

Konica Minolta Group

1H / March 2008 Consolidated Financial Results

Six months: Apr. - Sep. 2007

November 1, 2007

Yoshikatsu Ota

President & CEO

Konica Minolta Holdings, Inc.

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.



Consolidated results - Summary

- **Net Sales:** *Upward trend*
 - Recovered from downward trend caused by the Photo Imaging business exit.
 - Up 6% Y-O-Y (up 13% excluding Photo Imaging).
- **Operating Income:** *Record highs for three consecutive interim periods*
 - Business Technologies' good performance.
 - Up 23% Y-O-Y; Up 19% vs. plan
- **Business Technologies:** *Increases in sales and profit*
 - Good performance mainly due to robust sales of newly launched color MFPs, supporting the Group's revenues and profit growth.
 - Net sales --- Up 12% Y-O-Y, Operating income --- Up 31% Y-O-Y.
- **Optics:** *Increases in sales and profit*
 - Solid results thanks to strong demand recovery.
 - Net sales --- Up 23% Y-O-Y, Operating income --- Up 22% Y-O-Y.
- **Medical & Graphic:** *Revenue increased but profit dropped*
 - Operating income dropped due to the soaring price of silver and increase in R&D expenses although net sales increased.
 - Net sales --- Up 6% Y-O-Y, Operating income --- Down 23% Y-O-Y.
- **Earnings forecasts:** *Revised upward*
 - Upward revision considering the positive interim results.
 - A rise of dividends (Interim: 5 yen → 7.5 yen. Annual: 10 yen → 15 yen)



Consolidated results - Highlights

[Billions of yen]

	[a] 1H/ Mar08 Actual	[b] 1H / Mar07 Actual	[a] / [b] Y-O-Y (%)	[c] 1H / Mar08 Plan	[a] / [c] Difference (%)
Net sales	525.0	494.0	6%	496.0	6%
Gross income	259.7	237.8	9%	---	---
<i>Gross income ratio</i>	49.5%	48.1%	---	---	---
Operating income	57.1	46.3	23%	48.0	19%
<i>Operating income ratio</i>	10.9%	9.4%	---	9.7%	---
Ordinary income	54.7	44.9	22%	42.0	30%
Net income before taxes	53.9	47.9	12%	39.5	36%
Net income	37.6	22.5	67%	20.5	84%
<i>Net income ratio</i>	7.2%	4.6%	---	4.1%	---

FOREX [Yen] USD	119.33	115.38	3.95	115.00	4.33
EUR	162.30	145.97	16.33	150.00	12.30

EPS [Yen]	70.93	42.40	67%
ROE [full year]	18.8%	14.0%	---
CAPEX	33.6	33.8	0%
Depreciation	* 28.6	24.6	16%
R&D	38.4	34.8	10%
FCF	18.7	0.2	---

[NOTE] 1H / Mar08 Plan: Announced May 10, 2007

* Including an increase of 1.3 billion yen for depreciation due to tax law change.



Consolidated results – Segment

[Billions of yen]

Net sales	[a]	[b]	[a] / [b]	[c]	[a] / [c]
	1H / Mar08 Actual	1H / Mar07 Actual	Y-O-Y (%)	1H / Mar08 Plan	Difference (%)
Business Technologies	346.9	309.5	12%	330.0	5%
Optics	83.3	67.7	23%	75.0	11%
Medical & Graphic	80.6	76.0	6%	78.0	3%
Other businesses	8.3	7.4	11%	9.0	-8%
Sub total	519.1	460.7	13%	492.0	6%
HD and eliminations	5.8	* 33.3	-82%	4.0	46%
Group total	525.0	494.0	6%	496.0	6%

* Including Photo Imaging: 29.9 billion yen

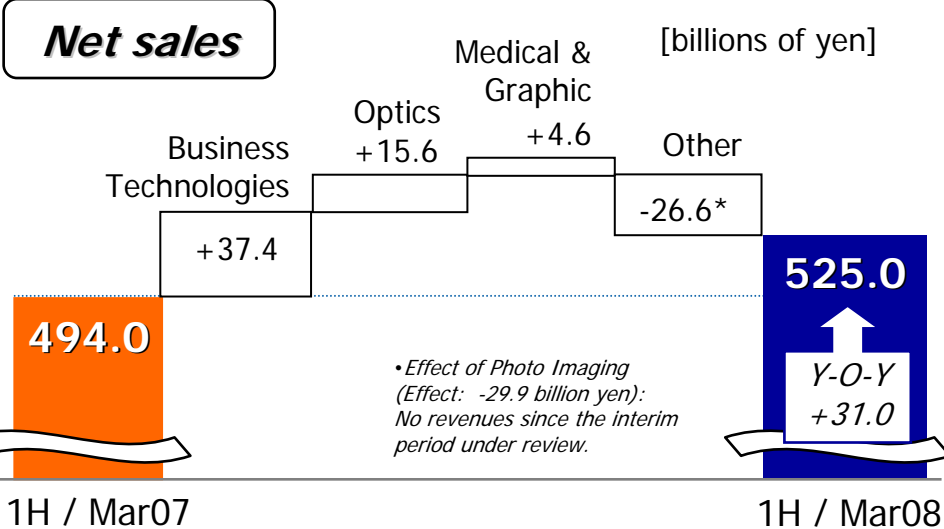
Operating income	[a]	[b]	[a] / [b]	[c]	[a] / [c]
	1H / Mar08 Actual	1H / Mar07 Actual	Y-O-Y (%)	1H / Mar08 Plan	Difference (%)
Business Technologies	44.7	34.1	31%	37.0	21%
Optics	13.1	10.7	22%	11.0	19%
Medical & Graphic	4.0	5.2	-23%	5.5	-27%
Other businesses	1.3	1.4	-3%	1.5	-13%
Sub total	63.1	51.3	23%	55.0	15%
HD and eliminations	-6.0	* -5.0	---	-7.0	---
Group total	57.1	46.3	23%	48.0	19%

* Including Photo Imaging: -0.7 billion yen

[NOTE] 1H / Mar08 Plan: Announced May 10, 2007

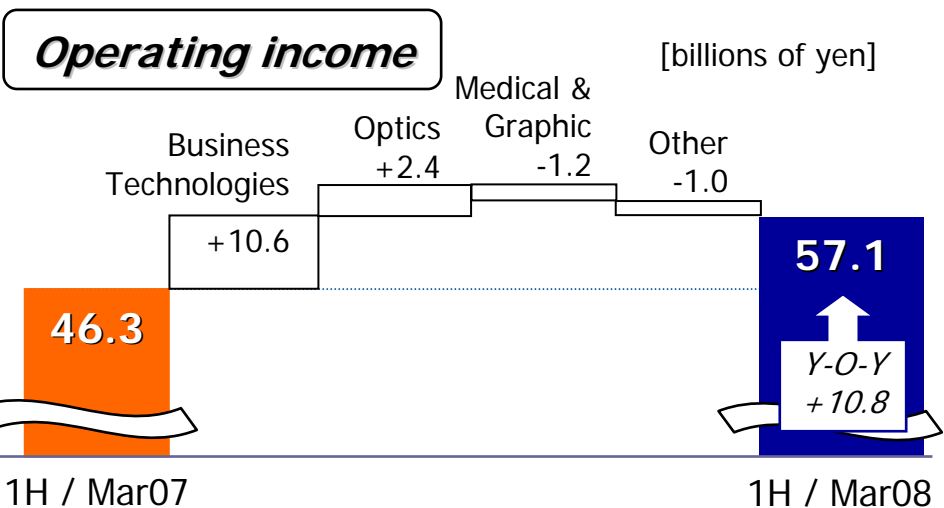


Changes in net sales and operating income



■ Net sales: Up 31.0 billion yen (+ 6%)

- **Business Technologies:** Robust sales due to high-seg. color MFP's (bizhub C550, bizhubPRO C6500) favorable sales.
- **Optics:** Strong revenue growth mainly due to favorable sales of TAC film, optical pickup lenses/lens units for next-generation DVDs and mobile phone components.
- **Medical & Graphic:** Slight increase due to efforts for marketing digital equipment in both medical and graphic fields.

