October 29, 2008

Fiscal Year ending March 31, 2010
Second Quarter Consolidated Financial Results

Three months: April 1, 2009 – June 30, 2009
Six months: April 1, 2009 – September 30, 2009

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.
Representative:	Masatoshi Matsuzaki, President and CEO
Inquiries:	Masayuki Takahashi, General Manager, Corporate Communications & Branding Division
Telephone number:	(81) 3-6250-2100

Scheduled date for submission of securities report: October 29, 2009

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

1. Overview of the six-month performance (From April 1, 2009 to September 30, 2009)

(1) Business performance

Percentage figures represent the change from the same period of the previous year.

[Millions of yen]

	Net sales		Operating income		Ordinary income		Net income	
Six months ended Sep. 30, 2009	393,341	-26.2%	9,159	-81.2%	8,728	-81.8%	3,534	-87.9%
Six months ended Sep. 30, 2008	532,971	-	48,670	-	47,877	-	29,279	-

	Net income per share		Net income per share (after full dilution)	
Six months ended Sep. 30, 2009	6.67	yen	6.23	yen
Six months ended Sep. 30, 2008	55.19	yen	52.08	yen

(2) Financial position

[Millions of yen]

	Total assets	Net assets	Equity ratio (%)	Net assets per share
Sep. 30, 2009	894,594	409,883	45.7	770.92 yen
Mar. 31, 2009	918,058	414,284	45.0	779.53 yen

Notes: Shareholders' equity
As of Sep. 30, 2009: ¥ 408,805 million
As of Mar. 31, 2009: ¥ 413,380 million

2. Dividends per share

[yen]

	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total annual
FY Mar/2009	-	10.00	-	10.00	20.00
FY Mar/2010	-	7.50			
FY Mar/2010（forecast）			-	7.50	15.00

Note: Change to dividend forecast: none

3. Consolidated results forecast for fiscal year ending March 31, 2010 (From April 1, 2009 to March 31, 2010)

Percentage figures for the full year represent the change from the previous fiscal year, while percentage figures for the six months period represent the change from the same period of the previous year.

[Millions of yen]

	Net sales		Operating income		Ordinary income		Net income	
Full-year	817,000	-13.8%	34,000	-39.6%	32,500	-28.4%	10,000	-34.1%

	Net income per share	
Full-year	18.86	yen

Note: Change to consolidated results forecast: none

4. Other

(1) Changes in status of material subsidiaries during the quarter under review (Changes to specified subsidiaries accompanying the additional consolidation or removal from consolidation of companies): None

(2) Adoption of simplified accounting methods 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 13.

(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: None
b. Changes other than “a.”: None

(4) Number of outstanding shares（common stock）

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

As of September 30, 2009:	531,664,337 shares
As of March 31, 2009:	531,664,337 shares

b. Treasury stock at period-end

As of September 30, 2009:	1,381,914 shares
As of March 31, 2009:	1,370,709 shares

c. Average number of outstanding shares

As of September 30, 2009:	530,287,780 shares
As of September 30, 2008:	530,528,662 shares

Explanation of Appropriate Use of Performance Projections and Other Special Items

This document contains projections of performance and other projections that were made based on information currently available and certain assumptions judged to be reasonable. There is a possibility that diverse factors may cause actual performance, etc., to differ considerably from projections. Please see the “3. Outlook for Fiscal Year Ending March 31, 2010” section on page12 for more information on points to be remembered in connection with the use of projections.

1. Consolidated Operating Results

(1) Overview of Performance

Three months ended September 30, 2009 (From July 1, 2009 to September 30, 2009)

[Billions of yen]

	Year-on-Year				[Ref.] Quarter-on-Quarter (1Q vs. 2Q)		
	2Q Mar/2010	2Q Mar/2009	Increase (Decrease)		1Q Mar/2010	Increase (Decrease)	
Net sales	203.9	277.8	(73.9)	-26.6%	189.4	14.4	7.6%
Gross profit	89.2	123.2	(34.0)	-27.6%	79.6	9.5	12.0%
Operating income (loss)	9.7	24.1	(14.4)	-59.7%	(0.5)	10.3	-
Ordinary income	8.1	19.9	(11.8)	-59.2%	0.6	7.5	-
Income before income taxes and minority interests	6.5	19.1	(12.5)	-65.9%	0.4	6.1	-
Net income	3.2	11.6	(8.4)	-72.2%	0.2	2.9	981.2%
Net income per share [yen]	6.10	21.96	(15.86)	-	0.56	5.54	-
Capital expenditure	9.9	17.5	(7.6)	-43.4%	7.4	2.4	33.4%
Depreciation	15.5	17.7	(2.2)	-12.5%	15.3	0.1	1.3%
R & D expenses	17.6	21.0	(3.4)	-16.2%	17.6	(0.0)	-0.2%
Free cash flow	26.9	20.0	6.8	34.1%	5.1	21.8	424.1%
Number of employees [persons]	36,008	37,876	(1,868)	-4.9%	36,264	(256)	-0.7%
Exchange rates [yen]							
US dollar	93.65	107.66	(14.01)	-13.0%	97.32	(3.67)	-3.8%
Euro	133.74	161.93	(28.19)	-17.4%	132.57	1.17	0.9%

The Konica Minolta Group's net sales for the second quarter under review (July 1, 2009 to September 30, 2009) declined ¥73.9 billion (26.6%) from a year ago, to ¥203.9 billion. Although there were signs of a recovery in demand in certain areas after the first quarter (April 1, 2009 to June 30, 2009), sales have been down sharply in all businesses since the second half of the previous year, reflecting the global business downturn. A foreign exchange translation of about ¥23.8 billion associated with the appreciation of the yen was another factor in the sales decline.

