

Konica Minolta Group

3Q/March 2009 Consolidated Financial Results

Three months: October 1, 2008 – December 31, 2008

Nine months: April 1, 2008 – December 31, 2008

January 29, 2009
Yasuo Matsumoto
Senior Executive Officer
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.

Agenda

- **Overview of 3Q/Mar09 Financial Results**
- **Revised Forecast for FY/Mar09**
- **Management initiatives to create a stronger corporate structure aiming to improve profitability in FY/Mar10**

3Q/Mar09 financial results



[Billions of yen]

	Nine months			Three months		
	Apr-Dec Mar09	Apr-Dec Mar08	YoY (%)	Oct-Dec Mar09	Oct-Dec Mar08	YoY (%)
Net sales	746.6	795.0	-6%	213.7	270.0	-21%
Gross income	347.0	398.9	-13%	103.8	139.2	-25%
<i>Gross income ratio</i>	46.5%	50.2%		48.6%	51.5%	
Operating income	63.4	89.6	-29%	14.7	32.5	-55%
<i>Operating income ratio</i>	8.5%	11.3%		6.9%	12.0%	
Ordinary income	54.1	86.4	-37%	6.2	31.8	-80%
Net income before taxes	50.6	85.2	-41%	0.8	31.4	-98%
Net income	27.3	55.7	-51%	-1.9	18.1	
<i>Net income ratio</i>	3.7%	7.0%		-0.9%	6.7%	
FOREX [P/L] [Yen] USD	102.84	117.28	-14.44	96.32	113.19	-16.87
Euro	150.70	162.82	-12.12	126.74	163.87	-37.13
EPS [Yen]	51.55	104.98		-3.64	34.05	
ROE [full year]	8.6%	17.9%		-1.8%	17.4%	

3Q/Mar09 financial results [Oct. 2008 - Dec. 2008]



- **Net sales**

Forex impact due to yen appreciation against USD and Euro: -31.8 billion yen

USD: -11.1 billion yen Euro: -13.6 billion yen

- **Operating profit**

Forex impact due to yen appreciation against USD and Euro: -10.1 billion yen

Effect of accounting method change: -2.4 billion yen

- Due to depreciation period change: -1.6 billion yen

- Due to lower cost method: -0.7 billion yen

- **Non-operating expenses**

Foreign exchange loss due to yen appreciation: -7.1 billion yen

- **Extraordinary loss**

Loss on valuation of investment securities: -3.9 billion yen

Expenses related to the transfer of graphic film business: -0.7 billion yen

3Q/Mar09 Consolidated results – Segment



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[Billions of yen]

Net sales

	Nine months			Three months		
	Apr-Dec	Apr-Dec	Y-O-Y	Oct-Dec	Oct-Dec	Y-O-Y
	Mar09	Mar08	(%)	Mar09	Mar08	(%)
Business Technologies	486.2	522.1	-7%	142.5	175.2	-19%
Optics	146.5	134.0	9%	37.1	50.7	-27%
Medical & Graphic	94.6	117.6	-20%	28.4	37.0	-23%
Other businesses	12.3	12.3	0%	3.6	4.0	-10%
HD and eliminations	7.0	8.9	-22%	2.1	3.1	-31%
Group total	746.6	795.0	-6%	213.7	270.0	-21%

Operating income

	Nine months			Three months		
	Apr-Dec	Apr-Dec	Y-O-Y	Oct-Dec	Oct-Dec	Y-O-Y
	Mar09	Mar08	(%)	Mar09	Mar08	(%)
Business Technologies	47.7	67.1	-29%	15.4	22.4	-31%
Optics	19.4	24.2	-20%	0.5	11.1	-96%
Medical & Graphic	4.2	5.9	-29%	1.3	1.9	-30%
Other businesses	1.1	1.5	-27%	0.2	0.2	-31%
HD and eliminations	-9.0	-9.1	--	-2.6	-3.1	--
Group total	63.4	89.6	-29%	14.7	32.5	-55%

■ Business Technologies

The impact of restrained corporate capital investment and the credit contraction caused a deceleration of MFP sales in industrialized countries' markets.

(Ignoring the impact of foreign exchange (-¥28.5 billion), revenue essentially unchanged.)

■ Optics

In response to the weakness of personal consumption, companies in the digital consumer electronics industry increased their downward adjustments of production volumes, causing a sharp drop in orders from November.

■ Medical & Graphic

The decrease in demand for film products in Japan and overseas accelerated. The impact of deteriorating economic conditions caused sales of digital equipment to become weak.

■ Other

Execute various imperative cost reduction measures

Operating profit analysis – Business Technologies

	[Billions of yen]			
	1Q	2Q	3Q	Total
[Operating income]				
FY/Mar09	17.1	15.2	15.4	47.7
FY/Mar08	21.4	23.3	22.4	67.1
YoY	-4.3	-8.1	-7.0	-19.4
[Factors]				
Forex impact	0.5	-0.5	-8.8	-8.8
Accounting method change	-0.7	-0.7	-0.8	-2.3
Depreciation of goodwill related to newly consolidated subsidiaries, and	-0.3	-1.2	-1.1	-2.6
Factors not related to operation	-0.5	-2.4	-10.7	-13.6
Prince change	-3.2	-4.2	-2.0	-11.5
Sales volume change, and other	2.7	0.2	-0.5	2.4
Cost down, net	0.7	0.9	1.3	2.8
SG&A change, net (*1)	-4.0	-2.5	4.9	-1.6
Factors related to operation	-3.8	-5.6	3.7	-5.7

For 3Q

Euro depreciation: ¥6.6 b

Adoption of lower cost basis accounting standard

DANKA: ¥1.0 b

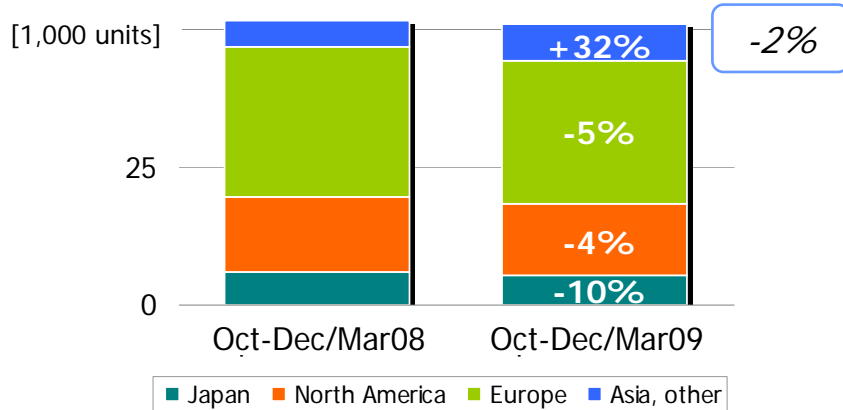
Cost down: ¥1.9 b
Cost up: -¥0.6 b

Sales Trends in Business Technologies [Oct. 2008 - Dec. 2008]

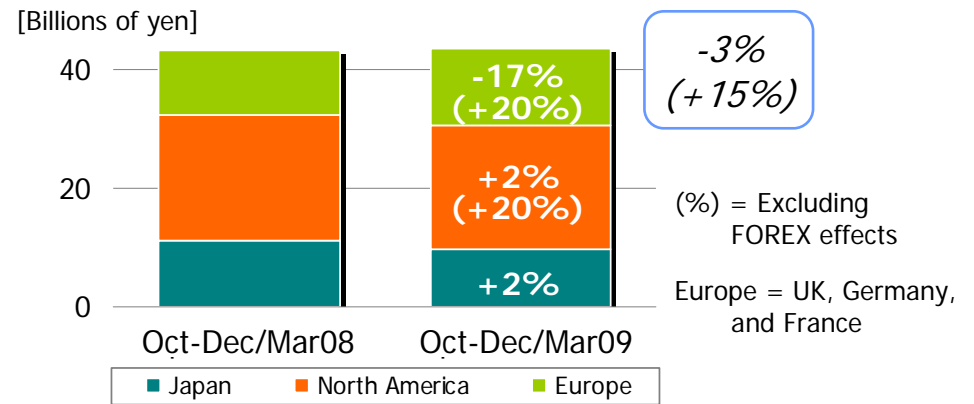


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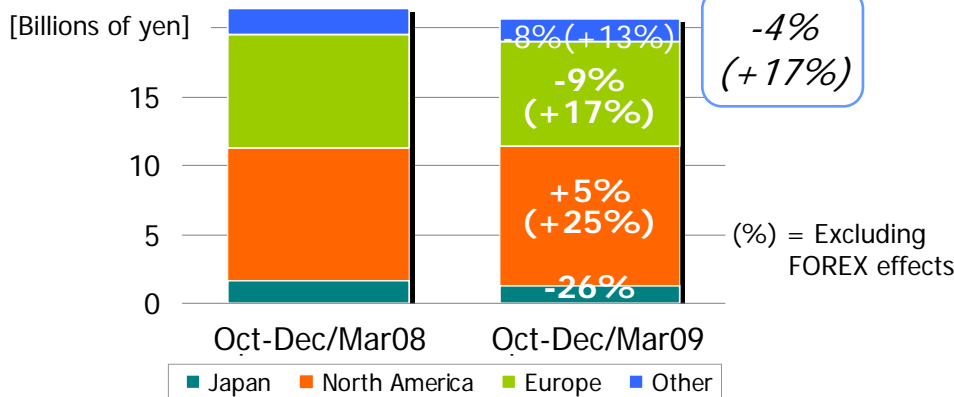
■ Color MFP – Unit sales



