August 7, 2008

Consolidated Financial Results for the 1st Quarter ended June 30, 2008

Konica Minolta Holdings, Inc.

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1. Overview of the 1st Quarter Performance (From April 1, 2008 to June 30, 2008)

(1) Business performance

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

	Net sales		Operating income		Recurring profit	
Three months ended June 30, 2008	255,139	-%	24,478	-%	27,938	-%
Three months ended June 30, 2007	252,407	4.6%	24,735	11.2%	27,706	29.1%

	Net income		Net income per share		Net income per share (after full dilution)	
Three months ended June 30, 2008	17,628	-%	33.22	yen	31.36	yen
Three months ended June 30, 2007	16,135	52.9%	30.40	yen	28.72	yen

(2) Financial Position

[Millions of yen]

	Total assets	Net assets	Equity ratio (%)	Net assets per share 〔Yen〕
June 30, 2008	987,631	445,859	45.0	838.54
March 31, 2008	970,538	418,310	43.0	786.20

Notes: Shareholders' equity
Fiscal year ended June 30, 2008: ¥444,913 million
Fiscal year ended March 31, 2008: ¥417,166 million

2. DIVIDENDS

[yen]

	Dividends per share				
	1st Q	Interim	3rd Q	Year-end	Total annual
Fiscal year ended March 31, 2008	—	7.50	—	7.50	15.00
Fiscal year ending March 31, 2009	—				20.00
Fiscal year ending March 31, 2009 (forecast)		10.00	—	10.00	

Note: Change to dividend forecast: none

3. CONSOLIDATED RESULTS FORECAST FOR FISCAL YEAR ENDING MARCH 31, 2009 (From April 1, 2008 to March 31, 2009)

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

[Millions of yen]

	Net sales		Operating income		Recurring profit		Net income		Net income per share [yen]
Six months	535,000	1.9%	56,500	-1.0%	55,000	0.6%	34,000	-9.7%	64.08
Full-year	1,110,000	3.6%	120,000	0.3%	115,000	10.3%	70,000	1.7%	131.93

Note: Change to consolidated results forecast: none

4. Other

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

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

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

(3) Changes to consolidated financial statement principles, preparation processes, disclosure methods, etc. (Description of changes to important items fundamental to financial statement preparation)

a. Changes accompanying amendment of accounting principles: Yes
b. Changes other than "a.": Yes
Note: For more detailed information, please see the "4.Other" section on page 13.

(4) Number of outstanding shares（common stock）

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

First quarter of fiscal year ending March 31, 2009:	531,664,337 shares
Fiscal year ended March 31, 2008:	531,664,337 shares

b. Treasury stock at period-end

First quarter of fiscal year ending March 31, 2009:	1,083,356 shares
Fiscal year ended March 31, 2008:	1,055,317 shares

c. Average number of outstanding shares

First quarter of fiscal year ending March 31, 2009:	530,599,707 shares
First quarter of fiscal year ended March 31, 2008:	530,714,526 shares

Explanation of Appropriate Use of Performance Projections and Other Special Items

Beginning with the current fiscal year, the “Accounting Standards for Quarterly Financial Reporting” (ASBJ, ASBJ Statement No. 12,) and the “Implementation Guidance for the Accounting Standards for Quarterly Financial Statements” (ASBJ, ASBJ Guidance No. 14,) have been applied. In addition, the quarterly consolidated financial statements are prepared following the “Rules for Quarterly Consolidated Financial Statements.”

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

1. Consolidated Operating Results

(1) Overview of Performance

1st quarter results for the fiscal year ending March 31, 2009 (From April 1, 2008 to June 30, 2008)

[Millions of yen]

	Three months ended June 30, 2008 (April 1, 2008 – June 30, 2008)	Three months ended June 30, 2007 (April 1, 2007 – June 30, 2007)	Increase (Decrease)	
Net sales	255,139	252,407	2,732	1.1%
Gross profit	119,931	126,026	(6,095)	-4.8%
Operating income	24,478	24,735	(257)	-1.0%
Recurring profit	27,938	27,706	231	0.8%
Net income before income taxes and minority interests	30,756	27,490	3,265	11.9%
Net income	17,628	16,135	1,493	9.3%
Net income per share [yen]	33.22	30.40	2.82	9.3%
Capital expenditure	13,696	22,791	(9,094)	-39.9%
Depreciation	16,168	13,947	2,221	15.9%
R & D expenses	20,870	18,703	2,166	11.6%
Exchange rates [yen]				
US dollar	104.55	120.78	(16.23)	-13.4%
Euro	163.43	162.72	0.71	0.4%

Regarding the net sales of the Konica Minolta Group's principal business segments during the quarterly fiscal period under review, the core Business Technologies Business continued to record robust sales of color MFP (multifunctional peripheral) products in Europe, where it has a strong marketing base. Overall net sales in that segment were somewhat below the level in the same period of the previous fiscal year, however, owing to sluggish sales in the United States from summer 2007 that reflected the protraction of economic deceleration following the emergence of the subprime loan crisis as well as owing to the considerable appreciation of the yen against the U.S. dollar. In the strategic business field of the Optics Business, Konica Minolta maintained the sales growth momentum achieved in the previous fiscal year with respect to such strategic products as VA-TAC films (viewing angle expansion films) for large LCD televisions, DVD pickup lenses for next-generation Blu-ray Discs, and glass substrates that are essential components in hard disk drives (HDDs) used with personal computers and other equipment. In the Medical and Graphic Imaging Business, film product sales were sluggish in the medical and printing fields, where digitization is proceeding rapidly. As a result of these trends, consolidated net sales for the quarterly fiscal period amounted to ¥255,139 million, an increase of 1.1%, or ¥2,732 million from the same period of the previous fiscal year. We estimate that the impact of the appreciation of the yen against the U.S. dollar currency and other exchange rate changes had the effect of reducing net sales by approximately ¥11.9 billion.