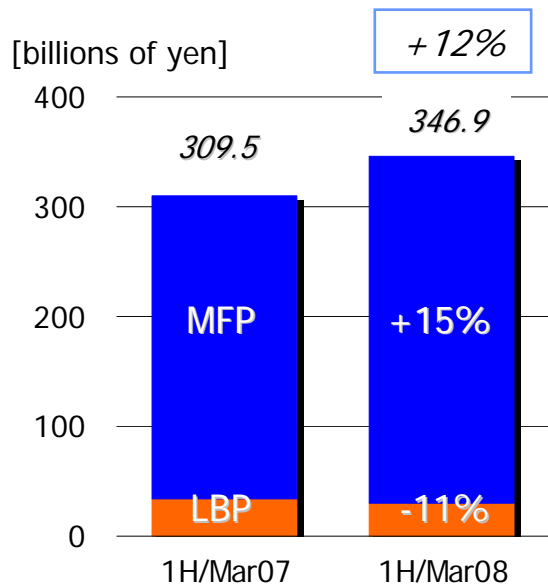


■ Operating income: Up 10.8 billion yen (+23%)

- **Business Technologies:** Increase in unit sales due to high-speed color MFP's robust sales. Consumables and color ratios increased.
- **Optics:** Growth due to strong sales in value-added products despite the impact of downward pressure on prices and the rising depreciation expenses.
- **Medical & Graphic:** Profit decreased due to rising R&D expenses for new products and soaring silver prices.

Net sales - Sub segment

Business Technologies



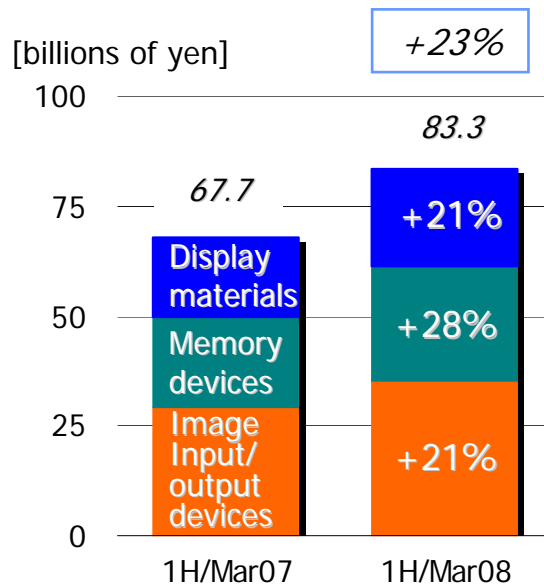
● **MFP unit sales Y-O-Y: +9%**

Color: +21%
 B/W: +5%
 (of which, production print: +29%)

● **LBP unit sales Y-O-Y: -25%**

Color: -42%
 (of which, single-pass: +2%)
 B/W: -18%

Optics



● **LCD materials unit sales Y-O-Y**

TAC film : +36%

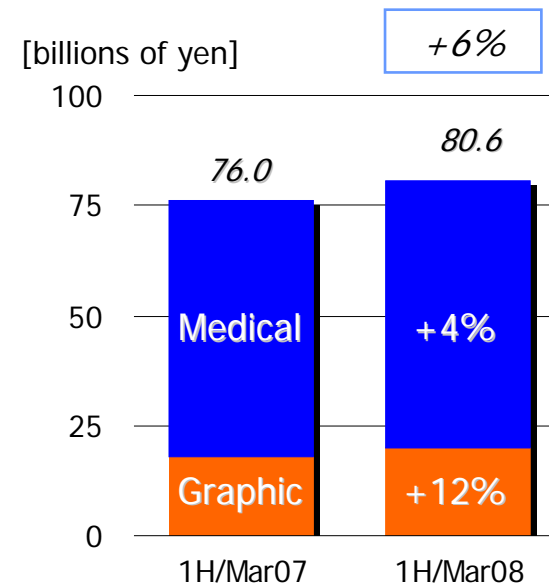
● **Memory devices unit sales Y-O-Y**

Optical pickup lenses: -15%
 Glass substrates for HD: -1%

● **Image input/output components unit sales Y-O-Y**

Mobile phone components: +24%

Medical & Graphic Imaging



● **Medical**

X-ray film unit sales Y-O-Y: -8%
 Digital input/output equipment unit sales Y-O-Y: +21%

● **Graphic**

Graphic-arts film unit sales Y-O-Y: +4%

New products – Business Technologies



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■ Business Technologies

-- Enhanced product lineup – adding a high-speed model and 3 medium-low speed models



bizhub PRO C5500

[55 ppm color and B/W]

Main features:

- ✓ High-quality images achieved through the use of the newly developed polymerized toner and image processing technologies.
- ✓ Paper size flexibility, and precise registration adjustment.
- ✓ Various booklet finishing options to increase in-house booklet-making capabilities.

The essentials of imaging



bizhub C353/C253/C203

[35, 25, 20 ppm color and B/W]

Main features:

- ✓ High-quality images achieved through the use of the newly developed polymerized toner.
- ✓ Latest network, security, and document management functions.
- ✓ Equipped with the “bizhub Open Platform” – designed for various office network environment.

Forecasts [Full year] - Consolidated results



	[Billions of yen]																				
	Mar08 Forecast - Current			Mar08 Forecast -		Mar07 Actual															
	1H Actual	2H Plan	[a] FY Plan	[b] FY	[a] / [b] %	[c] FY	[a] / [c] %														
Net sales	525.0	560.0	1,085.0	1,045.0	4%	1,027.6	6%														
Operating income	57.1	58.9	116.0	105.0	10%	104.0	12%														
<i>Operating income ratio</i>	10.9%	10.5%	10.7%	10.0%	---	10.1%	---														
Ordinary income	54.7	52.3	107.0	93.0	15%	98.1	9%														
Net income before taxes	53.9	50.1	104.0	88.5	18%	104.9	-1%														
Net income	37.6	28.4	66.0	47.5	39%	72.5	-9%														
<i>Net income ratio</i>	7.2%	5.1%	6.1%	4.5%	---	7.1%	---														
<table border="1"> <thead> <tr> <th colspan="2">FOREX [Yen]</th> <th>USD</th> <th>119.33</th> <th>115.00</th> <th>115.00</th> <th>117.02</th> </tr> </thead> <tbody> <tr> <td></td> <td>EUR</td> <td>162.30</td> <td>150.00</td> <td>150.00</td> <td>150.09</td> <td></td> </tr> </tbody> </table>								FOREX [Yen]		USD	119.33	115.00	115.00	117.02		EUR	162.30	150.00	150.00	150.09	
FOREX [Yen]		USD	119.33	115.00	115.00	117.02															
	EUR	162.30	150.00	150.00	150.09																
EPS			124.26	80.50	39%	136.67	-9%														
CAPEX			70.0	70.0	0%	64.0	9%														
Depreciation			67.0	67.0	0%	52.7	27%														
R&D			83.0	83.0	0%	72.0	15%														
FCF			20.0	20.0	0%	10.3	94%														

Impact of exchange rate fluctuation to operating income if given ¥1 change (full year base):

FY/Mar07 actual : US\$ → ¥400 million. EUR → ¥750 million.

1H/Mar08 actual : US\$ → ¥100 million. EUR → ¥850 million.

Forecasts [Full year] - Consolidated results – Segment



[Billions of yen]

Net sales	Mar08 Forecast - Current			Mar08 Forecast -		Mar07 Actual	
			[a]	[b]	[a] / [b]	[c]	[a] / [c]
	1H Actual	2H Plan	FY Plan	FY	%	FY	%
Business Technologies	346.9	368.1	715.0	690.0	4%	658.7	9%
Optics	83.3	91.7	175.0	163.0	7%	139.0	26%
Medical & Graphic	80.6	84.4	165.0	165.0	0%	158.7	4%
Other businesses	8.3	10.7	19.0	19.0	0%	16.0	19%
Sub total	519.1	554.9	1,074.0	1,037.0	4%	972.3	10%
HD and other	5.8	5.2	11.0	8.0	38%	* 55.3	-80%
Group total	525.0	560.0	1,085.0	1,045.0	4%	1,027.6	6%

* Including Photo Imaging: 47.8 billion yen

[Billions of yen]

