Cautionary Statement

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

Remarks:

• Yen amounts are rounded to the nearest 100 million.
Overview

■ 1H results

Revenues remained unchanged Y-O-Y.
Operating income remained strong, outstripping the target. Up 21% Y-O-Y.

- Color MFP --- Strong sales
- TAC film --- Continued strong demand
- DSC --- Narrowed operating loss

■ Acceleration of Photo Imaging’s restructuring

- Accelerate restructuring plan and drastically downsize business
- Lump-sum restructuring costs of 90 billion yen to be posted in FY ending Mar06
- Net loss for interim term and projected net loss for full year
  ➔ Suspend dividends for both interim and year-end
## Consolidated results

<table>
<thead>
<tr>
<th>[a]</th>
<th>[b]</th>
<th>[a] / [b]</th>
<th>[c]</th>
<th>[a] / [c]</th>
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<tr>
<td>1H / Mar06 Actual</td>
<td>1H / Mar05 Actual</td>
<td>Y-O-Y</td>
<td>1H Plan - previous</td>
<td>vs. prev.plan</td>
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<td>Net sales</td>
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<td>Gross income</td>
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<td>46.2%</td>
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<td>Operating income</td>
<td>39.4</td>
<td>32.5</td>
<td>121%</td>
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<td>Operating income ratio [%]</td>
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<tr>
<td>Ordinary income</td>
<td>35.2</td>
<td>28.2</td>
<td>125%</td>
<td>29.0</td>
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<td>Net income before tax</td>
<td>7.2</td>
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<td>31%</td>
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<td>Net income</td>
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<td>CAPEX</td>
<td>31.4</td>
<td>26.8</td>
<td>117%</td>
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<td>Depreciation</td>
<td>25.4</td>
<td>25.2</td>
<td>101%</td>
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<tr>
<td>R&amp;D</td>
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<td>100%</td>
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<tr>
<td>FCF</td>
<td>11.5</td>
<td>-4.8</td>
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<tr>
<td>FOREX [P/L]</td>
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<td>Change</td>
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<td>USD</td>
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<td>109.86</td>
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<tr>
<td>Euro</td>
<td>135.65</td>
<td>133.32</td>
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<td>133.00</td>
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</table>

The essentials of imaging
Net sales
- 17.5 billion yen, Y-O-Y

- Photo Imaging - Revenues significantly dropped due to scale-down of business.
- Other businesses - Revenues increased.

Operating income
+ 6.9 billion yen, Y-O-Y

- Profits increased in all businesses Y-O-Y. (Amount of loss narrowed in Photo Imaging.)
Operating income analysis

<table>
<thead>
<tr>
<th>Category</th>
<th>Change (billions of yen)</th>
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<tr>
<td>Price change</td>
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<tr>
<td>Sales volume change</td>
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<tr>
<td>Cost cut SG&amp;A change</td>
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<td>Forex impact</td>
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<tr>
<td>Operating income</td>
<td>+6.9</td>
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</table>

Excluding forex

1H / Mar05 vs. 1H / Mar06
**Business Technologies**

<table>
<thead>
<tr>
<th></th>
<th>1H Mar06</th>
<th>1H Mar05</th>
<th>Y-O-Y %</th>
<th>1H Plan-previous</th>
<th>vs. Plan %</th>
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</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>283.5</td>
<td>281.4</td>
<td>101%</td>
<td>290.0</td>
<td>98%</td>
</tr>
<tr>
<td><strong>Op. income</strong></td>
<td>28.1</td>
<td>26.7</td>
<td>105%</td>
<td>29.0</td>
<td>97%</td>
</tr>
</tbody>
</table>

**MFP**
- Net sales ➔ UP
- Op. income ➔ UP
- Op. profit margin: 10% ➔ 12%
- Color and new products: Strong sales up 82% Y-O-Y (unit base)
- Color products sales ratio:
  - Seg. 2 and above: 21% ➔ 33%
  - (All segments: 11% ➔ 18%)
- High-speed MFP for production printing: Strong sales up 34% Y-O-Y (unit base)
- Smooth launching of new products
  - Color - 2 models
  - B/W - 9 models

**LBP**
- Net sales ➔ DOWN
- Op. income ➔ DOWN
- Intensified price competition in color LBP
- Color LBP unit sales decreased due to significant drop in OEM orders, down by 33% Y-O-Y (unit base). Own brand LBP sales increased 50% Y-O-Y.