Operating income fell ¥14.4 billion (down 59.7% year on year), to ¥9.7 billion, despite efforts across the Group to reduce fixed costs and additional cost cutting made to offset the fall in net sales and the decline in gross profit linked to the stronger yen. Ordinary income stood at ¥8.1 billion (down 59.2%), thanks to an improvement of ¥2.6 billion associated with the decrease in the exchange loss in non-operating income.

Income before income taxes and minority interests for the second quarter under review was ¥6.5 billion (down 65.9%), attributable to a loss on the disposal of fixed assets relating to the Optics Business, which was posted as an extraordinary loss, among other factors. Net income after income taxes and minority interests was ¥3.2 billion (down 72.2%).

<Reference>

Comparison with the first quarter ended June 30, 2009 (three months from April 1, 2009 to June 30, 2009)

The Company is adding the following explanation as a reference for comparing results for the second quarter under review with the outcomes for the preceding quarter (April 1, 2009 – June 30, 2009). The preceding quarter is considered more reasonable in terms of continuity than the second quarter of the previous fiscal year (July 1, 2008 – September 30, 2008) for comparison with the second quarter under review, given the radical changes in the economic situation and business environment seen since last fall.

Net sales for the second quarter under review rose ¥14.4 billion (7.6%) from the preceding quarter. In the Optics Business, we saw a recovery in demand, especially demand for TAC films (protective films for polarizing plates used for liquid crystal displays (LCDs)), which was solid from the preceding quarter. Net sales in the Business Technologies Business and Medical and Graphic Imaging Business were recovering, reflecting launches of new products and our sales initiatives, despite demand weakness as customers responded to the economic downturn by continuing to slash capital spending.

Operating income improved ¥10.3 billion from the preceding quarter (operating loss of ¥0.5 billion), driven by a recovery in earnings in the Business Technologies Business. Ordinary income was up ¥7.5 billion from the preceding quarter (¥0.6 billion). Income before income taxes and minority interests rose ¥6.1 billion from the preceding quarter (¥0.4 billion), despite extraordinary losses including a loss on the disposal of fixed assets for the soundness of assets relating to the Optics Business. Net income climbed ¥2.9 billion from the preceding quarter (¥0.2 billion).

Overall, earnings improved in almost all businesses in the second quarter under review, and operating income/loss moved into the black for the first time in two quarters. Incomes from ordinary income to net income all rose.

(2) Overview by Segment

[Billions of yen]

	Year-on-Year				[Ref.] Quarter-on-Quarter (1Q vs. 2Q)		
	2Q Mar/2010	2Q Mar/2009	Increase (Decrease)		1Q Mar/2010	Increase (Decrease)	
Business Technologies							
Net sales - external	132.7	177.0	(44.3)	-25.0%	127.2	5.5	4.3%
Operating income	7.6	15.1	(7.5)	-49.6%	0.2	7.3	-
Optics							
Net sales - external	36.4	58.3	(21.8)	-37.5%	33.9	2.4	7.3%
Operating income	4.4	10.1	(5.6)	-55.9%	1.6	2.7	168.2%
Medical & Graphic							
Net sales - external	29.2	34.9	(5.7)	-16.4%	23.7	5.4	23.1%
Operating income	0.9	1.4	(0.4)	-33.1%	0.8	0.1	15.9%
Sensing							
Net sales - external	1.6	2.5	(0.9)	-36.3%	1.4	0.2	16.1%
Operating income (loss)	(0.1)	0.3	(0.4)	-	(0.2)	0.0	-

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

Konica Minolta released four models of color MFPs (multifunctional peripherals) for offices, namely the *bizhub C452, 360, 280,* and *220*. With the *bizhub C652* and *552*, which were launched in the preceding quarter, we modified the bizhub series and strengthened its competitiveness. These new products are designed to reduce total cost of ownership (TCO) for customers by slashing power consumption compared with conventional models and using more durable components. We have earned high marks from the market for our design policy of helping customers boost productivity and reduce energy consumption. We pursue this policy through high image quality with the use of our proprietary polymerized toner, cutting-edge network and security functions, and lower decibel level in machine operation noise for improved user environments. Sales volumes of office color MFPs in the quarter under review declined from the year-ago level in both the domestic and overseas markets, given the serious state of the global economy from the second half of the last year. However, volumes rose sharply from the immediately preceding quarter, partly thanks to the new products. Sales volumes of monochrome MFPs for offices were solid, exceeding the year-ago level, in the North American market due to large-lot orders and other factors, but were below the year-ago level in other markets.

