(5) Notes Regarding Going Concern Assumptions

None.

(6) Basis of presenting consolidated financial statements

[1] Scope of consolidation

1) Number of consolidated subsidiaries: 92

Principal consolidated subsidiaries:
Konica Minolta Business Technologies, Inc.
Konica Minolta Opto, Inc.
Konica Minolta Medical & Graphic, Inc.
Konica Minolta Sensing, Inc.
Konica Minolta Technology Center, Inc.
Konica Minolta Business Expert, Inc.
Konica Minolta IJ Technologies, Inc.
Konica Minolta Business Solutions Japan Co., Ltd.
Konica Minolta Healthcare Co., Ltd.
Konica Minolta Supplies Manufacturing Co., Ltd.
Konica Minolta Business Solutions U.S.A., Inc.
Konica Minolta Business Solutions Europe GmbH
Konica Minolta Business Solutions Deutschland GmbH
Konica Minolta Business Technologies Manufacturing (HK) Ltd.

The following companies have been newly included in consolidated subsidiaries: Koneo AB, OfficeWare Inc. and Robinco CS a.s. due to acquisition; Konica Minolta Business Solutions (WUXI) Co., Ltd. and Konica Minolta Business Solutions Middle East FZE due to establishment; and Konica Minolta Business Solutions SE, Ltd. due to becoming a subsidiary of Konica Minolta Hungary Business Solutions Ltd., a consolidated subsidiary.
The following companies have been excluded from consolidated subsidiaries: Konica Minolta Photo Imaging, Inc. and Konica Minolta Graphic Imaging U.S.A., Inc. due to the completion of liquidation; All Covered Inc. due to a merger into Konica Minolta Business Solutions U.S.A., Inc., a consolidated subsidiary.

2) Principal unconsolidated subsidiaries: Konica Minolta Business Solutions India Private Ltd.

Unconsolidated subsidiaries have not been included in consolidation because they are relatively small and their assets, sales, net income, and retained earnings (in proportion to scale of equity ownership) do not have no material influence on consolidated financial statement.

[2] Scope of the use of equity method

1) Equity method is employed for investments in 3 unconsolidated subsidiaries and 2 important affiliates.

Major subsidiaries and affiliates accounted for by the equity method:

Unconsolidated subsidiary:	ECS Buero-und Datentechnik GmbH
Affiliate:	Toho Chemical Laboratory Co., Ltd.

2) Unconsolidated subsidiaries that are not accounted for by the equity method (including Konica Minolta Business Solutions India Private Ltd.) and affiliates that are not accounted for by the equity method (including Konica Minolta Business Support Aichi Co., Ltd.) are excluded from the scope of application of the equity method, because they have little impact on net income (loss) or retained earnings, and their significance as a whole is minor.

[3] Changes regarding consolidated subsidiaries during the fiscal year under review

Some consolidated subsidiaries have fiscal years ending on December 31, and consolidated financial statements are prepared using the financial statements of those companies as of that fiscal year-end date.

Adjustments are made to consolidated accounts to account for important transactions involving those companies that occur between the end of those companies' fiscal year-end date and the end of the consolidated fiscal year.

(Consolidated Subsidiaries with Fiscal Years Ending on December 31)
Konica Minolta Business Solutions (Shenzhen) Co., Ltd.
Konica Minolta Business Solutions do Brazil Ltda.
Konica Minolta Business Solutions de Mexico SA de CV.
Konica Minolta Medical Systems Russia LLC
Konica Minolta Business Solutions Romania s.r.l.
Konica Minolta Business Solutions Russia LLC

[4] Accounting standards and methods

1) Asset valuation

1. Securities

Bonds held to maturity:

Bonds held to maturity are recorded by the amortized cost method (straight-line method).

Other securities:

Securities with fair market value are stated using the mark-to-market method based on the market price at the balance sheet date. (Total net unrealized gains or losses after tax effect adjustments are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method.)

Other securities that do not have fair market values are primarily stated at cost using the moving value average.

