

Konica Minolta Group Consolidated Financial Results 2Q/March 2010 [July - September 2009]

October 29, 2009

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Cautionary Statement:

The forecasts mentioned in this material are the results of estimations based on currently available information, and accordingly, contain risks and uncertainties. The actual results of business performance may sometimes differ from those forecasts due to various factors.

Remarks: Yen amounts are rounded to the nearest 100 million.



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Revision of Consolidated Financial Forecasts Fiscal Year ending March 2010

Forecasts revision FY Mar/2010



[Billions of yen]

1H/Mar2010	Previous Forecast	Result	Increase (Decrease)	Result	Result	
	1H	1H		1Q	2Q	2Q-1Q
	Net sales	404.0		393.3	-10.7	189.4
Operating income	16.0	9.2	-6.8	-0.6	9.7	10.3
Ordinary income	12.0	8.7	-3.3	0.6	8.1	7.5
Net income before taxes	6.0	6.9	0.9	0.4	6.5	6.1
Net income	3.5	3.5	0.0	0.3	3.2	2.9

FY/Mar2010	Previous Forecast	Current Forecast	Increase (Decrease)	Result	Forecast	
	FY	FY		1H	2H	2H-1H
	Net sales	880.0		817.0	-63.0	393.3
Operating income	45.0	34.0	-11.0	9.2	24.8	15.7
Ordinary income	38.0	32.5	-5.5	8.7	23.8	15.0
Net income before taxes	30.0	27.5	-2.5	6.9	20.6	13.7
Net income	17.0	10.0	-7.0	3.5	6.5	2.9

Previous forecast: Announced on May 14, 2009

Current forecast: Announced on October 23, 2009

Forecasts revision FY Mar/2010 - Comments

Results 1H/Mar2010

- Results in the Business Technologies Business were significantly below forecast in 1Q, due to weaker-than-expected market demand, the effects of price hikes, the structural reform of sales companies, periods of replacement of old products with new ones, and other factors. Earnings strength bottomed out in 1Q and recovered in 2Q with a change in sales policy and the effects of new products, but the original plan was not achieved.
- Results in other businesses, including the Optics Business, exceeded forecasts but were not able to offset the decline in the Business Technologies Business.
- Initiatives to reform the business structure, including reductions in fixed costs, inventory reductions, and free cash flow creation, progressed as planned.
- Earnings strength recovered steadily from 1Q through 2Q.

Revisions to Forecast FY/Mar2010

- Reviewed the 2H/Mar2010 plans for the Business Technologies Business and Optics Business, based on the situations in 1H.
- **Business Technologies** → Reviewed assumptions about the market and revised sales plan for MFPs downward.
Optics Business → Incorporated a delay in the expansion of demand for pickup lenses for Blu-ray Discs and narrowing production of image input/output components into the Group's plan.
- Accelerate the structural reforms that are underway to ensure that the Group achieves the revised forecast.
- Free cash flow has been greater than expected. Thus, the Group will not change its original dividend plan, but will appropriate cash for CB redemption and resources for future investments.

1H/March 2010 financial results - Segment



[Billions of yen]

Net sales	Previous Forecast	Result	Increase (Decrease)	Result	Result	
	1H	1H		1Q	2Q	2Q-1Q
	Business Technologies	275.0	259.9	-15.1	127.2	132.7
Optics	65.0	70.5	5.5	34.0	36.5	2.5
Medical & Graphic	52.0	52.9	0.9	23.7	29.2	5.5
Other businesses	7.0	6.4	-0.6	2.8	3.6	0.8
HD and eliminations	5.0	3.6	-1.4	1.7	1.9	0.1
Group total	404.0	393.3	-10.7	189.4	203.9	14.5

[Billions of yen]

Operating income	Previous Forecast	Result	Increase (Decrease)	Result	Result	
	1H	1H		1Q	2Q	2Q-1Q
	Business Technologies	19.5	7.9	-11.6	0.2	7.6
Optics	2.5	6.1	3.6	1.7	4.5	2.8
Medical & Graphic	0.5	1.8	1.3	0.8	1.0	0.1
Other businesses	0.5	-0.1	-0.6	-0.2	0.1	0.3
HD and eliminations	-7.0	-6.6	0.4	-3.1	-3.4	-0.3
Group total	16.0	9.2	-6.8	-0.6	9.7	10.3

1H/March 2010 financial results – Comments

The earnings strength of the Business Technologies, which was weak in 1Q, improved significantly in 2Q, and the Optics and other businesses continued to exceed the plans from 1Q. Overall, however, the Group was not able to offset the shortfall in 1Q.

Net sales

Business Technologies: ¥15.1 billion below the plan.

New demand was weaker than expected.

1Q: Unfavorable sales conditions caused by our price increase in 1Q.

2Q: Changed our policy to sales expansion to improve sales momentum. New color MFPs launched in 1Q contributed to sales.

Optics: Exceeded the plan by ¥5.5 billion.

A strong recovery in demand for TAC films drove earnings power in 1Q and 2Q.

Operating income

Business Technologies: ¥11.6 billion short of the plan.

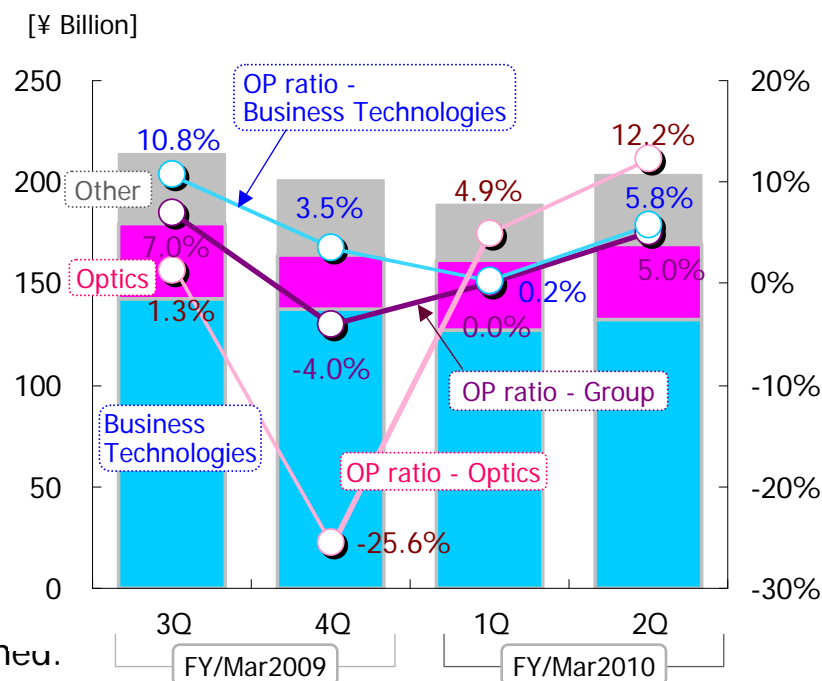
1Q: Gross profit declined, and earnings on manufacturing worsened.

2Q: Earnings steadily recovered, reflecting an improvement in earnings on manufacturing and the effect of new products.

Optics: ¥3.6 billion more than the plan.

1Q & 2Q: Profitability improved as sales volumes increased.

■ Net sales and OP ratio – segment



The operating income ratio in the Business Technologies and in the Optics bottomed out in 1Q/Mar2010 and in 4Q/Mar2009, respectively, and increased significantly thereafter.

Business Technologies – 1H/Mar2001 unit sales



MFP market demand

1Q: Demand was 15% less than the initial forecast because of the extension of lease periods by companies and tighter credit in leasing.

2Q: Assume the same level of demand as 1Q

[Gap between actual demand and our initial 1Q assumption]

North America: -10%

Europe: -22%

Japan: -33%

Other: -7%

Our MFP unit sales

- Unit sales rose 18% in 2Q vs. 1Q thanks to successful promotions from June.
- 2Q unit sales: +18% from 1Q
- Sales momentum improved. Shifting from old products to new products was completed.