Gross profit for the period declined ¥6,095 million year on year, to ¥119,931 million. This reflected such factors as the accounting shift of service expenses from selling, general and administrative (SG&A) expenses to cost of sales by a portion of the Business Technologies Business product marketing companies as a part of measures to unify the accounting methods of subsidiaries, the accounting shift of losses on the disposal of inventory assets from nonoperating expenses to cost of sales due to the application of new inventory asset evaluation accounting standards, and a rise in depreciation expenses owing to tax system reforms. As a result of these various factors, the gross profit ratio was 47.0%, down 2.9 percentage points from 49.9% in the same period of the previous fiscal year. Excluding the ¥10.0 billion estimated effect of these accounting changes, gross profit for the quarter would have amounted to ¥129.9 billion, up 3.1% from the same period of the previous fiscal year, and the gross profit ratio would have been 50.9%, up 1.0 percentage point from the same period of the previous fiscal year. This underlying performance improvement is the result of Groupwide cost reduction efforts designed to improve profitability and to offset the decline in selling prices amid intensifying competition and the surge in raw materials prices.

Despite a ¥2,166 million rise in R&D expenses that reflected the Business Technologies Business' emphasis on color products and production printing business, SG&A expenses decreased ¥5,838 million year on year, to ¥95,453 million, reflecting the abovementioned accounting shift of service expenses to cost of sales and other factors. As a consequence, the Company was able to record ¥24,478 million in operating income and a 9.6% ratio of operating income to net sales—both these figures are approximately the same level as in the same period of the previous fiscal year. Excluding the ¥2.2 billion estimated effect of the previously mentioned accounting changes, operating income for the quarter would have increased 7.9% year on year, to ¥26.6 billion, and the operating income ratio would have improved 0.7 percentage point, to 10.5%.

Reflecting such factors as a ¥1,593 million decrease in foreign exchange gains and the accounting shift of losses on disposal of inventory assets from nonoperating expenses to cost of sales due to the application of new inventory asset evaluation accounting standards, net non-operating income improved ¥489 million. Consequently, recurring profit for the quarter increased 0.8%, or ¥231 million, year on year, to ¥27,938 million.

Net extraordinary profit improved ¥3,033 million, reflecting such factors as gains on the sale of an affiliate and gains on the transfer of business associated with the transfer of a subsidiary in the Medical and Graphic Imaging Business segment—Konica Minolta ID System Co., Ltd.—and related business assets. Consequently, income before income taxes and minority interests grew 11.9%, or ¥3,265 million year on year, to ¥30,756 million. After deducting income taxes and minority interests, net income amounted to ¥17,628 million, up 9.3%, or ¥1,493 million year on year. Net income per share was ¥33.22, up 9.3%, or ¥2.82.

Konica Minolta has continued implementing measures based on its three-year medium-term business plan, FORWARD 08, which was begun in May 2006. These measures were designed to promote the Group's growth and maximize the Group's corporate value by effectively implementing the "genre-top strategy," which calls for concentrating management resources in specified business fields and markets to establish the top brand in those fields and markets.

In line with this strategy, Konica Minolta continued augmenting its capabilities for manufacturing TAC film (protective film for polarizing plates), an essential component of LCDs. The Company completed the construction of its No. 6 TAC film production line (Kobe, Japan), in June 2008, and has begun constructing its No. 7 TAC film production line (Kobe, Japan), which is scheduled to begin operating in fall 2009. As a result of these and other proactive investments to expand production capacity in strategic growth fields, the Company's capital investments in the quarterly fiscal period under review amounted to ¥13,696 million.

Owing to the completion of the No. 6 TAC film production line and a rise in depreciation expenses owing to tax system reforms, depreciation expenses for the quarterly period under review totaled ¥16,168 million, up ¥2,221 million year on year.

Regarding exchange rate trends during the quarterly period under review, the trend of yen appreciation has rapidly proceeded. Average exchange rates for the period were ¥104.55=US$1, corresponding to yen appreciation of ¥16.23 (13.4%) from the previous fiscal year, and this was a noteworthy factor in placing downward pressure on consolidated net sales. The exchange rate against the euro was ¥163.43=€1, roughly unchanged from the same period of the previous fiscal year.

(2) Overview by Segment

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

[Millions of yen]

	Three months ended June 30, 2008 (April 1, 2008– June 30, 2008)	Three months ended June 30, 2007 (April 1, 2007 – June 30, 2007)	Increase (Decrease)	
(1) Net sales to outside customers	166,714	172,805	(6,091)	-3.5%
(2) Intersegment net sales	1,063	1,147	(84)	-7.4%
Total net sales	167,777	173,953	(6,175)	-3.6%
Operating income	17,146	21,423	(4,276)	-20.0%

In the MFP field, we are implementing a "genre-top strategy" that emphasizes measures to expand sales of general office-use color MFP products. Demand for these products is continuing to grow in Japan and overseas markets as users move to replace their monochrome products.

Having strengthened its general office-use "bizhub" color MFP product lineup in all market segments from low-speed segments to high-speed segments with the launch of five new products during the previous fiscal year, Konica Minolta recorded strong "bizhub" sales during the quarterly period under review, particularly in Europe. Amid protracted economic deceleration in the United States, however, credit restrictions regarding new lease contracts and other factors slowed growth in sales of color products. This and slow down in demand for monochrome products for new installations and replacement kept overall sales in the United States sluggish.

In the production printing field—which is focused on such customers as large corporations' internal printing departments, franchised print shops, and commercial digital printing companies—we maintained robust sales centered on "bizhub PRO C6500/C5500" high-speed color MFPs.

With respect to the LBP field, we are emphasizing efforts to strengthen our marketing of products to ordinary offices that anticipate considerable printing volumes, offering products through MFP channels under the "bizhub" brand and through IT-related channels under the long-standing "magicolor" brand. In accordance with this strategy, we worked to promote greater sales of both brands, with emphasis on medium- to high-speed tandem color LBPs and all-in-one models with printing, copying, and scanning functions.

Reflecting these efforts as well as the impact of the large appreciation of the yen against the dollar, sales to external customers declined 3.5% year on year, to ¥166,714 million. The sales reduction due to foreign exchange rate impact is estimated to be approximately ¥9.4 billion, which is greater than the impact of foreign exchange rate impact on the Company's other business segments. A rise in SG&A expenses centered on R&D expenses caused operating income to decrease 20.0%, to ¥17,146 million.

