May 14, 2009

CONSOLIDATED FINANCIAL RESULTS
Fiscal Year Ended March 31, 2009

Konica Minolta Holdings, Inc.

Stock Exchange Listings:	Tokyo, Osaka (First Sections)
Local Securities Code Number:	4902
URL:	http://konicaminolta.com

Listed Company Name:	Konica Minolta Holdings, Inc.
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Scheduled Date for Submission of Securities Report: June 1, 2009

1. CONSOLIDATED FINANCIAL RESULTS FOR FISCAL YEAR ENDED MARCH 31, 2009 (From April 1, 2008 to March 31, 2009)

(Figures less than ¥1 million have been omitted.)

(1) Operating Results

[Millions of yen]

	Net sales		Operating income		Recurring profit	
Fiscal year ended March 31, 2009	947,843	-11.5%	56,260	-53.0%	45,403	-56.4%
Fiscal year ended March 31, 2008	1,071,568	4.3%	119,606	15.0%	104,227	6.2%

	Net income		Net income per share [yen]	Net income per share (after full dilution) [yen]
Fiscal year ended March 31, 2009	15,179	-77.9%	28.62	26.91
Fiscal year ended March 31, 2008	68,829	-5.1%	129.71	122.44

	Net income to shareholders' equity	Recurring profit to total assets	Operating profit to net sales
Fiscal year ended March 31, 2009	3.7%	4.8%	5.9%
Fiscal year ended March 31, 2008	17.5%	10.8%	11.2%

Note: Equity in profit (loss) of unconsolidated subsidiaries and affiliates:
Fiscal year ended March 31, 2009: ¥ (99 million)
Fiscal year ended March 31, 2008: ¥ 182 million

(2) Financial Position

[Millions of yen]

	Total assets	Net assets	Equity ratio	Net assets per share [yen]
Fiscal year ended March 31, 2009	918,058	414,284	45.0%	779.53
Fiscal year ended March 31, 2008	970,538	418,310	43.0%	786.20

Notes: Shareholders equity
Fiscal year ended March 31, 2009: ¥ 413,380 million
Fiscal year ended March 31, 2008: ¥ 417,166 million

(3) Cash Flows

[Millions of yen]

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents year at end of period
Fiscal year ended March 31, 2009	107,563	(90,169)	4,959	133,727
Fiscal year ended March 31, 2008	123,014	(76,815)	(10,545)	122,187

2. DIVIDENDS

[yen]

	Dividends per share				
	1st Q	2nd Q	3rd Q	Year-end	Total annual
Fiscal year ended March 31, 2008	--	7.50	--	7.50	15.00
Fiscal year ended March 31, 2009	--	10.00	--	10.00	20.00
Fiscal year ending March 31, 2010 (Forecasts)	--	7.50	--	7.50	15.00

	Total dividends (annual)	Dividend pay-out ratio (consolidated)	Net asset-to-dividend ratio (consolidated)
	Millions of yen	%	%
Fiscal year ended March 31, 2008	7,959	11.6	2.0
Fiscal year ended March 31, 2009	10,606	69.9	2.6
Fiscal year ending March 31, 2010 (Forecasts)		46.8	

3. FORECASTS FOR FISCAL YEAR ENDING MARCH 31, 2010
(From April 1, 2009 to March 31, 2010)

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

[Millions of yen]

	Net sales		Operating income		Recurring profit		Net income		Net income per share
		%		%		%		%	[yen]
Six months	404,000	-24.2	16,000	-67.1	12,000	-74.9	3,500	-88.0	6.60
Full-year	880,000	-7.2	45,000	-20.0	38,000	-16.3	17,000	12.0	32.06

4. OTHER

(1) Changes to principal subsidiaries during the period (status changes of specified subsidiaries due to changes in the scope of consolidation): Yes

Consolidated companies: (new): None

(excluded): 1 (Konica Minolta Manufacturing U.S.A., Inc.)