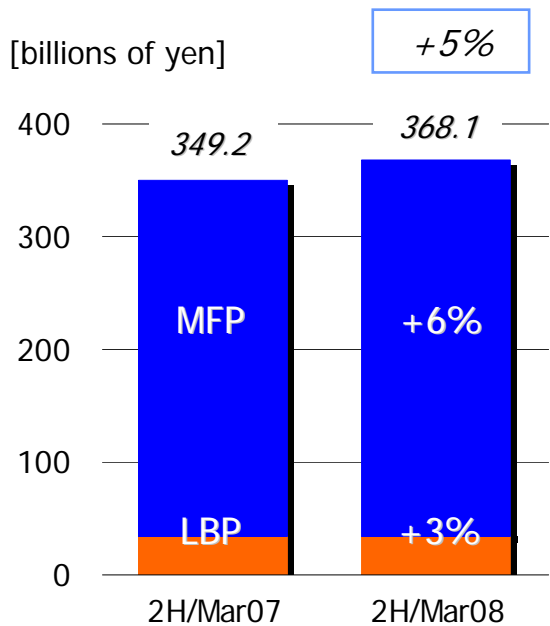
Operating income	Mar08 Forecast - Current			Mar08 Forecast -		Mar07 Actual	
			[a]	[b]	[a] / [b]	[c]	[a] / [c]
	1H Actual	2H Plan	FY Plan	FY	%	FY	%
Business Technologies	44.7	46.8	91.5	83.0	10%	80.0	14%
Optics	13.1	12.4	25.5	23.0	11%	21.0	21%
Medical & Graphic	4.0	5.0	9.0	10.5	-14%	8.9	1%
Other businesses	1.3	2.2	3.5	3.5	0%	2.9	20%
Sub total	63.1	66.4	129.5	120.0	8%	112.8	15%
HD and eliminations	-6.0	-7.5	-13.5	-15.0	---	* -8.8	---
Group total	57.1	58.9	116.0	105.0	10%	104.0	12%

* Including Photo Imaging: -0.8 billion yen



Forecasts [2H Mar08] – Sub segment – net sales/unit sales

■ Business Technologies



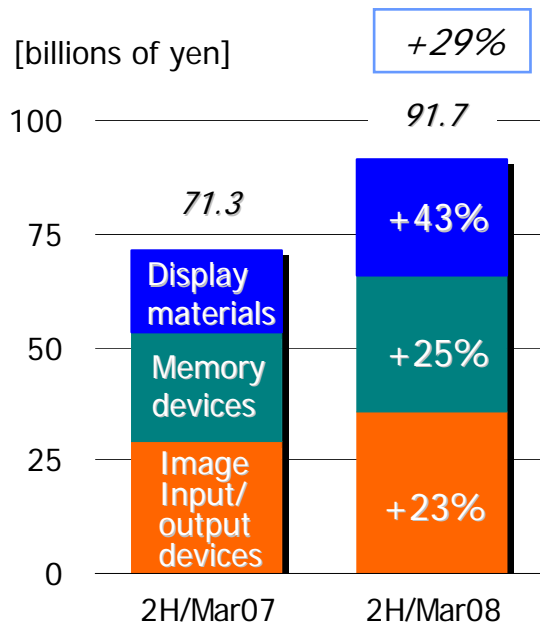
● MFP unit sales Y-O-Y: +5%

Color: +45%
 B/W: -10%
 (of which, production print: +10%)

● LBP unit sales Y-O-Y: -40%

Color: -35%
 (of which, single-pass: +65%)
 B/W: -40%

■ Optics



● LCD materials unit sales Y-O-Y

TAC film : +45%

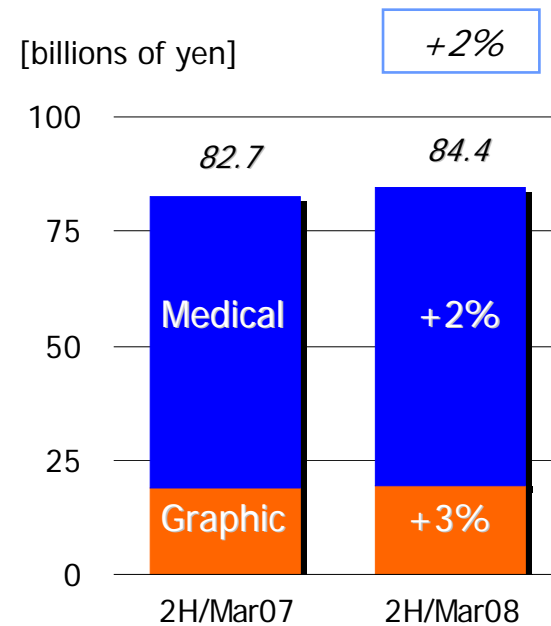
● Memory devices unit sales Y-O-Y

Optical pickup lenses: 0%
 Glass substrates for HD: +35%

● Image input/output components unit sales Y-O-Y

Mobile phone components: +150%

■ Medical & Graphic Imaging



● Medical

X-ray film unit sales Y-O-Y: 0%
 Digital input/output equipment unit sales Y-O-Y: +55%

● Graphic

Graphic-arts film unit sales Y-O-Y: -15%



Operations outlook – 2H and subsequent periods

“The essentials of Imaging” – to be acknowledged as an essential company in the world of imaging

■ Business Technologies

Further promote the “genre-top” strategies.

- ✓ **Color MFP:** Renew product lineup and solidify the top market share in Europe and the US.
- ✓ **Production printing:** Establish the “genre-top” position in color.

■ Optics

Implement full-scale preparations for production to be able to quickly respond to the trend of recovering demand and market expansion.

- ✓ **TAC film:** Expand business scale while maintaining upward trend in new VA-TAC sales .
- ✓ **Optical pickup lens:** Solidify a dominant position in the market for the use of next-generation DVD products and consistently respond to increasing market demand.

■ Medical & Graphic

Strengthen overall marketing; equipment, materials, and solutions.

- ✓ **Medical:** Expand new CR systems marketing for clinics.
- ✓ **Graphic:** Strengthen marketing in the digital printing field.



Supplementary Information

[Reference] 2Q Consolidated Financial Results

	[a] 2Q/Mar08 Actual	[b] 2Q/Mar07 Actual	[Billions of yen] [a] / [b] Y-O-Y (%)										
Net sales	272.6	252.7	8%										
Gross income	133.7	119.7	12%										
<i>Gross income ratio</i>	49.0%	47.4%	---										
Operating income	32.3	24.0	35%										
<i>Operating income ratio</i>	11.9%	9.5%	---										
Ordinary income	27.0	23.4	15%										
Net income before taxes	26.4	25.6	3%										
Net income	21.5	12.0	80%										
<i>Net income ratio</i>	7.9%	4.7%	---										
<table border="0" style="width: 100%;"> <tr> <td style="text-align: right;">FOREX [Yen]</td> <td>USD</td> <td>117.87</td> <td>116.26</td> <td>1.61</td> </tr> <tr> <td></td> <td>EUR</td> <td>161.88</td> <td>148.16</td> <td>13.72</td> </tr> </table>				FOREX [Yen]	USD	117.87	116.26	1.61		EUR	161.88	148.16	13.72
FOREX [Yen]	USD	117.87	116.26	1.61									
	EUR	161.88	148.16	13.72									
CAPEX	10.8	16.8	-35%										
Depreciation	14.6	12.6	16%										
R&D	19.7	18.1	9%										
FCF	17.0	8.4	103%										

[Reference] 2Q Consolidated Financial Results - Segment

	[Billions of yen]		
	[a] 2Q/Mar08 Actual	[b] 2Q/Mar07 Actual	[a] / [b] Y-O-Y (%)
Net sales			
Business Technologies	174.1	158.7	10%
Optics	45.8	35.5	29%
Medical & Graphic	44.9	39.6	13%
Other businesses	4.5	4.1	11%
Sub total	269.3	238.0	13%
HD and eliminations	3.3	* 14.7	
Group total	272.6	252.7	8%
	[a] 2Q/Mar08 Actual	[b] 2Q/Mar07 Actual	[a] / [b] Y-O-Y (%)
Operating income			
Business Technologies	23.3	18.0	29%
Optics	8.3	5.4	53%
Medical & Graphic	2.7	2.4	11%
Other businesses	0.9	1.0	-11%
Sub total	35.2	26.9	31%
HD and eliminations	-2.9	* -2.9	
Group total	32.3	24.0	35%