---

*Amount of 1H Mar05 as 100

The essentials of imaging
Optics

- **TAC film**
  - Net sales ➔ UP
  - Op. income ➔ UP
  - Strong sales in high-function products. ➔ Up 32% Y-O-Y (unit base)

- **Optical pickup lens**
  - Net sales ➔ DOWN
  - Op. income ➔ DOWN
  - CD/DVD pickup lens sales rebounded to the same level as previous year. Increased pressure on price. ➔ Down 6% Y-O-Y (unit base)

- **DSC/VCR lens units**
  - Net sales ➔ UP
  - Op. income ➔ UP
  - For VCR: Strong sales ➔ Up 34% Y-O-Y (unit base)

- **Lens/camera units for mobile phones**
  - Net sales ➔ UP
  - Op. income ➔ UP
  - Growing use of camera units in new models ➔ Up 27% Y-O-Y (unit base)

---

*Amount of 1H Mar05 as 100

The essentials of imaging
## Photo Imaging

**Photo**
- Net sales ➔ **DOWN**
- Op. income ➔ **DOWN**

- Significant drop in sales due to sharp decline in demand and elimination of unprofitable businesses.
  - Film: Down 22% Y-O-Y (unit base)
  - Paper: Down 22% Y-O-Y (unit base)
  - Minilab: Down 48% Y-O-Y (unit base)

**Camera**
- Net sales ➔ **DOWN**
- Op. income ➔ **UP**

- Sales decreased due to drop in compact camera sales and narrowed product lineup, but profit improved.
  - ➔ Down 32% Y-O-Y (unit base)

- Strong sales in Maxxum/Dynax 5D, a compact SLR, marketed Aug. 2005

### Photo Imaging Results

<table>
<thead>
<tr>
<th></th>
<th>1H Mar06</th>
<th>1H Mar05</th>
<th>Y-O-Y %</th>
<th>1H Plan-previous</th>
<th>vs. Plan %</th>
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<tr>
<td><strong>Net sales</strong></td>
<td>105.7</td>
<td>*142.8</td>
<td>74%</td>
<td>115.0</td>
<td>92%</td>
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<tr>
<td><strong>Op. income</strong></td>
<td>-0.7</td>
<td>-4.0</td>
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<td>-3.0</td>
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*Amount includes 13.8 billion yen of adjustment due to subsidiaries financial term change.

### Color film unit sales
- (roll film and single-use cameras)

<table>
<thead>
<tr>
<th>1H Mar06</th>
<th>1H Mar05</th>
<th>Plan-previous</th>
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<tbody>
<tr>
<td>78</td>
<td>100</td>
<td>88</td>
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### DSC unit sales

<table>
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<tr>
<th>1H Mar06</th>
<th>1H Mar05</th>
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<tr>
<td>74</td>
<td>68</td>
<td>66</td>
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<tr>
<td>100</td>
<td>61</td>
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*Amount of 1H Mar05 as 100
### Medical & Graphic Imaging, Sensing

#### Medical & Graphic Imaging
- **Net sales** ➔ **UP**
- **Op. income** ➔ **UP**
  - **Medical**: Net sales - Up
    - Op. profit - Up
    - Strong sales in digital input/output systems and dry film
  - **Graphic**: Sales remained unchanged Y-O-Y. Profits improved by cost cutting.
    - Drop in film business. Brisk sales in proofing systems and small lot printing systems.

<table>
<thead>
<tr>
<th>1H Mar06</th>
<th>1H Mar05</th>
<th>%</th>
<th>1H Plan-previous</th>
<th>%</th>
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<tbody>
<tr>
<td>Net sales</td>
<td>68.3</td>
<td>60.9</td>
<td>112%</td>
<td>104%</td>
</tr>
<tr>
<td>Op. income</td>
<td>6.3</td>
<td>4.3</td>
<td>145%</td>
<td>157%</td>
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#### Sensing
- **Net sales** ➔ **UP**
- **Op. income** ➔ **Unchanged**
  - **Color measurement**: Strong sales in FPD industry-related products

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<thead>
<tr>
<th>1H Mar06</th>
<th>1H Mar05</th>
<th>%</th>
<th>1H Plan-previous</th>
<th>%</th>
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<tbody>
<tr>
<td>Net sales</td>
<td>2.8</td>
<td>2.6</td>
<td>106%</td>
<td>93%</td>
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<tr>
<td>Op. income</td>
<td>0.9</td>
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<td>87%</td>
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## Forecasts - summary

