August 2, 2007

Consolidated Financial Results for the 1st Quarter ended June 30, 2007

Konica Minolta Holdings, Inc.

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1. Overview of the 1st Quarter Performance (From April 1, 2007 to June 30, 2007)

(1) Business performance

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

	Net sales		Operating income		Recurring profit		Net income	
Three months ended June 30, 2007	252,407	4.6%	24,735	11.2%	27,706	29.1%	16,135	52.9%
Three months ended June 30, 2006	241,272	(1.1%)	22,240	22.3%	21,468	20.9%	10,555	44.3%
Fiscal year ended March 31, 2007	1,027,630		104,006		98,099		72,542	

	Net income per share	Net income per share (after full dilution)
Three months ended June 30, 2007	30.40 yen	28.72 yen
Three months ended June 30, 2006	19.89 yen	19.88 yen
Fiscal year ended March 31, 2007	136.67 yen	134.00 yen

(2) Financial Position

[Millions of yen]

	Total assets	Shareholders' equity	Equity ratio (%)	Net assets per share (Yen)
June 30, 2007	972,856	386,516	39.6	725.59
June 30, 2006	915,433	305,238	33.0	575.03
March 31, 2007	951,052	368,624	38.6	692.39

(3) Cash Flows

[Millions of yen]

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents year at end of period
Three months ended June 30, 2007	21,811	(20,123)	(4,916)	85,334
Three months ended June 30, 2006	2,774	(10,984)	(6,955)	65,960
Fiscal year ended March 31, 2007	66,712	(56,401)	(5,170)	86,587

2. Consolidated Performance Outlook for Fiscal year ending March 31, 2008 (From April 1, 2007 to March 31, 2008)

As performance in the first quarter was in line with projections, the performance projection announced on May 10, 2007, has not been revised.

3. Other

(1) Changes in status of material subsidiaries during the quarter under review (Changes to specified subsidiaries accompanying the additional consolidation or removal from consolidation of companies): None
(2) Adoption of simplified accounting methods: Yes
(3) Changes to consolidated accounting policies from the fiscal year ended March 31, 2007: None

Note: For more detailed information, please see the "4.Other" section on page 7.

Explanation of Appropriate Use of Performance Projections and Other Special Items
This document contains projections of performance and other projections that were made based on information currently available and certain assumptions judged to be reasonable. There is a possibility that diverse factors may cause actual performance, etc., to differ considerably from projections. Please see the "3.Consolidated Performance Outlook" section on page 7 for more information on points to be remembered in connection with the use of projections.

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.*

5. Consolidated Financial Statements
(1) Consolidated Balance Sheets

[Millions of yen]

	June 30, 2006		June 30, 2007		Increase/Decrease		March 31, 2007	
	Amount	% of total	Amount	% of total	Amount	Y of Y %	Amount	% of total
Assets							Amount	% of total
Cash and deposits	65,960		83,959		17,998		85,677	
Trade notes and accounts receivable	229,992		243,958		13,966		257,380	
Marketable securities	—		1,374		1,374		909	
Inventories	146,765		151,397		4,631		133,550	
Deferred tax assets	42,798		44,786		1,988		41,336	
Other accounts receivable	9,833		9,999		166		10,999	
Other current assets	23,511		21,054		(2,457)		19,489	
Allowance for doubtful accounts	(9,094)		(5,243)		3,850		(5,106)	
Current assets	509,766	55.7	551,286	56.7	41,519	8.1	544,237	57.2
Buildings and structures	63,186		68,019		4,832		65,368	
Machinery and vehicles	64,515		70,036		5,521		69,264	
Tools and equipment	25,729		29,240		3,511		28,643	
Land	35,531		33,316		(2,215)		33,065	
Construction in progress	13,009		21,558		8,548		12,406	
Rental business-use assets	22,039		21,239		(800)		21,346	
Tangible fixed assets	224,012	24.5	243,411	25.0	19,398	8.7	230,094	24.2
Goodwill	—		81,348		81,348		82,074	
Consolidated goodwill	79,442		—		(79,442)		—	
Other intangible fixed assets	21,454		15,359		(6,094)		15,897	
Intangible fixed assets	100,896	11.0	96,708	9.9	(4,188)	(4.2)	97,971	10.3
Investment securities	33,720		36,371		2,650		33,948	
Long-term loans	1,006		574		(432)		614	
Long-term prepaid expenses	4,248		4,024		(223)		4,393	
Deferred tax assets	29,385		27,857		(1,528)		27,306	
Other investments	13,521		13,096		(425)		13,037	
Allowance for doubtful accounts	(1,124)		(472)		651		(552)	
Investments and others	80,757	8.8	81,450	8.4	693	0.9	78,748	8.3
Fixed assets	405,666	44.3	421,570	43.3	15,903	3.9	406,814	42.8
Total assets	915,433	100.0	972,856	100.0	57,423	6.3	951,052	100.0