* Including Photo Imaging:
12.8 billion yen

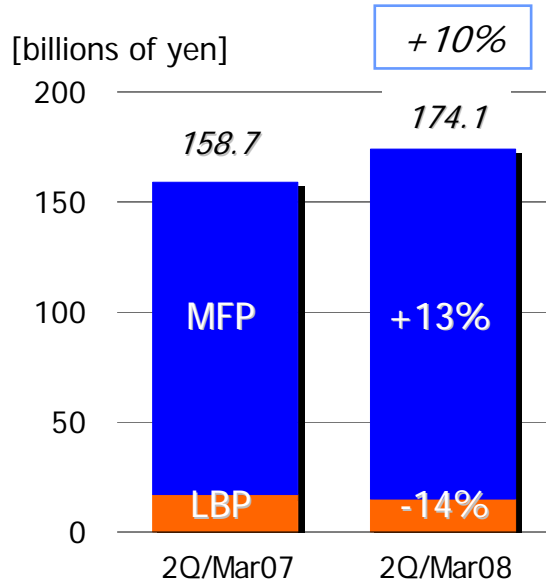
* Including Photo Imaging:
- 0.4 billion yen

[Reference] 2Q Net sales - Sub segment



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Business Technologies



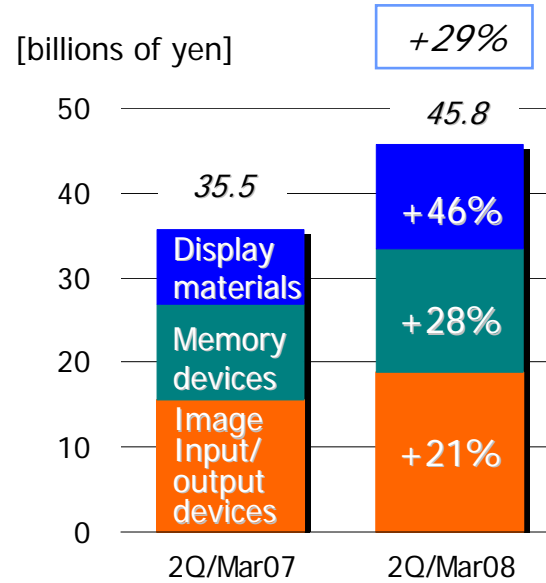
● MFP unit sales Y-O-Y: +9%

Color: +23%
 B/W: +5%
 (of which, production print: +35%)

● LBP unit sales Y-O-Y: -29%

Color: -54%
 (of which, single-pass: +42%)
 B/W: -18%

Optics



● LCD materials unit sales Y-O-Y

TAC film : +53%

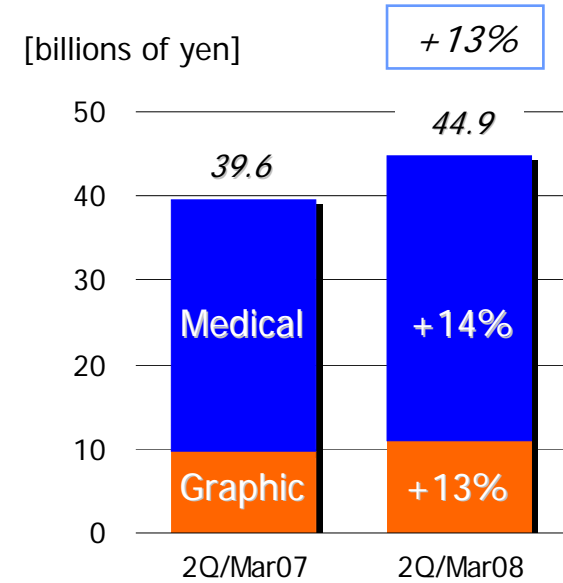
● Memory devices unit sales Y-O-Y

Optical pickup lenses: -3%
 Glass substrates for HD: +3%

● Image input/output components unit sales Y-O-Y

Mobile phone components: +46%

Medical & Graphic Imaging



● Medical

X-ray film unit sales Y-O-Y: -2%
 Digital input/output equipment unit sales Y-O-Y: +47%

● Graphic

Graphic-arts film unit sales Y-O-Y: -1%

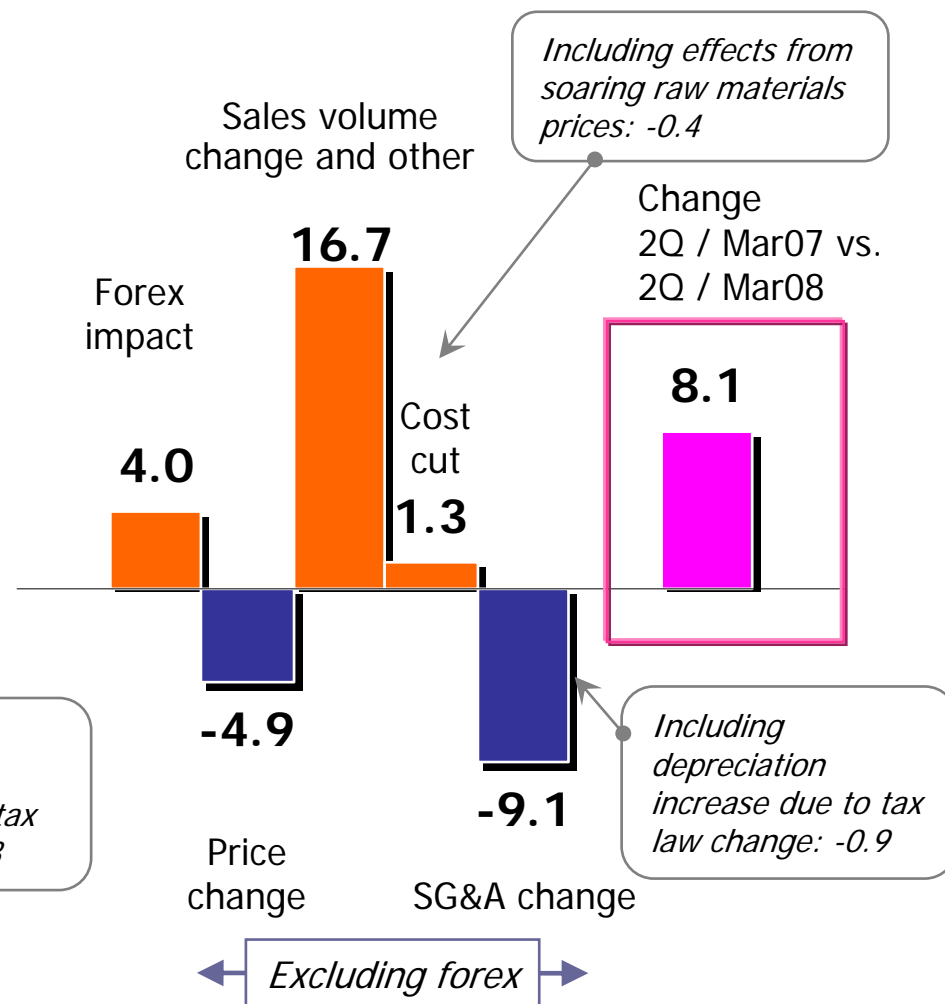
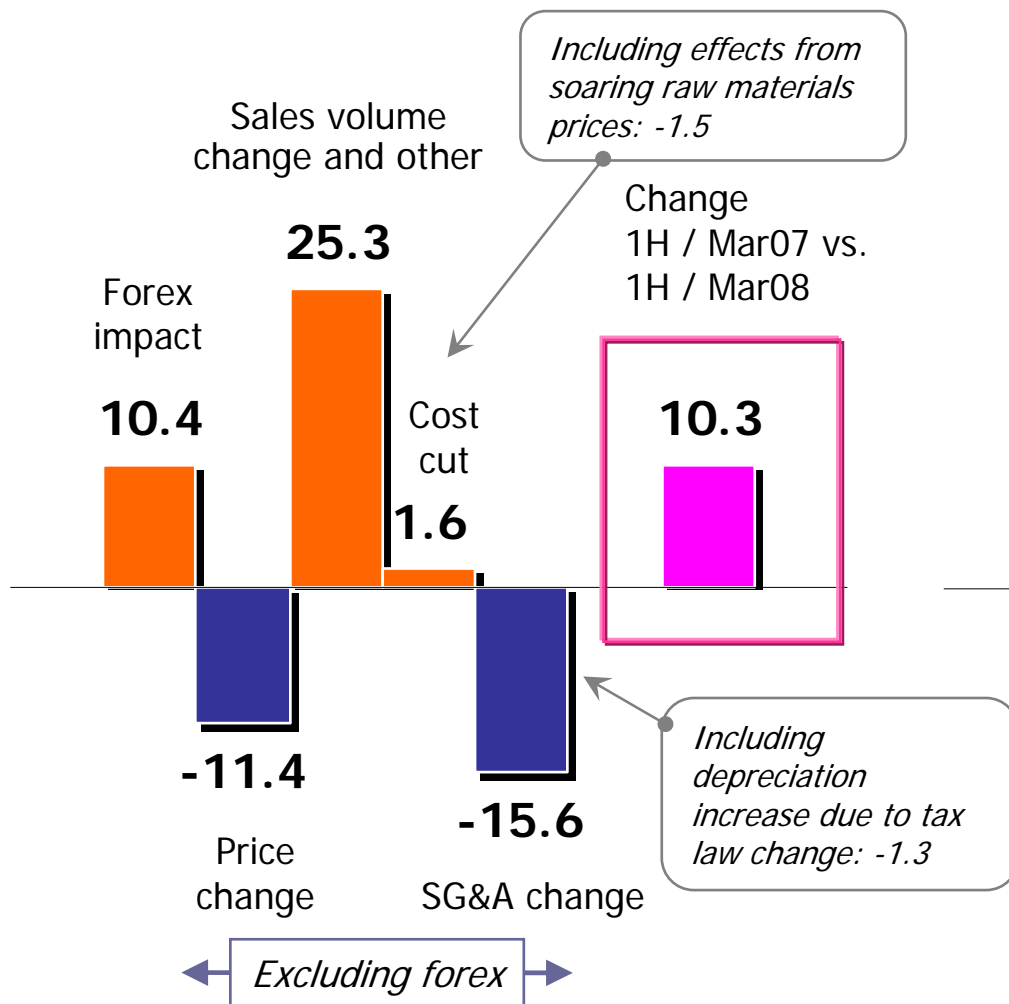
[Reference] Operating income analysis [w/o Photo Imaging]