In the production printing field, we launched the *bizhub PRO 1051/1200* high-speed, monochrome MFPs to bolster our product lineup. Partly thanks to these new products, sales volumes of monochrome MFPs for production printing were relatively solid, recovering almost to the year-ago level in Japan and North America. Demand for color MFPs for production printing was weak, reflecting recessions in Japan and overseas. Overall sales volumes of MFPs for production printing were down from a year ago, but sales volumes of both color and monochrome models rose from the preceding quarter.

In the printer field, we stepped up our efforts to sell A4 tandem printers and A4 color MFPs for office use. Sales volumes of printers far exceeded the levels of the corresponding quarter in the previous fiscal year, reflecting solid sales of color products in overseas markets, especially in Europe and North America.

Overall, our Business Technologies Business focused on sales of color MFPs for offices and high-speed MFPs for production printing in line with our “genre-top strategy.” Despite these efforts, sales of MFPs remained generally sluggish in a tough business environment, marked by reduced corporate capital spending, cost cutting, and tighter credit controls for leases associated with financial insecurity, driven by a lingering global recession. Sales of the Business Technologies Business to external customers fell to ¥132.7 billion (down 25.0% year on year), owing partly to the impact of the stronger yen. Operating income fell sharply to ¥7.6 billion (down 49.6%), reflecting lower sales volumes, lowering prices, and the stronger yen, despite efforts to lower the breakeven point through structural reforms and cost cutting, especially at our overseas sales companies, as we took steps to build an earnings structure to respond to the difficult business environment.

On a quarter-on-quarter basis, net sales rose ¥5.5 billion (4.3%) from the preceding quarter. Sales promotions from June to encourage the replacement of old products with new items were successful, and facilitated the introduction of new products in a number of markets. Sales of MFPs gained momentum, especially in North America. Operating income rose ¥7.3 billion from the preceding quarter (¥0.2 billion) with the higher sales volumes, a turnaround in earnings on manufacturing recovering from temporary slowdown due to production adjustments in the immediately preceding quarter, the acceleration of structural reform, and cost cutting.

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

Display materials field

The Group sought to boost sales, especially of VA-TAC films (viewing angle expansion films) and 40μ thin films, such areas in which it excels. Sales volumes recovered to the year-ago level, backed by a recovery in production by manufacturers of liquid crystal panels in response to growing demand for large LCD televisions and laptop computers.

Memory related product field

The Group strengthened sales of optical pickup lenses for Blu-ray Discs, one of our mainstay items. Although demand for optical pickup lenses for personal computers remains weak, demand from consumer electric appliance makers for game machines and audio-video equipment recovered. Overall sales volumes of optical pickup lenses including those for CDs and DVDs recovered to approach the year-ago levels. Sales volumes of glass HD substrates, backed by a strong recovery in demand, especially for substrates for laptop computers, rose sharply from the immediately preceding quarter though figures were still down from a year ago.

Image input/output component field

Although sales volumes of components for digital cameras rose from the previous year, sales of optical components for camcorders and for cell phones with cameras were low overall, reflecting weak market demand.

The bottoming out of the rapid contraction in production of digital electric appliances in the fourth quarter of the previous fiscal year produced a noticeable impact on our Optics Business. Sales volumes of TAC films and optical pickup lenses recovered to the year-ago level. However, sales volumes were still below the year-ago level in certain product fields. Prices fell further in all fields. As a result, net sales of the Optics Business to outside customers declined to ¥36.4 billion (down 37.5% year on year), and operating income fell to ¥4.4 billion (down 55.9%).

On a quarter-on-quarter basis, net sales of the Optics Business rose ¥2.4 billion (up 7.3%), with solid results in all fields except the image input/output component field, backed by a market recovery. Operating income increased ¥2.7 billion (from ¥1.6 billion in the preceding quarter) with the rise in sales volumes and improved profitability associated with an increase in the operating ratio.

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

Medical/healthcare field

Konica Minolta sought to boost sales of digital equipment, including *PLAUDR* high-quality-image digital radiography (DR) systems, *REGIUS* x-ray image input/output systems, *REGIUS Unitea* diagnostic imaging workstation and *I-PACS EX* network systems. Meanwhile, we stepped up work on the development of *Infomity*, a product combining remote maintenance, management assistance, and network services. These initiatives amounted to an aggressive effort to bolster our digital solutions business, to promote the use of IT in large hospitals and in smaller medical facilities. Capital investment at hospitals increased in the domestic market, reflecting revisions in medical treatment fees, and so sales volumes of our main REGIUS products exceeded their year-ago levels. However, sales were sluggish in overseas markets because of economic stagnation, and overall were down year on year. Demand for film products continued to fall in both domestic and overseas markets. Sales quantities were below the year-earlier level.

Graphic imaging field

Konica Minolta focused on sales of digital printing equipment, including digital color proof systems and on-demand printing systems. However, the printing industry was struggling in Japan and overseas, with the exception of certain markets such as China. Challenges included reduced capital investment associated with the prolonged economic stagnation. As a result, sales volumes of digital equipment fell below the year-ago level.