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<th>Mar06 Plan</th>
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<th>Mar05 Actual [b]</th>
<th>[b] / [a]</th>
<th>Mar06 FY Plan-previous</th>
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<td>532.4</td>
<td>1,050.0</td>
<td>1,067.4</td>
<td>98%</td>
<td>1,130.0</td>
<td>93%</td>
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<tr>
<td><strong>Operating income</strong></td>
<td>39.4</td>
<td>35.6</td>
<td>75.0</td>
<td>67.6</td>
<td>111%</td>
<td>90.0</td>
<td>83%</td>
<td></td>
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<tr>
<td><strong>Operating income ratio [%]</strong></td>
<td>7.6%</td>
<td>6.7%</td>
<td>7.1%</td>
<td>6.3%</td>
<td>112%</td>
<td>80.0</td>
<td>75%</td>
<td></td>
</tr>
<tr>
<td><strong>Ordinary income</strong></td>
<td>35.2</td>
<td>24.8</td>
<td>60.0</td>
<td>53.6</td>
<td>112%</td>
<td>80.0</td>
<td>75%</td>
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<td><strong>Net income before tax</strong></td>
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<td>23.0</td>
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<td><strong>CAPEX</strong></td>
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<td>56.4</td>
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<td>66.0</td>
<td>98%</td>
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<td><strong>Depreciation</strong></td>
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<td>109%</td>
<td>59.0</td>
<td>98%</td>
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<tr>
<td><strong>R&amp;D</strong></td>
<td>32.2</td>
<td>36.8</td>
<td>69.0</td>
<td>66.0</td>
<td>105%</td>
<td>75.0</td>
<td>92%</td>
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The essentials of imaging
## Forecasts - segment

### Net sales

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<thead>
<tr>
<th>Segment</th>
<th>1H Actual</th>
<th>2H Plan</th>
<th>Full year Plan</th>
<th>1H Actual</th>
<th>2H Plan</th>
<th>Full year Plan</th>
<th>%</th>
<th>FY Plan-previous</th>
<th>%</th>
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<tbody>
<tr>
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<td>311.5</td>
<td>595.0</td>
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<td>620.0</td>
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<td>91.7</td>
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<td>230.0</td>
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<td>Medical &amp; Graphic</td>
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<td>143.0</td>
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<td>140.0</td>
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<td>131%</td>
<td>6.0</td>
<td>116%</td>
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<td>Other</td>
<td>5.7</td>
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<td>139%</td>
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<td><strong>Total</strong></td>
<td>517.6</td>
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<td>1,050.0</td>
<td>1,067.4</td>
<td>98%</td>
<td>1,130.0</td>
<td>93%</td>
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### Operating income

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<th>2H Plan</th>
<th>Full year Plan</th>
<th>1H Actual</th>
<th>2H Plan</th>
<th>Full year Plan</th>
<th>%</th>
<th>FY Plan-previous</th>
<th>%</th>
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<tr>
<td>Business Technologies</td>
<td>28.1</td>
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<td>65.0</td>
<td>55.8</td>
<td>116%</td>
<td>71.0</td>
<td>92%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optics</td>
<td>7.9</td>
<td>9.1</td>
<td>17.0</td>
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<td>21.0</td>
<td>81%</td>
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<tr>
<td>Photo Imaging</td>
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<td>-8.7</td>
<td>58%</td>
<td>-4.0</td>
<td>126%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical &amp; Graphic</td>
<td>6.3</td>
<td>4.7</td>
<td>11.0</td>
<td>6.7</td>
<td>165%</td>
<td>9.0</td>
<td>122%</td>
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<tr>
<td>Sensing</td>
<td>0.9</td>
<td>1.1</td>
<td>2.0</td>
<td>1.6</td>
<td>126%</td>
<td>2.0</td>
<td>101%</td>
<td></td>
<td></td>
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<tr>
<td>Other</td>
<td>-3.0</td>
<td>-12.0</td>
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<td>-3.9</td>
<td>---</td>
<td>-9.0</td>
<td>167%</td>
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<tr>
<td><strong>Total</strong></td>
<td>39.4</td>
<td>35.6</td>
<td>75.0</td>
<td>67.6</td>
<td>111%</td>
<td>90.0</td>
<td>83%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Forecasts - Business Technologies

### MFP

- **Initiatives in 2H and after**
  - Color MFP: Strengthen sales
    - Sales: Strengthen direct sales network
      - Develop new dealers
      - Get new large accounts
    - Production: Start production at Wuxi Plant (assembly)
      - Expand #2 plant in Kofu (polymerized toner)
  - B/W MFP: Renew lineup. Improve profitability.

