October 28, 2010

Fiscal Year ending March 31, 2011
Second Quarter Consolidated Financial Results

Three months: July 1, 2010 – September 30, 2010
Six months: April 1, 2010 – September 30, 2010

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:	Kiyoshi Nakamura, General Manager, Corporate Communications & Branding Division
Telephone number:	(81) 3-6250-2100
Scheduled date for submission of securities report:	November 10, 2010
Scheduled date for dividends payment:	November 26, 2010
Availability of supplementary information:	Yes
Organization of financial result briefing:	Yes (for institutional investors)

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

1. Overview of the 2Q performance (From April 1, 2010 to September 30, 2010)

(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	
2Q Mar/2011	391,825	-0.4%	22,606	146.8%	17,902	105.1%	8,636	144.3%
2Q Mar/2010	393,341	-26.2%	9,159	-81.2%	8,728	-81.8%	3,534	-87.9%

	Net income per share		Net income per share (after full dilution)	
2Q Mar/2011	16.29	yen	15.77	yen
2Q Mar/2010	6.67	yen	6.23	yen

(2) Financial position

[Millions of yen]

	Total assets	Net assets	Equity ratio (%)	Net assets per share
September 30, 2010	850,508	413,862	48.5%	778.18 yen
March 31, 2010	865,797	420,775	48.5%	791.28 yen

Notes: Shareholders' equity
As of September 30, 2010 : ¥412,619 million
As of March 31, 2010: ¥419,535 million

2. Dividends per share

[yen]

	1Q	2Q	3Q	Year-end	Total annual
FY Mar/2010	-	7.50	-	7.50	15.00
FY Mar/2011	-	7.50			
FY Mar/2011（forecast）			-	7.50	15.00

Note: Change to dividend forecast: None

3. Consolidated results forecast for fiscal year ending March 31, 2011 (From April 1, 2010 to March 31, 2011)

Percentage figures for the full year represent the change from the previous fiscal year.

[Millions of yen]

	Net sales		Operating income		Ordinary income		Net income	
Full-year	800,000	-0.6%	50,000	13.7%	43,000	5.3%	20,000	18.1%

	Net income per share
Full-year	37.72 yen

Note: Change to consolidated results forecast: Yes

4. Other

Note: For more detailed information, please see the "4. Others" on page 13.

(1) Changes in status of material subsidiaries during the quarter under review: None

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

(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.": None

(4) Number of outstanding shares（common stock）

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

Second quarter of fiscal year ending March 31, 2011:	531,664,337 shares
Fiscal year ended March 31, 2010:	531,664,337 shares

b. Treasury stock at period-end

Second quarter of fiscal year ending March 31, 2011:	1,424,727 shares
Fiscal year ended March 31, 2010:	1,464,883 shares

c. Average number of outstanding shares

Second quarter of fiscal year ending March 31, 2011:	530,214,641 shares
Second quarter of fiscal year ended March 31, 2010:	530,287,780 shares

Presentation of Present Status of Quarterly Review Procedures

This "Second Quarter Consolidated Financial Results" is not subject to quarterly review procedures in accordance with the Financial Instruments and Exchange Law and, as of the date of publication of these quarterly consolidated financial results, the quarterly review procedures for the consolidated quarterly financial statements are currently in progress.

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 materially from the projections. Please see the "3. Outlook for the Fiscal Year Ending March 31, 2011" on page 12 for more information on points to be remembered in connection with the use of projections.

Supplementary Information

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1. Consolidated Operating Results

(1) Overview of Performance

Six months ended September 30, 2010 (From April 1, 2010 to September 30, 2010)

Six months (Apr–Sep) Year-on-Year [Billions of yen]

	Apr-Sep 2010	Apr-Sep 2009	Increase (Decrease)	
Net sales	391.8	393.3	(1.5)	-0.4%
Gross profit	180.9	168.8	12.0	7.1%
Operating income	22.6	9.1	13.4	146.8%
Ordinary income	17.9	8.7	9.1	105.1%
Income before income taxes and minority interests	11.6	6.9	4.6	67.8%
Net income	8.6	3.5	5.1	144.3%
Net income per share [yen]	16.29	6.67	9.62	144.2%
Capital expenditure	24.6	17.4	7.2	41.3%
Depreciation	27.4	30.8	(3.4)	-11.1%
R & D expenses	35.3	35.3	0	0.1%
Free cash flow	12.5	32.0	(19.5)	-60.8%
Number of employees [persons]	36,703	36,008	695	1.9%
Exchange rates [yen]				
US dollar	88.94	95.49	(6.55)	-6.9%
Euro	113.83	133.16	(19.33)	-14.5%