[Unit sales changes from 1Q to 2Q]

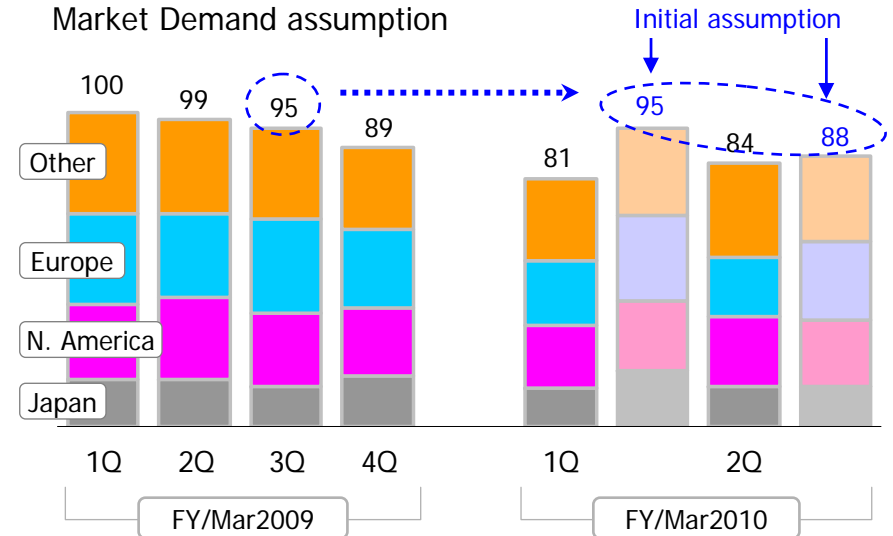
North America: +31%

Europe: +1%

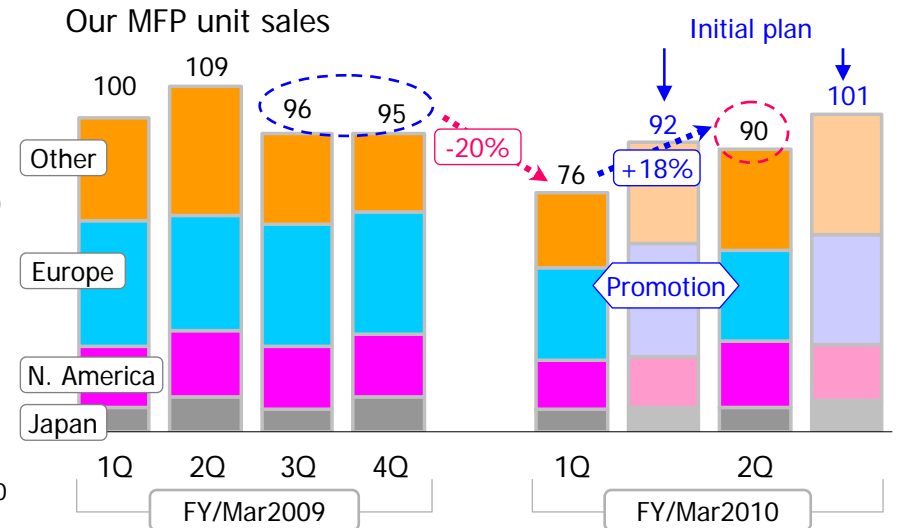
Japan: +6%

Other: +34%

Market Demand assumption



Our MFP unit sales



*Index : 1Q/Mar2009 as 100

Business Technologies – 1H/Mar2001 sales and profit



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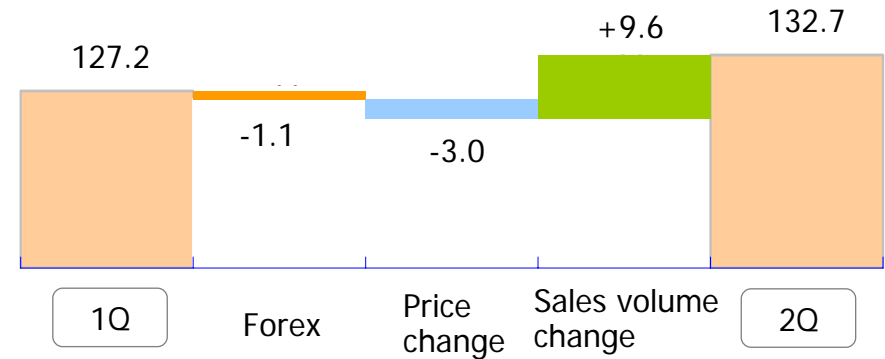
Net sales 1Q → 2Q improvement

- Sales momentum improved with successful sales promotions. Sales increased about ¥9.6 billion excluding the effects of forex and price declines.
- Promotions accounted for about ¥1.5 billion to increase unit sales.

Operating profit 1Q → 2Q improvement

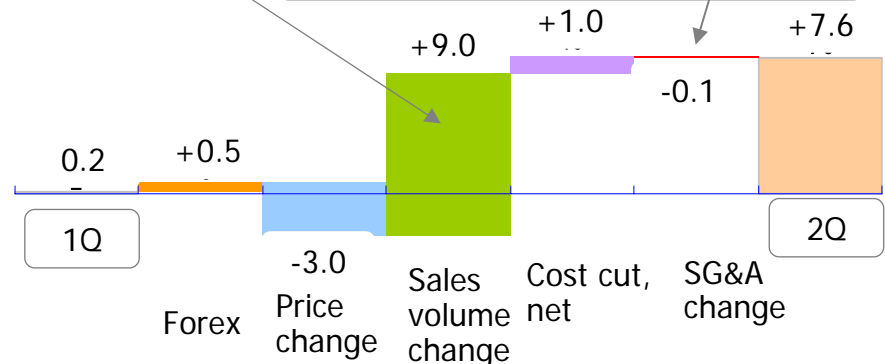
- Gross profit increased reflecting a rise in sales volumes and other factors
- A strong recovery in gross profit margin in hardware resulting from improved earnings on manufacturing associated with a rise in production and an effective use of service expenses.
- An increase in expenses associated with a rise in sales volumes was about ¥0.1 billion.

[¥ Billion]



Increase of gross profit due to increased net sales: Approx. ¥4.0 bil.
 Improvement in non-hard gross profit rate: Approx. ¥3.0 bil.
 Improvement in production profitability: Approx. ¥2.0 bil

Increase in sales valuable cost: Approx. ¥1.5 bil.
 Decrease in sales fixed cost: Approx. ¥1.5 bil.
 Decrease in R&D cost: Approx. ¥0.1 bil



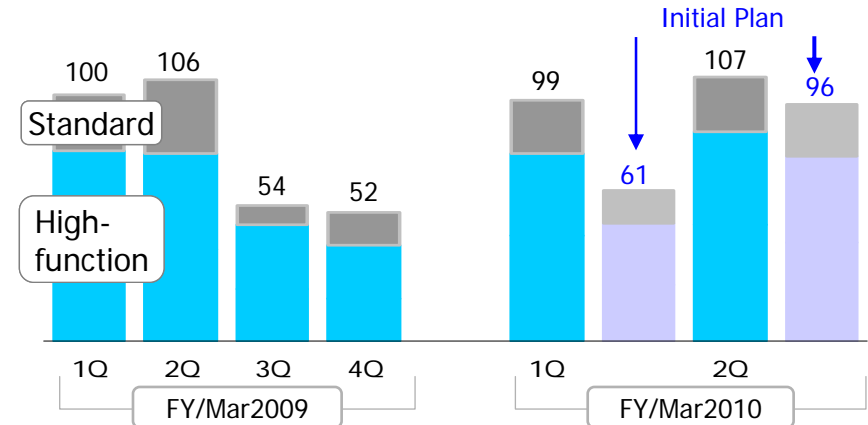
Optics – 1H/Mar2001 unit sales



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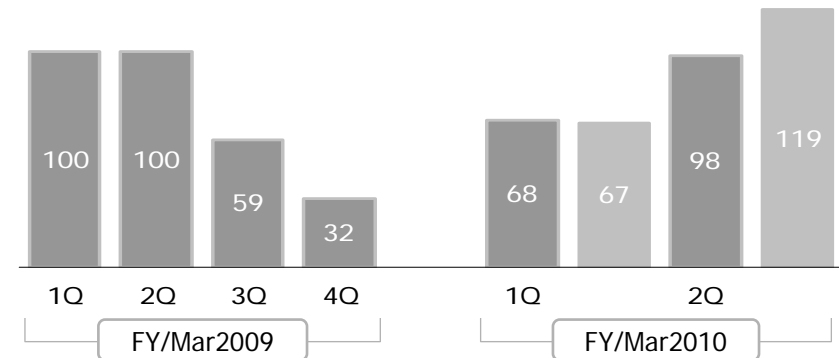
■ TAC film

- Supply and demand trends recovered more quickly than expected. A positive trend in sales volumes continued in 2Q.
(Sales volume: 1Q vs. 2Q → +9%)
- Sales volumes of high-function products such as VA-TAC and thin TAC films were solid, backed by the Group's strength in thin-film technology.