- **Prospects for next year**
  - Enhance color MFP lineup
  - Increase color MFP sales ratio
  - Increase sales and profits

### LBP

- **Initiatives in 2H and after**
  - Promote qualitative improvement in color LBP sales structure
    - Concentrate on high-function products sales
    - Bolster sales to large corporations
    - Effective use of group resources (i.e. MFP sales channels)
    - Strengthen OEM business

- **Prospects for next year**
  - Improve profitability in hardware
  - Maximize profitability in non-hardware

### Actual vs. Previous Plan

<table>
<thead>
<tr>
<th></th>
<th>Current plan</th>
<th>Actual Mar05</th>
<th>Previous plan</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Mar06</td>
<td>Full year [a]</td>
<td>Mar06</td>
</tr>
<tr>
<td>Net sales</td>
<td>283.5</td>
<td>595.0</td>
<td>105%</td>
</tr>
<tr>
<td>Op. income</td>
<td>28.1</td>
<td>65.0</td>
<td>116%</td>
</tr>
</tbody>
</table>

The essentials of imaging
Forecasts - Business Technologies (main products)

MFP
- Color MFP unit sales
  - Mar06 Plan-current: 225
  - Mar05 Actual: 100
  - Mar06 Plan-previous: 230

- B/W MFP unit sales
  - Existing models
    - Mar06 Plan-current: 95
    - Mar05 Actual: 60
    - Mar06 Plan-previous: 35
  - New models
    - Mar06 Plan-current: 100
    - Mar05 Actual: 38
    - Mar06 Plan-previous: 55

LBP
- LBP unit sales (Color vs. B/W)
  - Mar06 Plan-current: 100
  - Mar05 Actual: 77
  - Mar06 Plan-previous: 72

- Color LBP unit sales (Own vs. OEM)
  - Own
    - Mar06 Plan-current: 90
    - Mar05 Actual: 8
    - Mar06 Plan-previous: 82
  - OEM
    - Mar06 Plan-current: 100
    - Mar05 Actual: 35
    - Mar06 Plan-previous: 65

*Amount of Mar05-Actual as 100

The essentials of imaging
Forecasts - Optics

<table>
<thead>
<tr>
<th></th>
<th>Current plan Mar06</th>
<th>Actual Mar05</th>
<th>Previous plan Mar06</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1H</td>
<td>2H</td>
<td>Full year [a]</td>
</tr>
<tr>
<td>Net sales</td>
<td>51.5</td>
<td>58.5</td>
<td>110.0</td>
</tr>
<tr>
<td>Op. income</td>
<td>7.9</td>
<td>9.1</td>
<td>17.0</td>
</tr>
</tbody>
</table>

- **TAC film unit sales**
  - Standard
  - High-function

- **Optical pickup lens unit sales**
  - Other
  - CD
  - DVD

- **Prospects for next year**
  - Increase sales and profits in all business segments by taking advantage of market growth and developing new customers.

- **Initiatives in 2H and after**
  - **TAC film**:
    - Continued expansion.
    - Full operation at #3 production line.
  - **Pickup lens**: Maintain profitability.
    - Promote cost cuttings.
    - Strengthen high-value-added products.
  - **DSC/VCR lens units**:
    - Maintain sales volume primarily in VCR-use with growing demand.
  - **Lens/camera units for mobile phones**:
    - Expand business
    - Focus on Japanese customers

*Amount of "Mar05-Actual" as 100
Forecasts - Photo Imaging

<table>
<thead>
<tr>
<th></th>
<th>Current plan</th>
<th>Actual</th>
<th>Previous plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mar06</td>
<td>Mar05</td>
<td>Mar06</td>
</tr>
<tr>
<td></td>
<td>[a]</td>
<td>[a] / [b]</td>
<td>[a] / [c]</td>
</tr>
<tr>
<td>Net sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1H</td>
<td>105.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2H</td>
<td>79.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full year [a]</td>
<td>185.0</td>
<td>*268.5</td>
<td>230.0</td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>69%</td>
<td>80%</td>
</tr>
<tr>
<td>Op. income</td>
<td>-0.7</td>
<td>-8.7</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>-4.3</td>
<td></td>
<td>-4.0</td>
</tr>
<tr>
<td></td>
<td>-5.0</td>
<td></td>
<td>---</td>
</tr>
</tbody>
</table>

*Amount includes an adjustment of 16.1 billion yen due to subsidiaries financial term change.

