October 30, 2008

Consolidated Financial Results
for the 2nd Quarter Ended September 30, 2008

Konica Minolta Holdings, Inc.

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Stock Exchange Listings: Tokyo, Osaka (First Sections)
Local Securities Code Number: 4902

1. OVERVIEW OF THE SIX-MONTH PERFORMANCE
(From April 1, 2008 to September 30, 2008)

(1) Business performance

Percentage figures for the six-month period represent the change from the previous six-month period.

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

[Millions of yen]

	Net sales		Operating income		Recurring profit	
Six months ended September 30, 2008	532,971	-- %	48,670	-- %	47,877	-- %
Six months ended September 30, 2007	524,958	6.3%	57,059	23.3%	54,670	21.9%

	Net income		Net income per share		Net income per share (after full dilution)	
Six months ended September 30, 2008	29,279	-- %	55.19	yen	52.08	yen
Six months ended September 30, 2007	37,644	67.2%	70.93	yen	66.97	yen

(2) Financial Position

[Millions of yen]

	Total assets	Net assets	Equity ratio (%)	Net assets per share ［Yen］
September 30, 2008	973,855	447,794	45.9	842.27
March 31, 2008	970,538	418,310	43.0	786.20

Notes: Shareholders' equity
September 30, 2008: ¥446,716 million
March 31, 2008: ¥417,166 million

2. DIVIDENDS

[yen]

Period-end	Dividends per share				
	June 30	September 30	December 31	Year-end	Total annual
Fiscal year ended March 31, 2008	—	7.50	—	7.50	15.00
Fiscal year ending March 31, 2009	—	10.00			
Fiscal year ending March 31, 2009 (forecast)			—	10.00	20.00

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.

[Millions of yen]

	Net sales	Operating income	Recurring profit	Net income	Net income per share [yen]
Full-year	1,035,000 -3.4%	80,000 -33.1%	76,000 -27.1%	42,000 -39.0%	79.18

Note: Change to consolidated results forecast: yes

4. OTHER

(1) Changes in status of material subsidiaries during the period under review (Changes to specified subsidiaries accompanying the additional consolidation or removal from consolidation of companies): Yes
Consolidated companies: (new): none (excluded): 1 (Konica Minolta Manufacturing U.S.A., Inc.)
Note: For more detailed information, please see the "4.Other" section on page 13.

(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）

As of September 30, 2008:	531,664,337 shares
As of March 31, 2008:	531,664,337 shares

b. Treasury stock at period-end

As of September 30, 2008:	1,290,209 shares
As of March 31, 2008:	1,055,317 shares

c. Average number of outstanding shares

Six-month period ended September 30, 2008:	530,528,662 shares
Six-month period ended September 30, 2007:	530,696,562 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 page 12 for more information on points to be remembered in connection with the use of projections.

1. Consolidated Operating Results

(1) Overview of Performance

The increase (decrease) amounts and related percentages between six-month ended September 30, 2007 and six-month ended September 30, 2008 are shown as reference.

[Millions of yen]

	Six months ended September 30, 2008 (April 1, 2008 – September 30, 2008)	*Reference* Six months ended September 30, 2007 (April 1, 2007 – September 30, 2007)	Increase (Decrease)		*Reference* Three months (July 1, 2008 – September 30, 2008)
Net sales	532,971	524,958	8,012	1.5%	277,831
Gross profit	243,227	259,682	(16,454)	-6.3%	123,296
Operating income	48,670	57,059	(8,388)	-14.7%	24,192
Recurring profit	47,877	54,670	(6,793)	-12.4%	19,938
Net income before income taxes and minority interests	49,856	53,853	(3,997)	-7.4%	19,100
Net income	29,279	37,644	(8,364)	-22.2%	11,651
Net income per share [yen]	55.19	70.93	(15.74)	-22.2%	21.96
Capital expenditure	31,285	33,634	(2,349)	-7.0%	17,588
Depreciation	33,931	28,550	5,380	18.8%	17,763
R & D expenses	41,908	38,406	3,502	9.1%	21,038
Exchange rates [yen]					
US dollar	106.11	119.33	(13.22)	-11.1%	107.66
Euro	162.68	162.30	0.38	0.2%	161.93

Regarding the net sales of the Konica Minolta Group's principal business segments during the six-month period under review, the core Business Technologies Business's sales of MFP (multifunctional peripheral) products were affected by various challenging situations. Beginning from the summer in 2007, the emergence of the subprime loan crisis led to increasingly widespread concern with respect to the financial system in the United States as well as in Europe, Japan, and elsewhere in the world. This caused the emergence of concerns during the latter half of the six-month period regarding economic deceleration in Europe, which is the largest market for the Group's MFP products. Sales in the United States were impacted by the protraction of economic deceleration as well as the considerable appreciation of the yen against the U.S. dollar. However the June 2008 acquisition of Danka Office Imaging Company (DOIC) as a means of strengthening direct marketing capabilities in the United States and the inclusion of that company within the scope of consolidation enabled the Group to maintain overall Business Technologies Business sales at approximately the same level as in the same period of the previous fiscal year.

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 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 graphic field, where digitization is proceeding rapidly. As a result, the Group's six-month period net sales amounted to ¥532,971 million, an increase of 1.5%, or ¥8,012 million from the same period of the previous fiscal year.

The impact of the appreciation of the yen against the U.S. dollar and other currency exchange rate changes had the effect of reducing net sales by approximately ¥21.6 billion.

Regarding gross profit for the period, Konica Minolta has been stepping up its Groupwide cost cutting efforts, but the benefits of these efforts were not sufficient to offset the effects of such factors as decreases in product selling prices and surges in raw materials prices. Moreover, gross profit was impacted by 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 non-operating 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 Group's gross profit for the period declined 6.3%, or ¥16,454 million year on year, to ¥243,227 million and the gross profit ratio was 45.6%, down 3.9 percentage points from 49.5% in the same period of the previous fiscal year. We estimate that the impact of these accounting system changes had the effect of reducing gross profit by approximately ¥21.1billion and lowering the gross profit ratio by 4.0 percentage points.

