January 29, 2009

Consolidated Financial Results
for the 3rd Quarter Ended December 31, 2008

Konica Minolta Holdings, Inc.

Stock Exchange Listings: Tokyo, Osaka (First Sections)
Local Securities Code Number: 4902
URL: http://konicaminolta.com

Listed Company Name: Konica Minolta Holdings, Inc.
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Scheduled Date for Submission of Securities Report: February 12, 2009

1. OVERVIEW OF THE NINE-MONTH PERFORMANCE
(From April 1, 2008 to December 31, 2008)

(1) Business Performance

Percentage figures for the nine-month period represent the change from the previous nine-month period.
(Units of less than ¥1 million have been omitted.)

[Millions of yen]

	Net sales		Operating income		Recurring profit	
Nine months ended December 31, 2008	746,632	— %	63,385	— %	54,088	— %
Nine months ended December 31, 2007	794,964	6.8%	89,577	27.3%	86,430	23.8%

	Net income		Net income per share [yen]	Net income per share (after full dilution) [yen]
Nine months ended December 31, 2008	27,348	— %	51.55	48.61
Nine months ended December 31, 2007	5,712	38.9%	104.98	99.11

(2) Financial Position

[Millions of yen]

	Total assets	Net assets	Equity ratio (%)	Net assets per share [yen]
December 31, 2008	915,847	425,164	46.3	799.82
March 31, 2008	970,538	418,310	43.0	786.20

Note: Shareholders' equity:
December 31, 2008: ¥424,146 million, March 31, 2008: ¥417,166 million

2. DIVIDENDS

[yen]

	Dividends per share				
	June 30	September 30	December 31	Year-end	Total annual
Fiscal year ended March 31, 2008	—	7.50	—	7.50	15.00
Fiscal year ending March 31, 2009	—	10.00	—		
Fiscal year ending March 31, 2009 (forecast)				10.00	20.00

Note: Change to dividend forecast: None

3. CONSOLIDATED RESULTS FORECAST FOR FISCAL YEAR ENDING MARCH 31, 2009
(From April 1, 2008 to March 31, 2009)

Percentage figures represent the change from the previous fiscal year.

[Millions of yen]

	Net sales	Operating income	Recurring profit	Net income	Net income per share [yen]
Full-year	955,000 -10.9%	65,000 -45.7%	51,000 -51.1%	17,000 -75.3%	32.05

Note: Change to consolidated results forecast: None

4. OTHER

(1) Changes in status of material subsidiaries during the period under review (Changes to specified subsidiaries accompanying the additional consolidation or removal from consolidation of companies): Yes

Consolidated companies: (new): (excluded): one (Konica Minolta Manufacturing U.S.A., INC.)

Note: For more-detailed information, please see the "4. Other" section on page 14.

(2) Adoption of simplified accounting methods and application of special accounting methods for the preparation of quarterly consolidated financial statements: Yes

Note: For more-detailed information, please see the "4. Other" section on page 14.

(3) Changes to consolidated financial statement principles, preparation processes, disclosure methods, etc. (Description of changes to important items fundamental to financial statement preparation)

a. Changes accompanying amendment of accounting principles: Yes

b. Changes other than "a.": Yes

Note: For more-detailed information, please see the "4. Other" section on page 14.

(4) Number of outstanding shares (common stock)

a. Outstanding shares at period-end（including treasury stock）

As of December 31, 2008: 531,664,337 shares

As of March 31, 2008: 531,664,337 shares

b. Treasury stock at period-end

As of December 31, 2008: 1,362,801 shares

As of March 31, 2008: 1,055,317 shares

c. Average number of outstanding shares

As of December 31, 2008 (April 1, 2008 to December 31, 2008): 530,484,643 shares

As of December 31, 2007 (April 1, 2007 to December 31, 2007): 530,676,990 shares

Explanation of Appropriate Use of Performance Projections and Other Special Items

- Beginning with the current fiscal year, the “Accounting Standards for Quarterly Financial Reporting” (ASBJ Statement No. 12) and the “Implementation Guidance for the Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14) have been applied. In addition, the quarterly consolidated financial statements are prepared following the “Rules for Quarterly Consolidated Financial Statements.”
- 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. Outlook for the Fiscal Year Ending March 31, 2009” section on page 12 for more information on points to be remembered in connection with the use of projections.

1. Consolidated Operating Results

(1) Overview of Performance

The increase (decrease) amounts and related percentages between nine-months ended December 31, 2007 and December 31, 2008 are shown as reference.

[Millions of yen]

	Nine months (Apr. 1, 2008 – Dec. 31, 2008)	*Reference* Nine months (Apr. 1, 2007 – Dec. 31, 2007)	Increase (Decrease)	%	*Reference* Three months (Oct. 1, 2008 – Dec. 31, 2008)
Net sales	746,632	794,964	(48,331)	(6.1)	213,661
Gross profit on sales	347,000	398,862	(51,862)	(13.0)	103,772
Operating income	63,385	89,577	(26,192)	(29.2)	14,714
Recurring profit	54,088	86,430	(32,341)	(37.4)	6,210
Net income before income taxes and minority interests	50,608	85,249	(34,640)	(40.6)	751
Net income	27,348	55,712	(28,363)	(50.9)	(1,931)
Net income per share [yen]	51.55	104.98	(53.43)	(50.9)	(3.64)
Capital investment	47,287	52,229	(4,942)	(9.5)	16,001
Depreciation	51,723	44,542	7,181	16.1	17,791
R&D expenses	62,732	59,061	3,671	6.2	20,824
Exchange rates [yen]					
US$	102.84	117.28	(14.44)	(12.3)	96.32
Euro	150.70	162.82	(12.12)	(7.4)	126.74

During the nine-month period under review (from April 1, 2008 through December 31, 2008), disorderly conditions in financial markets due to the emergence of the subprime loan crisis led to a worldwide economic slowdown involving the protracted restraint of corporate capital investments and personal consumption as well as a sharp appreciation of the yen against the U.S. dollar, the euro, and other currencies. These and other situations caused a trend of deterioration in the Konica Minolta Group’s operating environment, and this deterioration became particularly evident during the third quarter. Amid these conditions, the Business Technologies Business faced prolonged economic deterioration affecting the U.S. market due to the financial crisis as well as an expanding trend of economic deceleration affecting European markets, the Japanese market, and other markets. These situations impacted the sales of Konica Minolta’s mainstay MFP (multifunctional peripheral) products. Moreover, because overseas sales account for a high share of the Business Technologies Business’s sales, the large appreciation of the yen was a major factor reducing the yen value of the business’s sales.

In the Optics Business, Konica Minolta maintained strong sales of such strategic products as TAC film (protective film for polarizing plates), optical pickup lenses for Blu-ray Discs, and glass substrates for hard disk drives (HDDs) used with personal computers and other equipment during the first two quarters (April through September). From the beginning of the third quarter, however, the rapid downward adjustment of production volumes by companies in the digital consumer electronics industry slackened the pace of growth in the Optics Business’s sales, which had been sustained since the previous fiscal year. The Medical and Graphic Imaging Business recorded a decrease in its sales of film products in Japan and overseas markets, reflecting the progressive shift toward the use of digital products.

As a result, the Group’s nine-month period net sales amounted to ¥746,632 million, a decrease of 6.1%, or ¥48,331 million, from the same period of the previous fiscal year. We estimate that the impact of currency exchange rate changes under review had the effect of reducing net sales by approximately ¥53.4 billion.