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

[Millions of yen]

	Three months ended June 30, 2008 (April 1, 2008 – June 30, 2008)	Three months ended June 30, 2007 (April 1, 2007 – June 30, 2007)	Increase (Decrease)	
(1) Net sales to outside customers	51,056	37,490	13,565	36.2%
(2) Intersegment net sales	245	231	14	6.1%
Total net sales	51,302	37,722	13,580	36.0%
Operating income	8,848	4,733	4,114	86.9%

Regarding display materials, Konica Minolta has been greatly increasing its TAC film production capacity through such moves as the start of full-scale operations at its No. 5 TAC film production line, which was completed in November 2007, as well as the June 2008 completion of the No. 6 TAC film production line. In particular, new versions of VA-TAC viewing angle expansion film launched in 2007 and 2008 have been highly evaluated by customers. The Company greatly increased the volume of its sales of these products for applications centered on large LCD televisions, for which demand is continuing to increase.

In the field of memory-related products, regarding mainstay optical pickup lens products, Konica Minolta's sales of products for CD-related applications decreased, but demand for DVD optical pickup lenses centered on high-end recording lenses began recovering. Moving in advance of other companies, the Company has established an overwhelmingly strong position with respect to optical pickup lenses for Blueray Disks, and sales of these lenses were robust. In glass hard disk substrates, we recorded strong sales volumes of products centered on those for vertical magnetic recording format HDDs.

In the image input/output component field, sales of zoom lenses for digital cameras were slack in Europe and the United States due to the impact of inventory adjustments, but microcamera modules for camera-equipped mobile phones were strong, particularly large-pixel-count modules.

As a result, sales to outside customers in this segment advanced 36.2% year on year, to ¥51,056 million. Despite higher depreciation expenses owing to tax reforms affecting LCD-related materials manufacturing facilities, operating income surged 86.9%, to ¥8,848 million.

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

[Millions of yen]

	Three months ended June 30, 2008 (April 1, 2008 – June 30, 2008)	Three months ended June 30, 2007 (April 1, 2007 – June 30, 2007)	Increase (Decrease)	
(1) Net sales to outside customers	31,288	35,760	(4,472)	-12.5%
(2) Intersegment net sales	502	1,032	(530)	-51.3%
Total net sales	31,790	36,793	(5,002)	-13.6%
Operating income	1,418	1,296	122	9.4%

In the medical/healthcare field, we are focusing on expanding sales of such digital input/output equipment as the "REGIUS" series of digital radiography image inputting systems. During the period under review, we worked to expand sales of the "REGIUS MODEL 110" and the associated "REGIUS Unitea" peripheral terminal system, which were launched in June 2007 as products that facilitate the use of sophisticated IT by relatively small hospitals and clinics. Designed to offer a compact and simple operating environment, these new products' design concepts have been highly evaluated by various customers directly involved with image-based diagnostic work. As a result, growth was achieved in the domestic and overseas sales volumes of digital medical equipment products centered on those products.

In the graphic (printing) segment, the move to filmless imaging progressed further in step with the shift to digital printing processes, causing considerable drops in the Company's domestic and overseas sales of printing-use films during the quarter. Regarding digital equipment, the Company proactively strove to expand sales of the "Pagemaster Pro 6500" on-demand printing system, and sales volume increased were achieved overseas, although a drop in the capital investment proclivity of Japanese companies kept domestic sales volume slack.

Reflecting the decline in sales of film products mainly for overseas, sales to outside customers in this segment decreased 12.5%, or ¥4,472 million, from the same period of the previous fiscal year, to ¥31,288 million. However, operating income rose 9.4%, to ¥1,418 million, reflecting such factors as selling price adjustments implemented in view of the soaring price of silver used for manufacturing film products.

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

This segment draws on Konica Minolta's exclusive light-measurement technologies to provide diverse domestic and overseas customers with diverse unique measurement instruments, including those for measuring colorimetric levels, gloss levels, illumination levels, blood oxygen levels, jaundice levels, and three-dimensional shapes.

During the period under review, the Company recorded robust sales in European markets centered on the "CM-700" spectrophotometer and other products used to meet color measurement needs associated with manufacturing and quality control processes for automobiles, electronics, foodstuffs, and other products. In the three-dimensional measurement field, Konica Minolta added the "RANGE7" noncontact digitizer to its lineup of three-dimensional digitizers for commercial and academic applications and recorded strong sales of those products in Japan and overseas. Sales to outside customers in this segment advanced 4.8% from the same period of the previous fiscal year, to ¥2,360 million, although operating income decreased 28.1%, to ¥197 million.

Other Businesses

■ Industrial Inkjet Business [Industrial inkjet printer heads, textile printers, etc.]

Utilizing Konica Minolta's proprietary inkjet technologies and unique chemical and ink technologies, this segment markets high-definition printer heads and inks to major printer manufacturers and large inkjet printers for textile use. During the quarterly period, sales of printer heads and ink products to major customers in Japan fell considerably, but a smooth increase was seen in orders for large-format printer heads from customers in Asia, Europe, and North America.

Sales to outside customers in this segment increased 6.0% from the same period of the previous fiscal year, to ¥1, 614 million, and operating income decreased 22.9%, to ¥124 million.

2. Financial Position

(1) Analysis of Financial Position

[Millions of yen]

		As of June 30, 2008	As of March 31,2008	Increase (Decrease)
Total assets	[Millions of yen]	987,631	970,538	17,093
Total liabilities	[Millions of yen]	541,772	552,227	(10,455)
Net assets	[Millions of yen]	445,859	418,310	27,548
Net assets per share	[Yen]	838.54	786.20	52.34
Equity ratio	[%]	45.0	43.0	2.0

At the end of the quarterly period under review, total assets amounted to ¥987,631 million, up 1.8%, or ¥17,093 million, from the previous fiscal year-end. Current assets declined 0.9%, or ¥5,015 million, to ¥552,095 million, and accounted for 55.9% of total assets, while non-current assets grew 5.3%, or ¥22,108 million, to ¥435,536 million, and accounted for 44.1% of total assets.