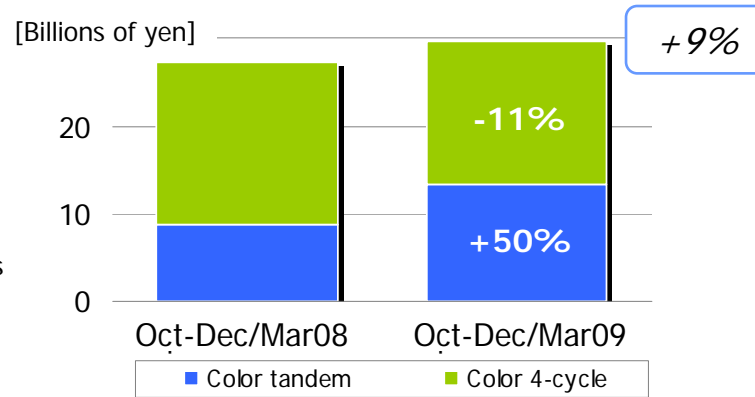
■ MFP non-hardware – Net sales (Color + B/W)



■ Production printing – Net sales



■ Color LBP – Unit sales



- **Color MFP** → Unit sales unchanged YoY, offsetting the drop of the European and US markets with the growth of the NICs markets.
- **Color LBP** → Unit sales increased YoY thanks to the tandem printers' favorable sales for corporate users
- **Production printing segment and non-hard** → Solid growth – two-digit increase YoY, local currency base.

Operating profit analysis – Optics

[Billions of yen]

	1Q	2Q	3Q	Total
[Operating income]				
FY/Mar09	8.8	10.1	0.5	19.4
FY/Mar08	4.7	8.3	11.1	24.4
YoY	4.1	1.8	-10.7	-4.8

[Factors]

Forex impact	-0.4	-0.3	-0.2	-0.9
Accounting method change	-1.3	-2.4	-1.6	-5.4
Factors not related to operation	-1.8	-2.7	-1.8	-6.3
Prince change	-2.3	-3.4	-2.8	-8.4
Sales volume change, and other	11.0	9.1	-5.2	14.9
Cost down, net	1.1	0.6	1.1	2.8
SG&A change, net (*1)	-3.9	-1.8	-2.0	-7.7
Factors related to operation	5.9	4.5	-8.9	1.5

For 3Q

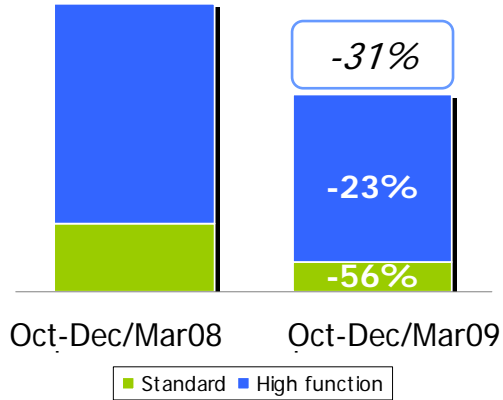
Changes of depreciation method

Depreciation for #6 TAC film production plant, other

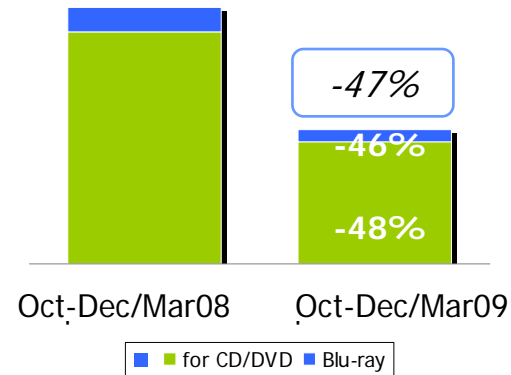


Sales Trends in Optics [Oct. 2008 - Dec. 2008]

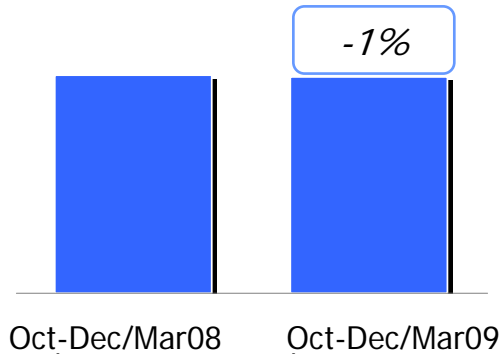
■ TAC film – Unit sales



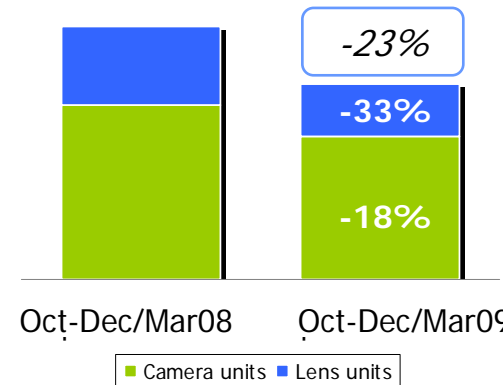
■ Optical pickup lenses – Unit sales



■ Glass HD substrates – Unit sales



■ Mobile phone components – Unit sales



Index: Apr-Dec/Mar08 as 100

- **TAC film** → Standard type – down 50% YoY High-function (VA-TAC, other) – down 23% YoY
- **Optical pickup lenses (standard and Blu-ray)** → Nearly 50% down YoY due to a sharp decline in demand
- **Glass substrates for HD** → Maintained the same unit sales volume YoY



Progress toward 2H/Mar09 targets

Net sales	[Billions of yen]		
	Oct-Dec Mar09	Forecast 2H/Mar09 (*1)	Progress (%)
Business Technologies	142.5	326.2	44%
Optics	37.1	95.6	39%
Medical & Graphic	28.4	68.8	41%
Other businesses	3.6	8.4	43%
HD and eliminations	2.1	3.0	70%
Group total	213.7	502.0	43%

Operating income	[Billions of yen]		
	Oct-Dec Mar09	Forecast 2H/Mar09 (*1)	Progress (%)
Business Technologies	15.4	23.7	65%
Optics	0.5	12.0	4%
Medical & Graphic	1.3	1.6	82%
Other businesses	0.2	1.0	16%
HD and eliminations	-2.6	-7.1	--
Group total	14.7	31.3	47%

*1: Announcement as of Oct. 30, 2008

■ Business Technologies

- Amid worldwide deterioration in real economic conditions, the restraint of corporate capital investment and the credit contraction were prolonged, causing the harshness of the MFP marketing environment to persist.
- There is concern regarding the possibility of further yen appreciation with respect to the U.S. dollar, the euro, and other currencies.

■ Optics

- Although orders for spring 2009 models were obtained, the weak results of year-end marketing campaigns resulted in a drop in overall orders that was greater than the usual seasonal decline.
- The impact of drops in the selling prices of finished products caused makers of component sets to increase their downward pressure on prices.

■ Medical & Graphic

- Reflecting the progressive shift toward the use of digital products, the pace of decline in demand for film products has further accelerated.

Revised forecast for FY/Mar09

[Billions of yen]

	Forecasts				Results		
	[a] FY/Mar09 Current	[b] FY/Mar09 Previous	[a] - [b] Difference	%	[c] FY/Mar08	[a] - [c] Difference	%
Net sales	955.0	1,035.0	-80.0	-8%	1,071.6	-116.6	-11%
Operating income	65.0	80.0	-15.0	-19%	119.6	-54.6	-46%
<i>Operating income ratio</i>	<i>6.8%</i>	<i>7.7%</i>			<i>11.2%</i>		
Ordinary income	51.0	76.0	-25.0	-33%	104.2	-53.2	-51%
Net income before taxes	38.0	72.0	-34.0	-47%	99.0	-61.0	-62%
Net income	17.0	42.0	-25.0	-60%	68.8	-51.8	-75%
<i>Net income ratio</i>	<i>1.8%</i>	<i>4.1%</i>			<i>6.4%</i>		
FOREX [P/L] [Yen] USD	95.00	95.00			114.28		
Euro	120.00	120.00			161.53		
	<i>4Q/Mar09 assumption</i>	<i>2H/Mar09 assumption</i>					

[Notes]

1. Impact of exchange rate fluctuation to operating income if given ¥1 change (full-year base)
 USD → ¥0.1 billion Euro → ¥0.85 billion
2. Including provisions for ¥9.5 billion in restructuring cost in 4Q extraordinary loss