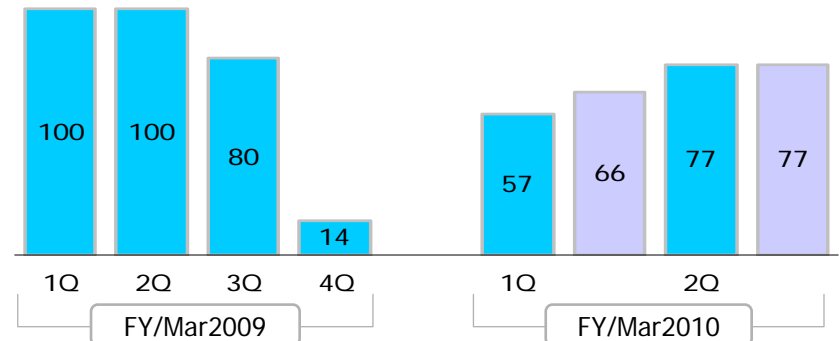
■ Optical pickup lenses

- Sales volumes rose significantly in 2Q vs.1Q, and recovered almost to the year-ago level.
(Sales volume: 1Q vs. 2Q → +43%)
- Since growth in demand for IT products remained weak, sales volumes of lenses for BDs were below the initial forecast.



■ Glass HD substrates

- Orders surged, reflecting recoveries in markets, especially the laptop computer market.
(Sales volume: 1Q vs. 2Q → +35%)



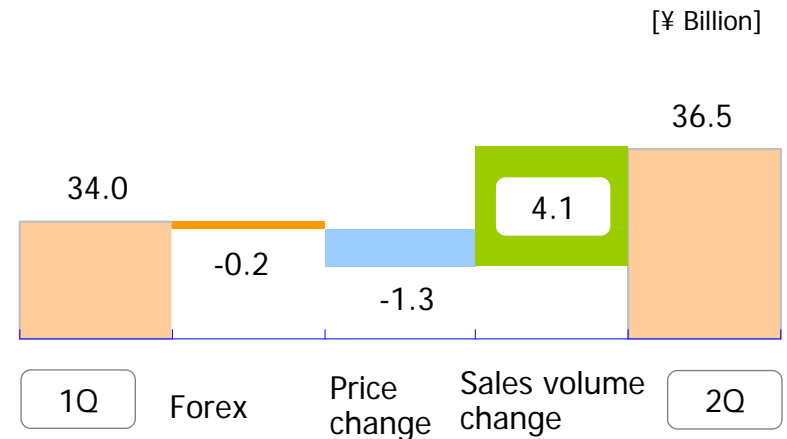
Optics – 1H/Mar2001 sales and profit



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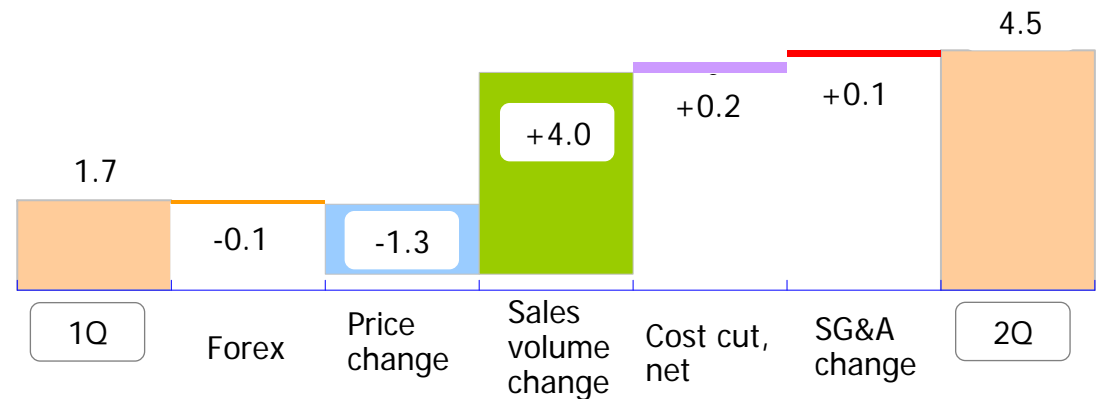
Net sales 1Q → 2Q improvement

- Sales increased in 2Q, driven by sales of TAC films, which were more robust in 2Q than 1Q.
- TAC films, pickup lenses, and glass HD substrates made the largest contributions, in that order, to the increase in sales in 2Q.



Operating profit 1Q → 2Q improvement

- The income level recovered significantly from 1Q, with an increase in sales volumes.
- The rate of capacity utilization, which was low in 1Q, achieved a substantial recovery in 2Q, and this helped improve marginal profit.
- The order of contribution to the increase in profit by product type from 1Q to 2Q is the same as the order of contribution to the rise in net sales.



Forecasts revision 2H Mar/2010 - Segment

[Billions of yen]

	Previous Forecast	Current Forecast	Increase (Decrease)	Result	
	2H	2H		1H	2H-1H
Business Technologies	315.0	283.1	-31.9	259.9	23.2
Optics	90.0	71.5	-18.5	70.5	1.0
Medical & Graphic	58.0	57.1	-0.9	52.9	4.2
Other businesses	8.0	8.1	0.1	6.4	1.7
HD and eliminations	5.0	3.9	-1.1	3.6	0.3
Group total	476.0	423.7	-52.3	393.3	30.4

	Previous Forecast	Current Forecast	Increase (Decrease)	Result	
	1H	1H		1Q	2Q-1Q
Business Technologies	21.5	20.1	-1.4	7.9	12.2
Optics	14.5	8.9	-5.6	6.1	2.8
Medical & Graphic	1.5	1.7	0.2	1.8	-0.1
Other businesses	0.5	0.6	0.1	-0.1	0.7
HD and eliminations	-9.0	-6.4	2.6	-6.6	0.2
Group total	29.0	24.9	-4.1	9.2	15.7

Previous forecast: announced on May 14, 2009

Current forecast: announced on October 23, 2009

Forecasts revision FY Mar/2010 - Segment

Based on the results in 1H/Mar2010, the Group revised its forecasts for 2H. The forecast net sales and operating profit for the full year were revised downward from the previous forecast by ¥52.3 billion and ¥4.1 billion, respectively.

Net sales

Operating income

Business Technologies: - ¥31.9 billion

- Revised forecasts for 2H/Mar2010 downward based on the new MFP market demand assumptions. Our competitiveness is expected to improve by introducing the renewed product lineup. We expect a 10% increase in 2H (vs. 1H) by aggressively promoting marketing initiatives.

Business Technologies: - ¥1.4 billion

- Minimize the decline in profit caused by the fall in sales volumes by lowering the breakeven point through structural reforms to sales companies and by improving the gross margin through initiatives to cut costs for new products.

Optics: - ¥18.5 billion

- The expansion of demand for lenses for BDs for IT, which was expected in 2H, has been delayed.
- Focus on profitable businesses in relation to image input/output components.

Optics: - ¥5.6 billion

- Recognize a fall in association with a decline in sales volumes of lenses for BDs.
- Strive to improve the profitability of TAC films and glass HD substrates by enhancing productivity.