Regarding current assets, a rise in capital investments, greater demand for funds for such applications as the Business Technologies Business's acquisition of a major U.S.-based dealer (Danka Office Imaging Company (DOIC)), and the repayment of interest-bearing debt caused a decrease of ¥4,993 million, to ¥84,224 million, in cash and deposits and a drop of ¥23,000 million, to ¥10,000 million, in marketable securities. Trade notes and accounts receivable, which ordinarily rise at fiscal year-end, decreased ¥4,705 million, and other accounts receivable were down ¥4,944 million.

Inventories centered on those of the Business Technologies Business increased ¥16,531 million, to ¥149,468 million. Accompanying measures to unify accounting methods of overseas subsidiaries and to change accounting standards for domestic lease transactions, a net increase of ¥16,485 million was recorded in lease receivables.

Regarding non-current assets, tangible fixed assets decreased ¥3,441 million, to ¥242,548 million, as a ¥3,091 million increase in buildings and structures that was mainly attributable to the Optics Business was offset by a ¥6,122 million decrease in assets for rent. The recording of ¥23,189 million of goodwill in connection with the acquisition of DOIC led to a ¥23,149 million rise in intangible fixed assets, to ¥116,998 million. In addition, investments and other assets rose ¥2,400 million, to ¥75,990 million, owing mainly to a rise in the market value of investment securities.

Total liabilities at the end of the quarterly period under review amounted to ¥541,772 million, down 1.9%, or ¥10,455 million, from the previous fiscal year-end, and corresponded to 54.9% of total assets. Current liabilities decreased ¥9,500 million, or 2.6%, to ¥356,070 million, and corresponded to 36.1% of total assets, while non-current liabilities declined ¥954 million, or 0.5%, to ¥185,702 million, and corresponded to 18.8% of total assets. Additional progress made in repaying interest-bearing debt (the sum of long-term loans and bonds) led to a ¥12,394 million decrease in interest-bearing debt, to ¥213,630 million. Accrued income taxes and allowance for bonus decreased ¥5,370 million and ¥7,556 million, respectively, in line with trends typically seen during the first quarters of fiscal years, while a drop of ¥1,289 million, to ¥10,437 million, was seen in provision for loss on business liquidation, which is associated with the discontinuation of the Photo Imaging Business.

Net assets rose 6.6%, or ¥27,548 million, to ¥445,859 million, and corresponded to 45.1% of total assets.

Retained earnings grew ¥18,949 million, to ¥195,633 million, mainly reflecting the recording of ¥17,628 million in net income for the quarter, a ¥5,210 million rise at the start of the quarter due to (preliminary/an initial round of) measures to unify overseas subsidiaries' accounting methods, and a decrease of ¥3,979 million due to dividend payments.

Foreign currency translation adjustment increased ¥6,657 million owing to the depreciation of the yen since the end of the previous fiscal year, and the recovery in stock prices supported a ¥2,146 million rise in valuation difference on available-for- sales securities.

Consequently, net assets per share came to ¥838.54, and the equity ratio rose 2.0 percentage points from the end of the previous fiscal year, to 45.0%.

(2) Cash Flows

[Millions of yen]

	Three months ended June 30, 2008	Three months ended June 30, 2007	Increase (Decrease)
Cash flows from operating activities	22,225	21,811	4,492
Cash flows from investing activities	(31,512)	(20,123)	(15,467)
Total (Free cash flow)	(9,286)	1,687	(10,974)
Cash flows from financing activities	(21,297)	(4,916)	(16,381)

Net cash inflow from operations amounted to ¥22,225 million, while net cash outflow from investing activities, mainly associated with capital investments and the acquisition of dealers, totaled ¥31,512 million. As a result, free cash flow (the sum of operating and investing cash flows) amounted to negative ¥9,286 million. Net cash outflow from financing activities, mainly associated with the repayment of interest-bearing debt and the disbursement of dividends, was ¥21,297 million. The effect of exchange rate changes on cash and cash equivalents was ¥2,074 million, and the increase in cash and cash equivalents due to newly consolidated subsidiaries and other was ¥498 million. As a result cash and cash equivalents at the end of the quarter totaled ¥94,175 million, down ¥28,510 million from the end of the previous fiscal year.

Cash flows from operating activities

Net cash flow from operations amounted to ¥22,225 million. The Company reported income before income taxes and minority interests of ¥30,756 million, and depreciation of ¥16,168 million, and these inflows were partially offset by a reversal of the provision for loss on business liquidation in connection with exiting the Photo Imaging Business, income taxes paid, and other factors.

Cash flows from investing activities

Net cash flow used in investing activities amounted to an outflow of ¥31,512 million. This was mainly due to expenditures of ¥23,954 million for the Business Technologies Business's acquisition of newly consolidated subsidiaries in the US (DOIC). It also reflected expenditures of ¥13,366 million for the acquisition of tangible fixed assets, which included principally investments in the strategic business field of the Optics Business for the construction of new plants to increase production capacity for TAC film and glass hard disk substrates.

As a result, free cash flow (the sum of operating and investing cash flows) amounted to an outflow of ¥9,286 million.

Cash flows from financing activities

Net cash used in financing activities amounted to a net outflow of ¥21,297 million. This was due mainly to the use of ¥16,240 million of cash to reduce interest-bearing debt and the use of ¥3,859 million of cash to pay dividends.

Note: The above figures do not include consumption tax.

3. Outlook for the Fiscal Year Ending March 31, 2009

Regarding the Group's performance during the first quarter of the current fiscal year, net sales decreased owing to various factors—such as slack MFP sales in the U.S. market, which reflected the general trend of economic deceleration in the United States, as well as a drop in sales associated with the appreciation of the yen against the dollar and other exchange rate fluctuations—and profitability was impacted by changes to accounting methods, but the Group as a whole is generally making progress in line with the Company's plans. In view of this, the Company has not adjusted its outlook projections for the first half of the current fiscal year or for the year as a whole.

Economic conditions and competition are projected to become increasingly harsh during the second and subsequent quarters of the current fiscal year in light of such factors as concern regarding the possibility of worldwide financial contraction in the wake of the U.S. subprime loan crisis, surging prices of crude oil and other raw materials and natural resources, and the potential that the first two factors may cool down personal consumption and thereby lead to reductions in manufacturing output.