-- Completion of liquidation

(2) 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

(3) Number of outstanding shares（common stock）

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

Fiscal year ended March 31, 2009: 531,664,337 shares

Fiscal year ended March 31, 2008: 531,664,337 shares

b. Treasury stock at period-end

Fiscal year ended March 31, 2009: 1,370,709 shares

Fiscal year ended March 31, 2008: 1,055,317 shares

**The above operating performance forecasts are forecasts 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.*

[Reference]

NON-CONSOLIDATED FINANCIAL RESULTS

1. FINANCIAL RESULTS FOR FISCAL YEAR ENDED MARCH 31, 2009
(From April 1, 2007 to March 31, 2008)

(1) Operating Results

[Millions of yen]

	Net sales		Operating income		Recurring profit	
Fiscal year ended March 31, 2009	45,489	-30.6%	13,896	-59.7%	15,551	-57.2%
Fiscal year ended March 31, 2008	65,575	12.7%	34,488	16.1%	36,361	17.3%

	Net income		Net income per share [yen]	Net income per share (after full dilution) [yen]
Fiscal year ended March 31, 2009	18,329	-61.8%	34.56	32.52
Fiscal year ended March 31, 2008	47,972	17.0%	90.40	85.30

(2) Financial Position

[Millions of yen]

	Total assets	Net assets	Equity ratio	Net assets per share [yen]
Fiscal year ended March 31, 2009	490,403	268,840	54.7%	506.10
Fiscal year ended March 31, 2008	473,301	263,983	55.7%	496.97

Notes: Shareholders equity
Fiscal year ended March 31, 2009: ¥268,380 million
Fiscal year ended March 31, 2008: ¥263,697 million

1. Operating Results

(1) Business Performance Analysis

Overview

[Billions of yen]

			April 1, 2008 – March 31, 2009	April 1, 2007 – March 31, 2008	Increase (Decrease)	
Net Sales			947.8	1,071.5	(123.7)	-11.5%
Gross profit			427.6	531.3	(103.7)	-19.5%
Operating Income			56.2	119.6	(63.3)	-53.0%
Recurring profit			45.4	104.2	(58.8)	-56.4%
Net income before income taxes and minority interests			33.2	98.9	(65.7)	-66.4%
Net income			15.1	68.8	(53.6)	-77.9%
Net income per share	[yen]		28.62	129.71	(101.09)	-77.9%
Capital expenditure			61.1	75.2	14.1	-18.8%
Depreciation			70.1	60.4	9.7	16.1%
R&D expenses			81.7	81.2	0.5	0.6%
Number of employees	[person]		36,875	31,717	5,158	16.3%
Exchange rates	[yen]	US dollar	100.54	114.28	(13.74)	-12.0%
		Euro	143.48	161.53	(18.05)	-11.2%

The Konica Minolta Group has worked as one to achieve sustainable growth and maximize the corporate value of the Group based on its three-year medium-term business plan FORWARD 08, which was created in May 2006. The Group has effectively implemented the “genre-top strategy,” which calls for concentrating resources in specified fields and growth markets to establish the top brand in those fields, consolidating its position one of the leading companies in color multifunctional peripheral (MFP) products for general-office use and production print applications in the MFP markets of Europe and North America in Business Technologies Business. It has also sought to gain a dominant market share in the markets for VA-TAC film (viewing angle expansion films) used in large LCD TVs and optical pickup lenses used with DVDs in the Optics Business. These strategic products are the drivers of the Group’s growth and in previous fiscal years the Group has achieved consistent performance improvements at a pace exceeding initial projections.

In the fiscal year under review, we continued to adhere to this strategy. In the Business Technologies Business, we launched new products such as general office-use color MFP products and high-speed MFP products for production print applications and endeavored to expand sales in these strategic fields. In addition, as part of a global strategy for further accelerating the growth of MFP business, we aggressively moved forward with collaboration with leading companies outside the Group and acquisitions to expand sales channels, signing a strategic business alliance agreement with Oce N.V., a leading business equipment manufacturer in Europe specializing in high-speed products, in April 2008, and acquiring Danka Office Imaging Company (DOIC), a leading information equipment sales company in North America in June 2008. In the Optics Business, we sought to expand sales of strategic products in which we have a clear competitive edge, energetically marketing new VA-TAC film products and expanding applications for optical pickup lenses used with Blu-Ray Discs.