Business Technologies – Forecast 2H/Mar2010 (1)

Revision of demand in the MFP market

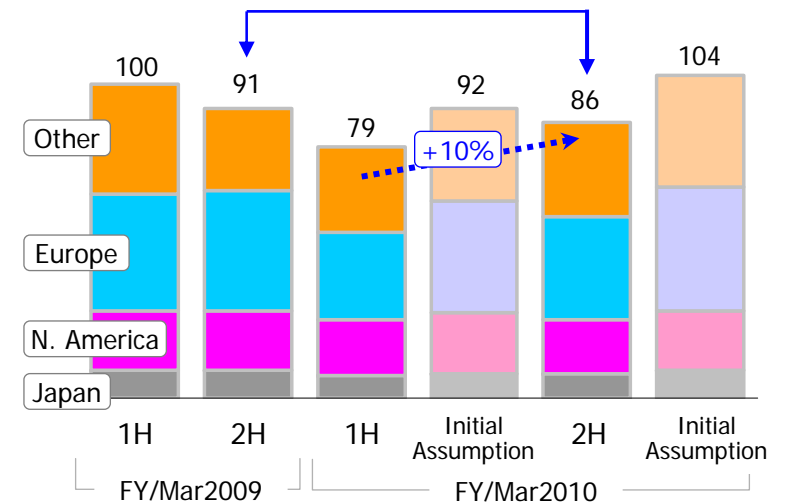
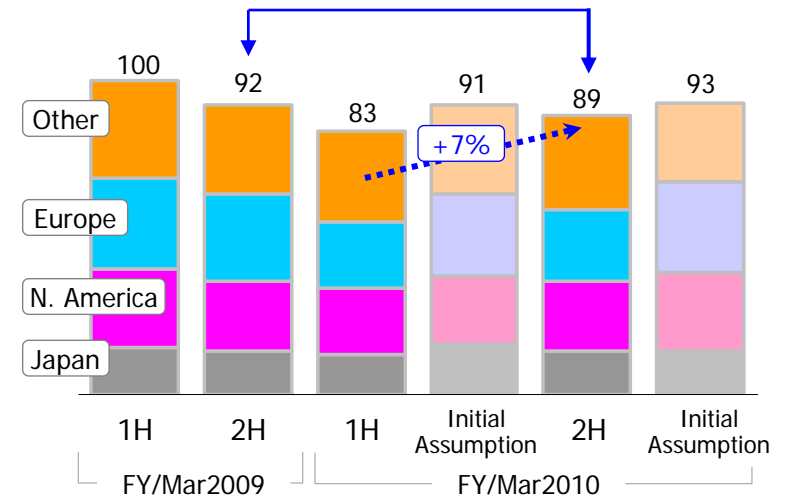
- Reduced the demand forecast for 2H/Mar2010 by 5% based on the situation in 1H.
- Revised an increase in demand from 1H to 2H to 7%.

	<u>1H→2H</u>	<u>YoY(2H)</u>
North America:	+5 %	-3 %
Europe:	+15 %	-15 %
Japan:	+10 %	-5 %
Other:	+5 %	+5 %

Our forecast of MFP unit sales

- Revised the growth rate in unit sales from 1H to 10%, given the demand forecast in the market and a recovery in our competitiveness in 2H. (decrease 15% from the initial forecast)

	<u>1H→2H</u>	<u>YoY(2H)</u>
North America:	+10 %	-5 %
Europe:	+25 %	-10 %
Japan:	+10 %	-5 %
Other:	-10 %	-10 %



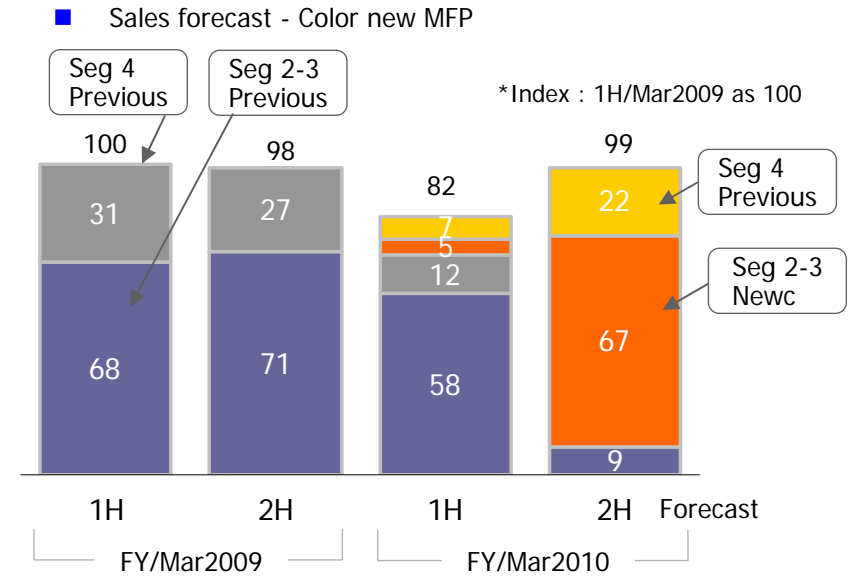
Business Technologies – Forecast 2H/Mar2010 (2)

New color MFP sales projection

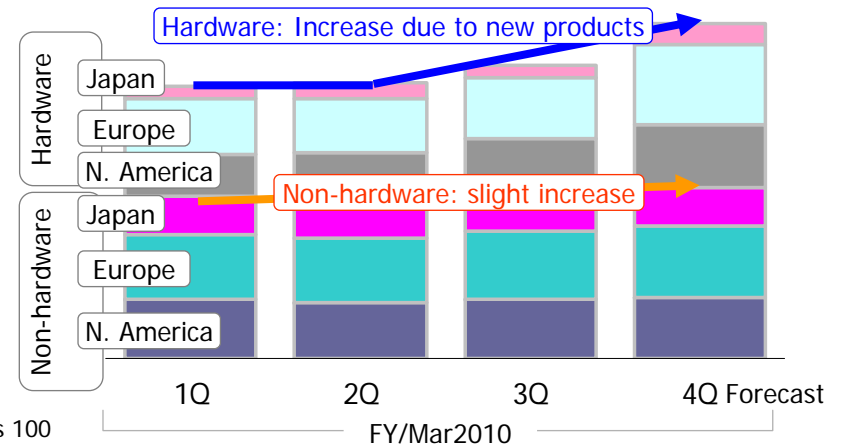
- A shift from old products to new ones has been completed in 1H/Mar2010 through promotions.
- With a product lineup centering on new products, our competitiveness and earnings strength will recover significantly in 2H. We will strive to expand our market share and to enhance profitability.

Non-hardware sales projection

- Net sales of non-hardware did not change significantly in 1H. Stable revenues of non-hardware will be generated by sales of color MFPs on a cumulative basis, both in office printing and production printing.
- We assume the structure will not change in 2H. The Group will factor in a slight increase in terms of local currencies.



■ Hardware, non-hardware sales in major areas



Optics – Forecast 2H/Mar2010

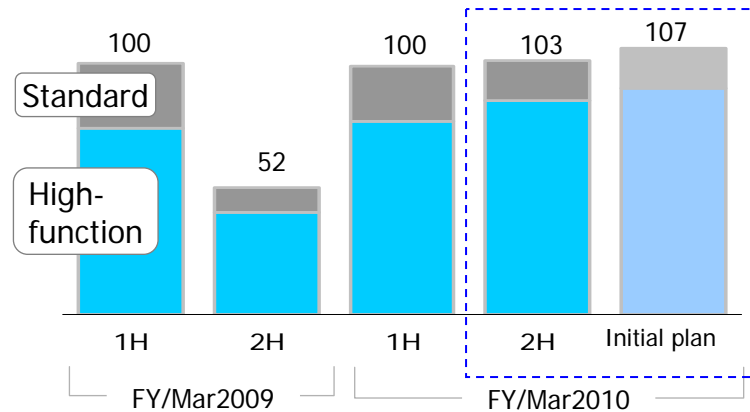


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■ TAC film

- Considering the adjustments in 4Q/Mar2009, nevertheless aims to achieve sales volumes that are more than those in 1H by promoting sales of VA-TAC and thin films.

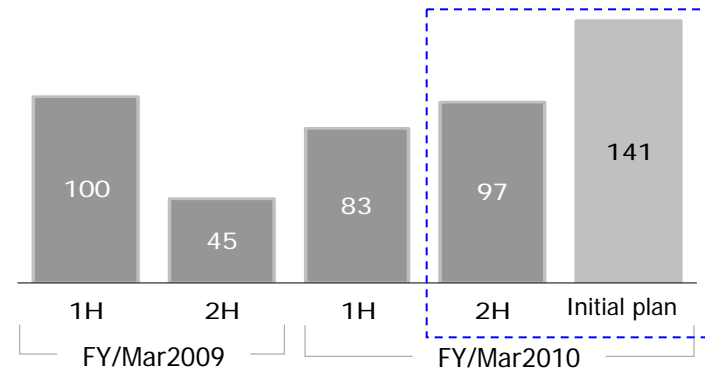
vs. initial plan: -5%
1H vs. 2H: +3%



■ Optical pickup lenses

- Taking into account a delay in the expansion of demand for lenses for BDs for IT, the Group has revised its sales plan significantly.

