rates for the second and subsequent quarters are unchanged at US$=¥115 and €=¥150.

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

4. Other

(1) Changes to principal subsidiaries during the period (status changes of specified subsidiaries due to changes in the scope of consolidation): None

(2) Use of simplified accounting methods:
[Corporate income tax calculation standard]
Regarding corporate income tax calculation standards, the Company uses a simplified accounting method using a projected annual tax rate based on the statutory rate, etc.

(3) Changes to accounting methods in recent fiscal years: None

**Figures given in the text as billions of yen have been rounded down to the nearest hundred million yen by discarding figures less than one hundred million yen.*