As noted, our Medical & Graphic Imaging Business focused on digital equipment, systems, and solutions in response to filmless operations. However, overall sales quantities declined from a year ago, partly a reflection of global economic sluggishness. As a consequence, sales in this business to outside customers fell to ¥29.2 billion (down 16.4% year on year). Although we took comprehensive action to reduce fixed costs in line with the profit declines associated with lower sales volumes, operating income fell to ¥900 million (down 33.1%).

On a quarter-on-quarter basis, sales volumes of both digital systems and film products rose overall. As a result, sales of the Medical & Graphic Business for the second quarter increased by ¥5.4 billion (23.1%). Operating income climbed ¥100 million (15.9%).

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

In the Sensing Business, we released *RANGE 5*, a new non-contact 3D digitizer and *PALSOX-1* in the medical measurement field, and sought to expand sales of those products as well as the products in our principal industrial measuring segments of color sensing

Despite a focus on strengthening its product lineup and bolstering sales in each field, sales volumes struggled in industrialized markets, including Japan, as manufacturers have continued to freeze or scale back capital spending to respond to the downturn from the second half of last year. As a result, sales of the Sensing Business to outside customers declined to ¥1.6 billion (down 36.3% year on year), and the operating loss stood at ¥100 million (compared with an operating income of ¥300 million in the year-ago period).

On a quarter-on-quarter basis, net sales for the second quarter under review increased ¥200 million (16.1%) due to a rise in sales in the Chinese market, among other factors. The operating loss improved slightly.

(3) Six months ended September 30, 2009 (From April 1, 2009 to September 30, 2009)

[Billions of yen]

	Six months (Apr – Sep) Year-on-Year			
	Apr-Sep 2009	Apr-Sep 2008	Increase (Decrease)	
Net sales	393.3	532.9	(139.6)	-26.2%
Gross profit	168.8	243.2	(74.3)	-30.6%
Operating income	9.1	48.6	(39.5)	-81.2%
Ordinary income	8.7	47.8	(39.1)	-81.8%
Income before income taxes and minority interests	6.9	49.8	(42.9)	-86.1%
Net income	3.5	29.2	(25.7)	-87.9%
Net income per share [yen]	6.67	55.19	(48.52)	-
Capital expenditure	17.4	31.2	(13.8)	-44.3%
Depreciation	30.8	33.9	(3.0)	-8.9%
R & D expenses	35.3	41.9	(6.6)	-15.8%
Free cash flow	32.0	10.8	21.2	197.0%
Exchange rates [yen]				
US dollar	95.49	106.11	(10.62)	-10.0%
Euro	133.16	162.68	(29.52)	-18.1%

[Reference] Six month Business Performance by Segment

[Billions of yen]

	Six months (Apr – Sep) Year-on-Year			
	Apr-Sep 2009	Apr-Sep 2008	Increase (Decrease)	
Business Technologies				
Net sales - external	259.9	343.7	(83.8)	-24.4%
Operating income	7.8	32.3	(24.4)	-75.6%
Optics				
Net sales - external	70.4	109.4	(38.9)	-35.6%
Operating income	6.1	18.9	(12.8)	-67.7%
Medical & Graphic				
Net sales - external	52.9	66.2	(13.3)	-20.1%
Operating income	1.7	2.8	(1.0)	-37.2%
Sensing				
Net sales - external	3.0	4.9	(1.8)	-38.2%
Operating income (loss)	(0.3)	0.5	(0.8)	-

The performance in the first quarter (from April 1, 2009 to June 30, 2009) of the fiscal year ending March 31, 2010 was reported in the “Fiscal Year Ending March 31, 2010 First Quarter Consolidated Financial Results April 1, 2009 – June 30, 2009” (dated August 6, 2009).

2. Financial Position

(1) Analysis of Financial Position

		As of September 30, 2009	As of March 31, 2009	Increase (Decrease)
Total assets	[Billions of yen]	894.5	918.0	(23.4)
Total liabilities	[Billions of yen]	484.7	503.7	(19.0)
Net assets	[Billions of yen]	409.8	414.2	(4.4)
Net assets per share	[yen]	770.92	779.53	-
Equity ratio	[%]	45.7	45.0	0.7

Total assets at the end of the second quarter under review decreased ¥23.4 billion (2.6%) from the previous fiscal year-end, to ¥894.5 billion. Current assets fell ¥1.7 billion (0.4%), to ¥503.1 billion (56.2% to total assets), while noncurrent assets decreased ¥21.6 billion (5.2%), to ¥391.4 billion (43.8% to total assets).

With respect to current assets, cash and deposits increased ¥1.6 billion from the previous fiscal year-end, to ¥87.3 billion. Short-term investments securities rose ¥39.5 billion, to ¥87.5 billion. Cash reserves then increased. Meanwhile, notes and accounts receivable-trade decreased ¥4.3 billion from the previous fiscal year-end, to ¥167.4 billion. Inventories fell ¥28.1 billion, to ¥100.9 billion, as a result of our efforts to reduce them.