■ **1H / March 2008**

■ **2Q / March 2008**

[billions of yen]



[Reference] SG&A

[Billions of yen]

	<u>1H/Mar08</u>	<u>1H/Mar07</u>	<u>Y-O-Y</u>	<u>2Q/Mar08</u>	<u>2Q/Mar07</u>	<u>Y-O-Y</u>
Sales expenses	30.7	29.8	0.8	15.4	14.5	0.9
R&D	38.4	34.8	3.6	19.7	18.1	1.6
Salaries and wages	80.3	74.5	5.8	39.3	36.1	3.2
Other	53.2	52.4	0.8	26.9	27.0	-0.0
SG&A total	202.6	191.6	11.1	101.3	95.7	5.7

Forex impact:

1H / Mar08: +7.0 billion yen (Actual: +4.1 billion yen)

2Q / Mar08: +2.6 billion yen (Actual: +3.1 billion yen)

[Reference] Non-operating profit/loss

[Billions of yen]

	1H/Mar08	1H/Mar07	Y-O-Y	2Q/Mar08	2Q/Mar07	Y-O-Y
Interest and dividend income	1.3	1.1	0.3	0.5	0.5	0.0
Foreign exchange gain	0.5	1.7	-1.2	0.0	2.1	-2.1
Other	3.9	5.9	-2.1	2.1	3.9	-1.8
Non-operating income	5.7	8.7	-3.0	2.7	6.5	-3.8
Interest expenses	2.2	2.7	-0.5	1.0	1.4	-0.4
Loss on revaluation/disposal of	2.4	2.6	-0.2	1.4	2.0	-0.6
Foreign exchange loss	0.0	0.0	0.0	3.6	0.0	3.6
Other	3.4	4.7	-1.3	2.1	3.7	-1.6
Non-operating expenses	8.1	10.1	-2.0	8.0	7.1	0.9
Non-operating income/expenses	-2.4	-1.4	-1.0	-5.4	-0.6	-4.7

[Reference] Extraordinary income/loss

	[Billions of yen]					
	<u>1H/Mar08</u>	<u>1H/Mar07</u>	<u>Y-O-Y</u>	<u>2Q/Mar08</u>	<u>2Q/Mar07</u>	<u>Y-O-Y</u>
Gain on sales of fixed assets	1.1	0.8		1.1	0.2	
Gain on sales of investment securities	0.0	1.6		0.0	1.0	
Gain on sales of isubsidiaries' securities	0.0	1.2		0.0	1.2	
Reversal of allowance for loss on withdrawal from operation	0.0	0.7		0.0	0.7	
Other	0.2	0.0		0.1	0.0	
Extraordinary profits	1.4	4.2	-2.9	1.3	3.2	-1.9
Loss on disposal/sales of fixed assets	1.0	1.2		0.7	0.9	
Loss due to impairment	0.4	0.0		0.4	0.0	
Other	0.8	0.0		0.8	0.0	
Extraordinary losses	2.2	1.2	1.0	1.9	0.9	0.9
Extraordinary profits/losses	-0.8	3.0	-3.8	-0.6	2.2	-2.8

[Reference] Cash Flows



	[Billions of yen]					
	1H/Mar08	1H/Mar07	Y-O-Y	2Q/Mar08	2Q/Mar07	Y-O-Y
Income before income taxes	53.9	47.9	6.0	26.4	25.6	0.8
Depreciation and amortization	28.6	24.6	3.9	14.7	12.6	2.1
Increase (decrease) in reserve for business withdrawal losses	-10.4	-16.0	5.6	-8.7	-7.5	-1.2
Increase (decrease) of working capital, other	-21.7	-29.6	7.8	-3.9	-6.6	2.7
I. Net cash provided by operating activities	50.3	26.9	23.4	28.5	24.1	4.3
II. Net cash outflow from investing activities	-31.6	-26.7	-4.8	-11.4	-15.8	4.3
I. + II. Free cash flow	18.7	0.2	18.5	17.0	8.4	8.6
Increase (decrease) in debts and bonds	-11.1	-9.1	-2.0	-11.5	-2.2	-9.4
Dividends paid	-5.3	-0.0	-5.3	0.0	-0.0	0.0
Other	-0.2	-0.1	-0.0	-0.1	-0.1	-0.1
III Net cash outflow from financing activities	-16.6	-9.3	-7.3	-11.7	-2.2	-9.4

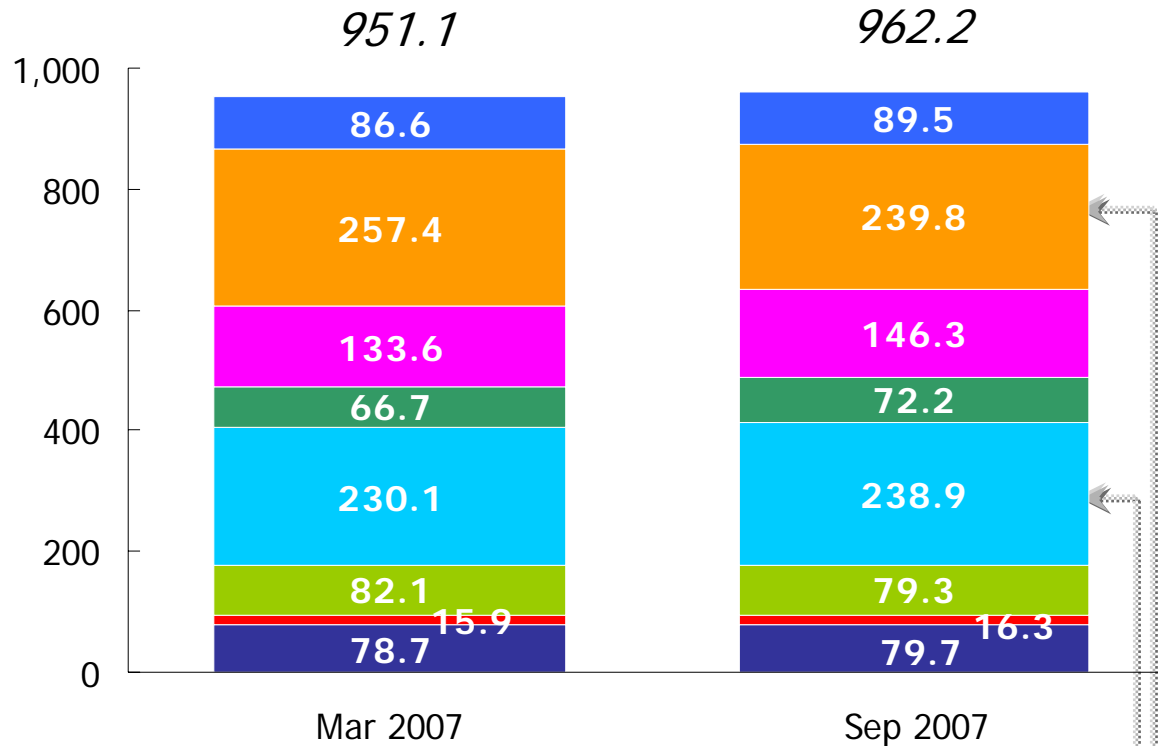
[Reference] B/S - Assets



KONICA MINOLTA

Forex: B/S	[Yen]	
	Mar 2007	Sep 2007
US\$	118.05	115.43
Euro	157.33	163.38

[Billions of yen]