Konica Minolta has been stepping up its Groupwide cost-cutting efforts to offset the effects of such factors as decreases in product selling prices and surges in raw materials prices. However, gross profit for the period was impacted by such factors as the accounting shift of service expenses from selling, general and administrative (SG&A) expenses to the cost of sales by a portion of the Business Technologies Business's marketing companies as a part of measures to unify the Group's accounting methods, the accounting shift of losses on the disposal of inventory assets from non-operating expenses to the cost of sales due to the application of new inventory asset evaluation accounting standards, and a rise in depreciation expenses owing to tax system reforms. As a result, gross profit amounted to ¥347,000 million, a decrease of 13.0%, or ¥51,862 million, from the same period of the previous fiscal year. The gross profit ratio was 46.5%, down 3.7 percentage points from 50.2% in the same period of the previous fiscal year. We estimate that the impact of the above-mentioned accounting system changes had the effect of reducing gross profit by approximately ¥30.3 billion and lowering the gross profit ratio by 4.1 percentage points.

SG&A expenses decreased ¥25,670 million year on year, to ¥283,614 million, reflecting the above-mentioned accounting shift of service expenses to the cost of sales as well as the benefits of the strengthening of imperative cost reduction measures beginning from the third quarter.

As a result, the Group's operating income decreased 29.2%, or ¥26,192 million, year on year, to ¥63,385 million, and the operating income ratio was 8.5%, a decrease of 2.8 percentage points from 11.3% in the same period of the previous fiscal year.

The above-mentioned accounting shift of losses on the disposal of inventory assets from non-operating expenses to the cost of sales had the effect of reducing non-operating expenses by ¥3,207 million. However, the rapid surge of yen appreciation led to a ¥7,717 million increase in foreign exchange losses compared with the same period of the previous fiscal year. Consequently, the net value of non-operating income and expense items was an expense of ¥9,296 million, causing recurring profit to decline 37.4%, or ¥32,341 million year on year, to ¥54,088 million.

Regarding extraordinary income, the Company recorded a gain on the sale of an affiliate and a gain on the transfer of business in connection with the April 2008 transfer of a subsidiary in the Medical and Graphic Imaging Business segment—Konica Minolta ID System Co., Ltd.—and related business assets. However, the impact of the downturn in stock prices led to a ¥3,901 million loss on the valuation of investment securities. As a result, the net value of extraordinary income and expense items was an expense of ¥3,480 million, and income before income taxes and minority interests dropped 40.6%, or ¥34,640 million, year on year, to ¥50,608 million.

After deducting income taxes and minority interests, net income under review amounted to ¥27,348 million, down 50.9%, or ¥28,363 million, year on year.

The yen appreciated greatly during the nine-month period under review. Average exchange rates for the period were ¥102.84=U.S.$1 corresponding to yen appreciation of ¥14.44 (12.3%) from the previous fiscal year, and ¥150.70=€1, corresponding to yen appreciation of ¥12.12 (7.4%).

[Reference]　Performance in the Third Quarter
(Three-month period from October 1, 2008 through December 31, 2008)

The Konica Minolta Group's sales trends during the third quarter of the current fiscal year were generally as described above regarding the nine-month period of the current fiscal year, being affected by the increasingly noteworthy impact of the worldwide economic downturn that stemmed from disorderly conditions in financial markets. The Business Technologies Business was impacted by the restraint of corporate capital investments and contraction of credit in Japan and the industrialized countries of North America and Europe, and the number of newly installed MFPs was sluggish. The Optics Business faced a sharp drop in demand for all types of electronics component products due to the rapid downward adjustment of production volumes by companies in the digital consumer electronics industry. The Medical and Graphic Imaging Business was confronted with an accelerating decrease in demand for film products in Japan and overseas markets due to the progressive shift toward the use of digital products. As a result, the Group's consolidated net sales during the third quarter amounted to ¥213,661 million. We estimate that the impact of currency exchange rate changes had the effect of reducing net sales by approximately ¥31.7 billion.

The Group intensified its cost- and expense-reduction efforts aimed at countering the impact of such factors as decreases in sales volume and drops in selling prices. Gross profit was impacted by such factors as the previously explained accounting changes introduced beginning from the fiscal year under review, which we estimate had the effect of reducing gross profit by approximately ¥9.2 billion and lowering the gross profit ratio by 4.3 percentage points. Consequently, gross profit amounted to ¥103,772 million, and the gross profit ratio was 48.6%.

The Group strove to reduce SG&A expenses with the above-mentioned imperative cost reduction measures, which involved reducing expenses by means of a thorough emphasis on the selection of strategic fields and concentration of resources in those fields. Reflecting the benefits of these measures and the above-mentioned accounting shift of service expenses to the cost of sales, SG&A expenses amounted to ¥89,057 million. As a result, operating income was ¥14,714 million, and the operating income ratio was 6.9%.

A ¥7,069 million foreign exchange rate loss resulting from the appreciation of the yen caused the net value of non-operating expenses and income items to be an expense of ¥8,503 million. Thus, recurring profit amounted to ¥6,210 million.

The net value of extraordinary loss and income items was a net loss of ¥5,458 million, reflecting such factors as ¥3,858 million in loss on the valuation of investment securities and ¥1,120 million in loss on business restructuring costs. Consequently, income before income taxes and minority interests was ¥751 million, and after recording ¥2,683 million in income taxes, net loss for the third quarter amounted to ¥1,931 million.

The yen appreciated greatly during the third quarter under review. Average exchange rates for the period were ¥96.32=U.S.$1 corresponding to yen appreciation of ¥16.87 (14.9%) from the same quarter of the previous fiscal year, and ¥126.74=€1, corresponding to yen appreciation of ¥37.13 (22.7%).

(2) Overview by Segment

Business Technologies Business

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

Reference [Millions of yen]

	Nine months (Apr. 1, 2008 – Dec. 31, 2008)	Nine months (Apr. 1, 2007 – Dec. 31, 2007)	Increase (Decrease)	
(1) Net sales to outside customers	486,244	522,087	(35,842)	(6.9)%
(2) Intersegment net sales	3,261	4,275	(1,013)	(23.7)%
Total net sales	489,506	526,363	(36,856)	(7.0)%
Operating income	47,705	67,066	(19,360)	(28.9)%

In the Business Technologies Business—in line with our “genre-top strategy” for concentrating management resources in business fields and markets projected to grow so that we can expand our operations and assume the top position in those fields and markets—we are concentrating on expanding sales of office-use color MFPs and production printing-use high-speed MFPs used for corporate internal printing, commercial printing, and other production printing applications.

Regarding office-use color MFPs, we renewed our bizhub series product lineup during the previous fiscal year with the introduction of new medium- and low-speed products, and we worked to further enhance the lineup’s merchandise competitiveness with the August 2008 launch of the strategic“bizhub C200.” While further strengthening the competitiveness of our offerings in the medium- and low-speed product range, we strove to expand our color MFP sales in markets centered on the European market, where we have a strong marketing base, and NIC markets, where demand is projected to increase. As a result, we maintained year-on-year growth in unit sales. Regarding black & white MFPs, we launched the “bizhub 501, 421, 361” in May 2008 and the “bizhub 751, 601” in December 2008 in line with our strategy of emphasizing the strengthening of product competitiveness in the medium- to high-speed market segment.

Regarding production printing-use MFPs, in August 2008, we began sales of our two new high-speed models—the “bizhub PRO C6501, C5501”, which offer greatly improved image quality stability and solid mechanical durability–and worked to strengthen marketing operations in markets centered on those of Europe and United States. Moreover, based on the strategic business alliance arranged with Netherlands-based Oce N.V. in April 2008, we launched three new ultrahigh-speed black & white MFPs—the “bizhub PRO 2500P, 2000P, 1600P”—in November and worked to leverage the additional models to expand the scope of our operations in the production printing-use MFP market.