Noncurrent assets decreased ¥12.2 billion from the previous fiscal year-end, to ¥215.6 billion, reflecting the impact of a scaling back of capital investment in tangible assets. Intangible assets were down ¥8.6 billion, to ¥103.0 billion, with progress in amortization. Investments and other assets declined ¥0.8 billion, to ¥72.8 billion, primarily because of an increase of ¥2.6 billion, to ¥20.7 billion in investment securities offset by a decrease of ¥2.3 billion in deferred tax assets.

Liabilities at the end of the second quarter under review declined ¥19.0 billion (3.8%) from the previous consolidated fiscal year-end, to ¥484.7 billion (54.2% to total assets). Current liabilities fell ¥35.8 billion (11.5%), to ¥275.0 billion (30.8% to total assets), while noncurrent liabilities rose ¥16.7 billion (8.7%), to ¥209.6 billion (23.4% to total assets).

Interest-bearing debt (the total of short- and long-term loans and bonds) rose ¥13.3 billion, to ¥243.7 billion, partly because funds on hand were kept at a high level. Notes and accounts payable-trade, accounts payable-other, and accrued expenses slipped ¥14.8 billion, ¥7.4 billion, and ¥3.2 billion, respectively, from the previous fiscal year-end, primarily a reflection of more focused production and cost-cutting measures. Pprovision for loss on business liquidation (for the Photo Imaging Business) declined ¥1.2 billion, to ¥6.0 billion, reflecting progress in dealing with the loss.

Net assets at the end of the second quarter under review were down ¥4.4 billion (1.1%) from the previous fiscal year-end, to ¥409.8 billion (45.8% to total assets).
Retained earnings decreased ¥1.7 billion, to ¥183.6 billion, as ¥5.3 billion in dividends outweighed net income of ¥3.5 billion posted for the six-month period to September 30, 2009.

Valuation and translation adjustments declined ¥2.7 billion, attributable to changes in the valuation difference on available-for-sale securities associated with a recovery in the stock price and in the foreign currency translation adjustment reflecting a stronger yen against the U.S dollar.

As a result, net assets per share at the end of the second quarter under review were down to ¥770.92. The equity ratio improved by 0.7 percentage point, to 45.7%, with the decline in total assets.

(2) Cash Flows

[Billions of yen]

	Six months to Sep. 30, 2009	Six months to Sep. 30, 2008	Increase (Decrease)
Cash flows from operating activities	54.0	63.9	(9.8)
Cash flows from investing activities	(22.0)	(53.1)	31.1
Total [Free cash flow]	32.0	10.8	21.2
Cash flows from financing activities	7.3	(25.5)	32.9

During the six-month period (April 1, 2009 – September 30, 2009) under review, net cash provided by operations was ¥54.0 billion, while net cash used for investing activities, mainly associated with capital investment, totaled ¥22.0 billion. As a result, free cash flow (the sum of operating and investing activities) was an inflow of ¥32.0 billion. Net cash generated from financing activities was ¥7.3 billion.

In addition, the effect of exchange rate changes reduced cash and cash equivalents by ¥1.1 billion. As a result, cash and cash equivalents at the end of the second quarter under review stood at ¥174.3 billion, up ¥40.6 billion from the consolidated previous fiscal year-end.

Cash flows from operating activities

Net cash provided by operations reached ¥54.0 billion (a decrease of ¥9.8 billion from the same period in the previous consolidated fiscal year). Although the Group reported income before income taxes and minority interests of ¥6.9 billion, depreciation of ¥30.8 billion, an improvement of working capital of ¥15.3 billion, and an income tax refund of ¥6.2 billion, these amounts were partly offset by ¥6.2 billion in accounts payable and accrued expenses, and other factors.

Cash flows from investing activities

Net cash used in investing activities was ¥22.0 billion (a decrease of ¥31.1 billion from the same period of the previous fiscal year). Cash of ¥19.8 billion was used for investments in molding for new products in the Business Technologies Business and in the acquisition of tangible fixed assets relating to the reinforcement of production capacities in the Optics Business, our strategic business.

As a result, free cash flow (the sum of operating and investing cash flows) was an inflow of ¥32.0 billion (an increase of ¥21.2 billion from the same period of the previous fiscal year).

Cash flows from financing activities

Net cash provided by financing activities was ¥7.3 billion (an increase of ¥32.9 billion from the same period of the previous fiscal year), with major factors including dividend payments of ¥5.2 billion and borrowings to retain funds on hand.

(Note) Amounts mentioned above do not include consumption taxes.

3. Outlook for the Fiscal Year Ending March 31, 2010

	[Billions of yen]
	FY ending March 2010
Net sales	817.0
Operating income	34.0
Ordinary income	32.5
Net income	10.0

The presumed currency exchange rates for the third quarter and subsequent quarters of the current fiscal year are US$1 = ¥90 and €1 = ¥130.

The dividend forecast (an interim dividend per share of ¥7.5 and an annual dividend—being the sum of the interim dividend and the year-end dividend—of ¥15) announced on May 14, 2009 has not changed.

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.

▪ Figures in qualitative information sections (1 and 2) given as billions of yen have been rounded off by discarding figures less than one billion yen.