The net sales of the Konica Minolta Group for the consolidated first half of the fiscal year under review (April 1, 2010 to September 30, 2010) stood at ¥391.8 billion, almost unchanged from a year ago. These results reflected a negative impact of the foreign exchange of approximately ¥26.2 billion, attributable to the significant appreciation of the yen against both the U.S. dollar and euro during the first half under review, compared with the level a year ago. Excluding the above negative impact of the exchange, net sales climbed ¥24.7 billion, rising 6.3% year on year. In the Business Technologies Business, sales of new multi-functional peripherals (MFPs) for offices remained strong in Japan, Europe and the United States, as well as in emerging markets. Meanwhile, sales volumes of both the color and monochrome products in the first half under review climbed significantly from the same period of the previous fiscal year. In the Optics Business, sales of the Company's mainstay products, such as TAC films (protective films for polarizing plates), glass HD substrates, and optical pickup lenses for Blu-ray Discs remained stagnant, reflecting the effects of production adjustment by customers starting this summer.

Operating income for the first half of the fiscal year under review reached ¥22.6 billion, up 146.8% from the previous fiscal year. The principle factor contributing to the profit increase was a significant rise in gross profit, reflecting higher unit sales of new MFPs , for which the Company adopted cost cutting and achieved high profitability. This factor offset foreign exchange losses caused by the appreciation of the yen.

Ordinary income was ¥17.9 billion, rising 105.1% from a year ago, reflecting the posting of operating income as described above, which offset a cost overrun of ¥4.7 billion in non-operating expenses/income as a result of foreign exchange losses and other factors.

Income before income taxes and minority interests for the first half of the fiscal year under review was

¥11.6 billion, up 67.8% year on year, after posting extraordinary losses associated with business structure improvement expenses as a result of sale of Computer-to-Plate (CTP) business of Konica Minolta Graphic Imaging U.S.A., Inc.

Consequently, net income rose 144.3% from the previous fiscal year, to ¥8.6 billion.

In accordance with the Management Policy <09-10> formulated in April 2009, the Konica Minolta Group has been committed to achieving growth through the creation of new and stronger trends, taking advantage of the significant changes in the business environment and improving the Group's position in the market. The Management Policy <09-10> has recognized three important issues: 1) enhancing corporate capabilities, 2) achieving strong growth, and 3) reforming the corporate culture. The Policy runs for two years from the previous fiscal year ended March 2010 until the current fiscal year ending March 2011.

Now in the second year of its Management Policy <09-10>, which it views as a return to growth, the Group will steer through the fluid economic climate to bring an end to two consecutive years of revenue and profits declines and to pursue an aggressive management approach aimed at achieving robust growth. The Group's efforts are focused on expanding the sales and scope of existing businesses, and boosting sales in the growing Asian market. To establish a direct sales channel in the Indian market in line with this policy, the Business Technologies Business and the Healthcare Business set up sales companies. In addition, to accelerate the expansion of the production printing business, particularly in the digital commercial printing field, the Group has restructured its operations by amalgamating the graphic imaging division of the Medical & Graphic Imaging Business and the Business Technologies Business in October 2010. Sale of CTP business in the United States was also conducted as part of the above measures "selection and concentration" to concentrate on the Group's core competencies.

(2) Overview by Segment

Six months ended September 30, 2010 (From April 1, 2010 to September 30, 2010)

	Six months (Apr – Sep)		Year-on-Year	[Billions of yen]
	Apr-Sep 2010	Apr-Sep 2009	Increase (Decrease)	
Business Technologies				
Net sales - external	266.0	259.9	6.1	2.4%
Operating income	19.5	7.8	11.7	148.4%
Optics				
Net sales - external	69.1	70.4	(1.3)	-1.9%
Operating income	7.9	6.1	1.8	30.6%
Medical & Graphic				
Net sales - external	44.9	52.9	(8.0)	-15.1%
Operating income	0.5	1.7	(1.2)	-67.6%

Business Technologies Business

Office MFPs field:

In A3 MFPs, sales volumes jumped year on year for the first half of the fiscal year under review, thanks to continued strong sales in Japan and major overseas markets of the color and monochrome products of the bizhub series, which focus on facilitating customers' effort to cut the total cost of ownership (TCO: total cost including installation, usage and maintenance of MFPs). In addition, bizhub 184 and 164, which were monochrome MFPs, and introduced as products specially designed for emerging markets, helped to expand the Company's market share, especially in the Chinese market. In A4 MFPs, which are expected to enjoy rising demand in the overseas market in the future, the Company has strengthened its product lineup of MFPs for offices by launching a new color product, bizhub C35.