● Initiatives in 2H and after
Accelerate restructuring by scaling down business size in both photo and camera businesses
**Forecasts - Medical & Graphic Imaging, Sensing**

### Medical & Graphic

<table>
<thead>
<tr>
<th></th>
<th>Current plan Mar06</th>
<th>Actual Mar05 [a] / [b] %</th>
<th>Previous plan Mar06 [a] / [c] %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1H</td>
<td>2H</td>
<td>Full year [a]</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>68.3</td>
<td>74.7</td>
<td>143.0</td>
</tr>
<tr>
<td><strong>Op. income</strong></td>
<td>6.3</td>
<td>4.7</td>
<td>11.0</td>
</tr>
</tbody>
</table>

- **Initiatives in 2H and after**
  - Medical: Expand sales in digital input/output systems and dry film
  - Graphic: Ensure profits by strengthening sales in high-end proofing systems and plate business

### Sensing

<table>
<thead>
<tr>
<th></th>
<th>Current plan Mar06</th>
<th>Actual Mar05 [a] / [b] %</th>
<th>Previous plan Mar06 [a] / [c] %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1H</td>
<td>2H</td>
<td>Full year [a]</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>2.8</td>
<td>4.2</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>Op. income</strong></td>
<td>0.9</td>
<td>1.1</td>
<td>2.0</td>
</tr>
</tbody>
</table>

- **Initiatives in 2H and after**
  - Strengthen mainstay color measurement and 3-D measurement businesses.

The essentials of imaging
Interest bearing debts and inventories

- **Interest-bearing debts**

  ![Graph showing interest-bearing debts from Mar 2004 to Mar 2006 with data points and plan.]

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

- **Inventories and inventory turnover**

  ![Graph showing inventories and inventory turnover from Mar 2004 to Mar 2006 with data points and plan.]

  **Inventory turnover (months)** = Average inventories / Average cost of sales per month

The essentials of imaging
Restructuring of Photo Imaging Business
Measures to date

**Photo**
- Scale down domestic whole sale lab business
- Cut back SG&A by merging photo and camera businesses

**Camera**
- Quickly expand digital camera business
- Convert to profit-first policy; focus on high-value-added products

---

Interim Sep 2003

March 2004 Medium term integration plan

Interim Sep 2004

March 2005 V-5 medium term plan

- Streamline conventional photo business with changes in the market; strengthen digital print business
- Trim personnel (R&D, production, sales) in Japan or relocate them to other Group companies
- Streamline staff size in European sales companies
- Close a part of European sales sub-subsidiaries

- Projected restructuring costs Apr 2005 - Mar 2009 ➔ 34 billion yen
- Accelerate restructuring with promotion of fixed asset impairment
Achievements

- **Staff reduction**
  - Down 2,800 employees
  - Down over 20 billion yen

- **SG&A reduction**
  - Forecast

The essentials of imaging
Rapid changes in business environment

- Demand in color film
- DSC average unit price

Data source: Konica Minolta
Data source: IDC

The essentials of imaging
Revision of V-5 Plan

Change of business environment

Faster-than-expected demand decline
Market shrinkage at accelerating speed

Speed up drastic downsize of business

Minimize risks
Minimize impact to Group performance

New growth
Shift resources from Photo Imaging to growing businesses
Drastic operation scale down

**R&D**
- Relocate and restructure some functions in photographic business to other Group companies

**Production**
- Downsize ahead of schedule (i.e. narrow down product line)

**Sales**
- Reorganize unprofitable fields
- Streamline sales organization
Restructuring costs

- Execute measures ahead of schedule -
Lump-sum amount of 90 billion yen in FY Mar 2006

Quickly implement possible measures with close attention to market changes

- Impairment of production facilities
- Streamline and restructure production locations
- Simplify and reorganize sales structure
- Streamline staff size

* Reduce workforce by about 10% from current 33,000 employees worldwide
Shift of group management resources

Photo Imaging’s core technologies
- Material
- Coating
- Thin film
- Optics

New business development
- Display-use films
  - LCD, PDP, organic EL
- Organic EL materials
- Life science business
  - Gene testing system, medical reagent
- Inkjet businesses