[Millions of yen]

	June 30, 2006		June 30, 2007		Increase/Decrease		March 31, 2007	
	Amount	% of total	Amount	% of total	Amount	Y of Y %	Amount	% of total
Liabilities								
Notes and account payable - trade	113,067		120,233		7,165		121,707	
Short-term loans	132,528		82,977		(49,550)		79,927	
Long-term loans due within one year	8,085		19,085		11,000		17,075	
Bonds due within one year	11,062		—		(11,062)		29	
Account payable - other	28,191		48,776		20,584		44,230	
Accrued expenses	66,279		36,274		(30,004)		36,799	
Accrued income taxes	2,469		10,799		8,330		14,171	
Allowance for bonus	—		6,583		6,583		13,485	
Allowance for director's bonus	—		3		3		278	
Allowance for product warranty	4,633		5,759		1,125		4,994	
Provision for loss on discontinued operations	49,624		26,366		(23,258)		28,097	
Note payable equipment	3,323		2,188		(1,135)		5,082	
Other current liabilities	28,336		22,527		(5,808)		11,188	
Current liabilities	447,602	48.9	381,575	39.2	(66,026)	(14.8)	377,069	39.6
Bonds	5,000		75,241		70,241		75,266	
Long-term loans	74,036		54,981		(19,054)		57,065	
Deferred tax assets on land revaluation	4,042		4,028		(14)		4,028	
Reserve for retirement benefits and pension plans	64,098		58,820		(5,278)		57,947	
Reserve for directors' retirement benefits	448		450		2		459	
Other long-term liabilities	14,967		11,242		(3,725)		10,590	
Long-term liabilities	162,592	17.8	204,764	21.1	42,171	25.9	205,358	21.6
Total liabilities	610,194	66.7	586,340	60.3	(23,854)	(3.9)	582,427	61.2
Net assets								
Capital stock	37,519		37,519		—		37,519	
Additional pain-in capital	204,141		204,140		(0)		204,143	
Retained earnings	53,099		126,528		73,429		115,704	
Treasury stock	(942)		(1,136)		(194)		(1,097)	
Shareholders' equity	293,818	32.1	367,052	37.7	73,234	24.9	356,269	37.5
Unrealized gain on securities	8,327		8,692		365		7,454	
Gain (loss) on deferred hedge	(3)		317		321		(90)	
Translation adjustment	265		9,011		8,746		3,834	
Revaluation and translation adjustments	8,588	0.9	18,022	1.9	9,433	109.8	11,198	1.2
Subscription warrant	—	—	151	0.0	151	—	108	0.0
Minority Interests	2,831	0.3	1,290	0.1	(1,541)	(54.4)	1,048	0.1
Net assets	305,238	33.3	386,516	39.7	81,278	26.6	368,624	38.8
Total liabilities and shareholders' equity	915,433	100.0	972,856	100.0	57,423	6.3	951,052	100.0

(2) Consolidated Statements of Income

[Millions of yen]

	Three months ended June 30, 2006		Three months ended June 30, 2007		Increase/Decrease		Fiscal year ended March 31, 2007	
	Amount	% of net sales	Amount	% of net sales	Amount	Y of Y %	Amount	% of net sales
Net sales	241,272	100.0	252,407	100.0	11,134	4.6	1.027,630	100.0
Cost of sales	123,146	51.0	126.380	50.1	3,233	2.6	532,714	51.8
Gross profit	118,126	49.0	126,026	49.9	7,900	6.7	494,916	48.2
Selling, general and administrative expenses	95,885	39.8	101,291	40.1	5,406	5.6	390,909	38.1
Operating income	22,240	9.2	24,735	9.8	2,494	11.2	104,006	10.1
Non-operating income	2,223	0.9	6,629	2.6	4,406	198.2	14,653	1.4
Interest and dividend income	579		794		215		2,316	
Investment income on equity method	—		71		71		—	
Exchange gain	—		4,084		4,084		3,432	
Other	1,643		1,678		35		8,904	
Non-operating expenses	2,995	1.2	3,657	1.4	662	22.1	20,559	2.0
Interest expense	1,338		1,278		(60)		5,088	
Disposal/valuation losses of inventories	620		1,037		417		7,054	
Equity method loss of affiliated companies	99		—		(99)		160	
Other	937		1,341		404		8,255	
Recurring profit	21,468	8.9	27,706	11.0	6,238	29.1	98,099	9.5
Extraordinary profit	1,095	0.4	81	0.0	(1,013)	(92.6)	11,848	1.2
Gain on sales of fixed assets	509		33		(476)		7,275	
Gain on sales of investment securities	585		—		(585)		2,788	
Gain on sales of investment in affiliated companies	—		47		47		1,200	
Gain on sale of investment	—		—		—		54	
Reversal of allowance for doubtful receivables	—		—		—		529	
Extraordinary losses	277	0.1	297	0.1	20	7.3	5,058	0.5
Loss on disposal and sale of fixed assets	277		296		19		2,791	
Loss on sale of investment in affiliates	—		—		—		619	
Loss on sale of investment securities	—		0		0		44	
Write-down on investment securities	—		—		—		26	
Loss on impairment of fixed assets	—		—		—		640	
Payment for dissolution of business	—		—		—		935	
Income before income taxes and minority interests	22,286	9.2	27,490	10.9	5,204	23.4	104,890	10.2
Tax expenses	11,662	4.8	11,321	4.5	(340)	(2.9)	32,135	3.1
Minority interests in earnings of consolidated subsidiaries	68	0.0	33	0.0	(34)	(50.5)	213	0.0
Net Income	10,555	4.4	16,135	6.4	5,579	52.9	72,542	7.1