Production printing field:

In addition to the existing bizhub PRO series, the Company commenced sales of bizhub PRESS C8000, the top-of-the-range model in this field, aiming to develop operations to the fullest possible extent in the digital commercial printing field.

Overall, our Business Technologies Business sought to boost sales of new products that offered improved market competitiveness for offices and production printing, in line with our "genre-top" strategy. In addition, taking advantage of strong relationships with customers that had been developed under the same strategy, the Company started to provide optimized print services (OPS: the services for managing customers' print and document environments to reduce costs and drive office efficiencies) on a global scale to offer new value and expand its business opportunities. As a result, sales of the Business Technologies Business to outside customers rose 2.4% from the previous fiscal year, to ¥266.0 billion. Excluding the negative impact of approximately ¥22.6 billion in exchange rate fluctuations, sales increased 11.1%. Operating income jumped 148.4%, to ¥19.5 billion, on the back of improved gross profit enabled by higher sales volumes.

Optics Business

Display materials field:

Sales volumes of VA-TAC films (viewing angle expansion films) declined on a year-on-year basis, given the effects of production adjustment carried out by manufacturers of liquid crystal panels since this summer. However, overall sales volumes were higher than the year-ago result, aided by strong sales of the extra-wide and thin TAC films in which the Company has strength.

Memory related product field:

Overall sales volumes of optical pickup lenses for both Blu-ray Discs and DVDs for personal computers, game machines, and audio-visual equipment, for the first half of the fiscal year under review fell short of achieving the growth anticipated, given the effects of production adjustment carried out by customers. Despite strong sales of glass HD substrates that accommodate high memory densities of 320GB, growth in overall sales volumes of glass HD substrates slowed with the production adjustment of notebook computers.

Image input/output component field:

Sales of optical components mainly for digital cameras, video cameras, and cell phones with cameras generally remained weak.

Overall, sales volumes of the Company's mainstay products, such as TAC films, optical pickup lenses, and glass HD substrates, remained sluggish, as a result of the production adjustment seen in the overall digital home electrical appliances industry in the second quarter of the fiscal year under review. As a consequence, net sales of the Optics Business to outside customers were down 1.9% from the previous year, to ¥69.1 billion, while operating income increased 30.6%, to ¥7.9 billion.

Medical and Graphic Imaging Business

Medical/healthcare field:

In the digital X-ray diagnostic imaging area, the Company took steps to boost sales of digital input equipment and systems, and the service solution business. As a result, unit sales of digital input equipment for the first half of the fiscal year under review exceeded the result for the same period in the previous year, both in Japan and overseas, reflecting strong sales of the REGIUS MODEL 110, a compact computed radiography device for small medical facilities. In contrast, unit sales of film products declined from a year ago, given a continued rise in the use of filmless equipment.

Graphic imaging field:

Faced with the severe market environment and sluggish capital spending amidst an economic slump in the aftermath of the financial crisis, the Company focused on bolstering sales of on-demand printing systems. As a result, unit sales in this field exceeded the result for the same period in the previous fiscal year.

The Medical & Graphic Imaging Business focused on strengthening sales of digital equipment and systems, and the service solution business. Given a continued decline in sales volumes of film products, however, in addition to the impact of the appreciation of the yen, net sales of the Medical and Graphic Imaging Business to outside customers were ¥44.9 billion, down 15.1% year on year. Operating income fell 67.6% from the previous year, to ¥0.5 billion, despite the Company's cost-cutting efforts to compensate for a decline in gross profit, which in turn reflected lower sales.

(3) Three months ended September 30, 2010 (From July 1, 2010 to September 30, 2010)

Year-on-Year [Billions of yen]

	2Q Mar/2011	2Q Mar/2010	Increase (Decrease)	
Net sales	197.1	203.9	(6.7)	-3.3%
Gross profit	92.4	89.2	3.2	3.7%
Operating income	12.7	9.7	3.0	30.9%
Ordinary income	11.4	8.1	3.3	41.3%
Income before income taxes and minority interests	9.4	6.5	2.8	44.5%
Net income	5.1	3.2	1.9	59.0%
Net income per share [yen]	9.70	6.10	3.60	59.0%
Capital expenditure	13.5	9.9	3.5	35.7%
Depreciation	13.5	15.5	(1.9)	-12.6%
R & D expenses	18.2	17.6	0.5	3.2%
Free cash flow	13.8	26.9	(13.0)	-48.5%
Exchange rates [yen]				
US dollar	85.87	93.65	(7.78)	-8.3%
Euro	110.66	133.74	(23.08)	-17.3%