In contrast, at the beginning of the third quarter, the financial crisis deepened, creating profound implications for the real economy and a sharp drop in global economic activity. The markets in which the Konica Minolta Group operates were also affected. In the Business Technologies Business the number of newly installed MFPs showed slow growth, reflecting restrained investment and cost-cutting by companies and stricter credit checks for new lease contracts due to tight credit markets. The Optics Business faced a sharp drop in orders for the Company's mainstay products because of the rapid downward adjustment of production volumes by manufacturers in response to a sudden slackening of commercial demand in the digital consumer electronics industry. This rapid worldwide economic downturn had serious repercussions for the business and the performance of the Konica Minolta Group from the third quarter. Moreover, because overseas sales account for a high share of total sales of the Company, the significant appreciation of the yen from the third quarter also dealt a severe blow to the Company's performance.

Given this dramatic change in the business environment, the Konica Minolta Group took aggressive steps to bolster the profitability of the Group in both the fiscal years ended/ending March 2009 and 2010, seeking to lower the breakeven point through urgent action to enhance its capabilities. This action consisted primarily of steps to improve productivity, slash manufacturing costs, scale back capital investment and reduce selling, general and administrative (SG&A) expenses, and by immediately introducing more far-reaching structural reform measures including the reorganization and integration of domestic production bases in response to contraction in domestic demand, the further acceleration of overseas expansion, and the optimization of the number of offices and staff in overseas sales divisions, including acquired companies.

As a result, Konica Minolta's consolidated net sales for the fiscal year under review amounted to ¥947.8 billion, a decrease of 11.5% year on year. Though strong during the first two quarters, sales of Konica Minolta's strategic products such as color MFP products, VA-TAC films and optical pickup lenses used with Blu-Ray discs fell from the beginning of the third quarter due to the sudden slackening of global demand, and the effects of the rapid appreciation of the yen also reduced the Group's sales by around ¥81.3 billion.

Gross profit fell 19.5% year on year, to ¥427.6 billion. Besides the decrease in sales and negative impact of yen appreciation described above, changes in accounting principles implemented from this fiscal year such as the accounting shift of service expenses from SG&A expenses to the cost of sales by certain of the Business Technologies Business's sales companies as part of measures to improve the Group's accounting measures, the accounting shift of losses on the disposal of inventory assets from non-operating expenses to the 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 reduced gross profit by around ¥41.3 billion.

SG&A expenses decreased ¥40.3 billion year on year, reflecting the above-mentioned accounting shift of service expenses to the cost of sales as well as benefits of the strengthening of imperative cost reduction measures beginning from the third quarter.

As a result, the Group's operating income decreased 53.0% year on year, to ¥56.2 billion.

Among non-operating income and expense items, foreign exchange losses due to the rapid appreciation of the yen from the beginning of the third quarter amounted to ¥7.2 billion and as a result the net value of non-operating income and expense items was an expense of ¥10.8 billion.

Consequently, recurring profit fell 56.4% year on year, to ¥45.4 billion.

Among extraordinary income and expense items, the Company recorded a gain on the sale of an affiliate and a gain on the transfer of business in connection with the April 2008 transfer of a subsidiary in the Medical and Graphic Imaging Business Segment – Konica Minolta ID System Co., Ltd. – and related business assets. However, the impact of the downturn in stock prices led to a ¥3.8 billion loss on the valuation of investment securities and the Company recorded business restructuring expenses of ¥10 billion. As a result of this and other factors, the net value of extraordinary income and expense items was an expense of ¥12.1 billion.

Consequently, income before income taxes and minority interests declined 66.4%, to ¥33.2 billion. After deducting income taxes and minority interests, net income for the fiscal year under review decreased 77.9% year on year, to ¥15.1 billion.