Factors that augmented SG&A expenses included a ¥3,502 million rise in R&D expenses that mainly resulted from the Business Technologies Business' emphasis on color products and production printing business, but SG&A expenses decreased ¥8,066 million year on year, to ¥194,557 million, reflecting the abovementioned accounting shift of service expenses to cost of sales and other factors. As a consequence of all these factors, the Group's operating income decreased 14.7 %, or ¥8,388 million year on year, to ¥48,670 million, and the operating income ratio was 9.1%.

Net non-operating income improved ¥1,595 million, reflecting the abovementioned accounting shift of losses on the disposal of inventory assets from nonoperating expenses to cost of sales. Thus, recurring income declined 12.4%, or ¥6,793 million year on year, to ¥47,877 million.

Net extraordinary profit improved ¥2,795 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 dropped 7.4%, or ¥3,997 million year on year, to ¥49,856 million. After deducting income taxes and minority interests, net income amounted to ¥29,279 million, down 22.2%, or ¥8,364 million year on year. Net income per share was ¥55.19, down 22.2%, or ¥15.74.

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. Konica Minolta 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 Group's capital investments in the six-month period under review amounted to ¥31,285 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 six-month period under review totaled ¥33,931 million, up ¥5,380 million year on year.

Regarding exchange rate trends during the six-month period under review, the trend of yen appreciation has rapidly proceeded. Average exchange rates for the period were ¥106.11 =US$1, corresponding to yen appreciation of ¥13.22 (11.1%) from the same period of 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 ¥162.68 =€1, roughly unchanged from the same period of the previous fiscal year.

[Reference] Overview of Performance in the 2nd Quarter
(Three-month period: From July 1, 2008 to September 30, 2008)

The Konica Minolta Group's sales trends during the second three-month quarterly period of the current fiscal year were generally as described above regarding the six-month period of the current fiscal year, particularly regarding the noteworthy situation of the Business Technologies Business.

The Group's consolidated net sales during the second three-month quarterly period amounted to ¥277,831 million, and we estimate that the impact of the appreciation of the yen against the U.S. dollar and other currency exchange rate changes had the effect of reducing net sales by approximately ¥9.6 billion.

Regarding gross profit for the three-month quarterly period, cost cutting efforts were not sufficient to offset the effects of such factors as decreases in product selling prices and surges in raw materials prices. Moreover, gross profit was impacted by such factors as the accounting changes previously explained, which we estimate had the effect of reducing gross profit by approximately ¥11.0 billion and lowering the gross profit ratio by 4.0 percentage points. Consequently, gross profit amounted to ¥123,296 million, and the gross profit ratio was 44.4%.

SG&A expenses were affected by a rise in R&D expenses amounting to ¥21,038 million, but decreased to ¥99,103 million due to the abovementioned accounting shift of service expenses to cost of sales and other factors. As a result, operating income was ¥24,192 million, and the operating income ratio was 8.7%.

A ¥3,138 million exchange rate loss resulting from the appreciation of the yen cause the net value of non-operating income items to be a loss of ¥4,253 million. Thus, recurring income amounted to ¥19,938 million.

The net value of extraordinary income items was also a net loss of ¥838 million, reflecting such factors as ¥590 million in loss on the disposal and sale of fixed assets and ¥783 million in business structural improvement expenses.

Consequently, income before income taxes and minority interests was ¥19,100 million, and net income amounted to ¥11,651 million. Net income per share for the three-month quarterly period was ¥21.96.

(2) Overview by Segment

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

Reference [Millions of yen]

	Six months ended September 30, 2008 (April 1, 2008 – September 30, 2008)	Six months ended September 30, 2007 (April 1, 2007 – September 30, 2007)	Increase (Decrease)	
(1) Net sales to outside customers	343,782	346,901	(3,119)	-0.9%
(2) Intersegment net sales	2,267	2,883	(615)	-21.4%
Total net sales	346,050	349,785	(3,735)	-1.1%
Operating income	32,319	44,716	(12,396)	-27.7%

In the MFP segment, in line with our "genre-top strategy," we are concentrating on expanding sales of color MFPs, for which demand is continuing to grow in Japan and overseas office products markets as users shift from black & white to color models, and on expanding sales of production printing-use high-speed MFPs, which are projected to be in increasing demand in connection with corporate internal printing, commercial printing, and other production printing applications.

Regarding office-use MFPs, we expanded our bizhub series product lineup during the previous fiscal year with the introduction of five new medium- and low-speed products, and we worked to further enhance the lineup's product competitiveness with the August 2008 launch of the strategic "bizhub C200" model. We strove to maintain and expand our color MFP market share—giving particular attention to the European market, where we have a strong marketing base—although the financial instability that originated in the United States spread to the European market late in the six-month period, causing a weakening of new installations in France, Spain, and certain other sectors of the European market. Business conditions in the United States were harsh, reflecting the introduction of stricter credit appraisal standards for new lease contracts and other measures taken in response to the protracted trend of financial instability, and these conditions led a continued general weakening of sales. For black & white MFPs, we launched the "bizhub 501, 421, and 361" models in May 2008 in line with our strategy of emphasizing the strengthening of product competitiveness in the medium- to high-speed market segment.

In addition, for the internal printing departments of large corporations, large franchise print shops, and production printing establishments that have commercial printing and other companies as customers, we began sales of our new "bizhub PRO C6501 and C5501" high-speed color MFPs in August 2008, and sales of these products grew smoothly in markets centered on the Europe and United States markets.