Three months Business Performance by Segment

Year-on-Year [Billions of yen]

	2Q Mar/2011	2Q Mar/2010	Increase (Decrease)	
Business Technologies				
Net sales - external	133.2	132.7	0.5	0.4%
Operating income	11.9	7.6	4.3	56.3%
Optics				
Net sales - external	33.9	36.4	(2.5)	-6.9%
Operating income	2.8	4.4	(1.5)	-35.1%
Medical & Graphic				
Net sales - external	23.8	29.2	(5.3)	-18.2%
Operating income	0.6	0.9	(0.2)	-30.7%

2. Financial Position

(1) Analysis of Financial Position

		As of September 30, 2010	As of March 31, 2010	Increase (Decrease)
Total assets	[Billions of yen]	850.5	865.7	(15.2)
Total liabilities	[Billions of yen]	436.6	445.0	(8.3)
Net assets	[Billions of yen]	413.8	420.7	(6.9)
Net assets per share	[yen]	778.18	791.28	(13.10)
Equity ratio	[%]	48.5	48.5	0.1

Total assets at the end of the second quarter of the fiscal year under review were down ¥15.2 billion (1.8%) from the previous fiscal year end, to ¥850.5 billion. Current assets rose ¥2.7 billion (0.6%), to ¥492 billion (57.9% to total assets), while noncurrent assets fell ¥18.0 billion (4.8%), to ¥358.4 billion (42.1% to total assets).

With respect to current assets, cash and deposits increased ¥4.5 billion from the previous fiscal year end, to ¥90.1 billion. Cash and cash equivalents including investment securities rose ¥5.3 billion, to ¥169.4 billion. Also, notes and accounts receivable-trade declined ¥17.0 billion from the previous fiscal year end, to ¥160.7 billion, and inventories were up ¥7.5 billion from the previous fiscal year end, to ¥105.7 billion

With respect to noncurrent assets, tangible assets decreased ¥6.6 billion from the previous fiscal year end, to ¥198.4 billion, as the result of overall progress in depreciation, which offset an increase resulting from the acquisition of buildings, machinery, and equipment in the Optics Business. Also, intangible assets were down ¥8.1 billion from the previous fiscal year end, to ¥90.9 billion, primarily because of the amortization of goodwill and other intangible assets. Investments and other assets declined ¥3.3 billion from the previous fiscal year end, to ¥69.0 billion, mainly due to a decrease of ¥2.3 billion in the mark-to-market evaluation of investment securities as a result of stock price decline.

Liabilities at the end of the second quarter of the fiscal year under review decreased ¥8.3 billion (1.9%) from the previous fiscal year end, to ¥436.6 billion (51.3% to total assets).

Interest-bearing debt (the total of short, long-term loans and bonds) slipped ¥6.4 billion to ¥190.9 billion, mainly due to the repayment of short-term loans.

Accounts payable-other rose ¥4.1 billion from the previous fiscal year end, mainly reflecting the acquisition of noncurrent assets, and notes payable-facilities climbed ¥1.4 billion. Meanwhile, provision for retirement benefits decreased ¥ 5.5 billion from the previous fiscal year end, partly because of the exceptional contribution recorded in the first quarter of the fiscal year under review.

Net assets at the end of the second quarter of the fiscal year under review were down ¥6.9 billion (1.6%) from the previous fiscal year end, to ¥413.8 billion (48.7% to total assets).

Retained earnings increased ¥4.6 billion from the previous fiscal year end, to ¥198.4 billion, as net income of ¥8.6 billion posted for the first half of the fiscal year under review outweighed ¥3.9 billion for dividends. Valuation and translation adjustments declined ¥11.6 billion from the previous fiscal year end, attributable to a decrease in the foreign currency translation adjustment, reflecting a stronger yen mainly against the U.S. dollar and the euro.

As a result, net assets per share at the end of the second quarter of the fiscal year under review stood at ¥778.18. The equity ratio was unchanged from the previous fiscal year end at 48.5%, with declines in both total assets and equity capital.

(2) Cash Flows

[Billions of yen]

	2Q Mar/2011	2Q Mar/2010	Increase (Decrease)
Cash flows from operating activities	31.8	54.0	(22.2)
Cash flows from investing activities	(19.2)	(22.0)	2.7
Total (Free cash flow)	12.5	32.0	(19.5)
Cash flows from financing activities	(7.7)	7.3	(15.1)

During the first half of the fiscal year under review, net cash provided by operating activities was ¥31.8 billion, while net cash used in investing activities, mainly associated with capital investment, totaled ¥19.2 billion. As a result, free cash flow (the sum of operating and investing activities) was an inflow of ¥12.5 billion.