Segment Information

[Billions of yen]

	Net sales to outside customers				Operating income			
	Apr. 1, 2008 – Mar. 31, 2009	Apr. 1, 2007 – Mar. 31, 2008	Increase (Decrease)		Apr. 1, 2008 – Mar. 31, 2009	Apr. 1, 2007 – Mar. 31, 2008	Increase (Decrease)	
Business Technologies	623.6	700.9	(77.2)	-11.0%	52.5	90.0	(37.5)	-41.7%
Optics	173.4	182.2	(8.8)	-4.9%	12.5	31.2	(18.7)	-59.9%
Medical & Graphic	125.8	161.1	(35.2)	-21.9%	3.0	7.7	(4.6)	-60.3%
Sensing	8.3	9.9	(1.5)	-15.3%	0.3	1.2	(0.8)	-71.4%

1. Business Technologies Business

Regarding general office-use color MFPs, we renewed our bizhub series product lineup during the previous fiscal year with the introduction of five new models, and we enhanced the line-up's merchandise competitiveness in the low-to-medium speed market segment with the launch in August 2008 of the strategic bizhub C200 with color printing output capabilities of 20ppm. We focused on expanding sales in the European market, where we have a strong marketing base, and NIC markets in Asia and other regions where demand is expected to increase. As a result, we maintained year-on-year growth in unit sales of color MFPs.

With respect to black-and-white MFPs, we sought to strengthen product competitiveness in the high volume, medium-to-high speed segment, launching five new products.

As for high-speed MFPs for production printing applications, in August 2008 we began marketing two new high-speed color MFP models: the bizhub PRO C5501 and the bizhub PRO C6501. These models offer significantly improved image quality stability and solid mechanical durability. This was followed in February 2009 with the launch of the bizhub PRO C65hc, the industry's first high-speed color MFP with High Chroma Toner. Moreover, based on the alliance with Oce N.V, in November 2008 we expanded our lineup of high-speed black & white MFP products to include three ultra high-speed models the bizhub PRO 1600P, the bizhub 2000P and the bizhub 2500P with black & white printing output capabilities ranging from 160ppm duplex to 250ppm duplex (duplex printing; printing simultaneously both sides of the page). We worked to leverage these new products to expand the scope of our operations in the production printing market.

In the LBP field, we are focusing on stepping up marketing of products to ordinary offices that anticipate considerable printing volumes. The Group has sought to expand and improve its product line-up, notably with the introduction in June 2008 of the bizhub C31P/magicolor 5670EN, an A4 high-speed, color printer. These high added-value color printer products have been well received by the market and in the fiscal year under review we reported year on year growth in unit sales of color printers.

Consequently, in the Business Technologies Business, the Konica Minolta Group focused on expanding sales of general office-use color MFP products and high-speed MFP products for production printing applications, especially in the markets of Europe and North America, in line with its "genre top strategy." However, in a global recession sparked by the financial crisis, sales of MFP products were sluggish, particularly from the third quarter onwards, reflecting further reductions in investment and credit tightening. With the rapid appreciation of the yen against other currencies also having the effect of reducing the yen value of sales made by the business, sales of this business to outside customers during the period under review declined 11.0% year on year, to ¥623.6 billion. Operating income fell 41.7%, to ¥52.5 billion, because of reduced sales volume from the third quarter and the negative impact of the strong yen on gross profit, despite intensified cost-saving and cost-cutting efforts in response to the rapid changes taking place in the operating environment.

2. Optics Business

Display materials:

The Company reported an expansion of market share driven by new VA-TAC film products for large-size LCD TVs, which have been designated a strategic field, and expanded production capacity also contributed to robust growth in sales volume during the first two quarters. Though sales were affected by the rapid downward adjustment of production volumes by LCD panel manufacturers from the third quarter, the Company maintained year-on-year growth in sales volume.