In the LBP field, placing emphasis on the general-office market where large printing volume can be forecast, we launched the "bizhub C31P/magicolor 5650EN (dual brand)" high-speed color printer with 35ppm output capabilities (introduced in June 2008) and the "bizhub C20/magicolor 4690MF (dual brand)" all-in-one type color printer model with printing, scanning, copying, and fax functions (introduced in August 2008.) to strengthen our product lineup.

We estimate that the impact of the considerable appreciation of the yen against the U.S. dollar exchange rate change had the effect of reducing net sales of this business to outside customers during the six-month period by approximately ¥17.3 billion. However, the inclusion of DOIC within the scope of consolidation enabled us record ¥343,782 million in net sales of this business to outside customers, approximately the same level as that in the six-month period of the previous fiscal year. Operating income was affected by the impact of accounting system changes and the consolidation of additional subsidiaries as well as the impact of a drop in selling prices amid worsening market conditions in the United States and Europe. Reflecting these factors, along with a rise in R&D expenses, operating income declined 27.7% year on year, to ¥32.319 million.

Optics Business

[Optical devices, electronic materials, etc.]

Reference [Millions of yen]

	Six months ended September 30, 2008 (April 1, 2008 – September 30, 2008)	Six months ended September 30, 2007 (April 1, 2007 – September 30, 2007)	Increase (Decrease)	
(1) Net sales to outside customers	109,440	83,315	26,125	31.4%
(2) Intersegment net sales	539	529	10	1.9%
Total net sales	109,979	83,844	26,135	31.2%
Operating income	18,962	13,059	5,903	45.2%

Regarding display materials, we have sustained efforts to expand manufacturing capacity—having completing the construction of our No. 5 TAC film production line in November 2007, we began operating our No. 6 TAC film production line in June 2008. Particularly, the VA-TAC products marketed since early 2008 have been highly evaluated by customers. VA-TAC products for use in large LCD televisions are in increasing demand, and sales volume grew greatly, particularly to customers in Korea and Taiwan.

In the memory-related product field, sales of mainstay optical pickup lenses for use with conventional CDs and DVDs were approximately unchanged from the same period of the previous fiscal year, but a considerable rise was seen in sales of pickup lenses for use with Blu-ray Disks. Sales volume of glass hard disk substrates grew greatly, reflecting the smooth start-up of operations at a Malaysian factory completed in January 2008 and the expansion of demand associated with notebook personal computers.

In the image input/output component field, sales of zoom lens units for compact digital cameras fell due to such factors as customers' adjustments of their manufacturing volumes. However, we recorded robust shipment volume of micro camera modules and lens units for camera-equipped mobile phones for Japan and overseas markets.

As a result, sales of this business to outside customers during the six-month period under review rose 31.4% year on year, to ¥109,440 million. Despite higher depreciation expense due to tax reforms related to LCD materials manufacturing facilities, operating income increased 45.2%, to ¥18,962 million.

Medical and Graphic Imaging Business

[Medical and graphic imaging products, etc.]

Reference [Millions of yen]

	Six months ended September 30, 2008 (April 1, 2008 – September 30, 2008)	Six months ended September 30, 2007 (April 1, 2007 – September 30, 2007)	Increase (Decrease)	
(1) Net sales to outside customers	66,234	80,616	(14,382)	-17.8%
(2) Intersegment net sales	1,052	1,739	(687)	-39.5%
Total net sales	67,286	82,355	(15,069)	-18.3%
Operating income	2,856	4,005	(1,149)	-28.7%

In the medical and healthcare segment, the general shift to the digitization at medical facilities is reducing demand for X-ray film, and we have responded by emphasizing measures to expand sales of such digital equipment as the REGIUS series of digital radiography image inputting systems. In particular, we have developed the REGIUS MODEL 110 and the REGIUS Unitea peripheral system to support the use of IT in clinics and other relatively small-scale medical establishments. Marketed since June 2007, these products have been highly evaluated by front-line medical professionals for their innovative design concepts, which enable compactness and the performance of image-based diagnoses in a simple operating environment. As a result, we recorded robust domestic and overseas sales of digital products centered on these new products.

Regarding the graphic (printing) segment, in view of the decline in demand for film products due to the shift to digital printing processes, we strove to increase our sales of such products as digital printing equipment and CTP plates. Although we have been stepping up our efforts with respect to the "Pagemaster Pro 6500" on-demand printing system, sluggish capital investments due to economic deceleration in Japan and overseas markets restrained sales.

Reflecting the decline in sales of film products centered on products for overseas markets, external sales of this business to outside customers during the six-month period declined 17.8% year on year, to ¥66,234 million. While the Group strove to reduce R&D expenses and SG&A expenses, the impact of such factors as the appreciation of the yen against the U.S. dollar and the surge in prices of silver and other film manufacturing raw materials caused operating income to fall 28.7% year on year, to ¥2,856 million.

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 such industrial-use products as those for measuring colorimetric levels, gloss levels, and three-dimensional shapes as well as such medical-use products as those for measuring blood oxygen levels and jaundice levels.

In the color measurement field, we recorded robust sales in Japan and 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 addition, our CS-2000 spectroradiometer for light source color measurement regarding Hi-Vision displays and other high-definition displays was chosen as the Grand Prize winner in the Display Testing Equipment Category of the 13th Advanced Display of the Year (ADY 2008) program, reflecting the high evaluation of our technologies for products in the inspection and measuring fields.

In the three-dimensional measurement field, the new RANGE7 noncontact digitizer for commercial and academic applications recorded strong sales, particularly in Japan.

Sales to outside customers in this segment during the six-month period decreased 0.4% from the same period of the previous fiscal year, to ¥4,926 million, and operating income decreased 35.5%, to ¥514 million.

Other Business

Industrial Inkjet Business

[Industrial inkjet printer heads, ink, textile printers, etc.]