Net cash used in financing activities was ¥7.7 billion

In addition, exchange rate changes had an effect of ¥0.5 billion on cash and cash equivalents. As a result, cash and cash equivalents at the end of the second quarter of the fiscal year under review stood at ¥169.4 billion, up ¥5.3 billion from the previous fiscal year end.

The details of cash flows associated with each activity during the first half of the fiscal year under review are as follows.

Cash flows from operating activities

Net cash provided by operating activities reached ¥31.8 billion (¥54.0 billion in the same period in the previous consolidated fiscal year). Although the Group reported income before income taxes and minority interests of ¥11.6 billion, depreciation and amortization of ¥27.4 billion, and an increase in working capital of ¥1.7 billion, these amounts were partly offset by a decline of ¥5.9 billion in the provision for retirement benefits, reflecting the exceptional contribution recorded in the first quarter of the fiscal year under review, and the payment of ¥3.1 billion for income taxes.

Cash flows from investing activities

Net cash used in investing activities was ¥19.2 billion (¥22.0 billion in the same period in the previous consolidated fiscal year). Cash of ¥16.8 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 activities) was an inflow of ¥12.5 billion (an inflow of ¥ 32.0 billion in the same period of the previous fiscal year).

Cash flows from financing activities

Net cash used in financing activities was ¥7.7 billion (an inflow of ¥7.3 billion in the same period of the previous fiscal year), mainly reflecting a payment of ¥3.9 billion in dividends, and repayments of ¥3.7 billion in short-term loans and lease obligations.

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

3. Outlook for the Fiscal Year Ending March 31, 2011

Taking into account operating results for the first half of the fiscal year under review, the outlook for both the domestic and overseas economy from the third quarter and beyond, the development in markets associated with the Company's operations, and trends in foreign exchange rates, among other factors, the Company has reviewed the full-year forecasts it announced on May 13, 2010. Consequently, it has decided to revise the forecasts as follows. With respect to the assumption of foreign exchange rates for the third quarter and beyond, on which the above revision is based, the Company has raised the assumption ¥5 against the U.S. dollar from previous assumption, to ¥85 against the U.S. dollar, and ¥110 against the euro. (The assumption of the exchange rate of the euro has been left unchanged, because it was revised to ¥110 from an initial assumption of ¥120 when the operating results for the first quarter were announced.)

Outline of the revisions

Net sales are expected to fall ¥30 billion from the previous forecast, mainly reflecting a decline in sales, as a result of the application of a stronger exchange rate for the yen, and concerns over the continuing production adjustment carried out by customers for the Company's key products in the Optics Business.

The Company has left operating income unchanged from the previous forecast. This is principally because of the expectation of higher income from the Business Technologies Business, in which sales of new and profitable MFPs will be strong, and from other businesses. It also reflects the effects of initiatives to bolster the Company's profitability by further cutting production costs and other expenses, which will offset reduced profits in the Optics Business from lower sales.

The Company expects that ordinary income will fall ¥3 billion from the previous forecasts, given the recording of foreign exchange losses as non-operating expenses in association with the appreciation of the yen.

The Company has kept forecast net income unchanged from the previous forecast, after reviewing extraordinary income (loss) and tax expenses.

Outlook for the Fiscal Year Ending March 31, 2011
(From April 1, 2010 to March 31, 2011)

[Billions of yen]

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income Per Share
Previous forecast (A)	830.0	50.0	46.0	20.0	37.72 yen
Revised forecast (B)	800.0	50.0	43.0	20.0	37.72 yen
Increase (Decrease) (B-A)	(30.0)	—	(3.0)	—	
Percent Change (%)	(3.6)	—	(6.5)	—	
(Ref.) Fiscal year ended March 31, 2010	804.4	43.9	40.8	16.9	31.93 yen

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 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

The accounting method is applied only to those inventories that are clearly losing their capacity to contribute to profitability, and is used to estimate their net sales value and reduce their book value to the level of the net sales value.

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:

Changes to accounting principles

Application of Accounting Standards for Asset Retirement Obligations

Starting from the first quarter of the fiscal year under review, the Company adopted Accounting Standards for Asset Retirement Obligations (ASBJ Statement No. 18, March 31, 2008) and Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21, March 31, 2008).

This had the effect of reducing income before income taxes and minority interests for the first half of the fiscal year under review by ¥983 million.

In addition, changes in asset retirement obligations resulting from the application of these accounting principles were ¥983 million.