Memory-related products:

Sales of mainstay optical pickup lenses were strong during the first two quarters, reflecting the full-start up of business in optical pickup lenses for Blu-ray discs, an area in which we successfully developed products ahead of rivals and have established an overwhelmingly strong market. However, from the third quarter, demand for these and other products dropped sharply and although the Company maintained sales volume comparable with the previous fiscal year for optical pickup lenses used with Blu-ray discs, the volume of sales of current-generation products such as optical lenses used with CDs and DVDs decreased significantly. Glass hard disk substrate business also entered a period of adjustment at the beginning of the fourth quarter and sales volume was unchanged from the previous fiscal year.

Image input/output components:

Sales of products such as microcamera modules for camera-equipped mobile phones and zoom lens units for digital cameras were affected by the downward adjustment of production volumes by manufacturers from the third quarter, and generally sales were lackluster.

As a consequence, in the Optics Business, the Konica Minolta Group sought to expand sales of strategic products such as VA-TAC film and optical pickup lenses used with Blu-Ray discs, taking advantage of its clear competitive edge, and sales during the first two quarters remained brisk. Starting in the third quarter, however, orders for these core products fell sharply, affected by the abrupt downward adjustment of production volumes across the entire digital consumer electronics industry. Sales of this business to outside customers slipped 4.9% year on year, to ¥173.4 billion. From the third quarter, which saw an abrupt drop in sales following a strong performance in the first six months, the Group stepped up its structural reform efforts, notably with the optimization of domestic production bases in response to rapidly falling demand, and sought to reduce fixed expenses. Unfortunately, this was not enough to offset the negative impact of the sharp decrease in sales volume and a rise in depreciation expenses as a result of tax system reforms effective from the fiscal year under review. Consequently, Operating income fell 59.9%, to 12.5 billion.

3. Medical and Graphic Imaging Business

Medical/healthcare:

We strengthened our marketing of digital radiography input/output equipment/systems. We concentrated on marketing the REGIUS MODEL 110, a compact computed radiography (CR) unit, and its peripheral terminal system. This product responds to the IT needs of clinics and other small medical establishments. These products have become widely accepted both in Japan and overseas. In the fiscal year under review we recorded year-on-year growth in unit sales of CR systems and, as hospitals switch to filmless radiology, these products also helped to expand our new service businesses, such as remote care contracts.

Graphic imaging:

We took steps to increase sales of digital printing equipment such as the Pagemaster Pro 6500 on-demand printing system. However, as economic conditions worsened, customers tended to freeze or postpone investment decisions, severely affecting sales of such products.

Consequently, in the Medical and Graphic Imaging Business, the Konica Minolta Group aimed to expand sales of digital printing products, but in both the medical/healthcare and the graphic imaging segments, the contraction in global demand for film products became even more pronounced, and the volume of sales of film products fell sharply. Add to this the negative effect of the strong yen on the yen value of the business's sales, and sales of this business to outside customers during the period contracted 21.9% year on year, to ¥125.8 billion.

Operating income declined 60.3%, to ¥3.0 billion, reflecting lower gross profit due to lower sales volume for film products, which offset exhaustive cost-cutting efforts.

4. Sensing Business

During the period under review, the Company sought to expand sales of the CS-2000 spectroradiometer, the CM-700 spectrophotometer, and the RANGE7 3D digitizer, which are its mainstay products in the three strategic segments of light source color, object color and 3-D shapes. The Company also worked to enhance its capability, reviewing its marketing structure in the markets of Europe and North America and bolstering profitability. However, each of the three strategic fields registered slow sales growth in sales volume as manufacturing sectors such as the automotive industry and the electrical equipment industry scaled back capital investment in the face of the sudden global economic slowdown.

As of result of these developments, sales of this business to outside customers during the period fell 15.3%, to ¥8.3 billion, and operating income declined 71.4%, to ¥300 million.

Outlook for the fiscal year ending March 31, 2010

The outlook for the domestic and global economy in the year ahead remains very uncertain, but it is feared that conditions will remain extremely challenging. Looking at the markets in which we operate, although there are signs of recovery in certain segments such as LCD-related products, it is likely to take time before demand for our products is restored to previous levels given that firms are expected to keep up efforts to curtail investment and cut expenses for the time being and that the B2B business such as MFP products for offices makes up the bulk of our business. The impact of the movements in the yen against the US dollar, the euro and other major currencies on our business and performance also needs to be monitored.