Utilizing Konica Minolta's proprietary inkjet technologies and unique chemical and ink technologies, this segment markets high-definition large-format printer heads and inks to major printer manufacturers and large inkjet printers for textile use.

During the six-month period, OEM sales of printer heads to major customers in Japan fell, but a smooth increase was seen in sales in Asia, Europe, and the United States. Supported by previous growth in printer head installations, sales of ink consumable products were sustained at approximately the same level as the same period of the previous fiscal year. We also continued efforts to pioneer new business fields through such measures as those to commercialize printer heads for equipment used to manufacture color filters for LCD panels.

Sales to outside customers in this segment during the six-month period increased 11.3% from the same period of the previous fiscal year, to ¥3,712 million, while operating income decreased 13.5%, to ¥444 million.

2. Financial Position

(1) Analysis of Financial Position

[Millions of yen]

		As of September 30, 2008	As of September 30, 2007	Increase (Decrease)
Total assets	[Millions of yen]	973,855	970,528	3,317
Total liabilities	[Millions of yen]	526,060	552,227	(26,166)
Net assets	[Millions of yen]	447,794	418,310	29,484
Net assets per share	[Yen]	842.27	786.20	56.07
Equity ratio	[%]	45.9	43.0	2.9

At the end of the six-month period under review, total assets amounted to ¥973,855 million, up 0.3%, or ¥3,317 million, from the previous fiscal year-end. Current assets declined 1.5%, or ¥8,180 million, to ¥548,930 million, and accounted for 56.4% of total assets, while non-current assets grew 2.8%, or ¥11,497 million, to ¥424,925 million, and accounted for 43.6% 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 Danka Office Imaging Company (DOIC), and the repayment of interest-bearing debt caused a decrease of ¥939 million from the previous fiscal year-end, to ¥88,278 million, in cash and deposits, and a drop of ¥16,000 million to ¥17,000 million in marketable securities. Trade notes and accounts receivable, which rose at the end of the previous fiscal year, decreased ¥8,729 million, and other accounts receivable were down ¥4,540 million.

Inventories centered on those of the Business Technologies Business and the Optics Business increased ¥3,288 million from the previous fiscal year-end, to ¥136,225 million. Accompanying measures to unify accounting methods of overseas subsidiaries and to change accounting standards for domestic lease transactions, a net increase of ¥15,023 million was recorded in lease assets.

Regarding non-current assets, tangible fixed assets decreased ¥6,201 million from the previous fiscal year-end, to ¥239,788 million, as a ¥2,410 million increase in buildings and structures that was mainly attributable to the Optics Business segment was offset by a ¥7,320 million decrease in rental business-use assets. The recording of goodwill in connection with the acquisition of DOIC led to a ¥19,198 million rise in intangible fixed assets, to ¥113,046 million. In addition, investments and other assets fell ¥1,499 million, to ¥72,090 million, mainly owing to a drop in the market value of investment securities.

Total liabilities at the end of the six-month period under review amounted to ¥526,060 million, down 4.7%, or ¥26,166 million, from the previous fiscal year-end, and corresponded to 54.0% of total assets. Short-term liabilities decreased ¥21,543 million, or 5.9%, to ¥344,027 million, and corresponded to 35.3% of total assets, while long-term liabilities declined ¥4,623 million, or 2.5%, to ¥182,032 million, and corresponded to 18.7% of total assets. Additional progress made in repaying interest-bearing debt (the sum of long-term loans and bonds) led to a ¥20,700 million decrease in interest-bearing debt, to ¥205,324 million. Accounts payable-other and accrued expenses decreased ¥8,087 million and ¥2,837 million, respectively, while a drop of ¥2,210 million, to ¥9,517 million, was seen in the allowance for loss on withdrawal from operation, which is associated with the discontinuation of the Photo Imaging Business.

Net assets at the end of the six-month period under review were up 7.0%, or ¥29,484 million, from the previous fiscal year-end, to ¥447,794 million, and corresponded to 46.0% of total assets.

Retained earnings grew ¥30,606 million from the previous fiscal year-end, to ¥207,290 million, mainly reflecting the recording of ¥29,279 million in net income for the six-month period, a ¥5,210 million rise at the start of the period due to preliminary measures to unify overseas subsidiaries' accounting methods, and a decrease of ¥3,979 million due to dividend payments. Valuation difference on available-for-sale securities decreased ¥759 million.

Consequently, net assets per share at the end of the six-month period under review amounted to ¥842.27, and the equity ratio rose 2.9 percentage points from the end of the previous fiscal year, to 45.9%.

In addition—aiming to ensure stable liquidity and increase funding efficiency as well as to supplement liquidity at times of emergencies—the Company increased the value of its commitment line borrowing limit from ¥80 billion to ¥100 billion. The Company has further strengthened its borrowing capabilities by increasing the multi-currency portion of its commitment line from ¥10 billion to ¥50 billion and expanding the scope of that multi-currency portion to provide for euro borrowings in addition to the previously provided for yen and U.S. dollar borrowings.

(2) Cash Flows

Reference [Millions of yen]

	Six months ended September 30, 2008	Six months ended September 30, 2007	Increase (Decrease)
Cash flows from operating activities	63,986	50,264	13,721
Cash flows from investing activities	(53,182)	(31,565)	(21,617)
Total (Free cash flow)	10,803	18,699	(7,895)
Cash flows from financing activities	(25,526)	(16,564)	(8,961)

During the six-month fiscal period under review, net cash inflow from operations amounted to ¥63,986 million, while net cash outflow from investing activities, mainly associated with capital investments and the acquisition of a dealer subsidiary, totaled ¥53,182 million. As a result, free cash flow (the sum of operating and investing cash flows) amounted to ¥10,803 million.