Changes to methods of presentation

Quarterly Consolidated Statements of Income

As a result of application of the "Cabinet Office Ordinance for Amendments to the Regulations on the Terminology, Format, and Preparation of Financial Statements" (Cabinet Office Ordinance No. 5, March 24, 2009) as per Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008), "Income before minority interests" is shown in the statement of income for the first quarter of the fiscal year under review.

5. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

September 30, 2010 and March 31, 2010

[Millions of yen]

	September 30, 2010	March 31, 2010
Assets		
Current assets		
Cash and deposits	90,133	85,533
Notes and accounts receivable-trade	160,713	177,720
Lease receivables and investment assets	13,086	13,993
Short-term investment securities	80,000	79,000
Inventories	105,763	98,263
Deferred tax assets	22,837	19,085
Accounts receivable-other	9,283	7,639
Other	14,679	12,720
Allowance for doubtful accounts	-4,456	-4,703
Total current assets	492,040	489,253
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	67,036	66,708
Machinery, equipment and vehicles, net	57,437	52,782
Tools, furniture and fixtures, net	20,955	22,026
Land	33,934	34,320
Lease assets, net	405	366
Construction in progress	8,793	16,901
Assets for rent, net	9,853	11,952
Total property, plant and equipment	198,416	205,057
Intangible assets		
Goodwill	66,295	71,936
Other	24,673	27,137
Total intangible assets	90,969	99,074
Investments and other assets		
Investment securities	19,645	22,029
Long-term loans receivable	174	164
Long-term prepaid expenses	3,151	3,353
Deferred tax assets	34,182	35,304
Other	12,743	12,375
Allowance for doubtful accounts	-815	-815
Total investments and other assets	69,082	72,411
Total noncurrent assets	358,468	376,544
Total assets	850,508	865,797

[Millions of yen]

	September 30, 2010	March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	85,284	83,118
Short-term loans payable	51,868	58,231
Current portion of long-term loans payable	32,512	27,501
Accounts payable-other	34,708	30,536
Accrued expenses	23,439	24,882
Income taxes payable	5,722	2,488
Provision for bonuses	11,120	11,173
Provision for directors' bonuses	82	149
Provision for product warranties	1,434	1,869
Provision for loss on business liquidation	3,935	4,714
Notes payable-facilities	1,982	562
Asset retirement obligations	19	–
Other	17,637	22,086
Total current liabilities	269,749	267,313
Noncurrent liabilities		
Bonds payable	40,000	40,000
Long-term loans payable	66,549	71,625
Deferred tax liabilities for land revaluation	3,733	3,733
Provision for retirement benefits	48,741	54,245
Provision for directors' retirement benefits	285	450
Asset retirement obligations	983	–
Other	6,603	7,654
Total noncurrent liabilities	166,896	177,708
Total liabilities	436,645	445,022
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	198,404	193,790
Treasury stock	-1,664	-1,743
Total shareholders' equity	438,399	433,707
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	360	741
Deferred gains or losses on hedges	-188	33
Foreign currency translation adjustment	-25,952	-14,947
Total valuation and translation adjustments	-25,780	-14,172
Subscription rights to shares	594	617
Minority interests	648	622
Total net assets	413,862	420,775
Total liabilities and net assets	850,508	865,797

(2) Consolidated Quarterly Statements of Income

Six months ended September 30, 2009 and 2010

[Millions of yen]

	April-September 2009	April-September 2010
Net sales	393,341	391,825
Cost of sales	224,459	210,923
Gross profit	168,881	180,901
Selling, general and administrative expenses	159,722	158,295
Operating income	9,159	22,606
Non-operating income		
Interest income	758	618
Dividends income	204	211
Equity in earnings of affiliates	–	42
Foreign exchange gains	234	–
Other	2,603	2,044
Total non-operating income	3,801	2,917
Non-operating expenses		
Interest expenses	1,851	1,490
Equity in losses of affiliates	40	–
Foreign exchange losses	–	3,310
Other	2,339	2,819
Total non-operating expenses	4,232	7,620
Ordinary income	8,728	17,902
Extraordinary income		
Gain on sales of noncurrent assets	159	144
Gain on sales of investment securities	–	0
Reversal of provision for loss on business liquidation	696	173
Other extraordinary income of foreign subsidiaries	598	368
Total extraordinary income	1,454	686
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,651	992
Loss on sales of investment securities	13	–
Loss on valuation of investment securities	222	1,559
Impairment loss	164	53
Business structure improvement expenses	1,216	3,398
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	983
Total extraordinary losses	3,268	6,987
Income before income taxes and minority interests	6,913	11,601
Income taxes	3,380	2,942
Income before minority interests	–	8,658
Minority interests in income (loss)	-1	22
Net income	3,534	8,636