Amid these conditions, as the current fiscal year is the final year of the time period covered by the "FORWARD 08" medium-term business plan, the Group is emphasizing concerted Groupwide measures to ensure the steady execution of all growth strategies and action plans within the plan. At the same time, the Group will do its utmost to further increase the thoroughness of its cost management.

Performance Outlook for the Fiscal Year Ending March 31, 2009
(from April 1, 2008 to March 31, 2009)

[Millions of yen]

	Projection (Announced May 9, 2008)	
	Interim Period	Full Year
Net sales	535,000	1,110,000
Operating income	56,500	120,000
Recurring profit	55,000	115,000
Net income	34,000	70,000

The presumed currency exchange rates for the second and subsequent quarters of the current fiscal year, are US$1 = ¥100 and €1 = ¥155.

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 millions of yen have been rounded off by discarding figures less than one million 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 loan loss value for general loans receivable
In calculating the estimated loan loss value for general loans receivable at the end of the first quarter, as noteworthy changes in the loan loss rate are not recognized, the loan loss rate at the end of the previous fiscal year is employed.

Method for assessing the value of inventories
In calculating the value of inventories at the end of the first quarter, on-site inventory takings are omitted and the reasonable calculation methods based on the results of on-site inventory takings conducted at the end of the previous fiscal year are used. In addition, only for those inventories that are clearly losing their capacity to contribute to profitability, the accounting method employed is to estimate their net sale value and reduce their book value to the net sale value level.

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

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

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

(3) Changes to principles, procedures, and methods of presentation, etc., in the preparation of the quarterly consolidated financial statements

Changes to Items Related to Accounting Treatment Standards

I. Application of Accounting Standards for Quarterly Financial Statements

Beginning with the current fiscal year, the "Accounting Standards for Quarterly Financial Reporting" (ASBJ, ASBJ Statement No. 12) and the "Implementation Guidance for the Accounting Standards for Quarterly Financial Statements" (ASBJ, ASBJ Guidance No. 14) have been applied. In addition, the quarterly consolidated financial statements are prepared following the "Rules for Quarterly Consolidated Financial Statements."

II. Application of Accounting Standards for Measurement of Inventories

Beginning with the first quarter of the current fiscal year, "Accounting Standards for Measurement of Inventories" (No. 9, issued by The Accounting Standards Board of Japan (ASBJ) on July 5, 2006) has been applied, and the method of measurement of inventories was changed from the lower of cost or market method to the cost method (method of reducing book value when the contribution of inventories to profitability declines) in domestic subsidiaries. As a result, compared with the previous method, the introduction of the new method had the effect of decreasing both gross profit and operating income by ¥552 million and of decreasing both recurring profit and net income before income taxes and minority interests by ¥29 million.

III. Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

Beginning with the first quarter of the current fiscal year, the Company has applied "Practical Solution for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No. 18, issued by The Accounting Standards Board of Japan (ASBJ) on May 17, 2006), and the necessary revisions have been made in the consolidated financial statements. As a result, the effect on profit and loss was not material. The main impact of the change on the Company's consolidated balance sheets for the quarterly period under review was to increase lease receivables and investment assets by ¥16,485 million.

IV. Application of Accounting Standards for Lease Transactions

(When the Company is the lessee)
Beginning with the first quarter of the current fiscal year, the Company and its domestic consolidated subsidiaries have undertaken the early application of the "Accounting Standards for Lease Transactions" (ASBJ Statement No. 13, originally issued by The Accounting Standards Board of Japan (ASBJ) on June 17, 1993, and final revision issued on March 30, 2007) and "Implementation Guidance on Accounting Standards for Lease Transactions" (ASBJ Guidance No. 16, originally issued by The Accounting Standards Board of Japan (ASBJ) on January 18, 1994, and final revision issued on March 30, 2007). Under these standards, the accounting treatment for finance leases for which ownership is not transferred to the lessee has been changed from methods applicable to ordinary rental transactions to methods applicable to ordinary buying and selling transactions.

When the Company is the lessee in the lease transactions, the assets are entered on the Company's balance sheets, and the depreciation for such assets is calculated by depreciating the purchase value of such assets to zero over the applicable useful lifetimes of such assets.

Please note that for finance leases for which ownership was not transferred to the lessee (the Company) and the lease transaction was begun prior to the first year of the application of the Accounting Standards for Lease Transactions, the account treatment follows the method applicable to ordinary rental transactions. This change did not have a material effect on Consolidated Balance Sheets items for the first quarter of the current fiscal year and had no effect on Consolidated Statements of Income items for the first quarter of the current fiscal year.

Regarding Consolidated Statement of Cash Flows items for the first quarter of the current fiscal year, of lease payments previously accounted for in the "Cash flows from operating activities" section, the portion corresponding to repayments of lease liabilities is now accounted for in the "Cash flows from financing activities" section. This change did not have a material effect on Consolidated Statement of Cash Flows items.

V. Unification of Shift of Service Expenses from SG&A Expenses to Cost of Sales

Previously, some of the consolidated subsidiaries accounted for MFP product-related and other service expenses within SG&A expenses but, owing to the consolidation of a Groupwide accounting policy on the occasion of the introduction of a new internal control reporting system from the current fiscal year, the shift of service expenses from SG&A expenses to cost of sales has been uniformly implemented by consolidated subsidiaries beginning with the first quarter of the current fiscal year. This change had the effect of decreasing first quarter gross profit by ¥7,899 million.

VI. Accounting Treatment of Losses on the Disposal of Inventory Assets

Previously, a portion of overseas consolidated subsidiaries accounted for losses on the disposal of inventory assets within non-operating expenses. However, on the occasion of the application of "Accounting Standards for Measurement of Inventories" (No. 9, issued by The Accounting Standards Board of Japan (ASBJ) on July 5, 2006) from the current fiscal year and the associated reevaluation of the Group's accounting policies, these losses are uniformly accounted for within cost of sales beginning with the first quarter of the current fiscal year.
As a result, compared with the previous method, the introduction of the new method had the effect of decreasing gross income and operating income by ¥230 million.