Net cash outflow from financing activities, mainly associated with the repayment of interest-bearing debt and the disbursement of dividends, was ¥25,526 million. Exchange rate changes had the effect of decreasing cash and cash equivalents ¥2,729 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 six-month period totaled ¥105,234 million, down ¥17,451 million from the end of the previous fiscal year.

Cash flows from operating activities

Net cash flow from operations amounted to ¥63,986 million. We reported income before income taxes and minority interests of ¥49,856 million, and depreciation of ¥33,931 million, and these inflows were partially offset by a reversal of provision for loss in 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 ¥53,182 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 ¥34,058 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 inflow of ¥10,803 million.

Cash flows from financing activities

Net cash used in financing activities amounted to a net outflow of ¥25,526 million. This was due mainly to the use of ¥19,541 million of cash to reduce interest-bearing debt and the use of ¥3,972 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

Financial market disorder beginning from the emergence of the U.S. subprime loan crisis last year is augmenting concern regarding the possibility of worldwide economic deceleration, and the impact of this situation on the actual economy is becoming increasingly evident. Moreover, such factors as rapidly advancing yen appreciation and the surging prices of raw materials and crude oil are increasing the harshness of the domestic and overseas business environments in which the Group operates.

Regarding the Business Technologies business, we anticipate growth in demand for our mainstay general office-use color MFPs and production printing high-speed MFPs of the medium-to-long term, but we believe it is currently difficult to realize improvement in the capital investment proclivities of companies in Europe and North America, which are the Group’s principal markets.

Regarding the Optics Business, the Group’s highly competitive high-function optical materials and components are incorporated in such products as large LCD televisions, DVD products, personal computers, camera-equipped mobile phones, and it is increasingly difficult to project trends in ultimate demand for such consumer digital products and IT-related products due the cooling down of personal consumption in Japan and overseas.

To respond to these conditions, the Group is accelerating its use of two approaches to strengthen its condition— (1) by further intensifying the implementation of its “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, and (2) by stepping up concerted efforts to thoroughly improve productivity and reduce costs, investments and expenses, and otherwise enhance its profitability and strengthen its financial base.

Amid these circumstances, based on an appraisal of the six-month period performance as well as the greater-than-originally-expected difficulty of projecting future demand and price trends, currency exchange rate trends, and other situations in our operating environment, we have revised our business plan for operations during the latter half of the fiscal year, particularly with respect to mainstay MFP products. Moreover, we have changed our assumed yen-U.S. dollar exchange rate from ¥100 to ¥95 and yen-euro exchange rate from ¥155 to ¥135 in line with the trend of yen appreciation. In view of these factors, we have adjusted the projections of performance in the current fiscal year that were announced on May 9, 2008. The new projections are shown below.

Regarding dividends, in accordance with the previous forecast, we are distributing interim dividends of ¥10 per share, and we do not anticipate a change in the previously announced level of interim and year-end dividends applicable to the fiscal year, which is ¥20 per share.

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

[Millions of yen]

	Previous Forecast (A) Announced May 9, 2008	Current Forecast (B)	Change (B) – (A)
Net sales	1,110,000	1,035,000	-75,000
Operating income	120,000	80,000	-40,000
Recurring profit	115,000	76,000	-39,000
Net income	70,000	42,000	-28,000

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/billions of yen have been rounded off by discarding figures less than one million/billion yen.

4. OTHER

(1) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation)

One company removed from the scope of consolidation
Company name: Konica Minolta Manufacturing U.S.A., INC.
(Reason for change: Completion of liquidation)

(2) Application of simplified accounting methods and special accounting treatment for the quarterly consolidated financial statements

1. Simplified accounting methods

[1] Method for calculating the estimated loan loss value for general loans
In calculating the estimated loan loss value for general loans at the end of the six-month period, except in the case that a noteworthy change in the loan loss rate is recognized, the loan loss rate at the end of the previous fiscal year is employed.

[2] Method for assessing the value of inventories
Regarding the reduction of book values of inventories, 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.

[3] Method for calculating deferred tax assets and liabilities
In judging the possibility of recovering deferred tax assets, except in the case that severe, major changes in the operating environment and major temporary differences following the close of the previous consolidated fiscal year are recognized, the future business forecasts and tax planning documents that were used for making such judgments related to the previous fiscal year are used.

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

Calculation of Tax Expenses

The effective tax rate on income before income taxes and minority interests for the current consolidated fiscal year after the application of tax effect accounting is rationally estimated, and that estimated rate is applied to net income for each quarterly period to calculate estimated tax expenses.
In addition, the income tax adjustment amount is included in the income taxes item.

(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

1. 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, issued March 14, 2007) and the "Implementation Guidance for the Accounting Standards for Quarterly Financial Statements" (ASBJ, ASBJ Guidance No. 14, issued March 14, 2007) have been applied. In addition, the quarterly consolidated financial statements are prepared following the "Rules for Quarterly Consolidated Financial Statements."

2. Application of Accounting Standards for Measurement of Inventories

Beginning from 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 to domestic subsidiaries, and the method of measurement of inventories was changed from the cost method determined by the average method or market method to the cost method (method of reducing book value when the contribution of inventories to profitability declines), where cost is determined by the average method. 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 for the six-month period by ¥1,214 million and of decreasing both recurring profit and income before income taxes and minority interests for the six-month period by ¥32 million.

3. 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 Group 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 for the six-month period was not material. The main impact of the change on the Company's consolidated balance sheets for the six-month period under review is to increase lease assets and lease investment assets by ¥15,023 million.

4. 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.

Regarding the depreciation of leased assets, the useful lifetimes of such assets are deemed to be the lease periods, and depreciation is calculated by depreciating the residual value of such assets to zero over the useful lifetimes.

For finance leases for which ownership is not transferred to the lessee (Konica Minolta) 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 had no effect on Consolidated Statements of Income items for the six-month period of the current fiscal year.