To deal effectively with these sweeping changes to the operating environment and to move into the next growth phase, the Group has developed **BUSINESS PLAN <09-10>**, which positions the coming two years fiscal 2009 (fiscal year ending March 31, 2010) and fiscal 2010 (fiscal year ending March 31, 2011) as a period for bolstering the capabilities of the Group and adopting reforms. We are united in our commitment to achieving the targets under this plan.

[Billions of yen]

	Fiscal year ending March 31, 2010		Fiscal year ended March 31, 2009		Increase (Decrease)	
	Six months	Full year	Six months	Full year	Six months	Full year
Net sales	404.0	880.0	532.9	947.8	(128.9)	(67.8)
Operating income	16.0	45.0	48.6	56.2	(32.6)	(11.2)
Recurring profit	12.0	38.0	47.8	45.4	(35.8)	(7.4)
Net income	3.5	17.0	29.2	15.1	(25.7)	1.9

The presumed currency exchange rates for fiscal year ending March 31, 2010, are US$1=¥95 and €1=¥125.

**The above operating performance forecasts are forecasts 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.*

(2) Financial Position

Overview

		As of March 31, 2009	As of March 31, 2008	Increase (Decrease)
Total assets	[Billions of yen]	918.0	970.5	(52.4)
Net assets	[Billions of yen]	414.2	418.3	(4.0)
Net assets per share	[yen]	779.53	786.20	(6.67)
Equity ratio	[%]	45.0	43.0	2.0

At the fiscal year end, total assets amounted to ¥918.0 billion, down ¥52.4 billion compared with the end of the previous fiscal year. Assets decreased generally, with notes and accounts receivable-trade and notes and accounts payable-trade significantly reduced due to the decline in sales caused by the sharp global economic downturn, tangible fixed assets declined because of the curtailment of capital investment, and the value of investment securities fell with the stock market. Inventory stood at ¥129.1 billion, down ¥3.7 billion from the end of the previous fiscal year, reflecting production adjustments. Interest-bearing debt amounted to ¥230.4 billion, up ¥4.3 billion compared with the end of the previous fiscal year, despite past efforts to reduce the level of debt.

Net assets stood at ¥414.2 billion, down ¥4.0 billion compared with the end of the previous fiscal year. This was partly attributable to a decrease in foreign currency translation adjustments due to yen appreciation and a decrease in net valuation and adjustments owing to stock market decline, despite an increase in retained earnings primarily due to the posting of ¥15.1 billion in net income. Net assets per share came to ¥779.53, and the shareholders' equity ratio rose 2.0 percentage points from the end of the previous fiscal year to 45.0%.

Cash Flows

[Billions of yen]

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008	Increase (Decrease)
Cash flows from operating activities	107.5	123.0	(15.4)
Cash flows from investing activities	(90.1)	(76.8)	(13.3)
Total [Free cash flow]	17.3	46.1	(28.8)
Cash flows from financing activities	4.9	(10.5)	15.5

Cash flows from operating activities

Net cash flow provided by operating activities amounted to ¥107.5 billion, ¥15.4 billion less than the previous year. The Company reported income before income taxes and minority interests of ¥33.2 billion and depreciation of ¥70.1 billion as well as a ¥36.6 billion rise in operating capital associated with notes and accounts receivable-trade, inventories and notes and accounts payable-trade. These inflows were partially offset by ¥34.6 billion in income taxes and other factors.

Cash flows from investing activities

Net cash flow used in investing activities totaled an outflow of ¥90.1 billion, -¥13.3 billion year on year. This was mainly due to expenditures of ¥27.9 billion for acquisition of shares of subsidiaries including the Business Technologies Business's acquisition of DOIC. It also reflected expenditures of ¥61.6 billion for the acquisition of tangible fixed assets, which included principally investments to increase production capacity for glass hard disk substrates and TAC film in the strategic business field of the Optics Business.