2. Derivatives

Derivatives are stated using the mark-to-market method.

3. Inventories

Domestic consolidated subsidiaries' inventories are, in the main, recorded at cost as determined by the periodic-average method (method of reducing book value when the contribution of inventories to profitability declines). Overseas consolidated subsidiaries' inventories are, in the main, recorded at the lower of cost or market value, with cost determined by the first-in, first-out method.

2) Amortization method for important depreciable assets

1. Tangible fixed assets (excluding lease assets)

The depreciable assets of the Company and its domestic consolidated subsidiaries are depreciated using the declining-balance method. Overseas consolidated subsidiaries adopt the straight-line method. However, the Company and its domestic consolidated subsidiaries have used the straight-line method for their buildings (excluding annexed structures) acquired since April 1, 1998.

2. Intangible fixed assets (excluding lease assets)

We have adopted the straight-line method based on an estimated in-house working life of five years for the software we use.

3. Lease Assets

Lease assets arising from finance lease transactions that do not transfer of ownership

Depreciation is computed using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero. Finance lease transactions not involving transfer of ownership commencing on or before March 31, 2008 are accounted for based on methods applicable to ordinary rental transactions.

3) Standards for key allowances

1. Allowance for doubtful accounts

To prepare for possible losses on uncollectable receivables, for general receivables, an amount is provided according to the historical percentage of uncollectable. For specific receivables for which there is some concern regarding collectability, an estimated amount is recorded by investigating the possibility of collection for each individual account.

2. Allowance for bonuses

To prepare for the payment of employee bonuses, an amount corresponding to the current portion of estimated bonus payments to employees is recorded.

3. Allowance for director's bonus

To prepare for the payment of directors' bonuses, an amount corresponding to the projected value of bonus payments to directors for the fiscal year under review is recorded.

4. Allowance for product warranty

The provisioning of free after-sales service for products is recorded based on past after-sales service expenses as a percentage of net sales.

5. Reserve for retirement benefits and pension plans

In order to provide employee retirement benefits, the Company records an amount based on projected benefit obligations and pension assets at the end of the consolidated fiscal year under review. Prior service cost is being amortized as incurred by the straight-line method over certain periods (principally 10 years) which are shorter than the average remaining years of service of the employees at the time when the service cost is generated. Actuarial gains and losses are being amortized in the fiscal year following the fiscal year in which the gains or losses are recognized, by the straight line method over periods (principally 10 years) which are shorter than the average remaining years of service of the employees at the time when they are generated.

6. Reserve for directors' retirement benefits

Consolidated subsidiaries, to provide for the payment of directors' retirement benefits, record reserve for benefits for retired directors and auditors in an actual amount equal to the need at the end of the year period under review based on the Company's regulations.

4) Principal accounting methods for hedge transactions

1. Hedge accounting methods

The deferred hedge method is used. Special accounting methods are used for interest rate swaps.

2. Hedge methods and hedge targets

The hedge methods are forward exchange contracts, currency option transactions and interest rate swaps. The hedge targets are scheduled foreign currency denominated transactions, and borrowings.

3. Hedge policy

The Company and consolidated subsidiaries enter into forward foreign exchange contracts and currency option transactions as hedging instruments only, not for trading purpose to make profits, within the limit of actual foreign transactions to reduce risk arising from future fluctuations of foreign exchange rates.

In addition, the Company and consolidated subsidiaries enter into interest rate swaps to make interest rates on bonds and borrowings stable or reduce costs fluctuations for future capital procurement, both as hedging instruments only, not for speculation purpose, within the limit of actual financial or operating transactions.

4. Methods for evaluating the effectiveness of hedges

Verification is made to ascertain a high correlation between value fluctuations of cash flows and hedging instruments.

5) Methods and period for amortization of consolidation goodwill

Amortization of goodwill is carried out separately for each goodwill item over a rational time period of 20 years or less.

6) Range of cash within consolidated cash flow statements

Cash (cash and cash equivalents) in the consolidated cash flow statements comprises cash on hand, deposits that can be withdrawn as needed, and short-term investments that are due for redemption in a year or less and that are easily converted into cash with little risk to a change in value.