Regarding Consolidated Statement of Cash Flows items for the six-month period 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.

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

Previously, a portion of the consolidated subsidiaries accounted for service expenses (related to digital multifunction devices and other products) within SG&A expenses but, as a result of Group accounting policy adjustments undertaken in response to the introduction of internal control reporting systems from the current fiscal year, the Group has uniformly accounted for such service expenses within cost of sales beginning with the first quarter of the current fiscal year. This change had the effect of decreasing six-month period gross profit by ¥15,391 million.

6. Accounting items for loss on disposal of inventories

Beginning from 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 to consolidated subsidiaries in Japan, and the Company has responded to this by reevaluating Group accounting policy. As a result, beginning with the first quarter of the current fiscal year, the Group has uniformly accounted for losses on the disposal of inventory within cost of sales. Consequently, a portion of overseas subsidiaries that previously accounted for such losses within non-operating expenses have changed to the method of accounting for such losses within cost of sales. 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 for the six-month period by ¥1,259 million

Additional Information

Amortization Method for Important Depreciable Assets

Tangible Fixed Assets

The Company and its domestic consolidated subsidiaries, in response to fiscal year March 2009 corporate income tax system reforms, with respect to mechanical device 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]

	September 30, 2008	March 31, 2008
Assets		
Current assets		
Cash and deposits	88,278	89,218
Notes and accounts receivable-trade	226,132	234,862
Lease receivables and investment assets	15,023	—
Short-term investment securities	17,000	33,000
Inventories	136,225	132,936
Deferred tax assets	37,351	37,086
Accounts receivable-other	9,744	14,284
Other	24,802	21,330
Allowance for doubtful accounts	-5,628	-5,608
Total current assets	**548,930**	**557,110**
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	74,226	71,815
Machinery, equipment and vehicles, net	83,577	86,088
Tools, furniture and fixtures, net	27,392	26,846
Land	35,698	35,961
Lease assets, net	113	—
Construction in progress	6,024	5,201
Assets for rent, net	12,755	20,076
Total property, plant and equipment	**239,788**	**245,989**
Intangible assets		
Goodwill	83,850	75,809
Other	29,196	18,038
Total intangible assets	**113,046**	**93,848**
Investments and other assets		
Investment securities	25,666	28,651
Long-term loans receivable	519	430
Long-term prepaid expenses	3,038	3,589
Deferred tax assets	30,394	28,604
Other	12,928	12,743
Allowance for doubtful accounts	-457	-430
Total investments and other assets	**72,090**	**73,589**
Total noncurrent assets	**424,925**	**413,427**
Total assets	**973,855**	**970,538**

	September 30, 2008	[Millions of yen] March 31, 2008
Liabilities		
Current liabilities		
Notes and accounts payable-trade	110,009	109,413
Short-term loans payable	82,057	93,875
Current portion of long-term loans payable	11,353	6,363
Current portion of bonds	—	5,000
Accounts payable-other	46,199	54,286
Accrued expenses	30,518	33,355
Income taxes payable	17,583	16,449
Provision for bonuses	14,703	15,121
Provision for directors' bonuses	122	257
Provision for product warranties	2,177	4,342
Provision for loss on business liquidation	9,517	11,727
Notes payable-facilities	2,899	2,070
Other	16,886	13,307
Total current liabilities	**344,027**	**365,570**
Noncurrent liabilities		
Bonds payable	70,116	70,166
Long-term loans payable	41,797	50,620
Deferred tax liabilities for land revaluation	3,961	4,010
Provision for retirement benefits	57,220	53,367
Provision for directors' retirement benefits	473	544
Other	8,463	7,946
Total noncurrent liabilities	**182,032**	**186,656**
Total liabilities	**526,060**	**552,227**
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	207,290	176,684
Treasury stock	-1,718	-1,340
Total shareholders' equity	**447,231**	**417,003**
Valuation and translation adjustments		
Valuation difference on available-for-sale securiti	2,154	2,913
Deferred gains or losses on hedges	-203	-319
Foreign currency translation adjustment	-2,465	-2,431
Total valuation and translation adjustments	**-515**	**162**
Subscription rights to shares	367	286
Minority interests	710	858
Total net assets	**447,794**	**418,310**
Total liabilities and net assets	**973,855**	**970,538**

(2) Consolidated Statement of Income

[Millions of yen]

	Six months ended September 30, 2008
Net sales	532,971
Cost of sales	289,743
Gross profit	243,227
Selling, general and administrative expenses	194,557
Operating income	48,670
Non-operating income	
Interest income	1,149
Dividends income	359
Equity in earnings of affiliates	53
Other	4,154
Total non-operating income	**5,717**
Non-operating expenses	
Interest expenses	2,881
Foreign exchange losses	647
Other	2,982
Total non-operating expenses	**6,510**
Ordinary income	47,877
Extraordinary income	
Gain on sales of noncurrent assets	103
Gain on sales of investment securities	6
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	385
Other	458
Total extraordinary income	**6,820**
Extraordinary loss	
Loss on sales and retirement of noncurrent assets	1,085
Loss on sales of investment securities	0
Loss on valuation of investment securities	42
Impairment loss	254
Business structure improvement expenses	1,413
Loss on revision of retirement benefit plan	2,046
Total extraordinary losses	**4,842**
Income before income taxes and minority interests	49,856
Income taxes	20,572
Minority interests in income	3
Net income	29,279

(3) Consolidated Statement of Cash Flows

[Millions of yen]