As a result, free cash flow (the sum of operating and investment cash flows) amounted to ¥17.3 billion, ¥28.8 billion less than previous fiscal year).

Cash flows from financing activities

Net cash flow provided by financing activities amounted to a net outflow of ¥4.9 billion. This was due mainly to a ¥16.9 billion increase in interest-bearing debt and the use of ¥9.2 billion of cash to pay dividends.

As a result of the above, cash and cash equivalents at fiscal year end total ¥133.7 billion, up ¥11.5 billion from the end of the previous fiscal year.

[Cash flow indicators]

	FY ended March 31, 2005	FY ended March 31, 2006	FY ended March 31, 2007	FY ended March 31, 2008	FY ended March 31, 2009
Shareholders' equity ratio [%]	35.6	31.1	38.6	43.0	45.0
Market price-based shareholders' equity ratio [%]	60.2	84.5	86.4	74.0	48.4
Debt redemption period [years]	4.4	3.0	3.4	1.8	2.1
Interest coverage ratio	10.1	14.4	12.8	27.7	23.4

Notes:

Shareholders' equity ratio: Shareholders' equity / Total assets
Market price-based shareholders' equity ratio: Market capitalization / Total assets
Years of debt redemption: Interest-bearing debt / Cash flow from operating activities
Interest coverage ratio: Cash flow from operating activities / Interest payments

Market capitalization is calculated as the share price at period-end multiplied by the number of shares outstanding at period-end (excluding treasury stock). Net cash flow from operating activities figures are those stated in the consolidated statements of cash flows. Interest-bearing debt is all liabilities reflected on the consolidated balance sheets that are subject to interest payments. Interest payments are those stated in the consolidated statements of cash flows.

Cash Flow Outlook for the Fiscal Year Ending March 31, 2010

Konica Minolta projects that free cash flow, the net value of cash flows from operating and investing activities, will amount to an inflow of ¥30.0 billion.

(3) Basic Policy Regarding Profit Distribution, Dividends for the Fiscal Year under Review, and Projected Dividends for the Current Fiscal Year

[1] Basic policy regarding profit distribution

The policy regarding the payment of dividends from retained earnings, etc. calls for the basic approach of making a comprehensive evaluation of consolidated performance and funding requirements for promoting strategic investments in growth fields while seeking to sustain shareholder returns. Regarding the specific dividend target, the Company is aiming to sustain a dividend payout ratio of 25% or higher over the medium-to-long-term.

With respect to the acquisition of treasury stock, the Company intends to make appropriate decisions regarding treasury stock acquisition as a means of profit distribution while giving due attention to such factors as the Company's financial condition and stock price trends.

[2] Dividends for the fiscal year under review and the current fiscal year

In the fiscal year under review (fiscal year ended March 31, 2009) the Company reported decreased profits as the deterioration in the business environment was greater than initially anticipated and business restructuring expenses for the capability enhancement of the Konica Minolta Group and other expenses were posted in response. Nonetheless, the Company intends to distribute a year-end dividend of 10 yen per share as planned, which combined with the interim dividend of 10 yen per share will bring the total annual dividend to 20 yen per share.

Regarding dividends for the current fiscal year (fiscal year ending March 31, 2010), given that the business outlook remains bleak, the Company plans to distribute 7.5 yen per share for both the interim dividend and the year-end dividend, making a total annual dividend of 15 yen per share.

**Figures given in the text as billions of yen have been rounded off to the nearest hundred million.*

2. Group Overview

The Group comprises the parent company, 105 consolidated subsidiaries, 18 non-consolidated subsidiaries, and 7 affiliates. A chart detailing the business structure follows.