Additional Information

Amortization Method for Important Depreciable Assets

- Tangible Fixed Assets

The Company and its domestic consolidated subsidiaries, in response to fiscal 2008 corporate income tax system reforms, with respect to machinery assets, have shifted to the use of the post-reform method of amortizing assets over the applicable useful lifetimes of those assets beginning with the first quarter of the current fiscal year. As a result, compared with the method used in the previous fiscal year, the introduction of the new method had the effect of decreasing operating income, recurring profit, and net income before income taxes and minority interests by ¥1,404 million each during the first quarter of the current fiscal year.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

[Millions of yen]

	June 30, 2008	March 31, 2008
Assets		
Current assets		
Cash and deposits	84,224	89,218
Notes and accounts receivable-trade	230,156	234,862
Lease receivables and investment assets	16,485	—
Short-term investment securities	10,000	33,000
Inventories	149,468	132,936
Deferred tax assets	37,947	37,086
Accounts receivable-other	9,340	14,284
Other	20,778	21,330
Allowance for doubtful accounts	-6,305	-5,608
Total current assets	552,095	557,110
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	74,907	71,815
Machinery, equipment and vehicles, net	86,089	86,088
Tools, furniture and fixtures, net	26,895	26,846
Land	36,215	35,961
Lease assets, net	23	—
Construction in progress	4,463	5,201
Assets for rent, net	13,953	20,076
Total property, plant and equipment	242,548	245,989
Intangible assets		
Goodwill	97,824	75,809
Other	19,173	18,038
Total intangible assets	116,998	93,848
Investments and other assets		
Investment securities	30,879	28,651
Long-term loans receivable	555	430
Long-term prepaid expenses	3,217	3,589
Deferred tax assets	28,537	28,604
Other	13,238	12,743
Allowance for doubtful accounts	-438	-430
Total investments and other assets	75,990	73,589
Total noncurrent assets	435,536	413,427
Total assets	987,631	970,538

[Millions of yen]

	June 30, 2008	March 31, 2008
Liabilities		
Current liabilities		
Notes and accounts payable-trade	111,147	109,413
Short-term loans payable	83,058	93,875
Current portion of long-term loans payable	9,484	6,363
Current portion of bonds	5,000	5,000
Accounts payable-other	49,973	54,286
Accrued expenses	35,326	33,355
Income taxes payable	11,078	16,449
Provision for bonuses	7,565	15,121
Provision for directors' bonuses	64	257
Provision for product warranties	2,205	4,342
Provision for loss on business liquidation	10,437	11,727
Notes payable-facilities	3,721	2,070
Other	27,006	13,307
Total current liabilities	356,070	365,570
Noncurrent liabilities		
Bonds payable	70,141	70,166
Long-term loans payable	45,946	50,620
Deferred tax liabilities for land revaluation	3,961	4,010
Provision for retirement benefits	56,902	53,367
Provision for directors' retirement benefits	451	544
Other	8,298	7,946
Total noncurrent liabilities	185,702	186,656
Total liabilities	541,772	552,227
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	195,633	176,684
Treasury stock	(1,397)	(1,340)
Total shareholders' equity	435,896	417,003
Valuation and translation adjustments		
Valuation difference on available-for-sale securiti	5,059	2,913
Deferred gains or losses on hedges	(268)	(319)
Foreign currency translation adjustment	4,225	(2,431)
Total valuation and translation adjustments	9,016	162
Subscription rights to shares	334	286
Minority interests	610	858
Total net assets	445,859	418,310
Total liabilities and net assets	987,631	970,538

(2) Consolidated Statements of Income

[Millions of yen]

	Three months ended June 30, 2008
Net sales	255,139
Cost of sales	135,208
Gross profit	119,931
Selling, general and administrative expenses	95,453
Operating income	24,478
Non-operating income	
Interest income	939
Dividends income	341
Equity in earnings of affiliates	31
Foreign exchange gains	2,490
Other	1,912
Total non-operating income	5,714
Non-operating expenses	
Interest expenses	1,346
Other	907
Total non-operating expenses	2,254
Ordinary income	27,938
Extraordinary income	
Gain on sales of noncurrent assets	77
Gain on sales of investment securities	3
Gain on sales of subsidiaries and affiliates' stocks	2,803
Gain on transfer of business	3,063
Reversal of provision for loss on business liquidation	0
Total extraordinary income	5,948
Extraordinary loss	
Loss on sales and retirement of noncurrent assets	495
Loss on valuation of investment securities	24
Impairment loss	30
Business structure improvement expenses	629
Loss on revision of retirement benefit plan	1,951
Total extraordinary losses	3,130
Income before income taxes and minority interests	30,756
Income taxes	13,134
Minority interests in income	-6
Net income	17,628

(3) Consolidated Statement of Cash Flows

[Millions of yen]

	Three months ended June 30, 2008
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	30,756
Depreciation and amortization	16,168
Impairment loss	30
Amortization of goodwill	1,715
Increase (decrease) in allowance for doubtful accounts	385
Interest and dividends income	(1,280)
Interest expenses	1,346
Loss (gain) on sales and retirement of noncurrent assets	417
Loss (gain) on sales and valuation of investment securities	20
Loss (gain) on sales and valuation of stocks of subsidiaries and affiliates	(2,803)
Loss (gain) on transfer of business	(3,063)
Reversal of provision for loss on business liquidation	(0)
Business structure improvement expenses	629
Loss on revision of retirement benefit plan	1,951
Increase (decrease) in provision for retirement benefits	2,697
Increase (decrease) in provision for loss on business liquidation	(1,289)
Decrease (increase) in notes and accounts receivable-trade	21,762
Decrease (increase) in inventories	(6,526)
Increase (decrease) in notes and accounts payable-trade	(15,912)
Increase (decrease) in accrued consumption taxes	(548)
Reversal of Accumulated impairment loss on leased assets	(41)
Transfer of Assets for rent	(1,392)
Other, net	(4,380)
Subtotal	40,642
Interest and dividends income received	1,340
Interest expenses paid	(1,286)
Payments for extra retirement payments	(105)
Income taxes paid	(18,365)
Net cash provided by (used in) operating activities	22,225