Three months ended September 30, 2009 and 2010

[Millions of yen]

	July-September 2009	Julyl-September 2010
Net sales	203,901	197,168
Cost of sales	114,695	104,705
Gross profit	89,206	92,462
Selling, general and administrative expenses	79,457	79,700
Operating income	9,748	12,761
Non-operating income		
Interest income	318	375
Dividends income	17	12
Other	1,072	1,080
Total non-operating income	1,407	1,468
Non-operating expenses		
Interest expenses	812	748
Equity in losses of affiliates	7	6
Foreign exchange losses	1,179	706
Other	1,030	1,288
Total non-operating expenses	3,030	2,749
Ordinary income	8,125	11,480
Extraordinary income		
Gain on sales of noncurrent assets	122	119
Reversal of provision for loss on business liquidation	231	169
Total extraordinary income	353	289
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,425	717
Loss on sales of investment securities	0	–
Loss on valuation of investment securities	10	576
Impairment loss	163	51
Business structure improvement expenses	369	1,020
Total extraordinary losses	1,969	2,365
Income before income taxes and minority interests	6,510	9,403
Income taxes	3,260	4,238
Income before minority interests	–	5,164
Minority interests in income	13	19
Net income	3,235	5,145

(3) Consolidated Quarterly Statements of Cash Flows

six months ended September 30, 2009 and 2010

[Millions of yen]

	April-September 2009	April-September 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	6,913	11,601
Depreciation and amortization	30,897	27,455
Impairment loss	164	53
Amortization of goodwill	4,698	4,283
Interest and dividends income	-963	-829
Interest expenses	1,851	1,490
Loss (gain) on sales and retirement of noncurrent assets	1,492	847
Loss (gain) on sales and valuation of investment securities	236	1,559
Increase (decrease) in provision for retirement benefits	2,264	-5,906
Increase (decrease) in provision for loss on business liquidation	-1,241	-779
Decrease (increase) in notes and accounts receivable-trade	991	3,479
Decrease (increase) in inventories	26,339	-14,189
Increase (decrease) in notes and accounts payable-trade	-12,027	12,441
Transfer of assets for rent	-3,655	-2,934
Decrease (increase) in accounts receivable-other	1,621	-3,063
Increase (decrease) in accounts payable-other and accrued expenses	-6,237	1,769
Decrease/increase in consumption taxes receivable/payable	3,618	-532
Other, net	-8,285	-1,179
Subtotal	48,678	35,567
Interest and dividends income received	1,171	818
Interest expenses paid	-1,969	-1,445
Income taxes (paid) refund	6,215	-3,126
Net cash provided by (used in) operating activities	54,096	31,814
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-19,816	-16,870
Proceeds from sales of property, plant and equipment	234	572
Purchase of intangible assets	-2,160	-2,511
Payments of loans receivable	-114	-334
Collection of loans receivable	107	82
Purchase of investment securities	-92	-3
Proceeds from sales of investment securities	16	0
Payments of valuation of other investments	-592	-558
Other, net	404	385
Net cash provided by (used in) investing activities	-22,013	-19,237

[Millions of yen]

	April-September 2009	April-September 2010
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	6,816	-3,019
Proceeds from long-term loans payable	16,095	–
Repayment of long-term loans payable	-9,261	-54
Repayments of lease obligations	-958	-711
Proceeds from sales of treasury stock	2	2
Purchase of treasury stock	-17	-56
Cash dividends paid	-5,293	-3,968
Proceeds from stock issuance to minority shareholders	–	51
Net cash provided by (used in) financing activities	7,383	-7,755
Effect of exchange rate change on cash and cash equivalents	1,161	522
Net increase (decrease) in cash and cash equivalents	40,627	5,342
Cash and cash equivalents at beginning of period	133,727	164,146
Cash and cash equivalents at end of period	174,355	169,488

(4) Notes Regarding Going Concern Assumptions

None.

(5) Segment Information

[1] Business Segment

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

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Eliminations and Corporate	Consolidated
Sales								
External	132,720	36,483	29,201	1,635	3,860	203,901	-	203,901
Intersegment	858	184	652	239	11,287	13,222	(13,222)	-
Total	133,579	36,668	29,853	1,874	15,148	217,124	(13,222)	203,901
Operating expenses	125,934	32,210	28,890	2,050	14,309	203,395	(9,242)	194,152
Operating income (loss)	7,644	4,457	962	(175)	838	13,728	(3,979)	9,748

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 ¥7,635 million and ¥14,942 million for the July-September and the April-September terms respectively.