7) Other important items regarding the preparation of consolidated financial statements

1. Consumption tax

The tax-exclusion method is used to account for consumption taxes. In addition, asset-related consumption tax that cannot be excluded is accounted for as deferred consumption taxes, etc., in the long-term prepaid expenses item and amortized over a five-year period by the straight-line method.

2. Consolidated tax payment system

The consolidated tax payment system is applied.

(7) Important notes in the basis of presenting consolidated financial statements

[Consolidated balance sheets items]

1. Accumulated depreciation directly deducted from tangible fixed assets: ¥453,150 million

2. Investments in securities of unconsolidated subsidiaries and affiliated companies are as follows.

Investment securities (stocks)	¥2,819 million

3. Breakdown of inventories

Merchandise and finished goods	¥71,211 million
Work in process	¥13,482 million
Raw materials and stores	¥20,386 million

4. Guaranteed obligations

The Company guarantees bank loans and lease obligations etc. of unconsolidated companies, etc. amounting to ¥485 million. In addition, the Company has made commitments of guarantee for bank loans of suppliers/customers totaling ¥166 million.

5. Pledged assets

Notes receivables of ¥54 million are pledged as security for short-term loans payable of ¥54 million.

6. Notes due at the end of the consolidated fiscal year are settled on the date of clearing. Since the end of the consolidated fiscal year under review fell on a bank holiday, the following notes due at the end of the fiscal year are included in the balance at the end of the fiscal year.

Notes receivable-trade	¥879 million
Notes payable-trade	¥991 million
Notes payable-equipment	¥10 million

[Consolidated statements of income items]

1. Main expense items and amounts of selling, general and administrative expenses are as follows.

Selling	¥13,121 million
Transport and storage	¥18,386 million
Advertising	¥11,879 million
Salaries and wages	¥69,695 million
Provision for reserve for bonuses	¥4,824 million
Research and development	¥72,530 million
Depreciation and amortization	¥13,953 million
Retirement benefits	¥5,432 million
Provision for allowance for doubtful accounts	¥1,370 million

2. The cost of sales includes the cut-down of book values by ¥1,511 million, reflecting reduced profitability of inventory held for normal sales purposes.

3. The gain on reversal of foreign currency translation adjustment resulted from dipping into foreign currency translation adjustment with the completion of liquidation of a U.S. subsidiary.

4. Other extraordinary profit represents the reduction in refund obligation, etc. in accordance with US State laws at a U.S. sales subsidiary.

5. Impairment losses mainly represent the reduction of book values to recoverable values with respect to manufacturing facilities etc, in the Optics Businesses.

6. Restructuring expenses consist mainly in expenses on retirement allowances, etc. associated with staff allocation/optimization in the Business Technologies Business.

[Consolidated statements of comprehensive income]

Recycling and tax effect relating to other comprehensive income

Valuation difference on available-for-sale securities		
Amount arising during fiscal year under review	¥-247	million
Recycling	¥1,104	million
Before tax effect adjustment	¥856	million
Tax effect	¥-140	million
Valuation difference on available-for-sale securities	¥716	million
Deferred gains or losses on hedges		
Amount arising during fiscal year under review	¥161	million
Recycling	¥-369	million
Before tax effect adjustment	¥-207	million
Tax effect	¥74	million
Deferred gains or losses on hedges	¥-133	million
Foreign currency translation adjustment		
Amount arising during fiscal year under review	¥-2,381	million
Recycling	¥-3,730	million
Foreign currency translation adjustment	¥-6,112	million
Share of other comprehensive income of associates accounted for using equity method		
Amount arising during fiscal year under review	¥-12	million
Total other comprehensive income	¥-5,541	million

[Consolidated statements of changes in shareholder’s equity items]

The figures for provision of retirement allowance debt of overseas subsidiaries stems from provisions for the accounting treatment of retirement benefit payments that affect a portion of consolidated subsidiaries in the United States.