In the LBP field, placing emphasis on the general-office market where large printing volume can be forecast, we launched the “bizhub C31P/magicolor 5650EN” tandem-type high-speed color printers (introduced in June 2008) and the “bizhub C20/magicolor 4690MF” all-in-one type color printer with printing, scanning, copying, and fax functions (introduced in August 2008.) Through these and other measures, we strove to strengthen our marketing of new high-value-added products.

During the nine-month period under review, we continued to face a severe situation in the U.S. market, as the impact of the protracted period of financial unease presented the stricter credit appraisals for new lease contracts between lease companies and customers, and a trend toward similar severe situations is steadily spreading to such other markets as those of Europe and Japan. Moreover, amid worldwide economic deceleration, companies are becoming increasingly averse to capital investments. These situations caused a general weakening in new sales volume trends for MFP products during the latter half of the period under review.

As a result of these factors, we recorded ¥486,244 million in net sales of this business to outside customers during the nine-month period under review, down 6.9% from the same period of the previous fiscal year. We estimate that the impact of the considerable appreciation of the yen against the U.S. dollar and euro and other currency exchange rate changes had the effect of reducing net sales of this business to outside customers during the period by approximately ¥45.8 billion. Excluding the impact of these exchange rate changes, net sales of this business to outside customers amounted to ¥532.1 billion, an increase of 1.9%, from the same period of the previous fiscal year. The inclusion of Danka Office Imaging Company (DOIC) within the scope of consolidation from the second quarter enabled us to attain a higher level of sales than in the same period of the previous fiscal year. Operating income declined 28.9% year on year, to ¥47,705 million, reflecting the impact of exchange rate changes and newly introduced accounting rules as well as drops in selling prices associated with deteriorating market conditions in the United States and Europe and rises in expenses related to the consolidation of an additional subsidiary and other factors.

Optics Business

[Optical devices, electronic materials, etc.]

Reference [Millions of yen]

	Nine months (Apr. 1, 2008 – Dec. 31, 2008)	Nine months (Apr. 1, 2007 – Dec. 31, 2007)	Increase (Decrease)	
(1) Net sales to outside customers	146,512	134,030	12,481	9.3%
(2) Intersegment net sales	843	782	61	7.8%
Total net sales	147,356	134,813	12,542	9.3%
Operating income	19,432	24,198	(4,766)	(19.7)%

Regarding display materials, the new third-generation VA-TAC film (viewing angle expansion film) products for large-size LCD TVs marketed since early 2008 have been highly evaluated by customers and greatly expanded their share of our sales, particularly with respect to sales to LCD panel manufacturers in Korea and Taiwan. However, sharp downward adjustments of production volume by all LCD panel manufacturers since the start of the third quarter slowed the rate of increase in sales volume during the nine-month period under review.

In the memory-related product field, we have an overwhelmingly strong market position with respect to pickup lenses for use with Blue-ray Disks, and the unification of standards for new-generation DVDs was expected to spur the full-scale expansion of demand for such products, but the impact of the worldwide deterioration of economic conditions caused a sharp deceleration in demand growth beginning from the third quarter, and this slowed the rate of increase in sales volume during the nine-month period under review. Regarding glass hard disk substrate products, although growth in the personal computer market propelled by the popularity of low-priced notebook personal computers supported a rise in sales volume compared with the same period of the previous fiscal year, the rate of increase in sales volume was slowed by the start of downward adjustments of production volume by computer manufacturers since November 2008.

In the image input/output component field, sales of zoom lens units for compact digital cameras were sluggish owing to downward adjustments of production volume by all camera manufacturers. We recorded robust shipment volume of micro camera modules and lens units for camera-equipped mobile phones through the first half of the fiscal year, but sales volume fell greatly from the third quarter due to the impact of the worldwide deterioration of economic conditions.

Thus, while strong performances were recorded by such mainstay products as VA-TAC film and pickup lenses for use with Blue-ray Disks during the first half of the fiscal year under review, the performance of all these products was impacted by sharp downward adjustments of production volume by all manufacturing company customers from the start of the third quarter. This impact caused deterioration in our revenue and profit.

Consequently, sales of this business to outside customers during the nine-month period under review increased 9.3% from the same period of the previous fiscal year, to ¥146,512 million. Operating income decreased 19.7%, to ¥19,432 million, reflecting higher depreciation expense due to tax reforms related to LCD materials manufacturing facilities; a rise in depreciation expense associated with investments in such manufacturing facilities as the No. 6 TAC film production line, completed in June 2008; and the impact of sharp drops in sales beginning from the third quarter.

Medical and Graphic Imaging Business

[Medical and graphic products, etc.]

Reference [Millions of yen]

	Nine months (Apr. 1, 2008 – Dec. 31, 2008)	Nine months (Apr. 1, 2007 – Dec. 31, 2007)	Increase (Decrease)	
(1) Net sales to outside customers	94,631	117,649	(23,017)	(19.6)%
(2) Intersegment net sales	1,967	2,796	(828)	(29.6)%
Total net sales	96,599	120,445	(23,845)	(19.8)%
Operating income	4,170	5,888	(1,718)	(29.2)%

In the medical and healthcare segment, we worked to strengthen our marketing of digital X-ray image inputting equipment, placing particular emphasis on measures to expand domestic and overseas sales of the REGIUS "MODEL 110" and the "REGIUS Unitea" peripheral system, which meet the IT needs of clinics and other relatively small-scale medical establishments. In addition, we strengthened our product lineup in the digital imaging diagnosis field with the October 2008 launch of the "PLAUDR" series of high-image-quality digital radiography units for hospitals. Furthermore, in the domestic market, we recorded strong sales of our "NEOVISTA I-PACS" medical-use imaging network product series.

Regarding the graphic (printing) segment, we strove to increase our sales of such products as the "Pagemaster Pro 6500" on-demand printing system and "Digital Konsensus Pro" digital color proofing units, although the impact of restrained capital investments due to the deterioration of economic conditions in Japan and overseas markets restrained sales.

Because both segments of this business were impacted by large drops in demand for film products as well as the progressive appreciation of the yen, sales of this business to outside customers during the nine-month period under review declined 19.6% year on year, to ¥94,631 million. Operating income was down 29.2%, to ¥4,170 million.

Sensing Business

[Colorimeters, medical measuring instruments, 3D digitizers, etc.]

This segment draws on Konica Minolta's exclusive light-measurement technologies to provide domestic and overseas customers with diverse measurement instruments, including such industrial-use products as those for measuring colorimetric levels, gloss levels, and three-dimensional shapes as well as such medical-use products as those for measuring blood oxygen levels and jaundice levels.

During the nine-month period, we worked to strengthen our sales in Japan and European markets centered on new products. In the color measurement field, these products include the “CM-700” spectrophotometer and other products used to meet color measurement needs associated with manufacturing and quality control processes for automobiles, electronics, foodstuffs, and other products and the “CS-2000” spectroradiometer for light source color measurement regarding Hi Vision displays and other high-definition displays. In the three-dimensional measurement field, these products include the “RANGE7” noncontact digitizer for such industrial applications as those related to the development and manufacture of diverse components, dies, and molds. However, sales in both of these product fields were weakened by the impact of the sharp restraint of capital investments by manufactures amid the protracted economic slowdown as well as by the impact of the progressive appreciation of the yen.

Consequently, sales to outside customers in this segment during the nine-month period declined 8.9%, to ¥6,574 million, and operating income decreased 54.1%, to ¥414 million.