4. Others

(1) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None

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

I. Simplified accounting methods

Method for calculating the estimated reserve for general accounts receivable
In calculating the estimated reserve for general accounts receivable at the end of the second quarter, as noteworthy changes in the bad debt rate are not recognized, the rate at the end of the previous fiscal year is employed.

Method for assessing the value 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.

Method for calculating the deferred tax assets and liabilities
In judging the possibility of recovering deferred tax assets, as severe and major changes in the operating environment and major temporary differences following the close of the previous consolidated fiscal year are not recognized, the future business forecasts and tax planning documents that were used for making such judgments related to the previous fiscal year are used.

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

Calculation of Tax Expenses
The effective tax rate on income before income tax for the consolidated fiscal year after the application of tax effect accounting is rationally estimated, and that estimated rate is applied to net income for the quarterly period to calculate estimated tax expenses. In addition, adjustments of income tax is included in income tax expenses.

(3) Changes to principles, procedures, and methods of presentation, etc., in the preparation of the quarterly consolidated financial statements: None

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets
September 30, 2009 and March 31, 2009

[Millions of yen]

	September 30, 2009	March 31, 2009
Assets		
Current assets		
Cash and deposits	87,384	85,753
Notes and accounts receivable-trade	167,471	171,835
Lease receivables and investment assets	13,684	13,598
Short-term investment securities	87,500	48,000
Inventories	100,979	129,160
Deferred tax assets	27,787	25,326
Accounts receivable-other	6,972	16,531
Other	15,709	19,463
Allowance for doubtful accounts	△4,344	△4,749
Total current assets	503,144	504,919
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	68,599	71,937
Machinery, equipment and vehicles, net	60,323	69,726
Tools, furniture and fixtures, net	23,989	26,875
Land	34,834	35,033
Lease assets, net	406	196
Construction in progress	15,209	11,522
Assets for rent, net	12,239	12,568
Total property, plant and equipment	215,602	227,860
Intangible assets		
Goodwill	75,411	81,374
Other	27,611	30,248
Total intangible assets	103,023	111,623
Investments and other assets		
Investment securities	20,737	18,068
Long-term loans receivable	228	461
Long-term prepaid expenses	3,152	3,438
Deferred tax assets	37,274	39,608
Other	12,372	12,596
Allowance for doubtful accounts	△940	△519
Total investments and other assets	72,824	73,654
Total noncurrent assets	391,449	413,138
Total assets	894,594	918,058

	September 30, 2009	March 31, 2009
		[Millions of yen]
Liabilities		
Current liabilities		
Notes and accounts payable-trade	72,301	87,105
Short-term loans payable	71,571	64,980
Current portion of long-term loans payable	3,063	12,102
Current portion of bonds	30,016	30,066
Accounts payable-other	28,979	36,443
Accrued expenses	24,507	27,770
Income taxes payable	4,655	2,534
Provision for bonuses	11,900	11,736
Provision for directors' bonuses	81	85
Provision for product warranties	2,048	2,496
Provision for loss on business liquidation	6,027	7,268
Notes payable-facilities	964	2,444
Other	18,962	25,853
Total current liabilities	275,080	310,889
Noncurrent liabilities		
Bonds payable	40,000	40,000
Long-term loans payable	99,136	83,259
Deferred tax liabilities for land revaluation	3,889	3,889
Provision for retirement benefits	59,491	57,962
Provision for directors' retirement benefits	407	534
Other	6,704	7,238
Total noncurrent liabilities	209,630	192,884
Total liabilities	484,710	503,773
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	183,677	185,453
Treasury stock	△1,669	△1,662
Total shareholders' equity	423,668	425,451
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,193	△513
Deferred gains or losses on hedges	△153	198
Foreign currency translation adjustment	△15,902	△11,755
Total valuation and translation adjustments	△14,862	△12,070
Subscription rights to shares	533	460
Minority interests	545	444
Total net assets	409,883	414,284
Total liabilities and net assets	894,594	918,058

(2) Consolidated Statements of Income
Six months ended September 30, 2008 and 2009

	[Millions of yen]	
	Six months ended September 30	
	Apr-Sep 2008	Apr-Sep 2009
Net sales	532,971	393,341
Cost of sales	289,743	224,459
Gross profit	243,227	168,881
Selling, general and administrative expenses	194,557	159,722
Operating income	48,670	9,159
Non-operating income		
Interest income	1,149	758
Dividends income	359	204
Equity in earnings of affiliates	53	—
Foreign exchange gains	—	234
Other	4,154	2,603
Total non-operating income	5,717	3,801
Non-operating expenses		
Interest expenses	2,881	1,851
Equity in losses of affiliates	—	40
Foreign exchange losses	647	—
Other	2,982	2,339
Total non-operating expenses	6,510	4,232
Ordinary income	47,877	8,728
Extraordinary income		
Gain on sales of noncurrent assets	103	159
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	385	696
Other extraordinary income of foreign subsidiaries	—	598
Other	458	—
Total extraordinary income	6,820	1,454
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,085	1,651
Loss on sales of investment securities	0	13
Loss on valuation of investment securities	42	222
Impairment loss	254	164
Business structure improvement expenses	1,413	1,216
Loss on revision of retirement benefit plan	2,046	—
Total extraordinary losses	4,842	3,268
Income before income taxes and minority interests	49,856	6,913
Income taxes	20,572	3,380
Minority interests in income (loss)	3	△1
Net income	29,279	3,534