[2] Geographical Segment

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

[Millions of yen]

	Japan	North America	Europe	Asia and Other	Total	Eliminations and Corporation	Consolidated
Sales							
External	98,342	43,167	49,624	12,767	203,901	-	203,901
Intersegment	51,942	521	335	40,152	92,950	(92,950)	-
Total	150,284	43,688	49,959	52,919	296,851	(92,950)	203,901
Operating expenses	142,130	44,257	48,274	49,719	284,381	(90,228)	194,152
Operating income (loss)	8,153	(569)	1,685	3,200	12,470	(2,721)	9,748

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 ¥7,635 million and ¥14,942 million for the July-September and the April-September terms respectively.

[3] Overseas Sales

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

[Millions of yen]

	North America	Europe	Asia and Other	Total
Overseas sales	44,474	55,404	44,919	144,799
Consolidated sales	-	-	-	203,901
Overseas sales as a percentage of consolidated sales	21.8 %	27.2 %	22.0 %	71.0 %

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.

[4] Segment Information

I. Summary of Reporting Segments

Six months from April 1, 2010 to September 1, 2010 and three months from July 1, 2010 to September 1, 2010

The Company's reporting segments are components of the Company about which separate financial information is available that is evaluated regularly by the management in deciding how to allocate resources and in assessing performance.

The Company has business companies for different products and services in Japan, and each business company draws up comprehensive domestic and overseas strategies for their products and services, and conduct business activities accordingly.

Consequently, the Company is made up of segments for different products and services with a business company at the center of each and has three reporting segments: Business Technologies, Optics and Medical & Graphic Imaging.

Products in the Business Technologies segment include MFPs, printers, production printing equipment and related supplies, products in the Optics segment include optical devices and electronic materials, while products in the Medical & Graphic Imaging segment include medical and printing products.

II. Information about Segment Sales and Income

Six months to September 30, 2010 (From April 1, 2010 to September 30, 2010)

[Millions of yen]

	Reporting segments				Other*	Total
	Business Technologies	Optics	Medical & Graphic Imaging	Total		
Sales						
External	266,051	69,157	44,916	380,125	11,700	391,825
Intersegment	2,014	361	698	3,074	26,836	29,910
Total	268,065	69,519	45,615	383,199	38,536	421,736
Operating income	19,595	7,991	581	28,168	2,482	30,651

Three months to September 30, 2010 (From July 1, 2010 to September 30, 2010)

[Millions of yen]

	Reporting segments				Other*	Total
	Business Technologies	Optics	Medical & Graphic Imaging	Total		
Sales						
External	133,270	33,983	23,892	191,146	6,021	197,168
Intersegment	968	205	383	1,556	14,654	16,211
Total	134,238	34,189	24,276	192,703	20,676	213,379
Operating income	11,948	2,893	667	15,509	1,498	17,007

Note: "Other" consists of business segments not included in reporting segments such as Sensing Business and Industrial Inkjet Business.

III. Difference between the total of the reporting segments' measures of profit or loss and income according to quarterly consolidated statements of income, and the main components of the difference (matters related to adjustment of difference)

Six months to September 30, 2010 (From April 1, 2010 to September 30, 2010)

[Millions of yen]

Item	Amount
Total operating income of reporting segments	28,168
Operating income categorized in "Other"	2,482
Intersegment - eliminations	(2,692)
Corporate expenses	(5,352)
Operating income reported on quarterly statements of income	22,606

Three months to September 30, 2010 (From July 1, 2010 to September 30, 2010)

[Millions of yen]

Item	Amount
Total operating income of reporting segments	15,509
Operating income categorized in "Other"	1,498
Intersegment - eliminations	(1,624)
Corporate expenses	(2,621)
Operating income reported on quarterly statements of income	12,761

Note: Corporate expenses are mainly general administration expenses and R&D expenses that do not belong to any reporting segment.

Additional Information

Starting from the first quarter of the fiscal year under review, the Company adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Statement No. 17, March 27, 2009) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Guidance No. 20, March 21, 2008).

(6) Notes to any Significant Changes in Shareholders' Equity

None.

(7) Other information

Additional Information

The Company resolved on August 17, 2010 that it would issue unsecured corporate bonds during the period until December 31, 2010.

The details are as follows:

a. Total offering amount:	¥30 billion or less
b. Issue price:	¥100 par value
c. Redemption period:	10 years or less
d. Coupon rate:	0.5% or less over the yield of government bonds that have the almost same remaining period as the redemption period of these corporate bonds
e. Use of proceeds:	Proceeds will be used as funds to repay borrowings and for capital investments.

The details of the above schedule were prepared at the time as this document was announced and are subject to change in the future.