Revised forecast for FY/Mar09 - Segment

[Billions of yen]

Net sales	Forecasts				Results	
	FY/Mar09 Current	FY/Mar09 Previous (*1)	Difference	%	FY/Mar08	Difference %
Business Technologies	630.0	670.0	-40.0	-6%	701.0	-10%
Optics	170.0	205.0	-35.0	-17%	182.3	-7%
Medical & Graphic	130.0	135.0	-5.0	-4%	161.1	-19%
Other businesses	15.0	17.0	-2.0	-12%	16.8	-11%
HD and eliminations	10.0	8.0	2.0	25%	10.4	-4%
Group total	955.0	1,035.0	-80.0	-8%	1,071.6	-11%

[Billions of yen]

Operating income	Forecasts				Results	
	FY/Mar09 Current	FY/Mar09 Previous (*1)	Difference	%	FY/Mar08	Difference %
Business Technologies	56.0	56.0	0.0	0%	90.1	-38%
Optics	14.5	31.0	-16.5	-53%	31.3	-54%
Medical & Graphic	5.0	4.5	0.5	11%	7.8	-36%
Other businesses	1.5	2.0	-0.5	-25%	2.1	-28%
HD and eliminations	-12.0	-13.5	1.5	--	-11.6	--
Group total	65.0	80.0	-15.0	-19%	119.6	-46%

*1: Announcement as of Oct. 30, 2008

Management initiatives to create a stronger corporate structure aiming to improve profitability in FY/Mar10



- To cope with the sharply deteriorating business environment, the Group is further intensifying its imperative countermeasures centered on current measures to reduce expenses and restrain investments.
- Through these countermeasures as well as additional measures and moves to accelerate the implementation of such measures, the Group is endeavoring to generate profit during the latter half of FY/Mar2009 and implement structural reforms that make it possible to improve profitability and generate FCF during FY/Mar2010.

1. **Reduce manufacturing fixed costs**

Optimize production systems and the scale of workforce in response to the shrinking demand

2. **Reduce marketing fixed costs and administration costs**

Streamline indirect and administrative functions in overseas sales subsidiaries to increase operational efficiency

3. **Streamline underperforming business units**

Concluded production and marketing of printing film

4. **Implement selling price increases**

Increase local selling prices in overseas markets to respond to yen appreciation

5. **Obtain a high position in highly profitable fields and business areas where expansion can be expected**

Proactively introduce new products and models in the business segments such as production printing and TAC film



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Supplementary Information

Nine months consolidated results –highlights



[Billions of yen]

	FY/Mar09				FY/Mar08				YoY (%)			
	1Q	2Q	3Q	Total	1Q	2Q	3Q	Total	1Q	2Q	3Q	Total
Net sales	255.1	277.8	213.7	746.6	252.4	272.6	270.0	795.0	1%	2%	-21%	-6%
Gross income	119.9	123.3	103.8	347.0	126.0	133.7	139.2	398.9	-5%	-8%	-25%	-13%
<i>Gross income ratio</i>	<i>47.0%</i>	<i>44.4%</i>	<i>48.6%</i>	<i>46.5%</i>	<i>49.9%</i>	<i>49.0%</i>	<i>51.5%</i>	<i>50.2%</i>				
Operating income	24.5	24.2	14.7	63.4	24.7	32.3	32.5	89.6	-1%	-25%	-55%	-29%
<i>OP ratio</i>	<i>9.6%</i>	<i>8.7%</i>	<i>6.9%</i>	<i>8.5%</i>	<i>9.8%</i>	<i>11.9%</i>	<i>12.0%</i>	<i>11.3%</i>				
Ordinary income	27.9	19.9	6.2	54.1	27.7	27.0	31.8	86.4	1%	-26%	-80%	-37%
Net income before taxes	30.8	19.1	0.8	50.6	27.5	26.4	31.4	85.2	12%	-28%	-98%	-41%
Net income	17.6	11.7	-1.9	27.3	16.1	21.5	18.1	55.7	9%	-46%	--	-51%
<i>Net income ratio</i>	<i>6.9%</i>	<i>4.2%</i>	<i>-0.9%</i>	<i>3.7%</i>	<i>6.4%</i>	<i>7.9%</i>	<i>6.7%</i>	<i>7.0%</i>				
OREX [P/L] [Yen] USD	104.55	107.66	96.32		120.78	117.87	113.19		-16.23	-10.21	-16.87	
Euro	163.43	161.93	126.74		162.72	161.88	163.87		0.71	0.05	-37.13	

Nine months consolidated results – Segment



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[Billions of yen]


Net sales	FY/Mar09				FY/Mar08				YoY (%)			
	1Q	2Q	3Q	Total	1Q	2Q	3Q	Total	1Q	2Q	3Q	Total
	Business Technologies	166.7	177.1	142.5	486.2	172.8	174.1	175.2	522.1	-4%	2%	-19%
Optics	51.1	58.4	37.1	146.5	37.5	45.8	50.7	134.0	36%	27%	-27%	9%
Medical & Graphic	31.3	34.9	28.4	94.6	35.8	44.9	37.0	117.6	-13%	-22%	-23%	-20%
Other businesses	4.0	4.7	3.6	12.3	3.8	4.5	4.0	12.3	6%	4%	-10%	0%
HD and eliminations	2.1	2.8	2.1	7.0	2.6	3.3	3.1	8.9	-19%	-15%	-31%	-22%
Group total	255.1	277.8	213.7	746.6	252.4	272.6	270.0	795.0	1%	2%	-21%	-6%

Operating income	FY/Mar09				FY/Mar08				YoY (%)			
	1Q	2Q	3Q	Total	1Q	2Q	3Q	Total	1Q	2Q	3Q	Total
	Business Technologies	17.1	15.2	15.4	47.7	21.4	23.3	22.4	67.1	-20%	-35%	-31%
Optics	8.8	10.1	0.5	19.4	4.7	8.3	11.1	24.2	87%	21%	-96%	-20%
Medical & Graphic	1.4	1.4	1.3	4.2	1.3	2.7	1.9	5.9	9%	-47%	-30%	-29%
Other businesses	0.3	0.6	0.2	1.1	0.4	0.9	0.2	1.5	-26%	-27%	-31%	-27%
HD and eliminations	-3.3	-3.2	-2.6	-9.0	-3.2	-2.9	-3.1	-9.1	--	--	--	--
Group total	24.5	24.2	14.7	63.4	24.7	32.3	32.5	89.6	-1%	-25%	-55%	-29%

Revised forecasts - FY/Mar09 - Highlights

[Billions of yen]

	Forecast - Current FY/Mar09 [a]		Results FY/Mar08 [b]		YoY (%)		Forecast - Previous FY/Mar09 [c]		[a] / [c] Difference (%)	
	2H	FY	2H	FY	2H	FY	2H	FY	2H	FY
Net sales	422.0	955.0	546.6	1,071.6	-23%	-11%	502.0	1,035.0	-16%	-8%
Operating income	16.3	65.0	62.5	119.6	-74%	-46%	31.3	80.0	-48%	-19%
<i>Operating income ratio</i>	<i>3.9%</i>	<i>6.8%</i>	<i>11.4%</i>	<i>11.2%</i>			<i>6.2%</i>	<i>7.7%</i>		
Ordinary income	3.1	51.0	49.6	104.2	-94%	-51%	28.1	76.0	-89%	-33%
Net income before taxes	-11.8	38.0	45.1	99.0	--	-62%	22.1	72.0	--	-47%
Net income	-12.2	17.0	31.2	68.8	--	-75%	12.7	42.0	--	-60%
<i>Net income ratio</i>	<i>-2.9%</i>	<i>1.8%</i>	<i>5.7%</i>	<i>6.4%</i>			<i>2.5%</i>	<i>4.1%</i>		
FOREX [P/L] [Yen] USD	95.00		109.24	114.28			95.00			
Euro	120.00		160.76	161.53			120.00			


*4Q/Mar09
assumption*

Revised forecasts - FY/Mar09 – Segment



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[Billions of yen]

	Forecast - Current		Results		YoY (%)		Forecast - Previous		[a] / [c]	
	FY/Mar09 [a]		FY/Mar08 [b]				FY/Mar09 [c]		Difference (%)	
	2H	FY	2H	FY	2H	FY	2H	FY	2H	FY
Net sales										
Business Technologies	286.2	630.0	354.1	701.0	-19%	-10%	326.2	670.0	-12%	-6%
Optics	60.6	170.0	98.9	182.3	-39%	-7%	95.6	205.0	-37%	-17%
Medical & Graphic	63.8	130.0	80.5	161.1	-21%	-19%	68.8	135.0	-7%	-4%
Other businesses	6.4	15.0	8.5	16.8	-25%	-11%	8.4	17.0	-24%	-12%
HD and eliminations	5.1	10.0	4.6	10.4	12%	-4%	3.0	8.0	70%	25%
Group total	422.0	955.0	546.6	1,071.6	-23%	-11%	502.0	1,035.0	-16%	-8%

[Billions of yen]