Three months ended September 30, 2008 and 2009

	[Millions of yen]	
	Three months ended September 30	
	Julr-Sep 2008	Julr-Sep 2009
Net sales	277,831	203,901
Cost of sales	154,534	114,695
Gross profit	123,296	89,206
Selling, general and administrative expenses	99,103	79,457
Operating income	24,192	9,748
Non-operating income		
Interest income	210	318
Dividends income	18	17
Equity in earnings of affiliates	22	—
Other	2,242	1,072
Total non-operating income	2,493	1,407
Non-operating expenses		
Interest expenses	1,534	812
Equity in losses of affiliates	—	7
Foreign exchange losses	3,138	1,179
Other	2,074	1,030
Total non-operating expenses	6,747	3,030
Ordinary income	19,938	8,125
Extraordinary income		
Gain on sales of noncurrent assets	25	122
Gain on sales of investment securities	2	—
Reversal of provision for loss on business liquidation	385	231
Other extraordinary income of foreign subsidiaries	458	—
Total extraordinary income	872	353
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	590	1,425
Loss on sales of investment securities	0	0
Loss on valuation of investment securities	17	10
Impairment loss	223	163
Business structure improvement expenses	783	369
Loss on revision of retirement benefit plan	95	—
Total extraordinary losses	1,711	1,969
Income before income taxes and minority interests	19,100	6,510
Income taxes	7,437	3,260
Minority interests in income	10	13
Net income	11,651	3,235

(3) Consolidated Statements of Cash Flow
Six months ended September 30, 2008 and 2009

[Millions of yen]

	Six months ended September 30	
	Apr-Sep 2008	Apr-Sep 2009
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	49,856	6,913
Depreciation and amortization	33,931	30,897
Impairment loss	254	164
Amortization of goodwill	4,084	4,698
Increase (decrease) in allowance for doubtful accounts	127	—
Interest and dividends income	△1,509	△963
Interest expenses	2,881	1,851
Loss (gain) on sales and retirement of noncurrent assets	982	1,492
Loss (gain) on sales and valuation of investment securities	36	236
Loss (gain) on sales and valuation of subsidiaries affiliates stocks	△2,803	—
Loss (gain) on transfer of business	△3,063	—
Reversal of loss on business liquidation	△385	—
Business structure improvement expenses	1,413	—
Loss on revision of retirement benefit plan	2,046	—
Increase (decrease) in provision for retirement benefits	3,783	2,264
Increase (decrease) in provision for loss on business liquidation	△2,210	△1,241
Decrease (increase) in notes and accounts receivable-trade	12,825	991
Decrease (increase) in inventories	△688	26,339
Increase (decrease) in notes and accounts payable-trade	△4,303	△12,027
Transfer of assets for rent	△3,314	△3,655
Decrease (increase) in accounts receivable-other	—	1,621
Increase (decrease) in accounts payable-other and accrued expenses	—	△6,237
Decrease/increase in consumption taxes receivable/payable	—	3,618
Increase (decrease) in accrued consumption taxes	△61	—
Reversal of accumulated impairment loss on leased assets	△106	—
Other, net	△8,820	△8,285
Subtotal	84,956	48,678
Interest and dividends income received	1,558	1,171
Interest expenses paid	△2,499	△1,969
Payments for extra retirement payments	△105	—
Income taxes paid	△19,922	6,215
Net cash provided by (used in) operating activities	63,986	54,096

[Millions of yen]

	Six months ended September 30	
	Apr-Sep 2008	Apr-Sep 2009
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	△34,058	△19,816
Proceeds from sales of property, plant and equipment	1,193	234
Purchase of intangible assets	△3,422	△2,160
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	△23,954	—
Payments of loans receivable	△3	△114
Collection of loans receivable	74	107
Purchase of investment securities	△152	△92
Proceeds from sales of investment securities	8	16
Payments of valuation of other investments	△737	△592
Other, net	107	404
Net cash provided by (used in) investing activities	△53,182	△22,013
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	△10,734	6,816
Proceeds from long-term loans payable	375	16,095
Repayment of long-term loans payable	△4,182	△9,261
Redemption of bonds	△5,000	—
Repayments of lease obligations	△1,364	△958
Proceeds from sales of treasury stock	92	2
Purchase of treasury stock	△471	△17
Cash dividends paid	△3,972	△5,293
Cash dividends paid to minority shareholders	△268	—
Net cash provided by (used in) financing activities	△25,526	7,383
Effect of exchange rate change on cash and cash equivalents	△2,729	1,161
Net increase (decrease) in cash and cash equivalents	△17,451	40,627
Cash and cash equivalents at beginning of period	122,187	133,727
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	498	—
Cash and cash equivalents at end of period	105,234	174,355

(4) Notes Regarding Assumptions Related to Continuing Companies

The second quarter for fiscal year ending March/2010 (April 1, 2009, to September 30, 2009): None