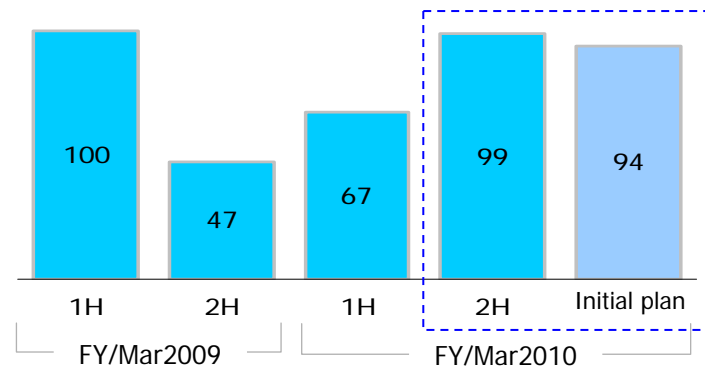
vs. initial plan: -31%
1H vs. 2H: +17%



■ Glass HD substrates

- Project unit sales increase responding to a strong recovery in demand especially for laptop computers.

vs. initial plan: +6%
1H vs. 2H: +48%



*Index : 1H/Mar2009 as 100

Management Initiatives to Enhance Earnings Strength

Initiatives for cutting fixed costs

■ Business Technologies

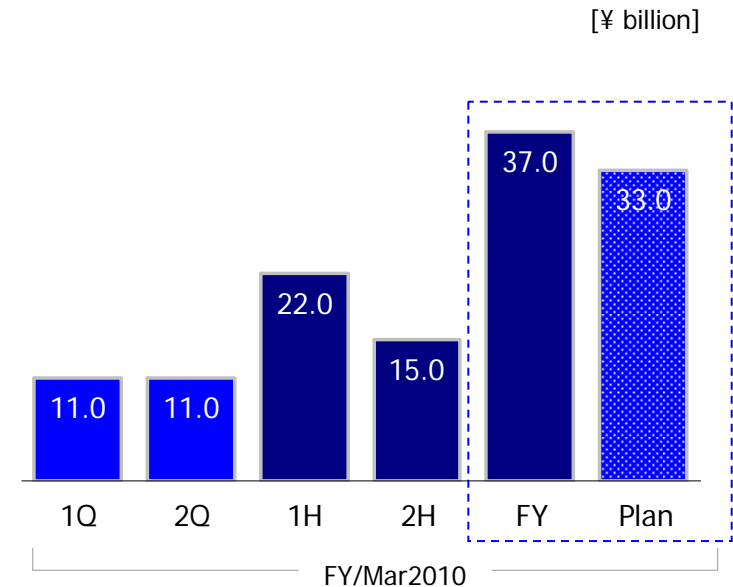
Personnel optimization in the overseas sales division was completed in 1H as planned. The consolidation of Danka was carried out one year ahead of schedule.

■ Optics

The optimization of production systems and human resources both in Japan and overseas was completed in 4Q/Mar2009. Certain product areas have begun to focus on increasing production in response to a sharp recovery in orders received.

■ Medical & Graphic

Structural reform is progressing as planned both in the manufacturing and sales divisions.



Efforts to further cost cutting

- To optimize the Group's operations, the Group will proceed with reforms that had been delayed, in both the short term and in the medium and longer terms.
- Logistics costs, IT-related costs. Procurement costs



Free cash flow - Forecast

FY/Mar2010 forecast: ¥44.0 billion (Plan: ¥30.0 billion)

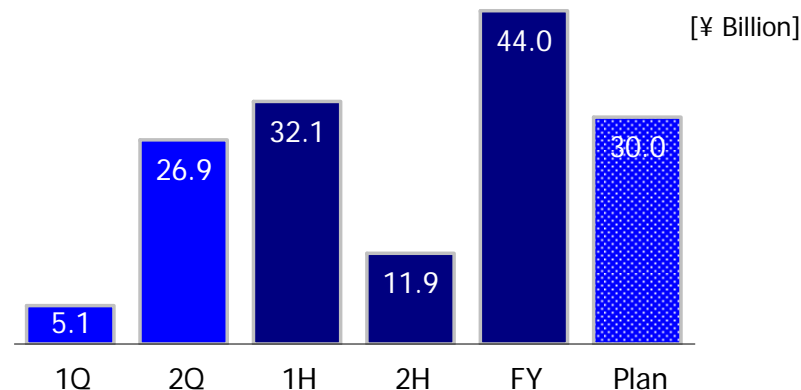
1H/Mar2010: ¥32.1 billion (Plan: ¥10.0 billion)

Improvements

- Decrease in inventories: +¥12.0 billion
- Decrease in investments: +¥10.0 billion

Initiatives in 2H

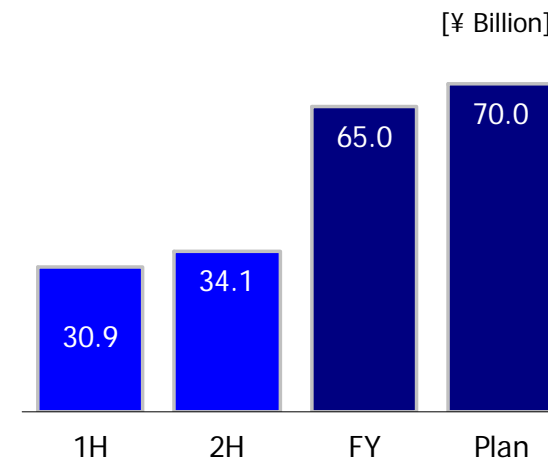
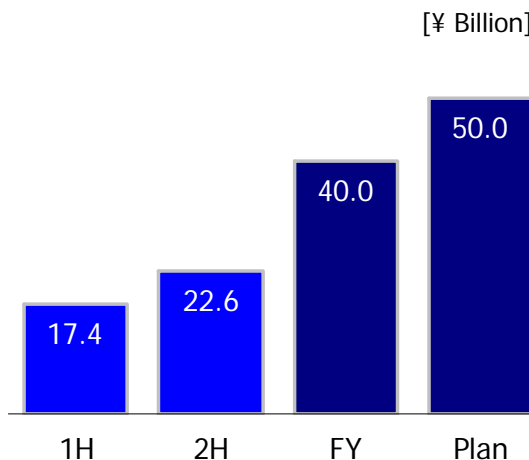
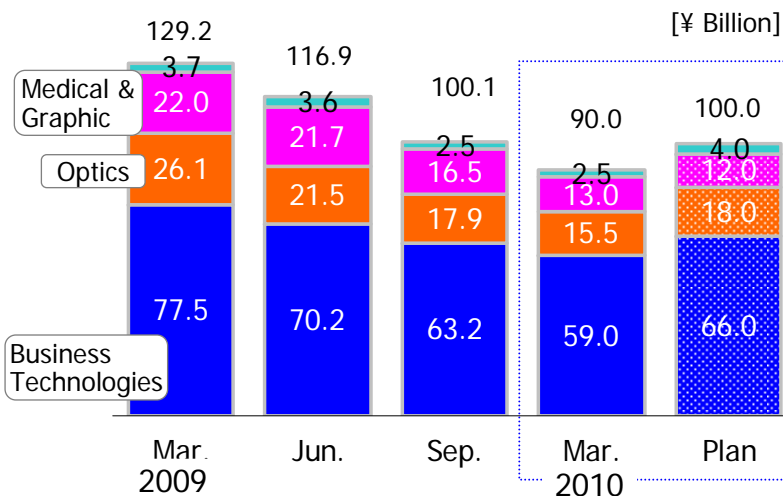
- Generate more FCF by decreasing inventories, selecting investments based on through execution of the "selection and concentration" policy



Decrease in inventories:
 ¥90.0 billion at the end of March 2010
 Initial plan: ¥100.0 billion

Decrease in investments:
 ¥40.0 billion, full year
 Initial plan: ¥50.0 billion

Depreciation:
 ¥65.0 billion, full year
 Initial plan: ¥70.0 billion



New Growth Initiatives (1)

Production Printing

The Group will consciously expand the production printing business so that it becomes one of two pillars, one of which is MFPs for offices, in Business Technologies in three to five years.

In this way, the Group aims to become one of the leading players in the field and to build an operating base that will drive sustainable growth.

- Accelerate the development of next core products and comprehensive enhance product competitiveness.

Develop a new series of both color and monochrome products from the beginning of April 2010.

- Consolidate the light product field, where the Group is competitive, and expand the business in earnest to include medium to heavy products and commercial printing.

Enhance the lineup of products and solutions for in-house printing by bolstering the alliance with Océ.