- Cash and deposits
- Notes and A/R
- Inventories
- Other current assets
- Tangible fixed assets
- Consolidation goodwill
- Other intangible fixed assets
- Investments and others

Mar 2007 vs. Sep 2007: + 11.1 billion yen
 Of which, forex impact: + 1.3 billion yen
 (Actual change: + 9.8 billion yen)

Due to Photo Imaging's business exit:
 -6.0 billion yen

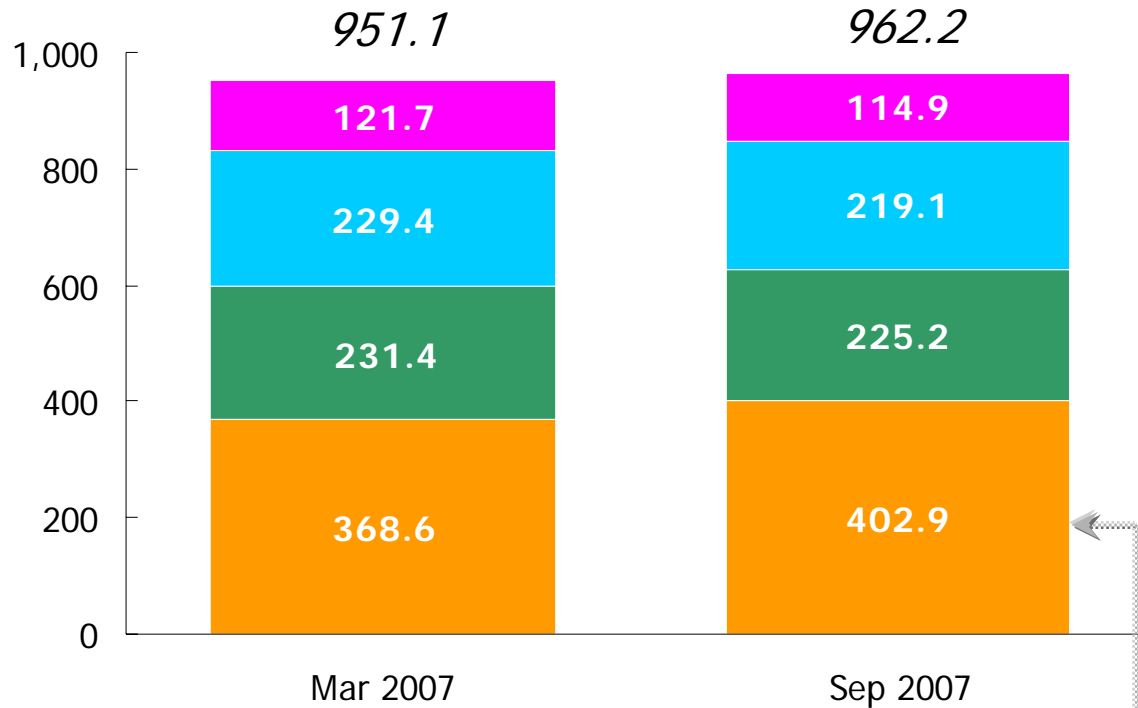
TAC film production facilities, etc.

[Reference] B/S – Liabilities and shareholders' equity



KONICA MINOLTA

[Billions of yen]



Forex: B/S	[Yen]	
	Mar 2007	Sep 2007
US\$	118.05	115.43
Euro	157.33	163.38

- Notes and A/P
- Interest bearing debts
- Other current liabilities
- shareholders' equity

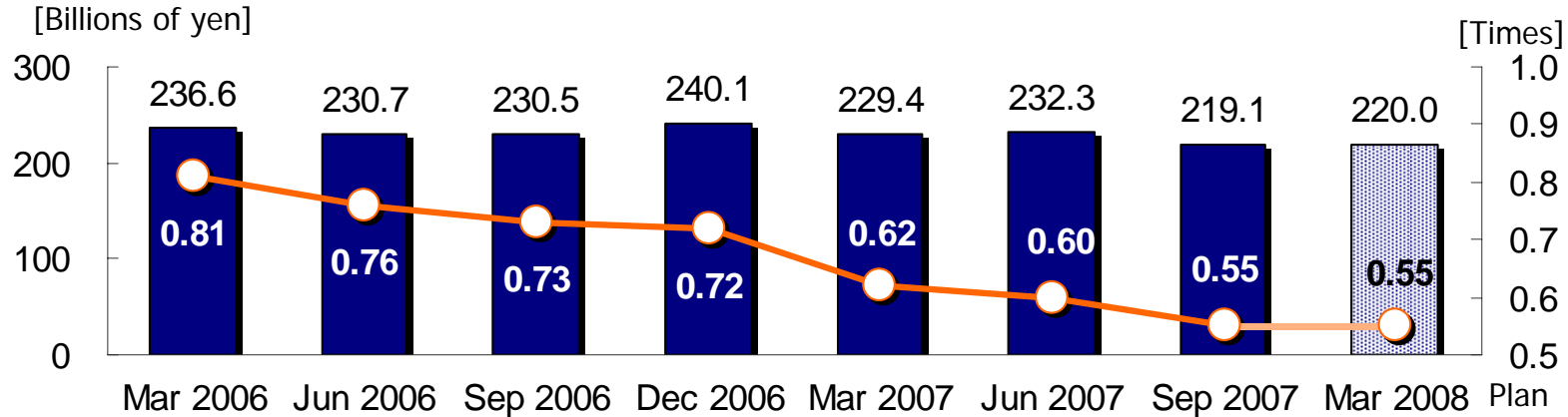
Equity ratio:
 Mar 2007 → 38.6%
 Sep 2007 → 41.7%

Mar 2007 vs. Sep 2007: + 11.1 billion yen
 Of which, forex impact: + 1.3 billion yen
 (Actual change: + 9.8 billion yen)



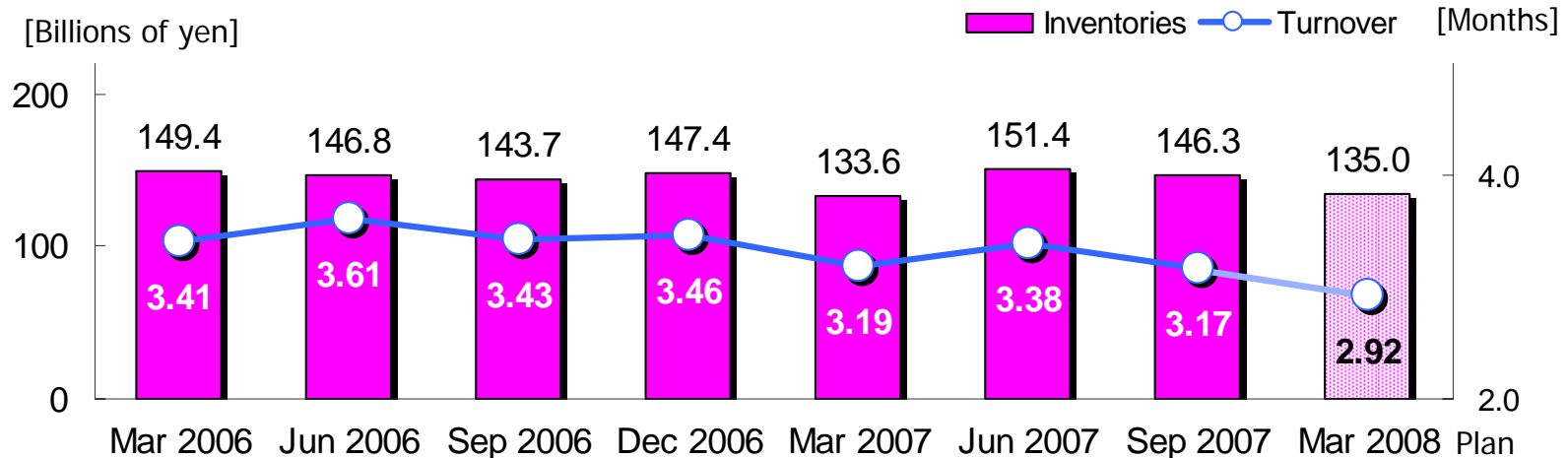
[Reference] Interest bearing debts and inventories