Enhancement and expansion of existing businesses
- Optical design - Business Technologies, Optics, Medical & Graphics
- Hardware/software development

Quick shift from B to C to B to B
Management goals in FY ending Mar 2007

- **Photo Imaging business**
  - Complete recovery from operating loss

- **Group**
  - Significant improvement in earnings
Supplemental Charts
## Net sales & Operating Income - segment

### Net sales

<table>
<thead>
<tr>
<th>Segment</th>
<th>[a] 1H / Mar06 (Billions of yen)</th>
<th>[b] 1H / Mar05 (Billions of yen)</th>
<th>Y-O-Y [%]</th>
<th>[c] 1H Plan-previous (Billions of yen)</th>
<th>vs. prev. plan [%]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Technologies</td>
<td>283.5</td>
<td>281.4</td>
<td>101%</td>
<td>290.0</td>
<td>98%</td>
</tr>
<tr>
<td>Optics</td>
<td>51.5</td>
<td>44.0</td>
<td>117%</td>
<td>52.0</td>
<td>99%</td>
</tr>
<tr>
<td>Photo Imaging</td>
<td>105.7</td>
<td>*142.8</td>
<td>74%</td>
<td>115.0</td>
<td>92%</td>
</tr>
<tr>
<td>Medical &amp; Graphic</td>
<td>68.3</td>
<td>60.9</td>
<td>112%</td>
<td>66.0</td>
<td>104%</td>
</tr>
<tr>
<td>Sensing</td>
<td>2.8</td>
<td>2.6</td>
<td>106%</td>
<td>3.0</td>
<td>93%</td>
</tr>
<tr>
<td>Other</td>
<td>5.7</td>
<td>3.3</td>
<td>---</td>
<td>4.0</td>
<td>---</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>517.6</strong></td>
<td><strong>535.1</strong></td>
<td><strong>97%</strong></td>
<td><strong>530.0</strong></td>
<td><strong>98%</strong></td>
</tr>
</tbody>
</table>

### Operating income

<table>
<thead>
<tr>
<th>Segment</th>
<th>[a] 1H / Mar06 (Billions of yen)</th>
<th>[b] 1H / Mar05 (Billions of yen)</th>
<th>Y-O-Y [%]</th>
<th>[c] 1H Plan-previous (Billions of yen)</th>
<th>vs. prev. plan [%]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Technologies</td>
<td>28.1</td>
<td>26.7</td>
<td>105%</td>
<td>29.0</td>
<td>97%</td>
</tr>
<tr>
<td>Optics</td>
<td>7.9</td>
<td>7.2</td>
<td>110%</td>
<td>8.0</td>
<td>99%</td>
</tr>
<tr>
<td>Photo Imaging</td>
<td>-0.7</td>
<td>-4.0</td>
<td>---</td>
<td>-3.0</td>
<td>---</td>
</tr>
<tr>
<td>Medical &amp; Graphic</td>
<td>6.3</td>
<td>4.3</td>
<td>145%</td>
<td>4.0</td>
<td>157%</td>
</tr>
<tr>
<td>Sensing</td>
<td>0.9</td>
<td>0.9</td>
<td>100%</td>
<td>1.0</td>
<td>87%</td>
</tr>
<tr>
<td>Other</td>
<td>-3.0</td>
<td>-2.6</td>
<td>---</td>
<td>-5.0</td>
<td>---</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39.4</strong></td>
<td><strong>32.5</strong></td>
<td><strong>121%</strong></td>
<td><strong>34.0</strong></td>
<td><strong>116%</strong></td>
</tr>
</tbody>
</table>

*Amount includes an adjustment of 13.8 billion yen due to subsidiaries financial term change.
### SG&A

<table>
<thead>
<tr>
<th></th>
<th>1H / Mar06</th>
<th>1H / Mar05</th>
<th>Y-O-Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SG&amp;A total</strong></td>
<td>199.7</td>
<td>202.1</td>
<td>-2.4</td>
</tr>
<tr>
<td>Sales expenses</td>
<td>37.6</td>
<td>43.9</td>
<td>-6.3</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>76.6</td>
<td>76.7</td>
<td>-0.1</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>32.2</td>
<td>32.3</td>
<td>-0.1</td>
</tr>
<tr>
<td>Other</td>
<td>53.4</td>
<td>49.2</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Forex impact: +0.9 billion yen (Actual -3.3 billion yen)
## Non operating profit/loss