	[Millions of yen] Three months ended June 30, 2008
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(13,366)
Proceeds from sales of property, plant and equipment	236
Purchase of intangible assets	(1,741)
Proceeds from transfer of business	4,585
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidat	3,177
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(23,954)
Payments of loans receivable	(3)
Collection of loans receivable	47
Purchase of investment securities	(150)
Proceeds from sales of investment securities	4
Payments for other investments	(383)
Other, net	35
Net cash provided by (used in) investment activities	(31,512)
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	(14,656)
Proceeds from long-term loans payable	416
Repayment of long-term loans payable	(2,000)
Repayments of lease obligations	(865)
Proceeds from sales of treasury stock	3
Purchase of treasury stock	(66)
Cash dividends paid	(3,859)
Cash dividends paid to minority shareholders	(268)
Net cash provided by (used in) financing activities	(21,297)
Effect of exchange rate change on cash and cash equivalents	2,074
Net increase (decrease) in cash and cash equivalents	(28,510)
Cash and cash equivalents at beginning of period	122,187
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolida	498
Cash and cash equivalents at end of period	94,175

Beginning with the current fiscal year, the "Accounting Standards for Quarterly Financial Reporting" (ASBJ, ASBJ Statement No. 12) and the "Implementation Guidance for the Accounting Standards for Quarterly Financial Statements" (ASBJ, ASBJ Guidance No. 14) have been applied. In addition, the quarterly consolidated financial statements are prepared following the "Rules for Quarterly Consolidated Financial Statements."

(4) Notes Regarding Assumptions Related to Continuing Companies

First quarter of the fiscal year ending March 31, 2009 (April 1, 2008, to June 30, 2008)

This item does not apply to the Company or its consolidated subsidiaries.

Segment Information

[1] Business Segment

Three months ended June 30, 2007 (from April 1, 2007 to June 30, 2007)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consoli-dation
Sales								
Outside customers	172,805	37,490	35,760	2,253	4,096	252,407	—	252,407
Intersegment sales/transfers	1,147	231	1,032	196	12,889	15,497	(15,497)	—
Total	173,953	37,722	36,793	2,450	16,985	267,904	(15,497)	252,407
Operating expenses	152,529	32,988	35,496	2,175	16,015	239,206	(11,534)	227,671
Operating income	21,423	4,733	1,296	274	969	28,698	(3,963)	24,735

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. In the quarter under review, operating expenses not allocated but included in Elimination/corporate amounted to ¥6,833 million and are principally R&D expenses incurred by the Company and expenses associated with head office functions.
3. Change to business segment classification: Because of the business discontinuation following the decision to exit Photo Imaging Business announced on January 19, 2006, the Photo Imaging Business has decreased in importance. Accordingly, listing of the "Photo Imaging Business" has been discontinued since the first quarter of the previous fiscal year

Three months ended June 30, 2008 (from April 1, 2008 to June 30, 2008)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consoli-dation
Sales								
Outside customers	166,714	51,056	31,288	2,360	3,719	255,139	—	255,139
Intersegment sales/transfers	1,063	245	502	189	14,487	16,488	(16,488)	—
Total	167,777	51,302	31,790	2,549	18,207	271,627	(16,488)	255,139
Operating expenses	150,630	42,453	30,372	2,352	17,746	243,556	(12,894)	230,661
Operating income	17,146	8,848	1,418	197	460	28,071	(3,593)	24,478

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 Each Business Segment

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. In the quarter under review, operating expenses not allocated but included in Elimination/corporate amounted to ¥7,602 million and are principally R&D expenses incurred by the Company and expenses associated with head office functions.

[2] Geographical Area

Three months ended June 30, 2007 (from April 1, 2007 to June 30, 2007)

[Millions of yen]

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	103,075	62,942	69,226	17,163	252,407	—	252,407
Intersegment sales/transfers	89,076	194	142	51,411	140,824	(140,824)	—
Total	192,152	63,136	69,368	68,574	393,231	(140,824)	252,407
Operating expenses	162,645	61,642	66,727	67,228	358,244	(130,572)	227,671
Operating income	29,506	1,494	2,640	1,345	34,987	(10,251)	24,735

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Principal country markets in the above areas, excluding Japan, are as follows:
   (1) North America: United States, Canada
   (2) Europe: Germany, France, and United Kingdom
   (3) Asia excluding Japan, Others: Australia, China, and Singapore
3. In the quarter under review, operating expenses not allocated but included in Elimination/corporate amounted to ¥6,833 million and are principally R&D expenses incurred by the Company and expenses associated with head office functions.

Three months ended June 30, 2008 (from April 1, 2008 to June 30, 2008)

[Millions of yen]

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	115,721	52,058	72,633	14,725	255,139	—	255,139
Intersegment sales/transfers	82,072	682	672	51,661	135,090	(135,090)	—
Total	197,794	52,741	73,306	66,387	390,230	(135,090)	255,139
Operating expenses	170,278	53,526	72,787	64,338	360,930	(130,269)	230,661
Operating income (loss)	27,516	(785)	519	2,048	29,299	(4,821)	24,478

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Principal country markets in the above areas, excluding Japan, are as follows:
   (1) North America: United States, Canada
   (2) Europe: Germany, France, and United Kingdom
   (3) Asia excluding Japan, Others: Australia, China, and Singapore
3. In the quarter under review, operating expenses not allocated but included in Elimination/corporate amounted to ¥7,602 million and are principally R&D expenses incurred by the Company and expenses associated with head office functions.