(5) Segment Information

[1] Business Segment

Six months to September 30, 2008 (From April 1, 2008 to September 30, 2008)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Eliminations and Corporate	Consolidated
Sales								
External	343,782	109,440	66,234	4,926	8,588	532,971	-	532,971
Intersegment	2,267	539	1,052	323	31,144	35,327	(35,327)	-
Total	346,050	109,979	67,286	5,249	39,732	568,298	(35,327)	532,971
Operating expenses	313,730	91,071	64,429	4,734	38,088	512,000	(27,699)	484,300
Operating income	32,319	18,962	2,856	514	1,643	56,298	(7,627)	48,670

Six months to September 30, 2009 (From April 1, 2009 to September 30, 2009)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Eliminations and Corporate	Consolidated
Sales								
External	259,940	70,474	52,928	3,043	6,954	393,341	-	393,341
Intersegment	1,600	349	928	450	22,458	25,787	(25,787)	-
Total	261,540	70,823	53,857	3,493	29,412	419,128	(25,787)	393,341
Operating expenses	253,651	64,704	52,063	3,870	28,123	402,412	(18,230)	384,181
Operating income (loss)	7,889	6,119	1,793	(376)	1,289	16,716	(7,556)	9,159

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 business segments

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 able to be properly allocated that are included in Eliminations and Corporate are principally R&D expenses incurred by the Company and expenses associated with head office functions. Such expenses amounted to ¥15,889 million and ¥14,942 million for the April-September terms of 2008 and 2009 respectively.

[2] Geographical Segment

Six months to September 30, 2008 (From April 1, 2008 to September 30, 2008)

[Millions of yen]

	Japan	North America	Europe	Asia and Other	Total	Eliminations and Corporation	Consolidated
Sales							
External	248,410	116,049	138,248	30,262	532,971	-	532,971
Intersegment	158,389	1,465	1,267	106,259	267.382	(267,382)	-
Total	406,800	117,514	139,516	136,522	800,353	(247,382)	532,971
Operating expenses	350,251	119,462	139,473	133,283	742,470	(258,170)	484,300
Operating income (loss)	56,548	(1,947)	43	3,238	57,883	(9,212)	48,670

Six months to September 30, 2009 (From April 1, 2009 to September 30, 2009)

[Millions of yen]

	Japan	North America	Europe	Asia and Other	Total	Eliminations and Corporation	Consolidated
Sales							
External	183,649	86,558	99,057	24,075	393,341	-	393,341
Intersegment	99,954	1,044	546	74,752	176,298	(176,298)	-
Total	283,603	87,603	99,604	98,827	569,639	(176,298)	393,341
Operating expenses	271,025	89,713	96,593	93,950	551,281	(167,099)	384,181
Operating income (loss)	12,578	(2,109)	3,011	4,877	18,358	(9,199)	9,159

Notes:

1. Countries and territories are classified based on geographical proximity.
2. Major countries or areas other than Japan are as follows:
   North America .... U.S.A. and Canada
   Europe .... Germany, France and U.K.
   Asia and Other .... Australia, China and Singapore
3. Operating expenses not able to be properly allocated that are included in Eliminations and Corporate are principally R&D expenses incurred by the Company and expenses associated with head office functions. Such expenses amounted to ¥15,889 million and ¥14,942 million for the April-September terms of 2008 and 2009 respectively.

[3] Overseas Sales

Six months to September 30, 2008 (From April 1, 2008 to September 30, 2008)

[Millions of yen]

	North America	Europe	Asia and Other	Total
Overseas sales	119,636	152,120	119,786	391,542
Consolidated sales	-	-	-	532,971
Overseas sales as a percentage of consolidated sales	22.5%	28.5 %	22.5 %	73.5 %

Six months to September 30, 2009 (From April 1, 2009 to September 30, 2009)

[Millions of yen]

	North America	Europe	Asia and Other	Total
Overseas sales	86,319	109,548	82,357	278,225
Consolidated sales	-	-	-	393,341
Overseas sales as a percentage of consolidated sales	21.9 %	27.9 %	20.9 %	70.7 %

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Major countries or areas are as follows:
   - North America .... U.S.A. and Canada
   - Europe .... Germany, France and U.K.
   - Asia and Other .... 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 Shareholders' Equity

Six months to September 30, 2008 (From April 1, 2008 to September 30, 2008)

[Millions of yen]

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at April 1, 2008	37,519	204,140	176,684	(1,340)	417,003
Dividends paid from retained earnings			(3,979)		(3,979)
Net income			29,279		29,279
Change in the scope of consolidation*1			96		96
Effect of changes in accounting policies applied to overseas subsidiaries *2			5,210		5,210
Purchase of treasury stock				(471)	(471)
Disposal of treasury stock			(1)	93	93
Total changes during the quarter	-	-	30,606	(377)	30,228
Balance at June 30, 2008	37,519	204,140	207,290	(1,718)	447,231

Notes:
1. The inclusion of additional subsidiaries within the scope of consolidation increased retained earnings by ¥96 million.
2 .Beginning with the 1Q March/2009, 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 ¥5,210 million.

Six months to September 30, 2009 (From April 1, 2009 to September 30, 2009)

Major changes in shareholders' equity: None