<table>
<thead>
<tr>
<th></th>
<th>1Q / Mar06</th>
<th>1Q / Mar05</th>
<th>Y-O-Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-operating income/expenses</td>
<td>-4.2</td>
<td>-4.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>0.9</td>
<td>0.7</td>
<td>0.2</td>
</tr>
<tr>
<td>Foreign exchange gain</td>
<td>2.3</td>
<td>2.9</td>
<td>-0.6</td>
</tr>
<tr>
<td>Other</td>
<td>4.5</td>
<td>3.9</td>
<td>0.6</td>
</tr>
<tr>
<td></td>
<td>7.7</td>
<td>7.5</td>
<td>0.2</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>2.8</td>
<td>2.8</td>
<td>-0.0</td>
</tr>
<tr>
<td>Loss on revaluation/disposal of inventories</td>
<td>3.3</td>
<td>2.5</td>
<td>0.8</td>
</tr>
<tr>
<td>Other</td>
<td>5.7</td>
<td>6.5</td>
<td>-0.8</td>
</tr>
<tr>
<td></td>
<td>11.9</td>
<td>11.9</td>
<td>0.0</td>
</tr>
</tbody>
</table>
## Extraordinary profit/loss

<table>
<thead>
<tr>
<th>Extraordinary profits/losses</th>
<th>1H / Mar06</th>
<th>1H / Mar05</th>
<th>Y-O-Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extraordinary profits</td>
<td>-28.0</td>
<td>-4.9</td>
<td>-23.1</td>
</tr>
<tr>
<td>Loss on fixed assets due to impairment</td>
<td>0.7</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Photo Imaging restructuring expenses</td>
<td>23.3</td>
<td>---</td>
<td>23.3</td>
</tr>
<tr>
<td>Loss on disposal and sales of fixed assets</td>
<td>1.2</td>
<td>---</td>
<td>1.2</td>
</tr>
<tr>
<td>Other</td>
<td>1.8</td>
<td>2.2</td>
<td>-0.4</td>
</tr>
<tr>
<td>Extraordinary losses</td>
<td>28.7</td>
<td>5.2</td>
<td>23.5</td>
</tr>
</tbody>
</table>
Balance sheet - asset

Forex: B/S

<table>
<thead>
<tr>
<th></th>
<th>Mar 05</th>
<th>Sep 05</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$</td>
<td>107.39</td>
<td>113.19</td>
<td>+ 5.80</td>
</tr>
<tr>
<td>Euro</td>
<td>138.87</td>
<td>136.13</td>
<td>- 2.74</td>
</tr>
</tbody>
</table>

The essentials of imaging
Balance sheet - liabilities and shareholders’ equity

Forex: B/S

<table>
<thead>
<tr>
<th></th>
<th>Mar 05</th>
<th>Sep 05</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$</td>
<td>107.39</td>
<td>113.19</td>
<td>+5.80</td>
</tr>
<tr>
<td>Euro</td>
<td>138.87</td>
<td>136.13</td>
<td>-2.74</td>
</tr>
</tbody>
</table>

Sep 2005: 949.9
- Shareholders' equity: 142.3
- Minority Interests: 241.9
- Other current liabilities: 226.7
- Interest bearing debts: 2.1
- Notes and A/P: 336.9

Mar 2005: 955.5
- Shareholders' equity: 138.1
- Minority Interests: 246.3
- Other current liabilities: 229.7
- Interest bearing debts: 1.7
- Notes and A/P: 339.7
## Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>1H / Mar06</th>
<th>1H / Mar05</th>
<th>Y-O-Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes</td>
<td>7.2</td>
<td>23.2</td>
<td>-16.0</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>25.4</td>
<td>25.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Loss on fixed assets due to impairment</td>
<td>23.3</td>
<td>---</td>
<td>23.3</td>
</tr>
<tr>
<td>Increase (decrease) of working capital, other</td>
<td>-18.7</td>
<td>-25.9</td>
<td>7.2</td>
</tr>
<tr>
<td><strong>I. Net cash provided by operating activities</strong></td>
<td><strong>37.2</strong></td>
<td><strong>22.5</strong></td>
<td><strong>14.7</strong></td>
</tr>
<tr>
<td><strong>II. Net cash outflow from investing activities</strong></td>
<td><strong>-25.7</strong></td>
<td><strong>-27.3</strong></td>
<td><strong>1.6</strong></td>
</tr>
<tr>
<td><strong>I.+ II. Free cash flow</strong></td>
<td><strong>11.5</strong></td>
<td><strong>-4.8</strong></td>
<td><strong>16.3</strong></td>
</tr>
<tr>
<td>Increase (decrease) in debts and bonds</td>
<td>-4.8</td>
<td>-6.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>-2.7</td>
<td>-2.7</td>
<td>0.0</td>
</tr>
<tr>
<td>Other</td>
<td>0.0</td>
<td>-0.1</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>III. Net cash outflow from financing activities</strong></td>
<td><strong>-7.5</strong></td>
<td><strong>-9.3</strong></td>
<td><strong>1.8</strong></td>
</tr>
</tbody>
</table>
Unit sales - Business Technologies