Interest-bearing debts



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

Inventories and inventory turnover

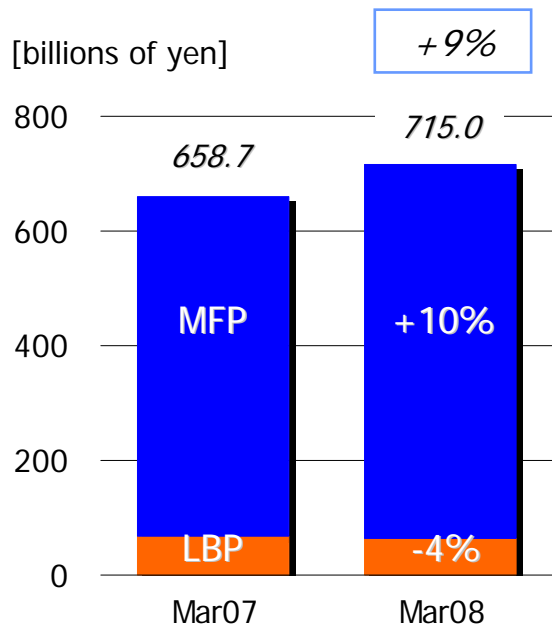


Inventory turnover (months) = Average inventories / Average cost of sales per month

[Reference] Full year Forecasts – Sub segment – net sales/unit sales



■ Business Technologies



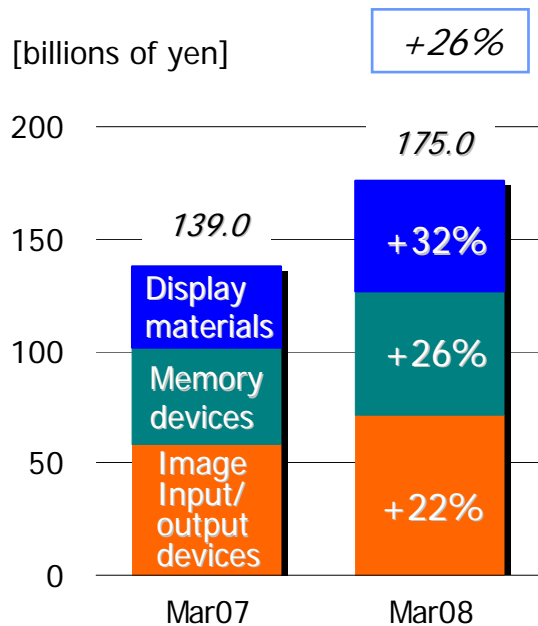
● **MFP unit sales Y-O-Y: +5%**

Color: +35%
 B/W: -5%
 (of which, production print: +20%)

● **LBP unit sales Y-O-Y: -30%**

Color: -35%
 (of which, single-pass: +40%)
 B/W: -30%

■ Optics



● **LCD materials unit sales Y-O-Y**

TAC film : +40%

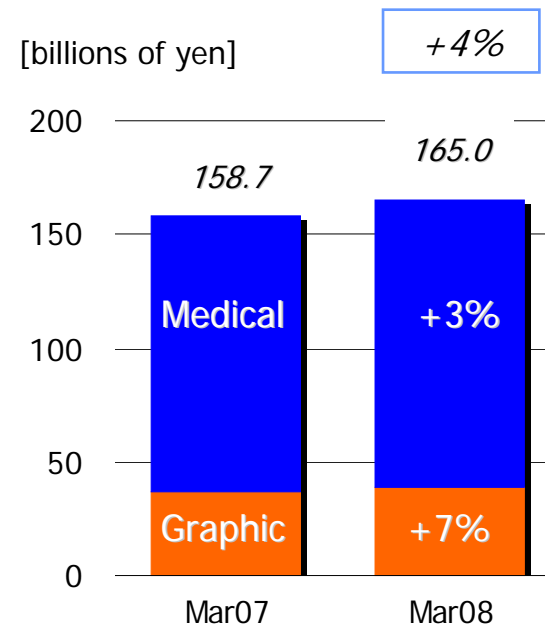
● **Memory devices unit sales Y-O-Y**

Optical pickup lenses: -5%
 Glass substrates for HD: +15%

● **Image input/output components unit sales Y-O-Y**

Mobile phone components: +80%

■ Medical & Graphic Imaging



● **Medical**

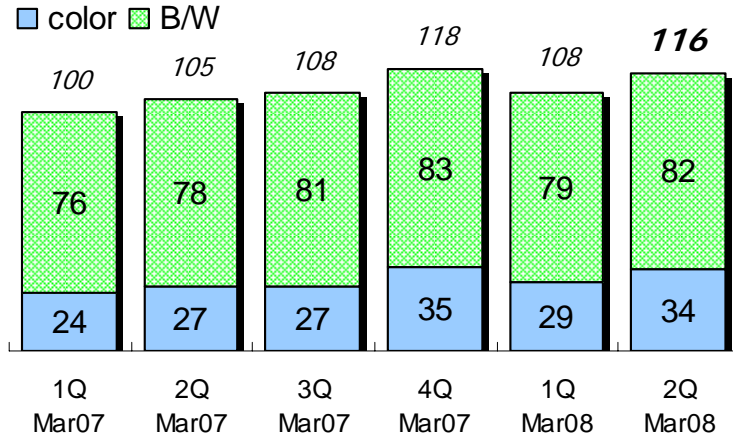
X-ray film unit sales Y-O-Y: -5%
 Digital input/output equipment unit sales Y-O-Y: +40%