(3) Consolidated Statement of Cash Flows

[Millions of yen]

	Three months ended June 30, 2006	Three months ended June 30, 2007	Fiscal year ended March 31, 2007
I. Cash flows from operating activities			
Net income before income taxes and minority interests	22,286	27,490	104,890
Depreciation and amortization	12,032	13,947	52,692
Impairment loss	—	—	640
Amortization of consolidated goodwill	1,346	—	—
Amortization of goodwill	—	1,691	6,476
Increase (decrease) in allowance for doubtful accounts	811	(169)	(4,378)
Interest and dividend income	(579)	(794)	(2,316)
Interest expense	1,338	1,278	5,088
Loss (gain) on disposals and sale of tangible fixed assets	(232)	263	(4,484)
Loss (gain) on sale and disposals of investment securities	(585)	0	(2,717)
Loss (gain) on sale of stock of affiliated companies	—	(47)	(580)
Increase (decrease) in employees' retirement benefits	(1,126)	466	(8,383)
Increase (decrease) in loss reserve of discontinued operations	(8,535)	(1,703)	(29,980)
Loss on reserve of discontinued operations	—	—	935
(Increase) decrease in trade notes and accounts receivable	18,255	22,262	(976)
(Increase) decrease in inventories	914	(12,482)	19,262
Increase (decrease) in trade notes and accounts payable	(4,815)	(10,939)	(5,064)
Increase (decrease) in accrued consumption tax payable	1,162	2,316	(1,969)
Reversal of reserve for impairment of lease assets	(3,145)	(9)	(3,129)
Increase (decrease) on transfer of lease assets used in sales activities	(2,132)	(2,064)	(10,168)
Other	(17,021)	(745)	(17,700)
Subtotal	19,982	40,761	98,137
Interest and dividends received	(267)	876	2,473
Interest paid	(1,249)	(1,201)	(5,220)
Additional amount of special retirement allowance	(6,484)	—	(6,484)
Income taxes paid	(9,206)	(18,624)	(22,193)
Net cash provided by operating activities	2,774	21,811	66,712
II. Cash flows from investing activities			
Payment for acquisition of tangible fixed assets	(13,129)	(18,822)	(62,517)
Proceeds from sale of tangible fixed assets	1,223	186	12,064
Payment for acquisition of intangible fixed assets	(800)	(927)	(6,703)
Proceeds from sale of business	(421)	(182)	(2,744)
Payment for acquisition of new consolidated subsidiary	—	—	1,744
Payment for loans receivable	(86)	(23)	(891)
Proceeds from return of loan receivable	282	56	1,142
Payment for acquisition of investment securities	(101)	(10)	(1,411)
Proceeds from sale of investment securities	951	2	3,461
Payment for other investments	(374)	(568)	(2,129)
Other	1,472	166	1,585
Net cash used in investing activities	(10,984)	(20,123)	(56,401)
III. Cash flows from financing activities			
Net (decrease) increase in short-term loans payable	(3,667)	612	(53,125)
Repayment of long-term loans payable	(9)	(85)	(8,079)
Proceeds from issuing of bonds	—	—	70,300
Redemption of bonds	(3,252)	(54)	(14,002)
Payment to execute buyback of Company's stock	3	0	9
Proceeds from sale of Company's stock	(29)	(45)	(190)
Dividend payments	(0)	(5,307)	(12)
Dividend payments to minority shareholders	—	(36)	(70)
Net Cash used in financing activities	(6,955)	(4,916)	(5,170)

(3) Consolidated Statement of Cash Flows (continued)

[Millions of yen]