- **Color MFP**
  - 1Q Mar05: 100
  - 2Q Mar05: 153
  - 3Q Mar05: 164
  - 4Q Mar05: 185
  - 1Q Mar06: 192
  - 2Q Mar06: 273

- **B/W MFP**
  - 1Q Mar05: 100
  - 2Q Mar05: 120
  - 3Q Mar05: 134
  - 4Q Mar05: 115
  - 1Q Mar06: 98
  - 2Q Mar06: 114

- **Color LBP**
  - 1Q Mar05: 100
  - 2Q Mar05: 102
  - 3Q Mar05: 64
  - 4Q Mar05: 70
  - 1Q Mar06: 78
  - 2Q Mar06: 65

- **B/W LBP**
  - 1Q Mar05: 100
  - 2Q Mar05: 97
  - 3Q Mar05: 104
  - 4Q Mar05: 104
  - 1Q Mar06: 109
  - 2Q Mar06: 112

*Amount of “1Q Mar05” as 100

The essentials of imaging
Unit sales - Optics

- **Optical pickup lens**
  - 1Q Mar05: 100
  - 2Q Mar05: 94
  - 3Q Mar05: 98
  - 4Q Mar05: 85
  - 1Q Mar06: 93
  - 2Q Mar06: 88

- **Lens unit for DSC/VCR**
  - 1Q Mar05: 96
  - 2Q Mar05: 84
  - 3Q Mar05: 98
  - 4Q Mar05: 81
  - 1Q Mar06: 118
  - 2Q Mar06: 144

- **Lens/camera units for mobile phone**
  - 1Q Mar05: 100
  - 2Q Mar05: 85
  - 3Q Mar05: 56
  - 4Q Mar05: 82
  - 1Q Mar06: 73
  - 2Q Mar06: 72

- **TAC film**
  - 1Q Mar05: 100
  - 2Q Mar05: 111
  - 3Q Mar05: 123
  - 4Q Mar05: 128
  - 1Q Mar06: 131
  - 2Q Mar06: 146

- **Glass HD**
  - 1Q Mar05: 100
  - 2Q Mar05: 98
  - 3Q Mar05: 106
  - 4Q Mar05: 122
  - 1Q Mar06: 143
  - 2Q Mar06: 162

*Amount of “1Q Mar05” as 100

The essentials of imaging
Unit sales - Photo Imaging

- **Color film**: *Amounts include single-use cameras.*
  - 1Q Mar05: 100
  - 2Q Mar05: 100
  - 3Q Mar05: 97
  - 4Q Mar05: 90
  - 1Q Mar06: 68
  - 2Q Mar06: 93

- **Digital minilab**
  - 1Q Mar05: 100
  - 2Q Mar05: 128
  - 3Q Mar05: 107
  - 4Q Mar05: 92
  - 1Q Mar06: 60
  - 2Q Mar06: 63

- **Color photo paper**
  - 1Q Mar05: 100
  - 2Q Mar05: 109
  - 3Q Mar05: 86
  - 4Q Mar05: 81
  - 1Q Mar06: 74
  - 2Q Mar06: 90

- **Inkjet paper**
  - 1Q Mar05: 100
  - 2Q Mar05: 108
  - 3Q Mar05: 111
  - 4Q Mar05: 173
  - 1Q Mar06: 92
  - 2Q Mar06: 62

- **DSC**
  - 1Q Mar05: 100
  - 2Q Mar05: 125
  - 3Q Mar05: 98
  - 4Q Mar05: 80
  - 1Q Mar06: 77
  - 2Q Mar06: 76

*Amount of “1Q Mar05” as 100

The essentials of imaging