	Six months ended September 30, 2008
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	49,856
Depreciation and amortization	33,931
Impairment loss	254
Amortization of goodwill	4,084
Increase (decrease) in allowance for doubtful accounts	127
Interest and dividends income	(1,509)
Interest expenses	2,881
Loss (gain) on sales and retirement of noncurrent assets	982
Loss (gain) on sales and valuation of investment securities	36
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	(385)
Business structure improvement expenses	1,413
Loss on revision of retirement benefit plan	2,046
Increase (decrease) in provision for retirement benefits	3,783
Increase (decrease) in provision for loss on business liquidation	(2,210)
Decrease (increase) in notes and accounts receivable-trade	12,825
Decrease (increase) in inventories	(688)
Increase (decrease) in notes and accounts payable-trade	(4,303)
Increase (decrease) in accrued consumption taxes	(61)
Reversal of Accumulated impairment loss on leased assets	(106)
Transfer of Assets for rent	(3,314)
Other, net	(8,820)
Subtotal	**84,956**
Interest and dividends income received	1,558
Interest expenses paid	(2,499)
Payments for extra retirement payments	(105)
Income taxes paid	(19,922)
Net cash provided by (used in) operating activities	63,986

	[Millions of yen] Six months ended September 30, 2008
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(34,058)
Proceeds from sales of property, plant and equipment	1,193
Purchase of intangible assets	(3,422)
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	74
Purchase of investment securities	(152)
Proceeds from sales of investment securities	8
Payments for other investments	(737)
Other, net	107
Net cash provided by (used in) investment activities	(53,182)
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	(10,734)
Proceeds from long-term loans payable	375
Repayment of long-term loans payable	(4,182)
Redemption of bonds	(5,000)
Repayments of lease obligations	(1,364)
Proceeds from sales of treasury stock	92
Purchase of treasury stock	(471)
Cash dividends paid	(3,972)
Cash dividends paid to minority shareholders	(268)
Net cash provided by (used in) financing activities	(25,526)
Effect of exchange rate change on cash and cash equivalents	(2,729)
Net increase (decrease) in cash and cash equivalents	(17,451)
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	**105,234**

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

Second quarter of the fiscal year ending March 31, 2009 (July 1, 2008, to September 30, 2008)

This item does not apply to the Group.

(5) Segment Information

[1] Business Segment

Six-month period ended September 30, 2008 (from April 1, 2008 to September 30, 2008)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consoli-dation
Sales								
Outside customers	343,782	109,440	66,234	4,926	8,588	532,971	--	532,971
Intersegment sales/transfers	2,267	539	1,052	323	31,144	35,327	(35,327)	--
Total	346,050	109,979	67,286	5,249	39,732	568,298	(35,327)	532,971
Operating expenses	313,730	91,017	64,429	4,734	38,088	512,000	(27,699)	484,300
Operating income	32,319	18,962	2,856	514	1,643	56,298	(7,627)	48,670

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. Operating expenses not allocated but included in Elimination/corporate under review amounted to ¥15,889 million are principally R&D expenses incurred by the Company and expenses associated with head office functions.

[2] Geographical Area

Six-month Period ended September 30, 2008 (from April 1, 2008 to September 30, 2008)

[Millions of yen]

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	248,410	116,049	138,248	30,262	532,971	--	532,971
Intersegment sales/transfers	158,389	1,465	1,267	106,259	267,382	(267,382)	--
Total	406,800	117,514	139,516	136,522	800,353	(267,382)	532,971
Operating expenses	350,251	119,462	139,473	133,283	742,470	(258,170)	484,300
Operating income (loss)	56,548	(1,947)	43	3,238	57,883	(9,212)	48,670

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. Operating expenses not allocated but included in Elimination/corporate amounted under review to ¥15,889 million are principally R&D expenses incurred by the Company and expenses associated with head office functions.

[3] Overseas Sales

Six-month Period ended September 30, 2008 (from April 1, 2008 to September 30, 2008)

[Millions of yen]

	North America	Europe	Asia excluding Japan and Other Countries	Total
Overseas sales	119,636	152,120	119,786	391,542
Consolidated sales	—	—	—	532,971
Overseas sales as a percentage of consolidated sales	22.5%	28.5%	22.5%	73.5%

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

[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 period					
Cash dividends			(3,979)		(3,979)
Net income			29,279		29,279
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				(471)	(471)
Disposal treasury stock			(1)	93	93
Total changes during the period	--	--	30,606	(377)	30,228
Balance at September 30, 2008	37,519	204,140	207,290	(1,718)	447,231

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 ¥210 million.

(7) Other Information

(Consolidated Balance Sheets)

As of September 30, 2008		As of March 31, 2008	
	[Millions of yen]		[Millions of yen]
Accumulated depreciation directly deducted from tangible fixed assets	415,666	Accumulated depreciation directly deducted from tangible fixed assets	413,324
Inventories:		Inventories:	
Merchandise and finished goods	86,676	Merchandise and finished goods	84,286
Work in process	23,088	Work in process	23,120
Raw materials and supplies	26,461	Raw materials and supplies	25,530

(Consolidated Statements of Income)

Six-Month Period Under Review (April 1, 2008, to September 30, 2008)	
Principal SG&A expense items and values	[Millions of yen]
Selling expenses	6,750
Transport and warehousing expenses	11,092
Advertising and promotion expenses	10,256
Wages and salaries	42,666
Provision for allowance for bonus	5,734
R&D expenses	41,908
Depreciation expenses	7,969
Retirement benefit expenses	2,793
Provision for allowance for doubtful accounts	498

[Reference]

Consolidated Statements of Income
(From April 1, 2007 to September 30, 2007)

[Millions of yen]