2. Financial Position

(1) Analysis of Financial Position

[Millions of yen]

		As of December 31, 2008	As of March 31,2008	Increase (Decrease)
Total assets	[Millions of yen]	915,847	970,538	(54,690)
Total liabilities	[Millions of yen]	490,683	552,227	(61,544)
Net assets	[Millions of yen]	425,164	418,310	6,853
Net assets per share	[Yen]	799.82	786.20	13.62
Equity ratio	[%]	46.3	43.0	3.3

At the end of the nine-month fiscal period of the current fiscal year, total assets amounted to ¥915,847 million, down 5.6%, or ¥54,690 million, from the previous fiscal year-end.

Current assets decreased 8.8%, or ¥48,785 million, to ¥508,325 million, and accounted for 55.5% of total assets, while non-current assets declined 1.4%, or ¥5,905 million, to ¥407,522 million, and accounted for 44.5% of total assets.

Regarding current assets, a rise in capital investments, greater demand for funds for such applications as the Business Technologies Business’s acquisition of a major U.S.-based dealer (Danka Office Imaging Company (DOIC)), and the repayment of interest-bearing debt caused a decrease of ¥28,350 million from the previous fiscal year-end, to ¥60,867 million, in cash and deposits. Trade notes and accounts receivable, which rose at the end of the previous fiscal year, decreased ¥47,588 million, and other accounts receivable were down ¥6,486 million.

Inventories centered on those of the Business Technologies Business and the Optics Business increased ¥10,276 million from the previous fiscal year-end, to ¥143,213 million. Accompanying measures to unify accounting methods of overseas subsidiaries and to apply new accounting standards for domestic lease transactions, a net increase of ¥13,297 million was recorded in lease assets.

Regarding non-current assets, tangible fixed assets decreased ¥15,255 million from the previous fiscal year-end, to ¥230,733 million, reflecting a ¥10,453 million net decrease in machinery, equipment and vehicles that was mainly attributable to the Optics Business segment and that resulted from such factors as a rise in depreciation expenses accompanying tax system reforms. The decrease in tangible fixed assets also reflected an ¥8,923 million net decrease in assets for rent that resulted from such factors as the preliminary measures associated with measures to unify accounting methods of overseas subsidiaries. Intangible fixed assets grew ¥15,510 million, to ¥109,358 million, mainly owing to the recording of goodwill and other intangible fixed assets in connection with the acquisition of DOIC. In addition, investments and other assets fell ¥6,159 million, to ¥67,430 million, mainly owing to an ¥8,749 million drop in the market value of investment securities that resulted from the weakness of stock prices.

Total liabilities at the end of the nine-month fiscal period under review amounted to ¥490,683 million, down 11.1%, or ¥61,544 million, from the previous fiscal year-end, and corresponded to 53.6% of total assets. Current liabilities decreased ¥30,783 million, or 8.4%, to ¥334,787 million, and corresponded to 36.6% of total assets, while non-current liabilities fell ¥30,760 million, or 16.5%, to ¥155,895 million, and corresponded to 17.0% of total assets. Additional progress made in repaying interest-bearing debt (the sum of long- and short-term loans and bonds) led to an ¥18,258 million decrease in interest-bearing debt, to ¥207,766 million. Accounts payable-other and income taxes payable decreased ¥14,693 million and ¥13,950 million, respectively, while a drop of ¥2,905 million, to ¥8,822 million, was seen in the allowance for the loss on withdrawal from operations, which is associated with the discontinuation of the Photo Imaging Business.

Net assets at the end of the nine-month fiscal period under review were up 1.6%, or ¥6,853 million, from the previous fiscal year-end, to ¥425,164 million, and corresponded to 46.4% of total assets.

Retained earnings grew ¥23,257 million from the previous fiscal year-end, to ¥199,941 million, mainly reflecting the recording of ¥27,348 million in net income for the nine-month fiscal period, a ¥5,210 million rise at the start of the period due to preliminary measures to unify overseas subsidiaries' accounting methods, and a decrease of ¥9,283 million due to dividend payments. The valuation difference on available-for-sale securities decreased ¥2,387 million due to the weakness of stock prices in the stock market, while the large appreciation of the yen led to a ¥13,496 million drop in the foreign currency translation adjustments.

Consequently, net assets per share at the end of the nine-month fiscal period under review amounted to ¥799.82, and the equity ratio rose 3.3 percentage points from the end of the previous fiscal year, to 46.3%.

In addition—aiming to ensure stable liquidity and increase funding efficiency as well as to supplement liquidity at times of emergencies—the Company has increased the value of its commitment line borrowing limit from ¥80 billion to ¥100 billion. The Company has further strengthened its borrowing capabilities by increasing the multi-currency portion of its commitment line from ¥10 billion to ¥50 billion and expanding the scope of that multi-currency portion to provide for euro borrowings in addition to the previously provided for yen and U.S. dollar borrowings. Furthermore, the Company has newly procured ¥8 billion from financial institutions other than banks.

(2) Cash Flows

[Millions of yen]

	Nine months ended December 31, 2008	Nine months ended December 31, 2007	Increase (Decrease)
Cash flows from operating activities	82,590	73,893	8,697
Cash flows from investing activities	(76,187)	(55,481)	(20,705)
Total (Free cash flow)	6,402	18,411	(12,008)
Cash flows from financing activities	(18,286)	(13,103)	(5,183)

During the nine-month fiscal period under review, net cash inflow from operations amounted to ¥82,590 million, while net cash outflow from investing activities, mainly associated with capital investments and the acquisition of a dealer subsidiary, totaled ¥76,187 million. As a result, free cash flow (the sum of operating and investing cash flows) amounted to ¥6,402 million.

Net cash outflow from financing activities, mainly associated with the repayment of interest-bearing debt and the disbursement of dividends, was ¥18,286 million. Exchange rate changes had the effect of decreasing cash and cash equivalents ¥8,972 million, and the increase in cash and cash equivalents due to newly consolidated subsidiaries and other was ¥498 million. As a result cash and cash equivalents at the end of the nine-month fiscal period totaled ¥101,829 million, down ¥20,357 million from the end of the previous fiscal year.

Cash flows from operating activities

Net cash flow provided by operating activities amounted to ¥82,590 million. The Company reported income before income taxes and minority interests of ¥50,608 million and depreciation of ¥51,723 million as well as a ¥20,231 million rise in operating capital associated with notes and accounts receivable-trade, inventories, and notes and accounts payable-trade. These inflows were partially offset by ¥34,225 million in income taxes and other factors.

Cash flows from investing activities

Net cash flow used in investing activities amounted to an outflow of ¥76,187 million. This was mainly due to expenditures of ¥27,987 million for the Business Technologies Business's acquisition of newly consolidated subsidiaries in the United States (DOIC). It also reflected expenditures of ¥50,217 million for the acquisition of tangible fixed assets, which included principally investments in the strategic business field of the Optics Business for the construction of new plants to increase production capacity for glass hard disk substrates and TAC film.

As a result, free cash flow (the sum of operating and investing cash flows) amounted to an inflow of ¥6,402 million.

Cash flows from financing activities

Net cash used in financing activities amounted to a net outflow of ¥18,286 million. This was due mainly to the use of ¥6,779 million of cash to reduce interest-bearing debt and the use of ¥9,135 million of cash to pay dividends.

Note: The above figures do not include consumption tax.