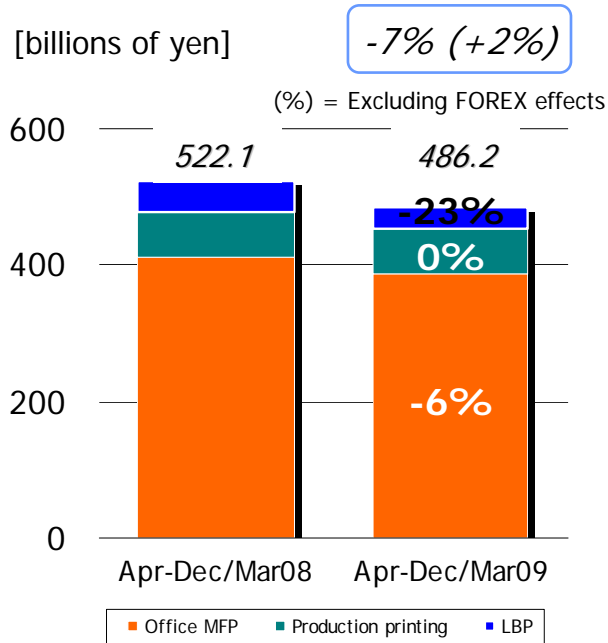
	Forecast - Current		Results		YoY (%)		Forecast - Previous		[a] / [c]	
	FY/Mar09 [a]		FY/Mar08 [b]				FY/Mar09 [c]		Difference (%)	
	2H	FY	2H	FY	2H	FY	2H	FY	2H	FY
Operating income										
Business Technologies	23.7	56.0	45.4	90.1	-48%	-38%	23.7	56.0	0%	0%
Optics	-4.5	14.5	18.2	31.3	--	-54%	12.0	31.0	--	-53%
Medical & Graphic	2.2	5.0	3.8	7.8	-42%	-36%	1.6	4.5	38%	11%
Other businesses	0.6	1.5	0.8	2.1	-23%	-28%	1.1	2.0	-45%	-25%
HD and eliminations	-5.6	-12.0	-5.6	-11.6	--	--	-7.1	-13.5	--	--
Group total	16.3	65.0	62.5	119.6	-74%	-46%	31.3	80.0	-48%	-19%

Net sales/unit sales - sub segment – nine months (Apr.– Dec.)



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Business Technologies



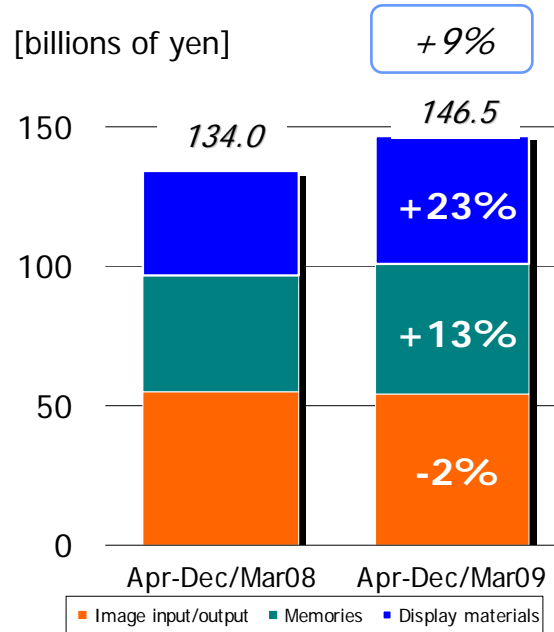
● MFP unit sales Y-O-Y: -4%

Color: +12%
 B/W: -11%
 (of which, production print: -6%)

● LBP unit sales Y-O-Y: -28%

Color: 0%
 (of which, single-pass: +54%)
 B/W: -37%

Optics



● LCD materials unit sales Y-O-Y

TAC film : +30%

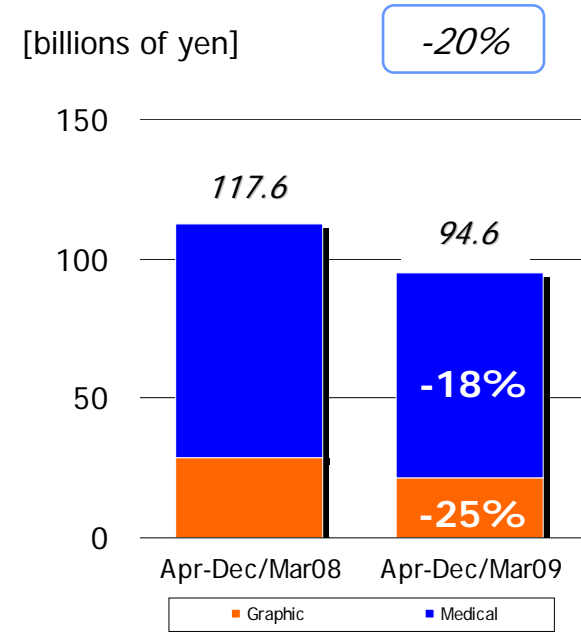
● Memory devices unit sales Y-O-Y

Optical pickup lenses: -18%
 Glass substrates for HD: +45%

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

Mobile phone components: +38%

Medical & Graphic Imaging



● Medical: unit sales Y-O-Y

X-ray film: -15%
 Digital input/output equipment: +12%

● Graphic: unit sales Y-O-Y

Graphic-arts film: -40%
 Digital printing equipment: -21%

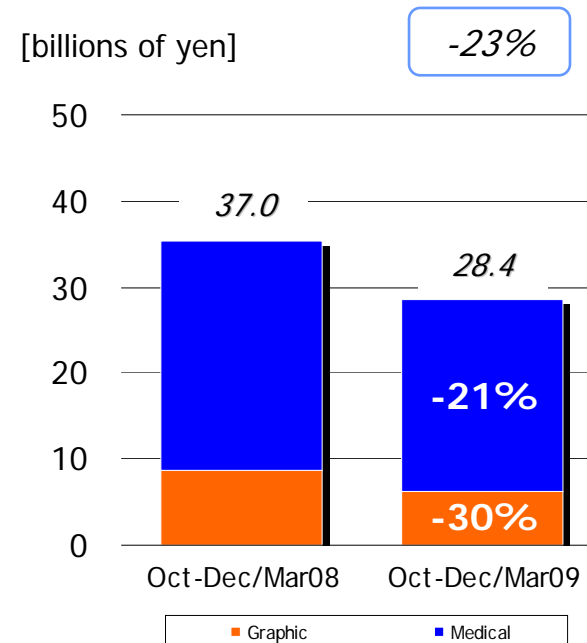
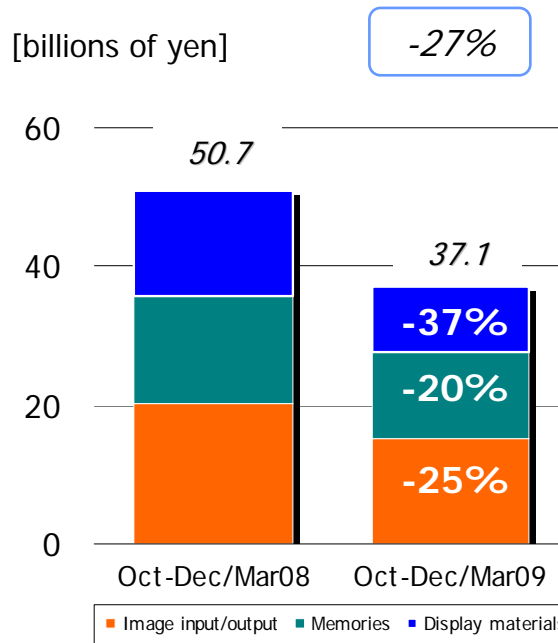
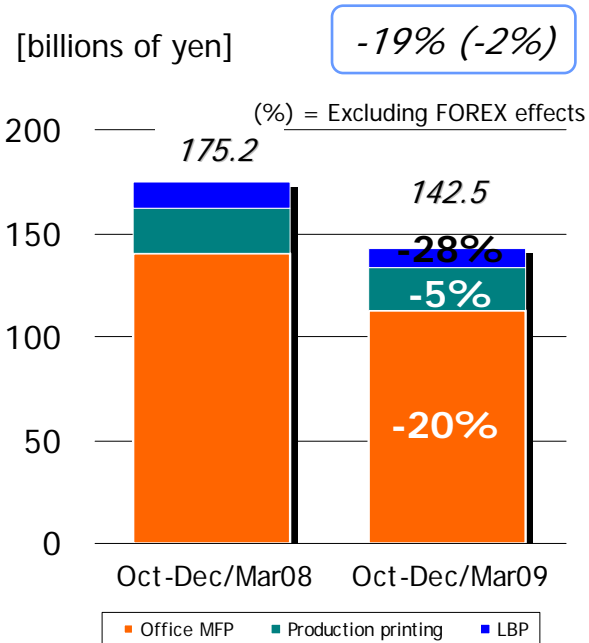
Net sales/unit sales - sub segment – three months (Oct.-Dec.)