Strengthen cooperation with the Group's Graphic division to accelerate business expansion in the commercial printing field.

- Establish a unique business model and achieve a solid position in commercial printing ahead of competitors.

Establish systems to strengthen solution development and planning capabilities for customers.

New Growth Initiatives (2)

Environment and Energy

We will launch new businesses in the environment and energy by combining and fusing its core technologies. We will develop the new businesses as a third core area, following the Business Technologies and Optics Businesses, taking longer-term perspectives of three to five years, and then five to ten years.

Meanwhile, we aim to become an environmentally conscious company that can make broad contribution to society in terms of energy savings and energy creation through innovative products and services.

- The Group will enter the optical component parts market, targeting the LED light market, which is growing rapidly.

The Group will begin to produce optical modules for LED lights, using its unique optical glass technologies.

- The Group will begin to develop environmentally friendly films, targeting areas other than digital home appliances, and will expand operations in the thin-film field.

- The development of OLED lighting will proceed to the manufacturing stage in FY/Mar2011.

The Group will establish technologies for mass production and will develop a system for supplying products for initial limited sales before commencing full-scale manufacturing in FY/Mar2011.

The Group will begin the development of a unique energy creation field such as solar battery using organic thin films and secondary battery by combining and integrating organic materials technologies, thin-film technologies, and coating technologies.



Supplementary Information
Financial Results 2Q/Mar2010

Financial results: 2Q/Mar2010 – Summary

YoY: 2Q/Mar2009 vs. 2Q/Mar2010

Net sales: Actual +¥50.1 billion Forex effect -¥23.8 billion
Operating profit: Actual -¥6.1 billion Forex effect -¥8.4 billion

QoQ: 1Q/Mar2010 vs. 2Q/Mar2010

Net sale: +¥14.5 billion

Business Technologies: Sales momentum recovered thanks to successful promotions. A shift from old products to new products has been completed.

Optics: Results exceeded the plan, driven by the performance of TAC films.

Strengthen corporate capabilities

- Structural reforms, which have been executed since 4Q/Mar2009, are progressing as planned.
- Although both net sales and income declined, free cash flow exceeded expectations.

Financial results: 2Q/Mar2010

				[Billions of yen]	
	2Q Mar/2010	2Q Mar/2009	YoY	1Q Mar/2010	QoQ
Net sales	203.9	277.8	-73.9	189.4	14.5
Gross income	89.2	123.3	-34.1	79.7	9.5
<i>Gross income ratio</i>	43.7%	44.4%	-	42.1%	-
Operating income	9.7	24.2	-14.4	-0.6	10.3
<i>Operating income ratio</i>	4.8%	8.7%	-	-0.3%	-
Ordinary income	8.1	19.9	-11.8	0.6	7.5
Net income before taxes	6.5	19.1	-12.6	0.4	6.1
Net income	3.2	11.7	-8.4	0.3	2.9
<i>Net income ratio</i>	1.6%	4.2%	-	0.2%	-
EPS [Yen]	6.10	21.96		0.56	
CAPEX	10.0	17.6	-7.6	7.5	2.5
Depreciation	15.5	17.8	-2.2	15.4	0.2
R&D expenses	17.6	21.0	-3.4	17.7	0.0
FCF	26.9	20.1	6.9	5.1	21.8
FOREX [Yen] USD	93.65	107.66	-14.01	97.32	-3.67
Euro	133.74	161.93	-28.19	132.57	1.17



Financial results: 2Q/Mar2010 - Segment

Net sales	[Billions of yen]				
	2Q	2Q	YoY	1Q	QoQ
	Mar/2010	Mar/2009		Mar/2010	
Business Technologies	132.7	177.1	-44.3	127.2	5.5
Optics	36.5	58.4	-21.9	34.0	2.5
Medical & Graphic	29.2	34.9	-5.7	23.7	5.5
Other businesses	3.6	4.7	-1.0	2.8	0.8
HD and eliminations	1.9	2.8	-0.9	1.7	0.1
Group total	203.9	277.8	-73.9	189.4	14.5

Operating income	[Billions of yen]				
	2Q	2Q	YoY	1Q	QoQ
	Mar/2010	Mar/2009		Mar/2010	
Business Technologies	7.6	15.2	-7.5	0.2	7.4
<i>Operating income ratio</i>	<i>5.8%</i>	<i>8.6%</i>		<i>0.2%</i>	
Optics	4.5	10.1	-5.7	1.7	2.8
<i>Operating income ratio</i>	<i>12.2%</i>	<i>17.3%</i>		<i>4.9%</i>	
Medical & Graphic	1.0	1.4	-0.5	0.8	0.1
<i>Operating income ratio</i>	<i>3.3%</i>	<i>4.1%</i>		<i>3.5%</i>	
Other businesses	0.1	0.6	-0.5	-0.2	0.3
HD and eliminations	-3.4	-3.2	-0.2	-3.1	-0.3
Group total	9.7	24.2	-14.4	-0.6	10.3
<i>Operating income ratio</i>	<i>4.8%</i>	<i>8.7%</i>		<i>-0.3%</i>	

Financial results: 1H/Mar2010

	[Billions of yen]		
	1H Mar/2010	1H Mar/2009	YoY
Net sales	393.3	533.0	-139.6
Gross income	168.9	243.2	-74.3
<i>Gross income ratio</i>	42.9%	45.6%	-
Operating income	9.2	48.7	-39.5
<i>Operating income ratio</i>	2.3%	9.1%	-
Ordinary income	8.7	47.9	-39.1
Net income before taxes	6.9	49.9	-42.9
Net income	3.5	29.3	-25.7
<i>Net income ratio</i>	0.9%	5.5%	-
EPS [Yen]	6.67	55.19	
CAPEX	17.4	31.3	-13.9
Depreciation	30.9	33.9	-3.0
R&D expenses	35.3	41.9	-6.6
FCF	32.1	10.8	21.3
FOREX [Yen] USD	95.49	106.11	-10.62
Euro	133.16	162.68	-29.52

Financial results: 1H/Mar2010 – Segment

Net sales	[Billions of yen]		
	1H Mar/2010	1H Mar/2009	YoY
Business Technologies	259.9	343.8	-83.8
Optics	70.5	109.4	-39.0
Medical & Graphic	52.9	66.2	-13.3
Other businesses	6.4	8.6	-2.2
HD and eliminations	3.6	4.9	-1.3
Group total	393.3	533.0	-139.6

Operating income	YoY		
	1H Mar/2010	1H Mar/2009	YoY
Business Technologies	7.9	32.3	-24.4
<i>Operating income ratio</i>	<i>3.0%</i>	<i>9.4%</i>	
Optics	6.1	19.0	-12.8
<i>Operating income ratio</i>	<i>8.7%</i>	<i>17.3%</i>	
Medical & Graphic	1.8	2.9	-1.1
<i>Operating income ratio</i>	<i>3.4%</i>	<i>4.3%</i>	
Other businesses	-0.1	1.0	-1.1
HD and eliminations	-6.6	-6.4	-0.1
Group total	9.2	48.7	-39.5
<i>Operating income ratio</i>	<i>2.3%</i>	<i>9.1%</i>	

Forecasts FY/March 2010

Announced October 23, 2009



[Billions of yen]

	FORCAST FY/Mar10		
	1H	2H	FY
Net sales	393.3	423.7	817.0
Operating income	9.2	24.8	34.0
<i>OP ratio</i>	2.3%	5.9%	4.2%
Ordinary income	8.7	23.8	32.5
Net income before taxes	6.9	20.6	27.5
Net income	3.5	6.5	10.0
<i>Net income ratio</i>	0.9%	1.5%	1.2%
CAPEX	17.4	22.6	40.0
Depreciation	30.9	34.1	65.0
R&D expenses	35.3	36.7	72.0
FCF	32.1	11.9	44.0
FOREX [P/L] [Yen] USD	95.49	90.00	92.75
Euro	133.16	130.00	131.58



Forecasts FY/March 2010 - Segment

Announced May 14, 2009

[Billions of yen]

Net sales

	FORECAST FY/Mar10		
	1H	2H	FY
Business Technologies	259.9	283.1	543.0
Optics	70.5	71.5	142.0
Medical & Graphic	52.9	57.1	110.0
Other businesses	6.4	8.1	14.5
HD and eliminations	3.6	3.9	7.5
Group total	393.3	423.7	817.0