3. Outlook for the Fiscal Year Ending March 31, 2009

With respect to the prospective business environment during the fourth quarter of the current fiscal year, the impact of financial crisis stemming from the subprime loan problem has caused a rapid economic deceleration in the global economy. As a result, corporate profitability is deteriorating, and there are increasingly broad-ranging moves by companies to make large-scale downward adjustments to their manufacturing volumes and to restrain their capital investments. These trends have been accompanied in the industrialized countries by growing concern regarding employment situations, falling stock prices, and other factors that are bringing an additional noteworthy cooling of personal consumption. Consequently, the deterioration of the real economy throughout the world is becoming increasingly severe. In addition, while there is a downtrend in prices of petroleum-related products and such raw materials as silver and aluminum, the level of yen appreciation remains high. These various situations are projected to further increase the harshness of the business environments in which the Group operates.

Regarding the Business Technologies Business, a quick recovery from the credit contractions and restraint of capital investment seen in the principal markets of North America and Europe appear to be difficult; so, it is projected that overall demand for MFP products will continue to be slack. Looking at the Optics Business, there is a general trend of decrease in real demand for LCD televisions, DVD products, personal computers, camera equipped mobile phones, and other digital consumer electronic products in which the Group's optical components are incorporated. This, combined with the impact of large supply-chain inventory adjustments, is projected to cause a drop in orders that is considerably larger than the ordinary level of seasonal declines in orders.

In light of the previously described performance in the three-quarter fiscal period and the prospective situation in the near future, we have made revisions to our fourth-quarter sales and profitability projections centering on the Optics Business, which operating environment for the Optics Business is expected to become harsher than anticipated, we have adjusted the projections of performance in the current fiscal year that were announced on October 30, 2008. The new consolidated performance projection is ¥80.0 billion in net sales, ¥15.0 billion in operating income, and ¥25.0 billion in recurring profit; each of these figures has been revised downward. Regarding net income—reflecting our provisions for ¥9.5 billion in business restructuring costs designed to accelerate our efforts to create a stronger corporate structure by moving ahead with concerted Groupwide measures aimed at lowering the cost of sales and reducing expenses—we have decreased our projection by ¥25.0 billion.

Assuming that we attain our current performance forecast figures, we intend to distribute year-end dividends of ¥10 per share, in accordance with previous plans. (The aggregate level of interim and year-end dividends applicable to the fiscal year is thus expected to be ¥20 per share.)

Performance Outlook for the Fiscal Year Ending March 31, 2009
(From April 1, 2008 to March 31, 2009)

[Millions of yen]

	Current Projection (A)	Previous Projection (B)	Change (A - B)	Change (%) (A - B) / (C)	Actual Results FY/Mar2008 (C)
Net sales	955,000	1,035,000	-80,000	-7.7 %	1,071,568
Operating income	65,000	80,000	-15,000	-18.8 %	119,606
Recurring profit	51,000	76,000	-25,000	-32.9 %	104,227
Net income	17,000	42,000	-25,000	-59.5 %	68,829

The presumed currency exchange rates for the fourth quarter of the current fiscal year are U.S.$1 = ¥95 and €1 = ¥120.

Note: The above operating performance forecasts are 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.

Regarding Management Initiatives to Strengthen Group Management Systems as a Means of Improving Profitability

When the Company reported on its first half fiscal period performance, on October 30, 2008, it announced its intention to fundamentally strengthen the Konica Minolta Group through measures—including productivity enhancement measures, thorough cost-reduction measures, the restraint of capital investments, and expense-reduction measures—aimed at both increasing profit-earning capabilities and strengthening the Group's financial base, and the Group has worked concertedly to implement these measures. However, because of the need to respond to deterioration in the Group's domestic and overseas operating environments that has proceeded at a greater speed and on a greater scale than anticipated, the Company has decided to move ahead with the accelerated implementation of a number of additional countermeasures—including manufacturing unit measures to optimize domestic and overseas manufacturing systems and their scale in response to the shrinking of demand and marketing unit measures to increase the efficiency of administrative support operations and thereby streamline indirect functions among overseas marketing units. As a result, the Company is proceeding with the implementation of structural reform measures aimed at enabling the attainment of performance targets for the current fiscal year and improving profitability in the subsequent fiscal year.

Concurrently, the Company is moving ahead with measures to respond to yen appreciation by increasing selling prices in local markets and by clearly differentiating between profitable and unprofitable business fields. In addition to improving profitability, these measures are designed to facilitate the proactive addition of new products and other offerings in highly profitable fields and fields where business expansion can be expected. To ensure the Group's future growth, the Company will continue to implement these and other measures going forward.

▪ Figures in qualitative information sections given as millions of yen have been rounded off by discarding figures less than ¥1 million.

4. Other

(1) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation)

One company removed from the scope of consolidation
Company name: Konica Minolta Manufacturing U.S.A., INC.
(Reason for change: Completion of liquidation)

(2) Application of simplified accounting methods and special accounting treatment for the quarterly consolidated financial statements

1. Simplified accounting methods

[1] Method for calculating the estimated loan loss value for general loans

In calculating the estimated loan loss value for general loans at the end of the nine-month period, except in the case that a noteworthy change in the loan loss rate is recognized, the loan loss rate at the end of the previous fiscal year is employed.

[2] Method for assessing the value of inventories

Regarding the calculation of inventories at the end of the nine-month fiscal period under review, the assessment of actual inventories has been dispensed with, and inventories were rationally estimated based on the level of actual inventories at the end of the interim fiscal period.

Regarding the reduction of book values of inventories, only for those inventories that are clearly losing their capacity to contribute to profitability, the accounting method employed is to estimate their net sale value and reduce their book value to the net sale value level.

[3] Method for calculating deferred tax assets and liabilities

In judging the possibility of recovering deferred tax assets, except in the case that severe, major changes in the operating environment and major temporary differences following the close of the previous consolidated fiscal year are recognized, the future business forecasts and tax planning documents that were used for making such judgments related to the previous fiscal year are used.

2. Special accounting treatment used in preparation of the quarterly consolidated financial statements

Calculation of Tax Expenses

The effective tax rate on income before income taxes and minority interests for the current consolidated fiscal year after the application of tax effect accounting is rationally estimated, and that estimated rate is applied to net income for each quarterly period to calculate estimated tax expenses.

In addition, the income tax adjustment amount is included in the income taxes item.

(3) Changes to principles, procedures, and methods of presentation, etc., in the preparation of the quarterly consolidated financial statements

Changes to Items Related to Accounting Treatment Standards

1. Application of Accounting Standards for Quarterly Financial Statements

Beginning with the current fiscal year, the "Accounting Standards for Quarterly Financial Reporting" (ASBJ, ASBJ Statement No. 12, issued March 14, 2007) and the "Implementation Guidance for the Accounting Standards for Quarterly Financial Statements" (ASBJ, ASBJ Guidance No. 14, issued March 14, 2007) have been applied. In addition, the quarterly consolidated financial statements are prepared following the "Rules for Quarterly Consolidated Financial Statements."

2. Application of Accounting Standards for Measurement of Inventories

Beginning from the first quarter of the current fiscal year, "Accounting Standards for Measurement of Inventories" (No. 9, issued by The Accounting Standards Board of Japan (ASBJ) on July 5, 2006) has been applied to domestic subsidiaries, and the method of measurement of inventories was changed from the cost method determined by the average method or market method to the cost method (method of reducing book value when the contribution of inventories to profitability declines), where cost is determined by the average method. As a result, compared with the previous method, the introduction of the new method had the effect of decreasing both gross profit and operating income for the nine-month period by ¥1,364 million and of decreasing both recurring profit and income before income taxes and minority interests for the six-month period by ¥111 million.

3. Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

Beginning with the first quarter of the current fiscal year, the Group has applied "Practical Solution for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No. 18, issued by The Accounting Standards Board of Japan (ASBJ) on May 17, 2006), and the necessary revisions have been made in the consolidated financial statements. As a result, the effect on profit and loss for the nine-month period was not material. The main impact of the change on the Company's consolidated balance sheets for the nine-month period under review is to increase lease assets and lease investment assets by ¥13,297 million.