Business Technologies

Optics

Medical & Graphic Imaging



- **MFP unit sales Y-O-Y: -10%**
 - Color: -2%
 - B/W: -14%
 - (of which, production print: -13%)

- **LBP unit sales Y-O-Y: -16%**
 - Color: +9%
 - (of which, single-pass: +50%)
 - B/W: -26%

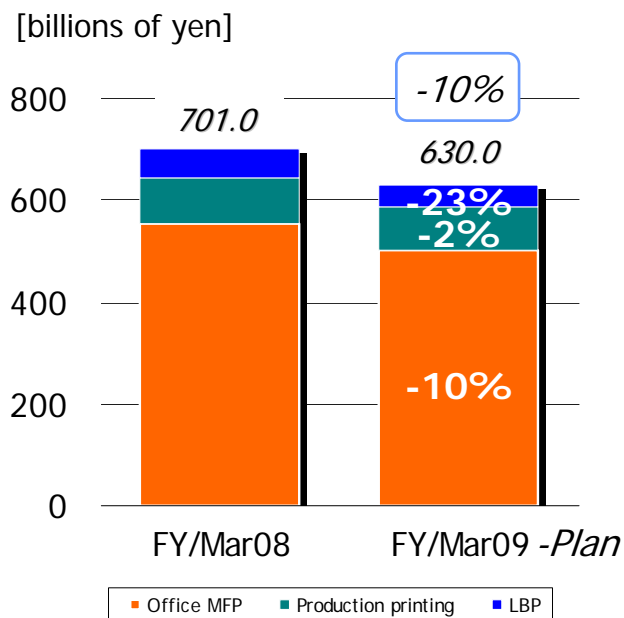
- **LCD materials unit sales Y-O-Y**
 - TAC film : -31%
- **Memory devices unit sales Y-O-Y**
 - Optical pickup lenses: -47%
 - Glass substrates for HD: -1%
- **Image input/output components unit sales Y-O-Y**
 - Mobile phone components: -23%

- **Medical: unit sales Y-O-Y**
 - X-ray film: -20%
 - Digital input/output equipment: +3%
- **Graphic: unit sales Y-O-Y**
 - Graphic-arts film: -43%
 - Digital printing equipment: -30%



Net sales/unit sales - sub segment – FY/Mar09 -Plan

Business Technologies



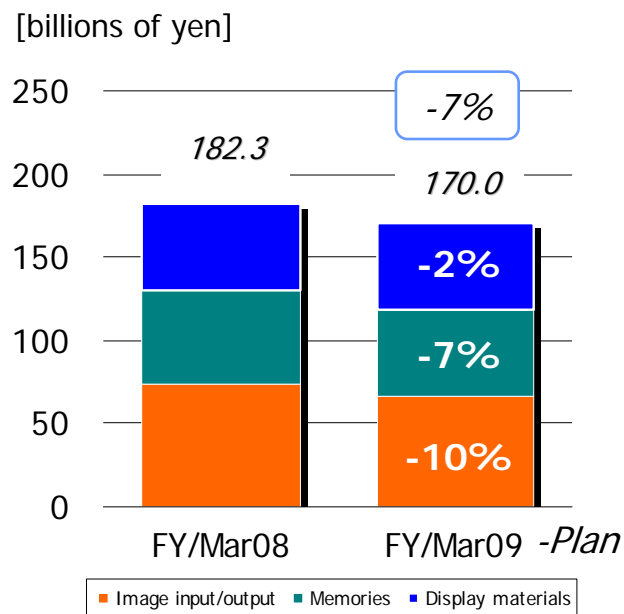
● MFP unit sales Y-O-Y: -5%

Color: +10%
 B/W: -12%
 (of which, production print: -7%)

● LBP unit sales Y-O-Y: -25%

Color: +10%
 (of which, single-pass: +70%)
 B/W: -40%

Optics



● LCD materials unit sales Y-O-Y

TAC film : +5%

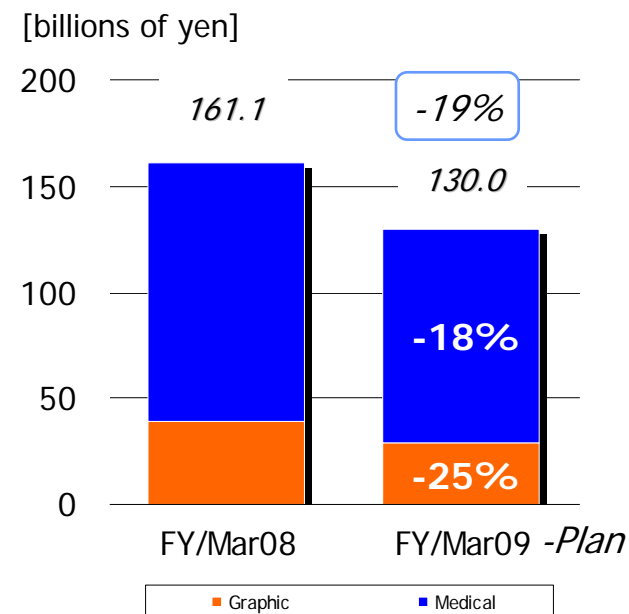
● Memory devices unit sales Y-O-Y

Optical pickup lenses: -25%
 Glass substrates for HD: +10%

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

Mobile phone components: +20%

Medical & Graphic Imaging



● Medical: unit sales Y-O-Y

X-ray film: -20%
 Digital input/output equipment: +15%

● Graphic: unit sales Y-O-Y

Graphic-arts film: -30%
 Digital printing equipment: -30%

	[Billions of yen]											
	FY/Mar09				FY/Mar08				YoY (%)			
	1Q	2Q	3Q	Total	1Q	2Q	3Q	Total	1Q	2Q	3Q	Total
Sales expenses	13.0	15.0	11.5	39.5	15.2	15.4	16.3	46.9	-15%	-2%	-29%	-16%
R&D	20.9	21.0	20.8	62.7	18.7	19.7	20.7	59.1	12%	7%	1%	6%
Salaries and wages	36.1	36.4	32.2	104.6	41.1	39.3	41.6	121.9	-12%	-7%	-23%	-14%
Other	25.6	26.6	24.6	76.7	26.3	26.9	28.2	81.4	-3%	-1%	-13%	-6%
Total	95.5	99.1	89.1	283.6	101.3	101.3	106.7	309.3	-6%	-2%	-17%	-8%

Reference: Excluding special factors

[a]	Excluding effects of accounting method change (Accounting shift of service expenses to cost of sales)								2%	5%	-10%	-1%
	<u>103.4</u>	<u>106.6</u>	<u>95.5</u>	<u>305.4</u>								
[b]	Excluding "[a]" and exchange rate impact								5%	8%	-2%	4%
	<u>106.3</u>	<u>109.1</u>	<u>104.9</u>	<u>320.4</u>								
[c]	Excluding "[b]" and expenses stemming from new consolidation of subsidiaries (Mainly DANKA)								4%	3%	-6%	0%
	<u>105.2</u>	<u>104.7</u>	<u>100.6</u>	<u>310.5</u>								

Non-operating profit

[Billions of yen]

	FY/Mar09				<i>Reference</i>
	1Q	2Q	3Q	Total	FY/Mar08 Apr - Dec
Interest and dividend income	1.3	0.2	0.6	2.1	2.0
Foreign exchange gain	2.5	--	--	2.5	0.0
Other	1.9	2.3	0.4	4.6	6.0
Non-operating income	5.7	2.5	1.0	9.2	8.0
Interest expenses	1.3	1.5	1.2	4.1	3.3
Foreign exchange loss	--	3.1	7.1	10.2	--
Loss on revaluation/ disposal of inventories	--	--	--	--	3.2
Other	0.9	2.1	1.2	4.2	4.7
Non-operating expenses	2.3	6.7	9.5	18.5	11.2
Non-operating income, net	3.5	-4.3	-8.5	-9.3	-3.1