	Three months ended June 30, 2006	Three months ended June 30, 2007	Fiscal year ended March 31, 2007
IV. Effect of exchange rate changes on cash and cash equivalents	30	1,976	322
V. Increase (decrease) in cash and cash equivalents	(15,134)	(1,252)	5,463
VI. Cash and cash equivalents at beginning of the period	80,878	86,587	80,878
VII. Increase in cash and cash equivalents due to newly consolidated subsidiaries and others	216	—	245
VIII. Cash and cash equivalents at end of the period	65,960	85,334	86,587

(4) Segment Information

[1] Business Segment

Three months ended June 30, 2007 (from April 1, 2007 to June 30, 2007)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consoli-dation
Sales								
Outside customers	172,805	37,490	35,760	2,253	4,096	252,407	—	252,407
Intersegment sales/transfers	1,147	231	1,032	196	12,889	15,497	(15,497)	—
Total	173,953	37,722	36,793	2,450	16,985	267,904	(15,497)	252,407
Operating expenses	152,529	32,988	35,496	2,175	16,015	239,206	(11,534)	227,671
Operating income	21,423	4,733	1,296	274	969	28,698	(3,963)	24,735

Notes:
1. Business classification is based on similarity of product type and market. Konica Minolta's operations are classified into the five segments of Business Technologies, Optics, Medical and Graphic, Sensing, and other businesses.
2. In the quarter under review, operating expenses not allocated but included in Elimination/corporate amounted to ¥6,833 million in the same period of the previous fiscal year, and are principally R&D expenses incurred by the parent company and expenses associated with Head Office functions.
3. Change to business segment classification: Because of the business termination following the decision to exit Photo Imaging business announced on January 19, 2006, the Photo Imaging business has decreased in importance. Accordingly, from the quarterly fiscal period under review, the "Photo Imaging business" segment is no longer listed.

Three months ended June 30, 2006 (from April 1, 2006 to June 30, 2006)

[Millions of yen]

	Business Technologies	Optics	Photo Imaging	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consoli-dation
Sales									
Outside customers	150,796	32,134	17,092	36,440	1,922	2,885	241,272	—	241,272
Intersegment sales/transfers	908	258	3,823	4,305	276	14,973	24,545	(24,545)	—
Total	151,705	32,392	20,915	40,745	2,199	17,858	265,818	(24,545)	241,272
Operating expenses	135,608	27,174	21,206	38,024	2,037	15,283	239,334	(20,302)	219,031
Operating income (loss)	16,097	5,218	(290)	2,721	161	2,575	26,483	(4,243)	22,240

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. In the quarter under review, operating expenses not allocated but included in Elimination/corporate amounted to ¥4,654 in the same period of the previous fiscal year, and are principally R&D expenses incurred by the parent company and expenses associated with Head Office functions.

[2] Geographical Area

Three months ended June 30, 2007 (from April 1, 2007 to June 30, 2007)

[Millions of yen]

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	103,075	62,942	69,226	17,163	252,407	—	252,407
Intersegment sales/transfers	89,076	194	142	51,411	140,824	(140,824)	—
Total	192,152	63,136	69,368	68,574	393,231	(140,824)	252,407
Operating expenses	162,645	61,642	66,727	67,228	358,244	(130,572)	227,671
Operating income	29,506	1,494	2,640	1,345	34,987	(10,251)	24,735

Three months ended June 30, 2006 (from April 1, 2006 to June 30, 2006)

[Millions of yen]

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	108,426	59,722	59,018	14,105	241,272	—	241,272
Intersegment sales/transfers	68,933	725	298	43,449	113,407	(113,407)	—
Total	177,359	60,447	59,317	57,554	354,680	(113,407)	241,272
Operating expenses	151,145	59,099	58,166	57,257	325,667	(106,636)	219,031
Operating income	26,214	1,348	1,151	297	29,012	(6,771)	22,240

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. In the quarter under review, operating expenses not allocated but included in Elimination/corporate amounted to ¥6,833 million compared to ¥4,654 in the same period of the previous fiscal year, and are principally R&D expenses incurred by the parent company and expenses associated with Head Office functions.

[3] Overseas Sales

Three months ended June 30, 2007 (from April 1, 2007 to June 30, 2007)

[Millions of yen]

	North America	Europe	Asia excluding Japan and Other Countries	Total
Overseas sales	65,930	71,949	51,372	189,252
Consolidated sales	—	—	—	252,407
Overseas sales as a percentage of Consolidated sales	26.1%	28.5%	20.4%	75.0%

Three months ended June 30, 2006 (from April 1, 2006 to June 30, 2006)

[Millions of yen]

	North America	Europe	Asia excluding Japan and Other Countries	Total
Overseas sales	62,439	64,718	48,755	175,912
Consolidated sales	—	—	—	241,272
Overseas sales as a percentage of consolidated sales	25.9%	26.8%	20.2%	72.9%

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 Konica Minolta Holdings, Inc. and consolidated subsidiary sales in countries or regions outside of Japan.