4. Application of Accounting Standards for Lease Transactions

(When the Company is the lessee)

Beginning with the first quarter of the current fiscal year, the Company and its domestic consolidated subsidiaries have undertaken the early application of the "Accounting Standards for Lease Transactions" (ASBJ Statement No. 13, originally issued by The Accounting Standards Board of Japan (ASBJ) on June 17, 1993, and final revision issued on March 30, 2007) and "Implementation Guidance on Accounting Standards for Lease Transactions" (ASBJ Guidance No. 16, originally issued by The Accounting Standards Board of Japan (ASBJ) on January 18, 1994, and final revision issued on March 30, 2007). Under these standards, the accounting treatment for finance leases for which ownership is not transferred to the lessee has been changed from methods applicable to ordinary rental transactions to methods applicable to ordinary buying and selling transactions.

Regarding the depreciation of leased assets, the useful lifetimes of such assets are deemed to be the lease periods, and depreciation is calculated by depreciating the residual value of such assets to zero over the useful lifetimes.

For finance leases for which ownership is not transferred to the lessee (Konica Minolta) and the lease transaction was begun prior to the first year of the application of the Accounting Standards for Lease Transactions, the account treatment follows the method applicable to ordinary rental transactions. This change had no effect on Consolidated Statements of Income items for the nine-month period of the current fiscal year.

Regarding Consolidated Statement of Cash Flows items for the nine-month period of the current fiscal year, of lease payments previously accounted for in the “Cash flows from operating activities” section, the portion corresponding to repayments of lease liabilities is now accounted for in the “Cash flows from financing activities” section. This change did not have a material effect on Consolidated Statement of Cash Flows items.

5. Unification of Shift of Service Expenses from SG&A Expenses to Cost of Sales

Previously, a portion of the consolidated subsidiaries accounted for service expenses (related to digital multifunction devices and other products) within SG&A expenses but, as a result of Group accounting policy adjustments undertaken in response to the introduction of internal control reporting systems from the current fiscal year, the Group has uniformly accounted for such service expenses within cost of sales beginning with the first quarter of the current fiscal year. This change had the effect of decreasing nine-month period gross profit by ¥21,832 million.

6. Accounting items for loss on disposal of inventories

Beginning from the current fiscal year, “Accounting Standards for Measurement of Inventories” (No. 9, issued by The Accounting Standards Board of Japan (ASBJ) on July 5, 2006) has been applied to consolidated subsidiaries in Japan, and the Company has responded to this by reevaluating Group accounting policy. As a result, beginning with the first quarter of the current fiscal year, the Group has uniformly accounted for losses on the disposal of inventory within cost of sales. Consequently, a portion of overseas subsidiaries that previously accounted for such losses within non-operating expenses have changed to the method of accounting for such losses within cost of sales. As a result, compared with the previous method, the introduction of the new method had the effect of decreasing both gross profit and operating income for the nine-month period by ¥1,842 million

Additional Information

Amortization Method for Important Depreciable Assets

Tangible Fixed Assets

The Company and its domestic consolidated subsidiaries, in response to fiscal year March 2009 corporate income tax system reforms, with respect to mechanical device assets, have shifted to the use of the post-reform method of amortizing assets over the applicable useful lifetimes of those assets beginning with the first quarter of the current fiscal year. As a result, compared with the method used in the previous fiscal year, the introduction of the new method had the effect of decreasing operating income, recurring profit, and net income before income taxes and minority interests by ¥4,740 million each during the nine-months period of the current fiscal year.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

[Millions of yen]

	December 31, 2008	March 31, 2008
Assets		
Current assets		
Cash and deposits	60,867	89,218
Notes and accounts receivable-trade	187,273	234,862
Lease receivables and investment assets	13,297	—
Short-term investment securities	41,000	33,000
Inventories	143,213	132,936
Deferred tax assets	31,383	37,086
Accounts receivable-other	7,798	14,284
Other	28,174	21,330
Allowance for doubtful accounts	△4,683	△5,608
Total current assets	508,325	557,110
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	70,642	71,815
Machinery, equipment and vehicles, net	75,635	86,088
Tools, furniture and fixtures, net	26,916	26,846
Land	34,897	35,961
Lease assets, net	159	—
Construction in progress	11,329	5,201
Assets for rent, net	11,153	20,076
Total property, plant and equipment	230,733	245,989
Intangible assets		
Goodwill	82,086	75,809
Other	27,271	18,038
Total intangible assets	109,358	93,848
Investments and other assets		
Investment securities	19,902	28,651
Long-term loans receivable	458	430
Long-term prepaid expenses	2,904	3,589
Deferred tax assets	32,357	28,604
Other	12,351	12,743
Allowance for doubtful accounts	△544	△430
Total investments and other assets	67,430	73,589
Total noncurrent assets	407,522	413,427
Total assets	915,847	970,538

	December 31, 2008	[Millions of yen] March 31, 2008
Liabilities		
Current liabilities		
Notes and accounts payable-trade	103,090	109,413
Short-term loans payable	76,602	93,875
Current portion of long-term loans payable	14,314	6,363
Current portion of bonds	30,091	5,000
Accounts payable-other	39,592	54,286
Accrued expenses	28,954	33,355
Income taxes payable	2,499	16,449
Provision for bonuses	6,367	15,121
Provision for directors' bonuses	137	257
Provision for product warranties	1,941	4,342
Provision for loss on business liquidation	8,822	11,727
Notes payable-facilities	2,733	2,070
Other	19,639	13,307
Total current liabilities	334,787	365,570
Noncurrent liabilities		
Bonds payable	40,000	70,166
Long-term loans payable	46,757	50,620
Deferred tax liabilities for land revaluation	3,889	4,010
Provision for retirement benefits	57,316	53,367
Provision for directors' retirement benefits	501	544
Other	7,431	7,946
Total noncurrent liabilities	155,895	186,656
Total liabilities	490,683	552,227
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	199,941	176,684
Treasury stock	△1,658	△1,340
Total shareholders' equity	439,943	417,003
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	525	2,913
Deferred gains or losses on hedges	△393	△319
Foreign currency translation adjustment	△15,928	△2,431
Total valuation and translation adjustments	△15,796	162
Subscription rights to shares	409	286
Minority interests	608	858
Total net assets	425,164	418,310
Total liabilities and net assets	915,847	970,538

(2) Consolidated Statement of Income

[Millions of yen]

	Nine months ended December 31, 2008
Net sales	746,632
Cost of sales	399,632
Gross profit	347,000
Selling, general and administrative expenses	283,614
Operating income	63,385
Non-operating income	
Interest income	1,552
Dividends income	518
Equity in earnings of affiliates	71
Other	4,525
Total non-operating income	6,668
Non-operating expenses	
Interest expenses	4,055
Foreign exchange losses	7,717
Other	4,192
Total non-operating expenses	15,965
Ordinary income	54,088
Extraordinary income	
Gain on sales of noncurrent assets	116
Gain on sales of investment securities	6
Gain on sales of subsidiaries and affiliates' stocks	2,803
Gain on transfer of business	3,063
Reversal of provision for loss on business liquidation	367
Other	458
Total extraordinary income	6,815
Extraordinary loss	
Loss on sales and retirement of noncurrent assets	1,552
Loss on sales of investment securities	0
Loss on valuation of investment securities	3,901
Impairment loss	261
Business structure improvement expenses	2,534
Loss on revision of retirement benefit plan	2,046
Total extraordinary losses	10,295
Income before income taxes and minority interests	50,608
Income taxes	23,255
Minority interests in income	3
Net income	27,348