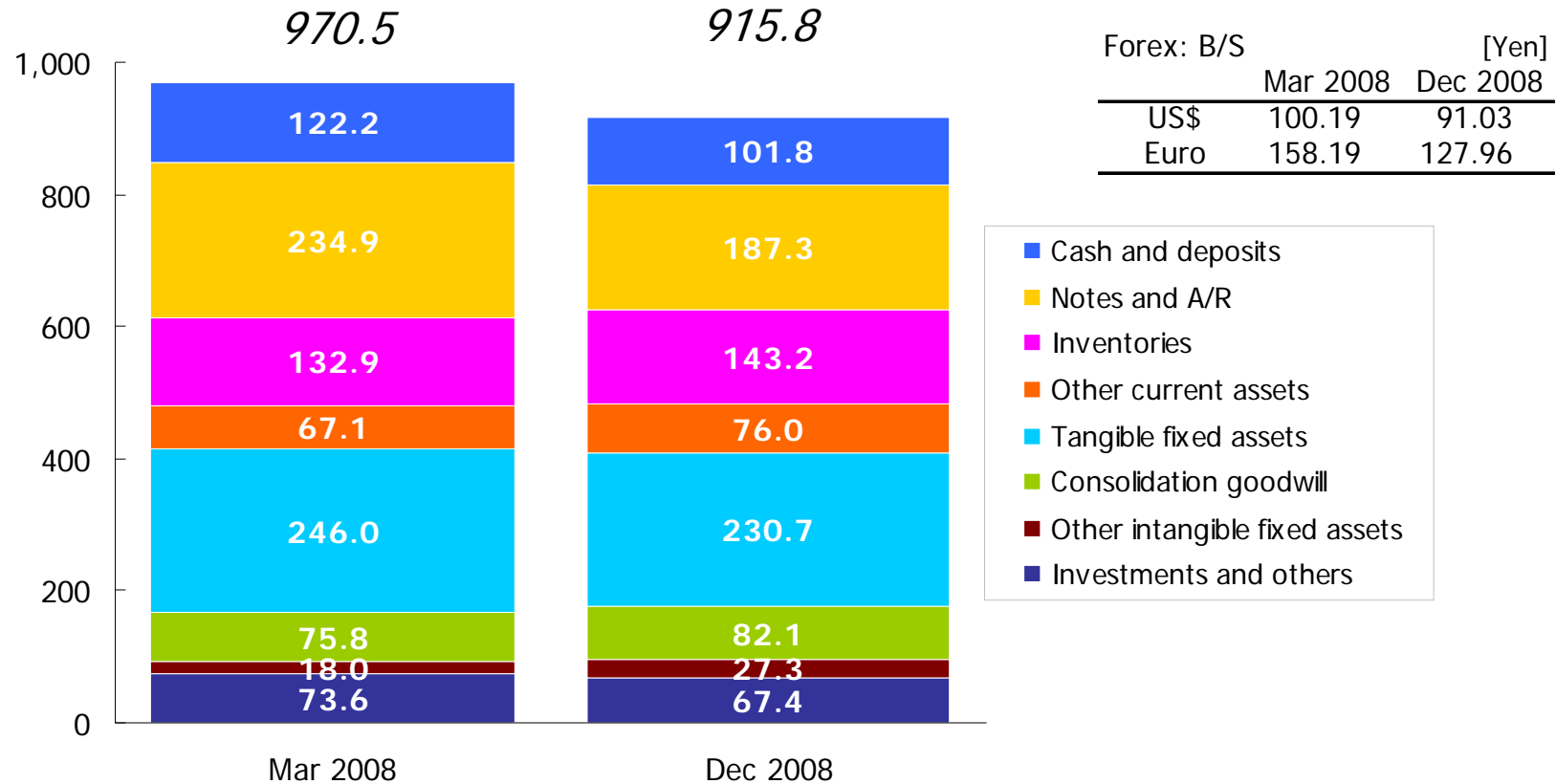
Note: Effective 1Q/Mar09, accounting shift of losses on disposal of inventory assets from non-operating expenses to cost of sales

Extraordinary income

	FY/Mar09				[Billions of yen] <u>Reference</u> FY/Mar08
	1Q	2Q	3Q	Total	Apr - Dec
	Gain on sales of noncurrent assets	0.1	0.0	0.0	0.1
Gain on sales of investment securities	2.8	0.0	--	2.8	0.0
Other	3.1	0.8	--	3.9	0.3
Extraordinary income	5.9	0.9	0.0	6.8	1.5
Loss on sales and retirement of noncurrent assets	0.5	0.6	0.5	1.6	1.6
Loss on sales/valuation of investment securities	0.0	0.0	3.9	3.9	0.0
Impairment loss	0.0	0.2	0.0	0.3	0.5
Loss on revision of retirement benefit plan	2.0	--	--	2.0	--
Business structure improvement expenses, other	0.6	0.9	1.1	2.6	0.8
Other	--	--	--	--	0.6
Extraordinary losses	3.1	1.7	5.5	10.3	2.7
Extraordinary income, net	2.8	-0.8	-5.5	-3.5	-1.2

B/S - Assets

[Billions of yen]

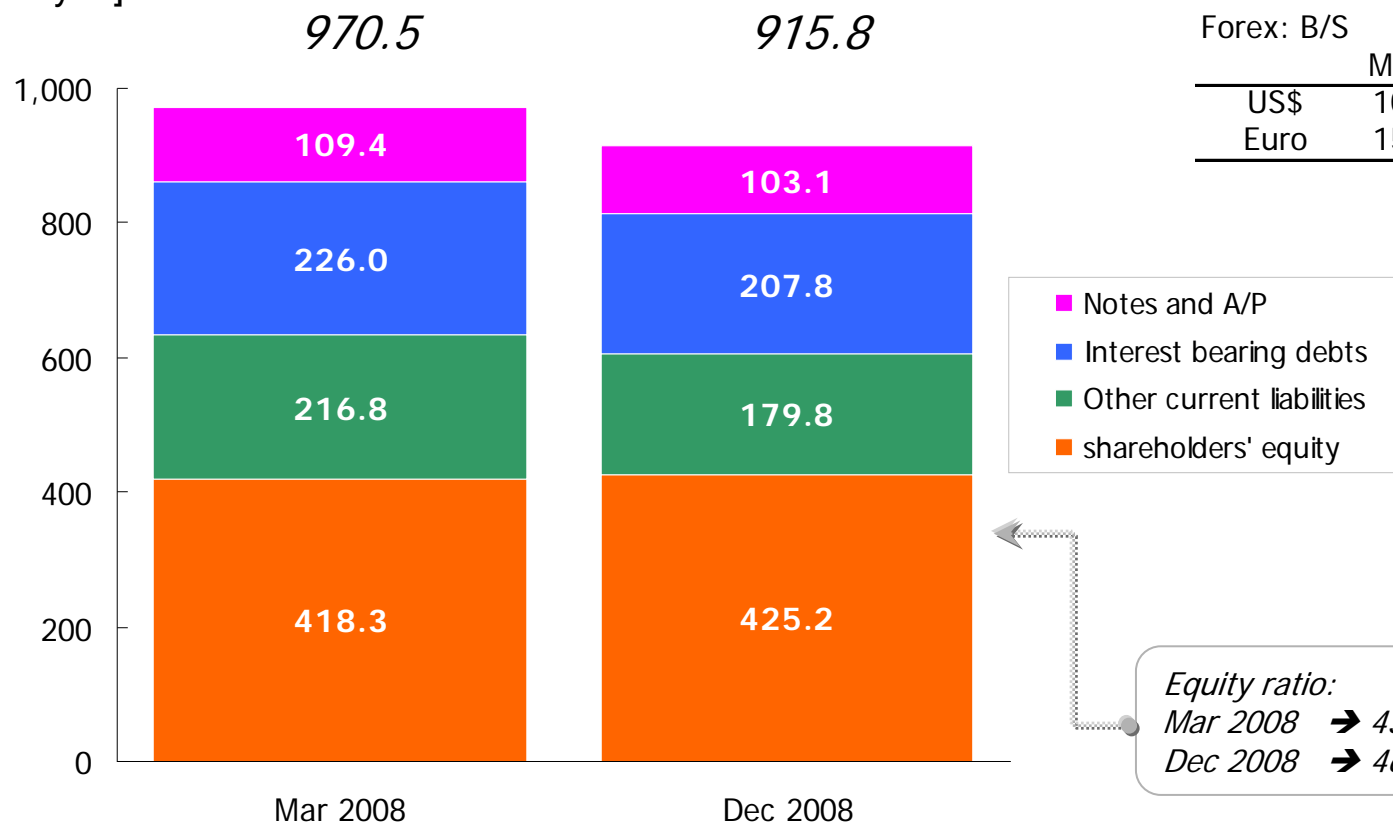


Mar 2008 vs. Dec 2008: - 54.7 billion yen
Of which, forex impact: - 49.1 billion yen
(Actual change: - 5.6 billion yen)



B/S – Liabilities and shareholders' equity

[Billions of yen]



Forex: B/S	[Yen]	
	Mar 2008	Dec 2008
US\$	100.19	91.03
Euro	158.19	127.96

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

Equity ratio:
 Mar 2008 → 43.0%
 Dec 2008 → 46.3%

*Mar 2008 vs. Dec 2008: - 54.7 billion yen
 Of which, forex impact: - 49.1 billion yen
 (Actual change: - 5.6 billion yen)*

R&D expenses, investments, and depreciation

[Billions of yen]

	FY/Mar09					FY/Mar08				
	1Q	2Q	3Q	1Q-3Q total	FY Forecast	1Q	2Q	3Q	1Q-3Q total	FY
R&D expenses	20.9	21.0	20.8	62.7	85.0	18.7	19.7	20.7	59.1	81.3
Investment	13.7	17.6	16.0	47.3	60.0	22.8	10.8	18.6	52.2	75.3
Depreciation	16.2	17.8	17.8	51.7	75.0	13.9	14.7	16.0	44.6	60.4
FCF	-9.3	20.1	-4.4	6.4	10.0	1.7	17.0	-0.3	18.4	46.2