Operating income

	FORECAST FY/Mar10		
	1H	2H	FY
Business Technologies	7.9	20.1	28.0
<i>Operating income ratio</i>	<i>3.0%</i>	<i>7.1%</i>	<i>5.2%</i>
Optics	6.1	8.9	15.0
<i>Operating income ratio</i>	<i>8.7%</i>	<i>12.4%</i>	<i>10.6%</i>
Medical & Graphic	1.8	1.7	3.5
<i>Operating income ratio</i>	<i>3.4%</i>	<i>3.0%</i>	<i>3.2%</i>
Other businesses	-0.1	0.6	0.5
HD and eliminations	-6.5	-6.5	-13.0
Group total	9.2	24.8	34.0
<i>Operating income ratio</i>	<i>2.3%</i>	<i>5.9%</i>	<i>4.2%</i>

Other businesses: Sensing and Industrial Inkjet businesses

Unit sales: Business Technologies

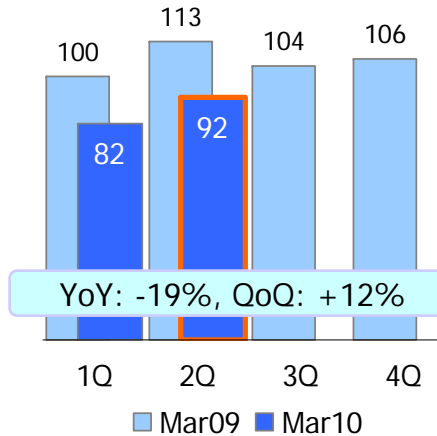


KONICA MINOLTA

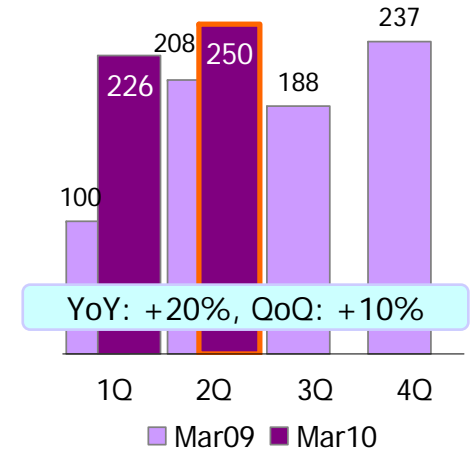
■ Color MFP

- Color: Equipment sales were weak, especially in European and North American markets. Meanwhile, a shift from old products to new ones has been completed.
- Monochrome: Demand is recovering, especially in the United States.

■ Color MFP– Units



■ Color tandem LBP – Units

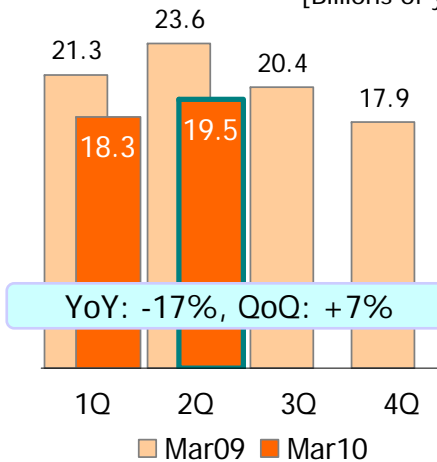


■ Color tandem LBP

- Tandem color models: Sales were solid, +20% YoY.
- Total color products: +80% YoY.

■ Production printing – Value

[Billions of yen]



■ MFP non-hardware



■ Production printing

- Sales were weaker YoY, affected by the economic slowdown, but increased 20% QoQ, excluding forex effects.
- Non-hardware sales were solid, +8% YoY excluding forex effects.

■ MFP non-hardware

- Non-hardware for office MFPs decreased but that for production printing increased.



Unit Sales: Optics

TAC film

- Sales recovered to the year-ago level, backed by a recovery in demand. Sales of VA-TAC films for large LCD televisions and of 40 μ standard products for laptop personal computers were solid.

Optical pickup lenses

- Sales volumes increased in 2Q compared to 1Q and recovered to the level of the previous fiscal year.

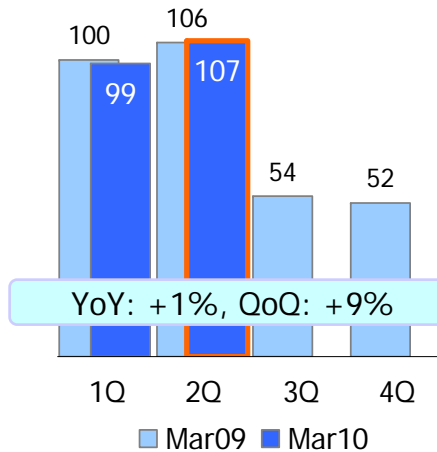
Glass HD substrates

- Sales volumes continued to recover in 2Q, rising from 1Q. Densification (250G or more) is progressing.

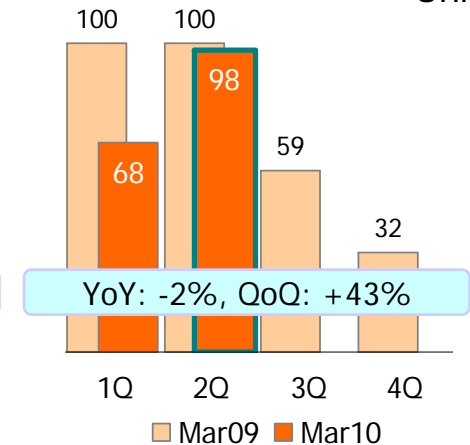
Mobile phone components

- Sort out unprofitable products.

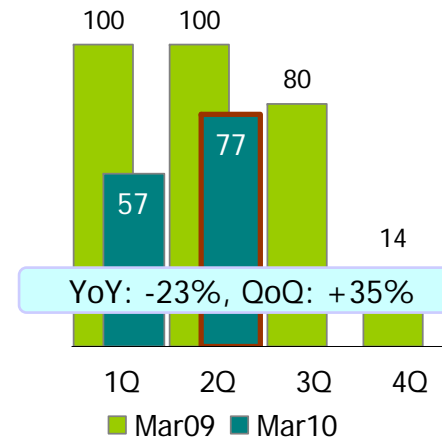
TAC film – Units



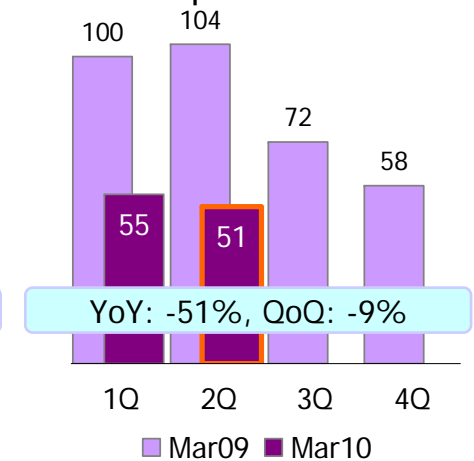
Optical pickup lenses - Units



Glass HD substrates – Units



Mobile phone components – Units



Operating profit analysis

2Q/Mar10 vs. 2Q/Mar09

	[Billions of yen]			
	Business Technologie	Optics	Other	Total
[Factors]				
Forex impact	-7.0	-0.3	-1.0	-8.4
Prince change	-3.7	-7.2	0.0	-10.9
Sales volume change, and other, net	-3.1	-3.7	-4.0	-10.8
Cost down	1.3	2.3	0.8	4.4
SG&A change, net	5.1	3.2	2.9	11.2
[Operating income]				
Change, YoY	-7.5	-5.7	-1.2	-14.4

2Q/Mar10 vs. 2Q/Mar09

	[Billions of yen]			
	Business Technologie	Optics	Other	Total
[Factors]				
Forex impact	0.5	-0.1	-0.2	0.2
Prince change	-3.0	-1.3	0.0	-4.3
Sales volume change, and other, net	9.0	4.0	0.7	13.7
Cost down	1.0	0.2	-0.1	1.1
SG&A change, net	-0.1	0.1	-0.3	-0.3
[Operating income]				
Change, QoQ	7.4	2.8	0.1	10.3

* Impact of exchange rate fluctuation if given 1 yen change (full-year base): USD → 100 million yen, Euro → 700 million yen

SGA, non-operating and extraordinary income/loss

[Billions of yen]