(3) Consolidated Statement of Cash Flows

[Millions of yen]

	Nine months ended December 31, 2008
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	50,608
Depreciation and amortization	51,723
Impairment loss	261
Amortization of goodwill	6,460
Increase (decrease) in allowance for doubtful accounts	42
Interest and dividends income	△2,071
Interest expenses	4,055
Loss (gain) on sales and retirement of noncurrent assets	1,436
Loss (gain) on sales and valuation of investment securities	3,895
Loss (gain) on sales and valuation of stocks of subsidiaries and affiliates	△2,803
Loss (gain) on transfer of business	△3,063
Reversal of provision for loss on business liquidation	△367
Business structure improvement expenses	2,534
Loss on revision of retirement benefit plan	2,046
Increase (decrease) in provision for bonuses	△8,615
Increase (decrease) in provision for retirement benefits	5,021
Increase (decrease) in provision for loss on business liquidation	△2,905
Decrease (increase) in notes and accounts receivable-trade	29,242
Decrease (increase) in inventories	△21,168
Increase (decrease) in notes and accounts payable-trade	12,156
Increase (decrease) in accrued consumption taxes	△389
Reversal of Accumulated impairment loss on leased assets	△106
Transfer of Assets for rent	△4,681
Other, net	△4,567
Subtotal	118,747
Interest and dividends income received	2,056
Interest expenses paid	△3,882
Payments for extra retirement payments	△105
Income taxes paid	△34,225
Net cash provided by (used in) operating activities	82,590

	Nine months ended December 31, 2008
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	△50,217
Proceeds from sales of property, plant and equipment	1,511
Purchase of intangible assets	△5,260
Proceeds from transfer of business	4,585
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	3,177
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△27,987
Payments of loans receivable	△239
Collection of loans receivable	183
Purchase of investment securities	△988
Proceeds from sales of investment securities	18
Payments for other investments	△1,012
Other, net	42
Net cash provided by (used in) investment activities	△76,187
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	△5,944
Proceeds from long-term loans payable	8,348
Repayment of long-term loans payable	△4,183
Redemption of bonds	△5,000
Repayments of lease obligations	△1,661
Proceeds from sales of treasury stock	215
Purchase of treasury stock	△656
Cash dividends paid	△9,135
Cash dividends paid to minority shareholders	△268
Net cash provided by (used in) financing activities	△18,286
Effect of exchange rate change on cash and cash equivalents	△8,972
Net increase (decrease) in cash and cash equivalents	△20,856
Cash and cash equivalents at beginning of period	122,187
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	498
Cash and cash equivalents at end of period	101,829

Beginning with the current fiscal year, the “Accounting Standards for Quarterly Financial Reporting” (ASBJ, ASBJ Statement No. 12) and the “Implementation Guidance for the Accounting Standards for Quarterly Financial Statements” (ASBJ, ASBJ Guidance No. 14) have been applied. In addition, the quarterly consolidated financial statements are prepared following the “Rules for Quarterly Consolidated Financial Statements.”

(4) Notes Regarding Assumptions Related to Continuing Companies

Third quarter of the fiscal year ending March 31, 2009 (October 1, 2008, to December 31, 2008)

This item does not apply to the Group.

(5) Segment Information

[1] Business Segment
Nine-month period ended December 31, 2008 (from April 1, 2008 to December 31, 2008)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consoli-dation
Sales								
Outside customers	486,244	146,512	94,631	6,574	12,668	746,632	--	746,632
Intersegment sales/transfers	3,261	843	1,967	500	45,036	51,609	(51,609)	--
Total	489,506	147,356	96,599	7,075	57,705	798,242	(51,609)	746,632
Operating expenses	441,800	127,923	92,429	6,660	55,162	723,976	(40,728)	683,247
Operating income	47,705	19,432	4,170	414	2,543	74,266	(10,880)	63,385

Notes:

1. Business classification is based on similarity of product type and market. The Group’s operations are classified into the five segments of Business Technologies, Optics, Medical and Graphic Imaging, Sensing, and other businesses.
2. Principal Products in Each Business Segment

Business Segment	Principal Products
Business Technologies	MFPs, printers, etc.
Optics	Optical devices, electronics materials, etc.
Medical and Graphic Imaging	Medical products, graphic imaging products, etc.
Sensing	Industrial-use and medical-use measuring instruments, etc
Other businesses	Products other than the above

3. Operating expenses not allocated but included in Elimination/corporate under review amounted to ¥23,174 million are principally R&D expenses incurred by the Company and expenses associated with head office functions.

[2] Geographical Area
Nine-month period ended December 31, 2008 (from April 1, 2008 to December 31, 2008)

[Millions of yen]

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	345,836	165,229	193,179	42,387	746,632	--	746,632
Intersegment sales/transfers	227,397	2,039	1,727	152,608	383,773	(383,773)	--
Total	573,233	167,269	194,907	194,996	1,130,406	(383,773)	746,632
Operating expenses	509,166	171,991	195,005	190,004	1,066,167	(382,920)	683,247
Operating income (loss)	64,066	-4,722	-98	4,991	64,238	(852)	63,385

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 allocated but included in Elimination/corporate amounted under review to ¥23,174 million are principally R&D expenses incurred by the Company and expenses associated with head office functions.

[3] Overseas Sales
Nine-month period ended December 31, 2008 (from April 1, 2008 to December 31, 2008)

[Millions of yen]

	North America	Europe	Asia excluding Japan and Other Countries	Total
Overseas sales	169,672	212,555	161,822	544,051
Consolidated sales	--	--	--	746,632
Overseas sales as a percentage of consolidated sales	22.7	28.5	21.7	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 the Company and consolidated subsidiary sales in countries or regions outside of Japan.

(6) Notes Regarding Any Major Change in the Amount of Consolidated Shareholders' Equity

[Millions of yen]

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2008	37,519	204,140	176,684	(1,340)	417,003
Changes during the period					
Cash dividends			(9,283)		(9,283)
Net income			27,348		27,348
Changes in the scope of consolidation*1			96		96
Effect of application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" *2			5,210		5,210
Purchase of treasury stock				(656)	(656)
Disposal treasury stock			(115)	338	223
Total changes during the period	--	--	23,257	(318)	22,939
Balance at December 31, 2008	37,519	204,140	199,941	(1,658)	439,943

Notes:

1.The inclusion of additional subsidiaries within the scope of consolidation increased retained earnings by ¥96 million.

2.Beginning with the first quarter of the current fiscal year, the Company has applied "Practical Solution for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No. 18, issued by The Accounting Standards Board of Japan (ASBJ) on May 17, 2006), and the necessary revisions have been made in the consolidated financial statements. This change had the effect of increasing retained earnings by ¥5,240 million.