Number of employees [persons]

Mar-08	Jun-08	Sep-08	Dec-08
31,717	38,359	37,876	38,310

[Major factors for increase]

■ Mar-08 → Jun-08:

(1) Acquisition of DANKA – Approx. 1,800 persons

(2) Full ownership of business equipment factories in China – Approx. 4,200 persons

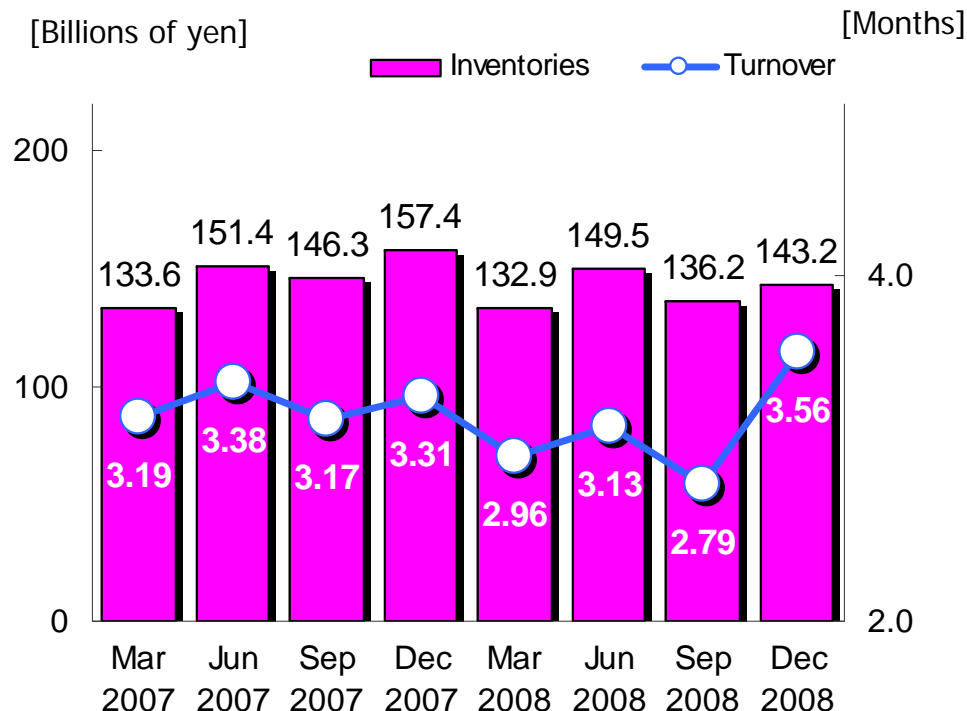
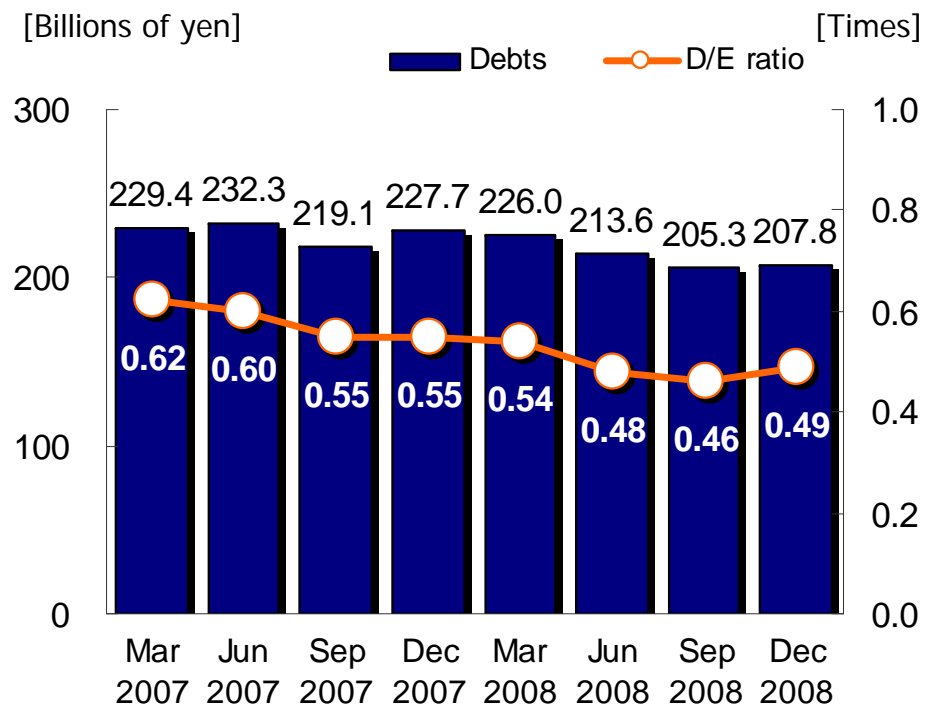
■ Sep-08 → Dec-08:

(1) Acquisition of KN and other – 434 persons

Interest bearing debts and inventories

Interest-bearing debts

Inventories and inventory turnover



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

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

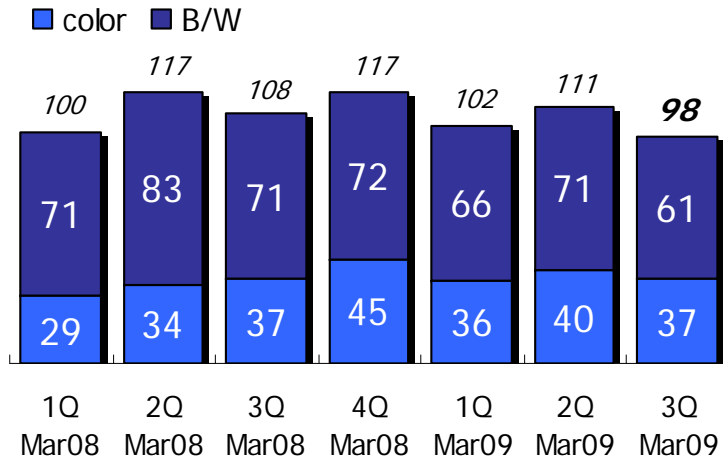
Cash flows



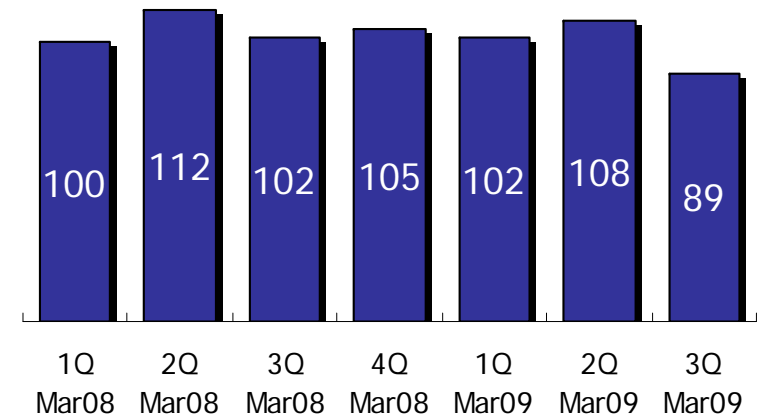
	[Billions of yen]							
	FY/Mar09				FY/Mar08			
	1Q	2Q	3Q	Total	1Q	2Q	3Q	Total
Income before income taxes and minority interests	30.8	19.1	0.8	50.6	27.5	26.4	31.4	85.2
Depreciation and amortization	16.2	17.8	17.8	51.7	13.9	14.6	16.0	44.5
Amortization of goodwill	1.7	2.4	2.4	6.5	1.7	1.7	2.1	5.4
Loss (gain) on sales and valuation of investment securities	0.0	0.0	3.9	3.9	0.0	0.0	0.0	0.0
Increase (decrease) in provision for retirement benefits	2.7	1.1	1.2	5.0	0.5	0.8	0.5	1.7
Loss (gain) on sales and valuation of stocks of subsidiaries and affiliates / transfer of business	-5.9	0.0	0.0	-5.9	-0.0	0.0	0.0	-0.0
Increase (decrease) in provision for loss on business liquidation (Photo Imaging Business)	-1.3	-0.9	-0.7	-2.9	-1.7	-8.7	-1.2	-11.6
Change in working capital	-0.7	8.5	12.4	20.2	-1.2	0.1	-9.7	-10.7
Other	-2.9	-4.6	-4.8	-12.4	-0.3	-7.0	-1.8	-9.1
Income tax paid	-18.4	-1.6	-14.3	-34.2	-18.6	0.7	-13.6	-31.6
I. Net cash provided by operating activities	22.2	41.7	18.6	82.6	21.8	28.5	23.6	73.9
II. Net cash provided by investing activities	-31.5	-21.7	-23.0	-76.2	-20.1	-11.4	-23.9	-55.5
I. + II. Free cash flow	-9.3	20.1	-4.4	6.4	1.7	17.0	-0.3	18.4
Change in debts and bonds	-16.2	-3.3	12.8	-6.8	0.5	-11.5	7.5	-3.6
Cash dividends paid	-3.9	-0.1	-5.2	-9.1	-5.3	0.0	-3.9	-9.2
Other	-1.2	-0.8	-0.4	-2.4	-0.1	-0.1	-0.2	-0.4
III Net cash provided by financing activities	-21.3	-4.2	7.2	-18.3	-4.9	-11.6	3.5	-13.1