	Six months ended September 30, 2007	
	Amount	% of net sales
Net sales	524,958	100.0
Cost of sales	265,275	50.5
Gross profit	259,682	49.5
Selling, general and administrative expenses	202,623	38.6
Operating income	57,059	10.9
Non-operating income	5,710	1.1
Interest income	1,090	
Dividends income	250	
Investment income on equity method	135	
Exchange gain	504	
Other	3,729	
Non-operating expenses	8,098	1.6
Interest expense	2,241	
Disposal/valuation losses of inventories	2,446	
Other	3,410	
Recurring profit	54,670	10.4
Extraordinary profit	1,352	0.3
Gain on sale of fixed assets	1,131	
Gain on sale of investment securities	0	
Gain on sale of shares in affiliated companies	47	
Reversal of allowance for loss on withdrawal from operation	172	
Extraordinary losses	2,169	0.4
Loss on disposal and sale of fixed assets	957	
Loss on sale of investment securities	0	
Loss on valuation of investment securities in affiliates	14	
Write-down on investment securities	2	
Loss on impairment of fixes assets	441	
Other extraordinary loss	752	
Income before income taxes and minority interests	53,853	10.3
Income taxes	22,156	4.2
Deferred income taxes	(6,028)	-1.1
Minority interests in earnings of consolidated subsidiaries	81	0.0
Net income	37,644	7.2

[Reference]

Consolidated Statement of Cash Flows
(From April 1, 2007 to September 30, 2007)

[Millions of yen]

		Six months ended September 30, 2007
I.	**Cash flows from operating activities**	
	Net income before income taxes and minority interests	53,853
	Depreciation and amortization	28,550
	Impairment loss	441
	Amortization of goodwill	3,372
	Increase (decrease) in allowance for doubtful accounts	(88)
	Increase (decrease) in reserve for employees' retirement benefits	1,216
	Increase (decrease) in reserve for business withdrawal losses	(10,418)
	Interest and dividend income	(1,341)
	Interest expense	2,241
	Loss (gain) on disposals and sale of tangible fixed assets	(173)
	Loss (gain) on valuation and sale of investment securities	2
	Loss (gain) on valuation and sale of stock of affiliated companies	(33)
	(Increase) decrease in trade notes and accounts receivable	20,006
	(Increase) decrease in inventories	(11,863)
	Increase (decrease) in trade notes and accounts payable	(9,230)
	Increase (decrease) in accrued consumption tax payable	199
	Reversal of reserve for impairment of lease assets	(12)
	Increase (decrease) on transfer of lease assets used in sales activities	(5,170)
	Other	(2,527)
	Subtotal	69,027
	Interest and dividends received	1,440
	Interest paid	(2,235)
	Income taxes paid	(17,967)
	Net cash provided by operating activities	50,264
II.	**Cash flows from investing activities**	
	Payment for acquisition of tangible fixed assets	(28,820)
	Proceeds from sale of tangible fixed assets	1,822
	Payment for acquisition of intangible fixed assets	(3,569)
	Payment for purchase of additional stock of consolidated subsidiaries	(182)
	Payment for loans receivable	(29)
	Proceeds from return of loan receivable	76
	Payment for acquisition of investment securities	(511)
	Proceeds from sale of investment securities	3
	Payment for other investments	(1,547)
	Other	1,193
	Net cash provided by operating activities	(31,565)

III.	**Cash flows from financing activities**	
	Net (decrease) increase in short-term loans payable	239
	Repayment of long-term loans payable	(11,283)
	Redemption of bonds	(29)
	Proceeds from sale of Company's stock	4
	Payment to execute buyback of Company's stock	(161)
	Dividend payments	(5,296)
	Dividend payments to minority shareholders	(37)
	Net Cash used in financing activities	(16,564)
IV.	**Effect of exchange rate changes on cash and cash equivalents**	715
V.	**Increase (decrease) in cash and cash equivalents**	2,850
VI.	**Cash and cash equivalents at beginning of the period**	86,587
VII.	**Increase in cash and cash equivalents due to newly consolidated subsidiaries and others**	101
VIII.	**Cash and cash equivalents at end of the period**	89,539

[Reference]

Segment Information

[1] Business Segment

Six months ended September 30, 2007
(From April 1, 2007 to September 30, 2007)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consoli-dation
Sales								
Outside customers	346,901	83,315	80,616	4,945	9,179	524,958	--	524,958
Intersegment sales/transfers	2,883	529	1,739	371	27,513	33,037	(33,037)	--
Total	349,785	83,844	82,355	5,317	36,693	557,996	(33,037)	524,958
Operating expenses	305,069	70,784	78,349	4,518	35,087	493,809	(25,910)	467,899
Operating income	44,716	13,059	4,005	798	1,606	64,186	(7,127)	57,059

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 six-month period under review, operating expenses not allocated but included in Elimination/corporate amounted to ¥15,366 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" segment has been discontinued since the six-month period of the previous fiscal year. This change had the effect of increasing operating expenses for the Other segment by ¥195 million and decreasing operating income for the Other segment by the same amount.

[2] Geographical Area

Six months ended September 30, 2007
(From April 1, 2007 to September 30, 2007)

[Millions of yen]

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	229,357	122,784	139,489	33,326	524,958	--	524,958
Intersegment sales/transfers	179,838	491	372	105,771	286,474	(286,474)	--
Total	409,196	123,275	139,861	139,098	811,432	(286,474)	524,958
Operating expenses	343,665	120,976	135,505	136,257	736,404	(268,504)	467,899
Operating income	65,531	2,299	4,356	2,841	75,028	(17,969)	57,059

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 six-month under review, operating expenses not allocated but included in Elimination/corporate amounted to ¥15,366 million and are principally R&D expenses incurred by the Company and expenses associated with head office functions.

[3] Overseas Sales

Six months ended September 30, 2007
(From April 1, 2007 to September 30, 2007)

[Millions of yen]

	North America	Europe	Asia excluding Japan and Other Countries	Total
Overseas sales	128,857	144,318	113,783	386,959
Consolidated sales	--	--	--	524,958
Overseas sales as a percentage of Consolidated sales	24.5	27.5	21.7	73.7

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.