(7) Other Information

(Consolidated Balance Sheets)

As of December 31, 2008		As of March 31, 2008	
	[Millions of yen]		[Millions of yen]
Accumulated depreciation directly deducted from tangible fixed assets	413,965	Accumulated depreciation directly deducted from tangible fixed assets	413,324
Inventories:		Inventories:	
Merchandise and finished goods	90,009	Merchandise and finished goods	84,286
Work in process	26,779	Work in process	23,120
Raw materials and supplies	26,425	Raw materials and supplies	25,530

(Consolidated Statements of Income)

Nine-Month Period Under Review (April 1, 2008, to December 31, 2008)

Principal SG&A expense items and values	[Millions of yen]
Selling expenses	9,578
Transport and warehousing expenses	15,924
Advertising and promotion expenses	14,139
Wages and salaries	61,656
Provision for allowance for bonus	2,561
R&D expenses	62,732
Depreciation expenses	11,994
Retirement benefit expenses	4,081
Provision for allowance for doubtful accounts	832

[Reference]

Consolidated Statements of Income
(From April 1, 2007 to December 31, 2007)

[Millions of yen]

	Nine months ended December 31, 2007	
	Amount	% of net sales
Net sales	794,964	100.0
Cost of sales	396,101	49.8
Gross profit	398,862	50.2
Selling, general and administrative expenses	309,284	38.9
Operating income	89,577	11.3
Non-operating income	8,024	1.0
Interest and dividend income	2,027	
Investment income on equity method	120	
Exchange gain	11	
Other	5,864	
Non-operating expenses	11,172	1.4
Interest expense	3,310	
Disposal/valuation losses of inventories	3,165	
Other	4,696	
Recurring profit	86,430	10.9
Extraordinary profit	1,524	0.2
Gain on sale of fixed assets	1,171	
Gain on sale of investment securities	0	
Gain on sale of shares in affiliated companies	47	
Reversal of allowance for loss on withdrawal from operation	303	
Extraordinary losses	2,705	0.4
Loss on disposal and sale of fixed assets	1,622	
Loss on sale of investment securities	0	
Write-down on investment securities	2	
Loss on valuation of investment securities in affiliates	14	
Loss on impairment of fixes assets	465	
Other extraordinary loss	599	
Income before income taxes and minority interests	85,249	10.7
Income taxes	29,437	3.7
Minority interests in earnings of consolidated subsidiaries	99	0.0
Net income	55,712	7.0

[Reference]

Consolidated Statement of Cash Flows
(From April 1, 2007 to December 31, 2007)

[Millions of yen]

		Nine months ended December 31, 2007
I.	**Cash flows from operating activities**	
	Net income before income taxes and minority interests	85,249
	Depreciation and amortization	44,542
	Impairment loss	465
	Amortization of goodwill	5,422
	Increase (decrease) in allowance for doubtful accounts	328
	Interest and dividend income	(2,027)
	Interest expense	3,310
	Loss (gain) on disposals and sale of tangible fixed assets	450
	Loss (gain) on valuation and sale of investment securities	2
	Loss (gain) on valuation and sale of stock of affiliated companies	(33)
	Increase (decrease) in retirement and severance benefits	1,679
	Increase (decrease) in allowance for loss on discontinued operations	(11,570)
	(Increase) decrease in trade notes and accounts receivable	22,882
	(Increase) decrease in inventories	(22,041)
	Increase (decrease) in trade notes and accounts payable	(11,579)
	Increase (decrease) in accrued consumption tax payable	(893)
	Reversal of reserve for impairment of lease assets	(14)
	Increase (decrease) on transfer of lease assets used in sales activities	(7,547)
	Other	(1,998)
	Subtotal	106,627
	Interest and dividends received	2,065
	Interest paid	(3,199)
	Income taxes paid	(31,600)
	Net cash provided by operating activities	73,893
II.	**Cash flows from investing activities**	
	Payment for acquisition of tangible fixed assets	(44,997)
	Proceeds from sale of tangible fixed assets	2,672
	Payment for acquisition of intangible fixed assets	(3,190)
	Payment for purchase of additional stock of consolidated subsidiaries	(180)
	Payment for acquisition of new consolidated subsidiaries on a change	(6,896)
	Payment for loans receivable	(33)
	Proceeds from return of loan receivable	205
	Payment for acquisition of investment securities	(1,362)
	Proceeds from sale of investment securities	15
	Payment for other investments	(1,949)
	Other	234
	Net cash provided by operating activities	(55,481)

III.	**Cash flows from financing activities**	
	Net (decrease) increase in short-term loans payable	10,740
	Repayment of long-term loans payable	(14,281)
	Redemption of bonds	(29)
	Proceeds from sale of Company's stock	9
	Payment to execute buyback of Company's stock	(263)
	Dividend payments	(9,151)
	Dividend payments to minority shareholders	(127)
	Net Cash used in financing activities	(13,103)
IV.	**Effect of exchange rate changes on cash and cash equivalents**	1,659
V.	**Increase (decrease) in cash and cash equivalents**	6,967
VI.	**Cash and cash equivalents at beginning of the period**	86,587
VII.	**Increase in cash and cash equivalents due to newly consolidated subsidiaries and others**	100
VIII.	**Cash and cash equivalents at end of the period**	93,654

[Reference]

Segment Information

[1] Business Segment

Nine months ended December 31, 2007
(From April 1, 2007 to December 31, 2007)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consoli-dation
Sales								
Outside customers	522,087	134,030	117,649	7,220	13,976	794,964	--	794,964
Intersegment sales/transfers	4,275	782	2,796	550	40,498	48,902	(48,902)	--
Total	526,363	134,813	120,445	7,770	54,474	843,867	(48,902)	794,964
Operating expenses	459,296	110,614	114,556	6,866	52,440	743,775	(38,388)	705,386
Operating income	67,066	24,198	5,888	904	2,034	100,091	(10,514)	89,577

Notes:
1. Business classification is based on similarity of product type and market The Group's operations are classified into the five segments of Business Technologies, Optics, Medical and Graphic Imaging, Sensing, and other businesses.
2. In the nine-month period under review, operating expenses not allocated but included in Elimination/corporate amounted to ¥22,926 million and are principally R&D expenses incurred by the Company and expenses associated with head office functions.
3. Change to business segment classification:
(1) Regarding Photo Imaging business, while Photo Imaging business was previously listed as a business segment, this business has been wound down based on a decision to exit this business that was announced on January 19, 2006. As a result, the importance of this business has decreased. Accordingly, from the period under review, this business is not listed as an individual business segment but is included in the "Other" segment.
(2) Regarding a portion of corporate functions of the Company, expenses related to these functions were previously included within the "Other" segment. These expenses are included within "Elimination & corporate" from the period under review, following reorganization measures due to a reevaluation of the functions of the parent company and its common function companies and a reevaluation of the parent company's functions as a holding company.

[2] Geographical Area

Nine months ended December 31, 2007
(From April 1, 2007 to December 31, 2007)

[Millions of yen]

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	348,011	180,270	218,702	47,980	794,964	--	794,964
Intersegment sales/transfers	269,725	643	695	158,203	429,267	(429,267)	--
Total	617,736	180,913	219,398	206,184	1,224,232	(429,267)	794,964
Operating expenses	517,649	178,886	213,718	201,729	1,111,983	(406,597)	705,386
Operating income	100,087	2,027	5,679	4,454	112,248	(22,670)	89,577

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. In the nine-month under review, operating expenses not allocated but included in Elimination/corporate amounted to ¥22,926 million and are principally R&D expenses incurred by the Company and expenses associated with head office functions.
4. Change to Geographic Segment Categories:
   Regarding a portion of corporate functions of the Company, expenses related to these functions were previously included within the

“Japan” category. These expenses are included within “Elimination & corporate” from the period under review, following reorganization measures due to a reevaluation of the functions of the parent company and its common function companies and a reevaluation of the parent company’s functions as a holding company.

[3] Overseas Sales

Nine months ended September 30, 2007
(From April 1, 2007 to December 31, 2007)

[Millions of yen]

	North America	Europe	Asia excluding Japan and Other Countries	Total
Overseas sales	189,195	225,970	172,410	587,576
Consolidated sales	--	--	--	794,964
Overseas sales as a percentage of Consolidated sales	23.8	28.4	21.7	73.9

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 the Company and consolidated subsidiary sales in countries or regions outside of Japan.