SGA	Jul-Sep	Jul-Sep	YoY	Apr-Sep	Apr-Sep	YoY
	2009	2008		2009	2008	
Selling expenses - variable	10.8	15.0	-4.2	19.8	28.0	-8.3
R&D expenses	17.6	21.0	-3.4	35.3	41.9	-6.6
Labor costs	29.3	36.4	-7.1	60.3	72.5	-12.2
Other	21.7	26.6	-4.9	44.4	52.2	-7.8
SGA total*	79.5	99.1	-19.6	159.7	194.6	-34.8

* *Forex impact => YoY: -6.5 billion yen (Actual: -13.1 billion yen), QoQ: -12.5 billion yen (Actual 22.3 billion yen)*

Non-operating income/ loss:

Interest and dividend income/loss, net	-0.5	-1.3	0.8	-0.9	-1.4	0.5
Foreign exchange gain, net	-1.2	-3.1	2.0	0.2	-0.6	0.9
Other	0.0	0.2	-0.1	0.3	1.2	-0.9
Non-operating income/ loss, net	-1.6	-4.3	2.6	-0.4	-0.8	0.4

Extraordinary income/ loss:

Sales of noncurrent assets, net	-1.3	-0.6	-0.7	-1.5	-1.0	-0.5
Sales of investment securities, and sales of subsidiaries and affiliates' stocks, net	0.0	0.0	0.0	-0.2	2.8	-3.0
Gain on transfer of business			0.0		3.1	-3.1
Business structure improvement expenses	-0.4	-0.8	0.4	-1.2	-1.4	0.2
Loss on revision of retirement benefit plan			0.0		-2.0	2.0
Other	0.1	0.5	-0.5	1.1	0.6	0.5
Extraordinary income/ loss, net	-1.6	-0.8	-0.8	-1.8	2.0	-3.8

B/S

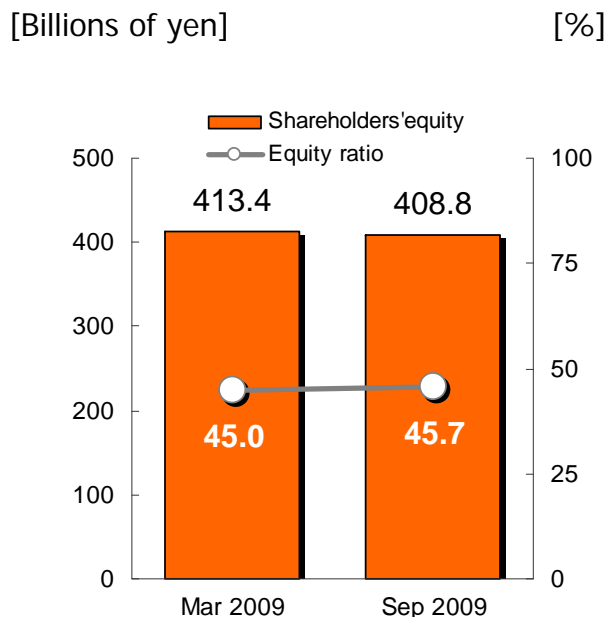
Assets:	[Billions of yen]			[yen]		
	Sep 2009	Jun 2009	Change	Sep 2009	Mar 2009	YoY
Cash and short-term investment securities	174.4	133.7	40.6	US\$ 90.21	98.23	-8.02
Notes and A/R-trade	167.5	171.8	-4.4	Euro 131.72	129.84	1.88
Inventories	101.0	129.2	-28.2			
Other	60.3	70.2	-9.9			
Total current assets	503.1	504.9	-1.8			
Tangible assets	215.6	227.9	-12.3			
Intangible assets	103.0	111.6	-8.6			
Investments and other assets	72.8	73.7	-0.8			
Total noncurrent assets	391.4	413.1	-21.7			
Total assets	894.6	918.1	-23.5			
Liabilities and Net Assets:						
Notes and A/P-trade	72.3	87.1	-14.8			
Interest bearing debts	243.8	230.4	13.4			
Other liabilities	168.6	186.3	-17.6			
Total liabilities	484.7	503.8	-19.1			
Total shareholders' equity*	408.8	413.4	-4.6			
Other	1.1	0.9	0.2			
Total net assets	409.9	414.3	-4.4			
Total liabilities and net assets	894.6	918.1	-23.5			

* Shareholders' equiti + valuation and translation adjustments



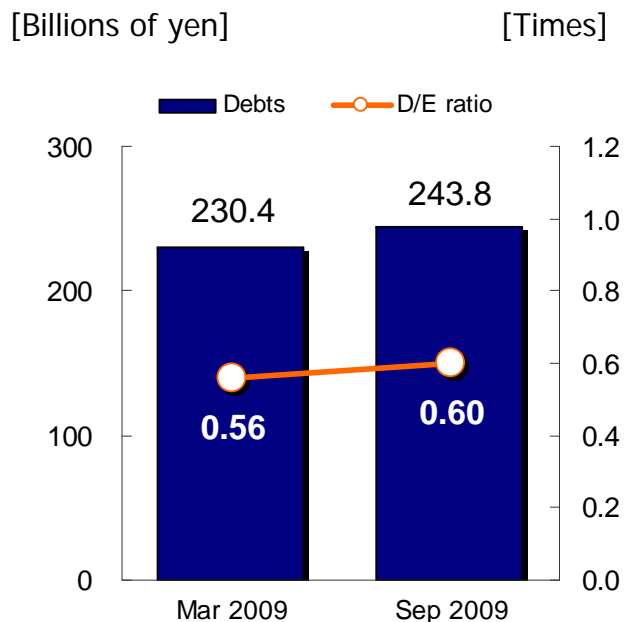
B/S – Main indicators

Equity ratio



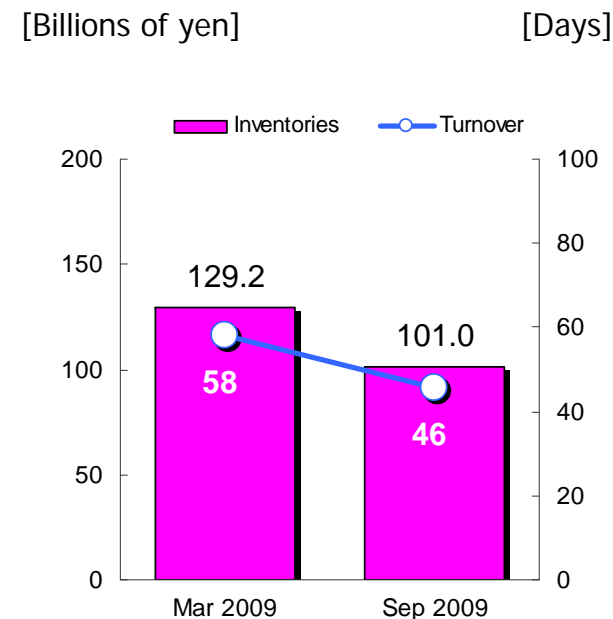
Equity ratio = Equity / Total assets
 Equity = Shareholder's equity +
 Total revaluation and translation adjustments

Interest-bearing debts



D/E ratio = Interest-bearing
 debts at year-end /
 Shareholders' equity at year-end

Inventories and inventory turnover



Inventory turnover (days) = Inventories
 at year-end / Average sales per day

Calculation term for inventory turnover:
 Mar 2009 → Jan-Mar 2009
 Sep 2009 → Jul-Sep 2009

Cash flows

	[Billions of yen]					
	2Q Mar10	2Q Mar09	YoY	1H Mar10	1H Mar09	YoY
Income before income taxes and minority interests	6.5	19.1	-12.6	6.9	49.9	-42.9
Depreciation and amortization	15.5	17.8	-2.2	30.9	33.9	-3.0
Income taxes paid	7.1	-1.6	8.7	6.2	-19.9	26.1
Change in working capital	10.7	6.5	4.2	10.1	0.1	9.9
I. Net cash provided by operating activities	39.8	41.8	-2.0	54.1	64.0	-9.9
II. Net cash provided by investing activities	-12.9	-21.7	8.8	-22.0	-53.2	31.2
I.+ II. Free cash flow	26.9	20.1	6.9	32.1	10.8	21.3
Change in debts and bonds	-7.5	-3.3	-4.2	13.7	-19.5	33.2
Cash dividends paid	-0.0	-0.1	-0.1	-5.3	-4.0	-1.3
Other	-0.5	-0.8	-0.3	-1.0	-2.0	1.0
III. Net cash provided by financing activities	-8.0	-4.2	-3.8	7.4	-25.5	32.9