Unit sales – Business Technologies

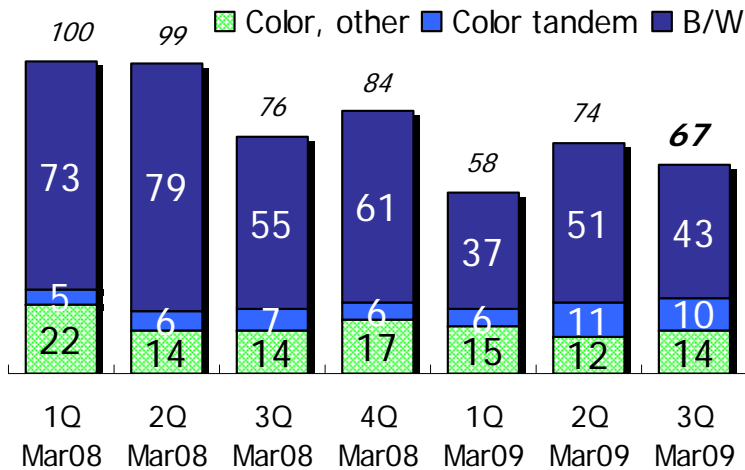
MFP



Production printing (Color and B/W)



LBP

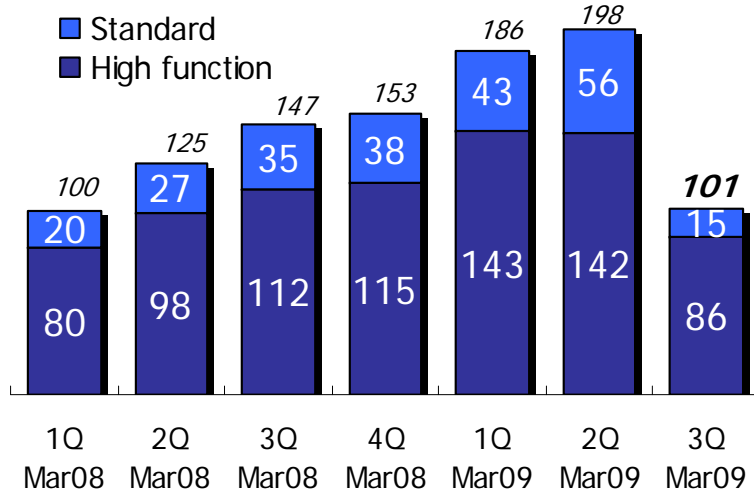


* Base index : "1Q Mar08" = 100

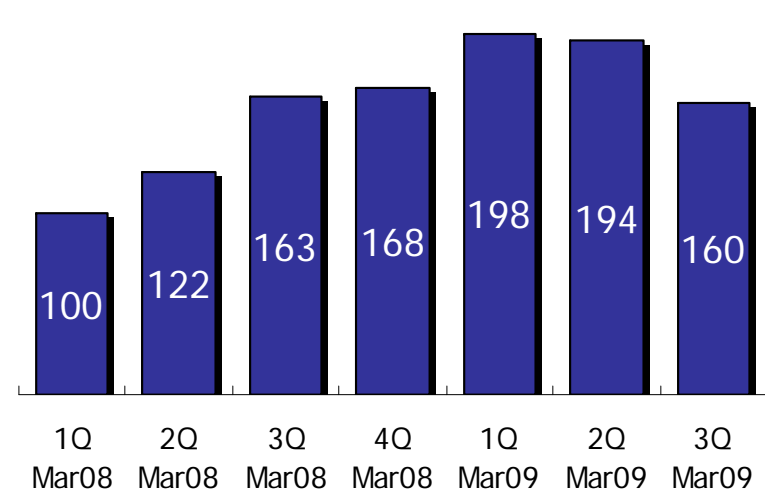


Unit sales – Optics

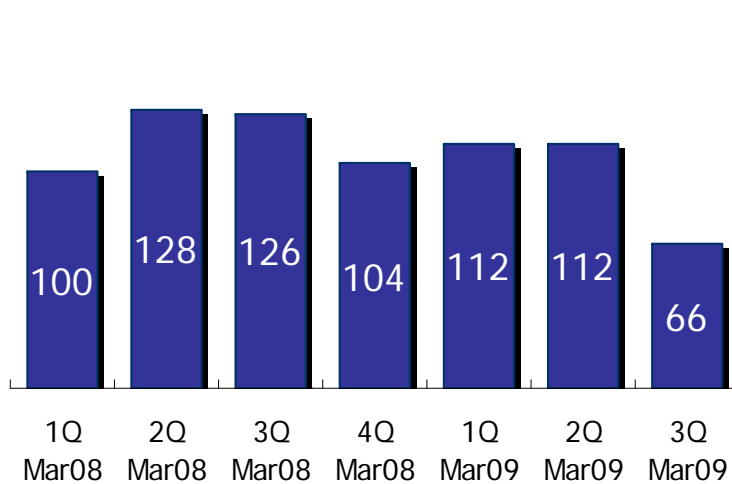
TAC film



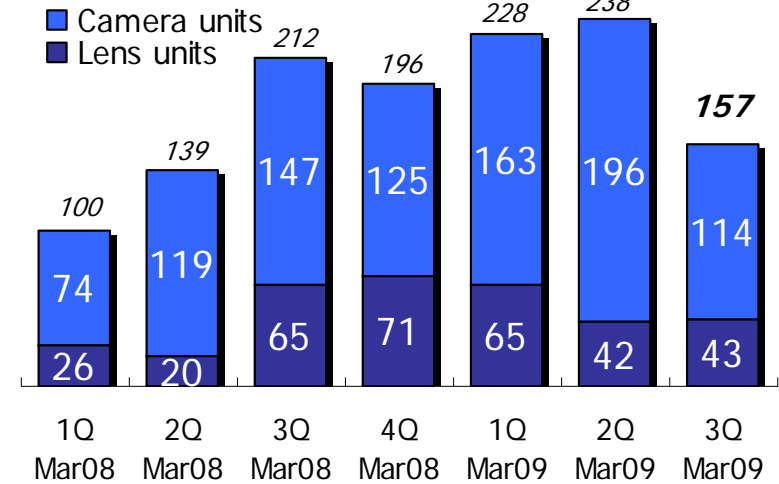
Glass substrates for HD



Optical pickup lens



Mobile phone components

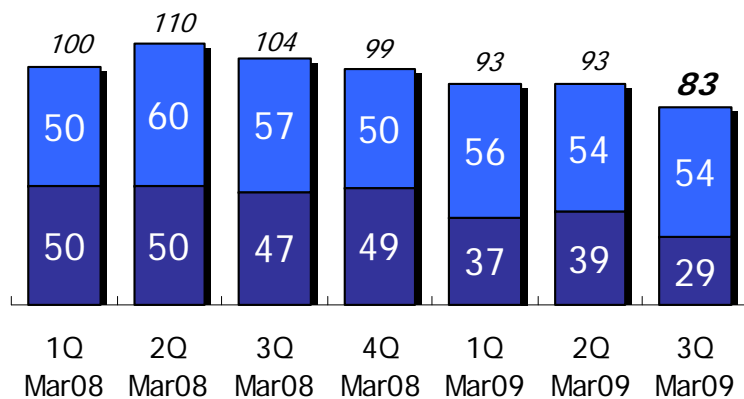


* Base index : "1Q Mar08" = 100

Unit sales – Medical & Graphic

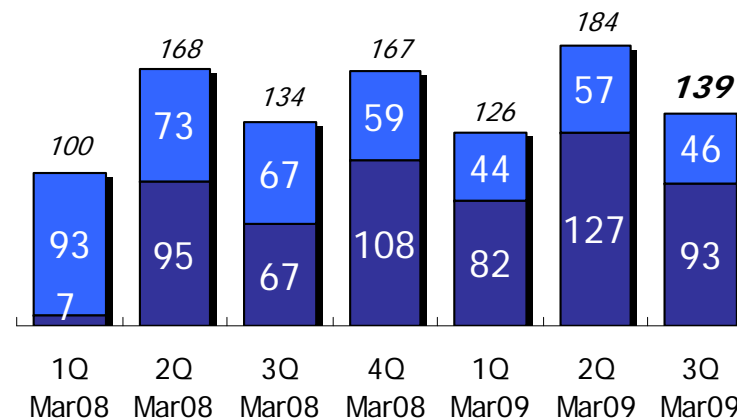
■ X-ray film (dry & wet)

■ Wet ■ Dry



■ Digital input/output equipment

■ for Clinics ■ Other



* Base index : "1Q Mar08" = 100