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[3] Overseas Sales

Three months ended June 30, 2007 (from April 1, 2007 to June 30, 2007)

[Millions of yen]

	North America	Europe	Asia excluding Japan and Other Countries	Total
Overseas sales	65,930	71,949	51,372	189,252
Consolidated sales	—	—	—	252,407
Overseas sales as a percentage of Consolidated sales	26.1%	28.5%	20.4%	75.0%

Three months ended June 30, 2008 (from April 1, 2008 to June 30, 2008)

[Millions of yen]

	North America	Europe	Asia excluding Japan and Other Countries	Total
Overseas sales	54,112	78,342	54,510	186,964
Consolidated sales	—	—	—	255,139
Overseas sales as a percentage of consolidated sales	21.2%	30.7%	21.4%	73.3%

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Principal country markets in the above areas, excluding Japan, are as follows:
   (1) North America: United States and Canada
   (2) Europe: Germany, France, and United Kingdom
   (3) Asia excluding Japan, Others: Australia, China, and Singapore
3. Overseas sales are the Company and consolidated subsidiary sales in countries or regions outside of Japan.

(6) Notes Regarding Any Major Change in the Amount of Consolidated Shareholders' Equity

First quarter of the fiscal year ending March 31, 2009 (April 1, 2008, to June 30, 2008)

[Millions of yen]

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2008	37,519	204,140	176,684	(1,340)	417,003
Changes during the quarter					
Cash dividends			(3,979)		(3,979)
Net income			17,628		17,628
Changes in the scope of consolidation*1			96		96
Effect of application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" *2			5,210		5,210
Purchase of treasury stock				(66)	(66)
Disposal treasury stock			(6)	9	3
Total changes during the quarter			18,949	(56)	18,892
Balance at June 30, 2008	37,519	204,140	195,633	(1,397)	435,896

Notes:

1.The inclusion of additional subsidiaries within the scope of consolidation increased retained earnings by ¥96 million.

2.Beginning with the first quarter of the current fiscal year, the Company has applied "Practical Solution for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No. 18, issued by The Accounting Standards Board of Japan (ASBJ) on May 17, 2006), and the necessary revisions have been made in the consolidated financial statements. This change had the effect of increasing retained earnings by ¥5,210 million.

(7) Other Information

(Consolidated Balance Sheets) [Millions of yen]

As of June 30, 2008		As of March 31, 2008	
1. Accumulated depreciation directly deducted from tangible fixed assets	414,803	1. Accumulated depreciation directly deducted from tangible fixed assets	413,324
2. Merchandise and finished goods*2	97,135	2. Merchandise and finished goods*2	84,286
Work in process	25,424	Work in process	23,120
Raw materials and supplies	26,908	Raw materials and supplies	25,530

(Consolidated Statements of Income)

Quarterly Period Under Review (April 1, 2008, to June 30, 2008)	
Principal SG&A expense items and values	[Millions of yen]
Selling expenses	2,932
Transport and warehousing expenses	5,366
Advertising and promotion expenses	4,616
Wages and salaries	21,085
Provision for allowance for bonus	3,140
R&D expenses	20,870
Depreciation expenses	3,688
Retirement benefit expenses	1,285
Provision for allowance for doubtful accounts	251

[Reference]

Consolidated Statements of Income (Summary)

[Millions of yen]

	Three months ended June 30, 2007
Net sales	252,407
Cost of sales	126.380
Gross profit	126,026
Selling, general and administrative expenses	101,291
Operating income	24,735
Non-operating income	6,629
Interest and dividend income	794
Investment income on equity method	71
Exchange gain	4,084
Other	1,678
Non-operating expenses	3,657
Interest expense	1,278
Disposal/valuation losses of inventories	1,037
Other	1,341
Recurring profit	27,706
Extraordinary profit	81
Gain on sales of fixed assets	33
Gain on sales of investment in affiliated companies	47
Extraordinary losses	297
Loss on disposal and sale of fixed assets	296
Loss on sale of investment securities	0
Income before income taxes and minority interests	27,490
Tax expenses	11,321
Minority interests in earnings of consolidated subsidiaries	33
Net Income	16,135

[Reference]

Consolidated Statement of Cash Flows (Summary)

[Millions of yen]

		Three months ended June 30, 2007
I.	**Cash flows from operating activities**	
	Net income before income taxes and minority interests	27,490
	Depreciation and amortization	13,947
	Amortization of goodwill	1,691
	Increase (decrease) in allowance for doubtful accounts	(169)
	Interest and dividend income	(794)
	Interest expense	1,278
	Loss (gain) on disposals and sale of tangible fixed assets	263
	Loss (gain) on sale and disposals of investment securities	0
	Loss (gain) on sale of stock of affiliated companies	(47)
	Increase (decrease) in employees' retirement benefits	466
	Increase (decrease) in loss reserve of discontinued operations	(1,703)
	(Increase) decrease in trade notes and accounts receivable	22,262
	(Increase) decrease in inventories	(12,482)
	Increase (decrease) in trade notes and accounts payable	(10,939)
	Increase (decrease) in accrued consumption tax payable	2,316
	Reversal of reserve for impairment of lease assets	(9)
	Increase (decrease) on transfer of lease assets used in sales activities	(2,064)
	Other	(745)
	Subtotal	40,761
	Interest and dividends received	876
	Interest paid	(1,201)
	Income taxes paid	(18,624)
	Net cash provided by operating activities	21,811
II.	**Cash flows from investing activities**	
	Payment for acquisition of tangible fixed assets	(18,822)
	Proceeds from sale of tangible fixed assets	186
	Payment for acquisition of intangible fixed assets	(927)
	Proceeds from sale of business	(182)
	Payment for loans receivable	(23)
	Proceeds from return of loan receivable	56
	Payment for acquisition of investment securities	(10)
	Proceeds from sale of investment securities	2
	Payment for other investments	(568)
	Other	166
	Net cash provided by operating activities	(20,123)

III.	**Cash flows from financing activities**	
	Net (decrease) increase in short-term loans payable	612
	Repayment of long-term loans payable	(85)
	Redemption of bonds	(54)
	Payment to execute buyback of Company's stock	0
	Proceeds from sale of Company's stock	(45)
	Dividend payments	(5,307)
	Dividend payments to minority shareholders	(36)
	Net Cash used in financing activities	(4,916)
IV.	**Effect of exchange rate changes on cash and cash equivalents**	1,976
V.	**Increase (decrease) in cash and cash equivalents**	(1,252)
VI.	**Increase in cash and cash equivalents due to newly consolidated subsidiaries and others**	—
VII.	**Cash and cash equivalents at end of the period**	85,334