● **Graphic**

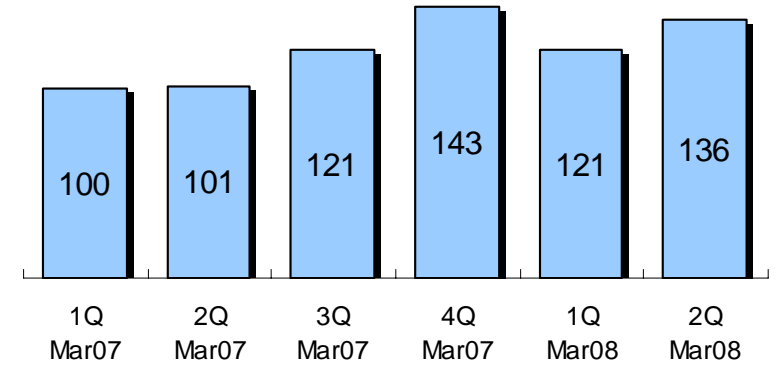
Graphic-arts film unit sales Y-O-Y: -5%

[Reference] Unit sales – Business Technologies

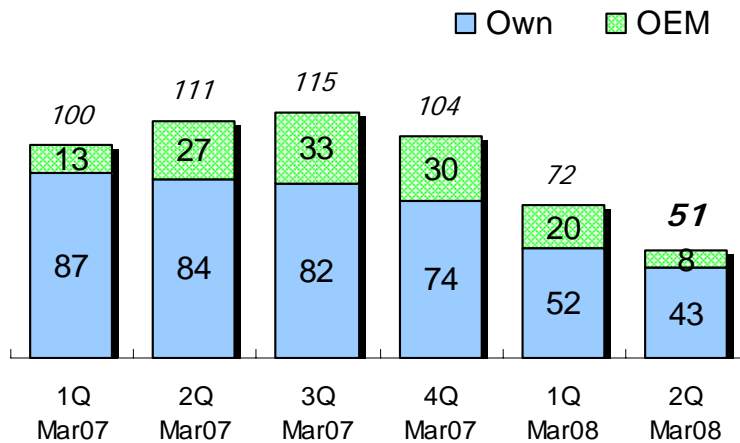
MFP



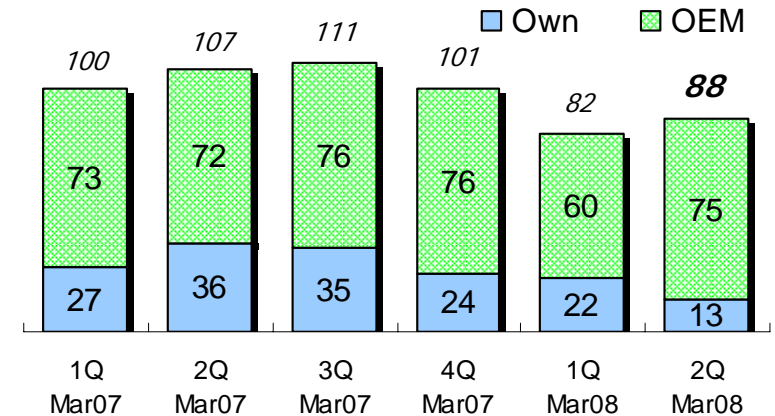
Production printing (Color and B/W)



Color LBP



B/W LBP



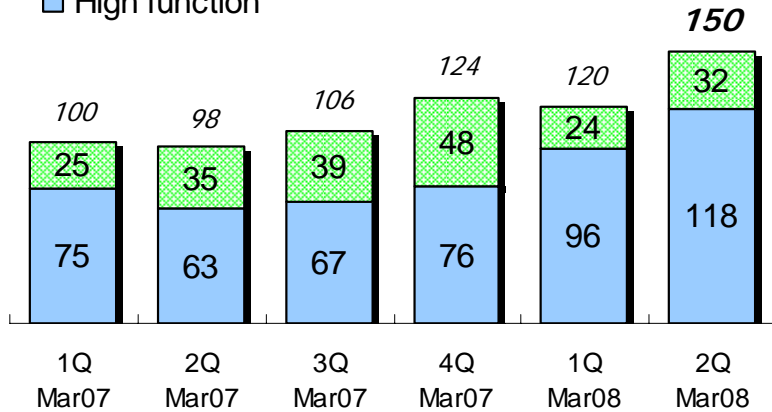
* Base index : "1Q Mar07" = 100

[Reference] Unit sales – Optics

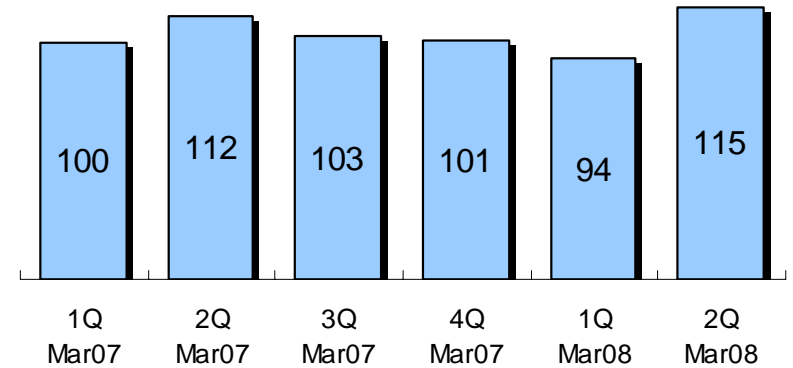


■ TAC film

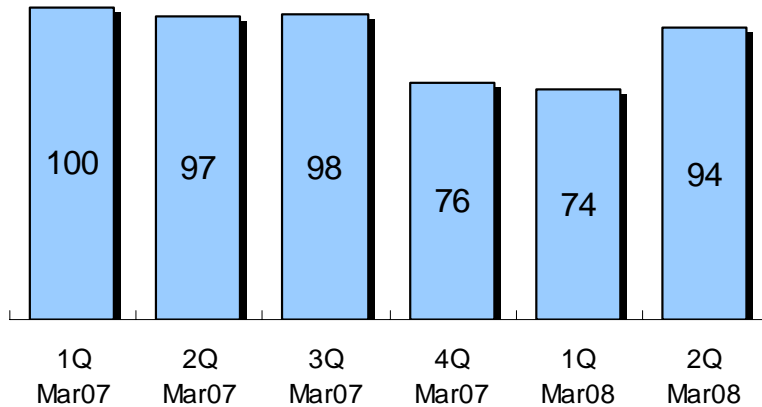
- Standard
- High function



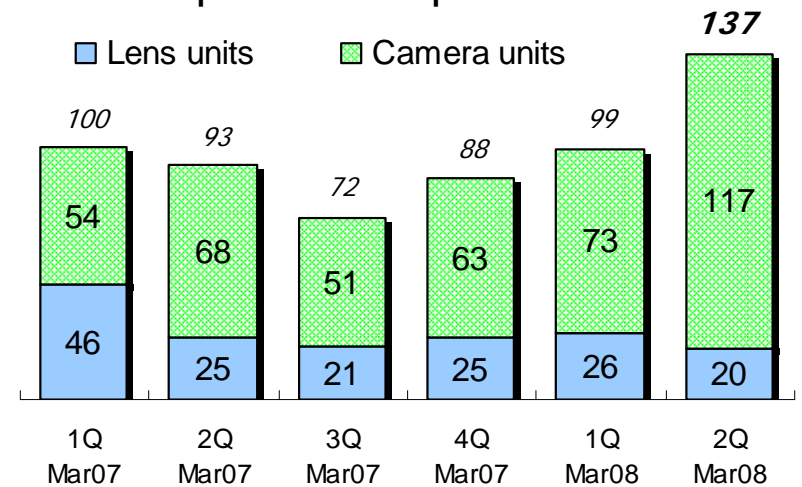
■ Glass substrates for HD



■ Optical pickup lens



■ Mobile phone components

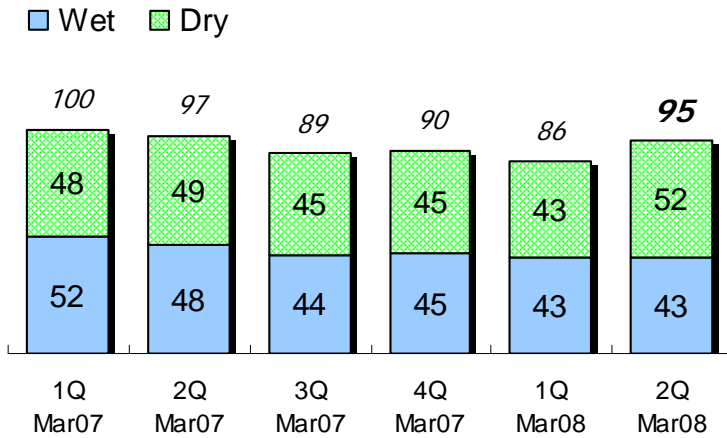


* Base index : "1Q Mar07" = 100

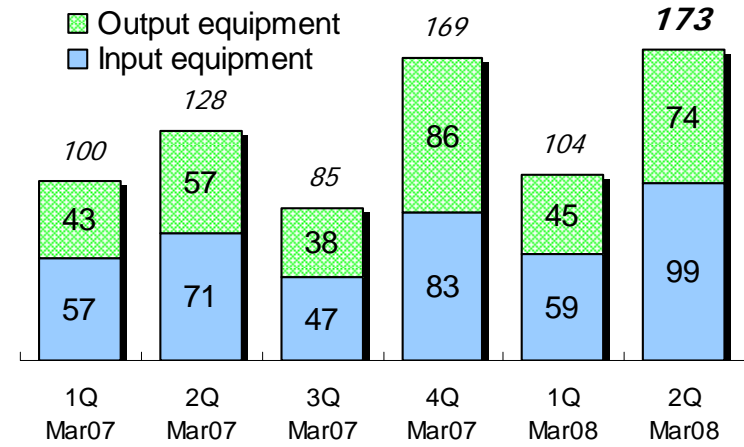


[Reference] Unit sales – Medical & Graphic

■ X-ray film (dry & wet)



■ Digital input/output equipment



* Base index : "1Q Mar07" = 100