Konica Minolta Holdings, Inc

Business Technologies Business: 81
(Consolidated Subsidiaries: 63 Unconsolidated Subsidiaries: 14 Affiliates: 4

Production: 9
Konica Minolta Supplies Manufacturing Co., Ltd.
Toyohashi Precision Products Co., Ltd.
Konica Minolta Business Technologies Manufacturing (H.K.) Ltd. (Hong Kong)
Konica Minolta Business Technologies (DONGGUAN) Co., Ltd. (China)
Konica Minolta Business Technologies (WUXI) Co., Ltd (China)
Other Companies: 4

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Konica Minolta Business Technologies, Inc.

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Sales: 71
Konica Minolta Business Solutions Japan Co., Ltd.
Konica Minolta Business Solutions U.S.A., Inc. (U.S.A)
Konica Minolta Business Solutions Europe GmbH (Germany)
Konica Minolta Business Solutions Deutschland GmbH (Germany)
Konica Minolta Business Solutions (UK) Ltd. (U. K.)
Konica Minolta Business Solutions France S.A.S. (France)
Konica Minolta Business Solutions Australia Pty. Ltd. (Australia)
Konica Minolta Business Solutions (CHINA) Co., Ltd. (China)
Other Companies: 63

Sensing Business: 4
(Consolidated Subsidiaries: 4)

Konica Minolta Sensing, Inc.
Sales: 3
Konica Minolta Sensing Europe B.V. (Netherlands)
Konica Minolta Sensing Americas, Inc. (U.S.A)
Konica Minolta Sensing Singapore, Pte.Ltd. (Singapore)

Optics Business: 9
(Consolidated Subsidiaries: 9)

Production: 7
Konica Minolta Opto Products Co., Ltd.
Konica Minolta Opto (DALIAN) Co., Ltd. (China)
Konica Minolta Optical Products (SHANGHAI) Co., Ltd. (China)
Konica Minolta Glass Tech Malaysia Sdn. Bhd. (Malaysia)
Other Companies: 3

↓

Konica Minolta Opto, Inc.

↓

Sales: 1
Konica Minolta Opto (SHANGHAI) Co., Ltd. (China)

Medical and Graphic Imaging Business: 17
(Consolidated Subsidiaries: 1, Unconsolidated Subsidiaries: 3, Affiliates: 2)

Production: 4
Konica Minolta Technoproducts Co., Ltd.
Konica Minolta Repro Co., Ltd.
Other Companies: 2

↓

Konica Minolta Medical & Graphic , Inc.

↓

Sales: 12
Konica Minolta Health Care Co., Ltd.
Konica Minolta Graphic Imaging Japan Co., Ltd
Konica Minolta Medical Imaging U.S.A., Inc. (U.S.A.)
Konica Minolta Graphic Imaging U.S.A., Inc. (U.S.A.)
Other Companies: 8

Other Businesses: 19
(Consolidated Subsidiaries: 17 Unconsolidated Subsidiaries: 1 Affiliates: 1)

Konica Minolta Photo Imaging, Inc.
Konica Minolta Technology Center, Inc.
Konica Minolta Business Expert, Inc.
Konica Minolta IJ Technologies, Inc.
Konica Minolta Logistics Co., Ltd.
Konica Minolta Sogo Service Co., Ltd.
Konica Minolta Engineering Co., Ltd.
Konica Minolta Information System Co., Ltd.
Konica Minolta Technosearch Co., Ltd.
Konica Minolta Planetarium Co., Ltd.
Other Companies: 9

Notes:

Organization chart is as March 31, 2008. Only major consolidated subsidiaries are shown.

3. Management Policy

(1) Basic Management Policy

Management philosophy: "The creation of new value"
Management visions: "An innovative corporation that continues to create inspiring products and services in the field of imaging"
"A global corporation that leads the market by advanced technologies and reliability"
Corporate Message: "The essentials of imaging"
(Means providing the essentials to customers and being recognized as an essential company in the imaging world.)

(2) Medium-to Long-Term Management Strategies and Pending Issues

The Konica Minolta Group views the dramatic changes to the operating environmental now taking place not as a cyclical economic slowdown but as a major turning point that is going to leave nothing unchanged. If anything, we see this time of rapid change as a chance to strengthen our position, and we are taking steps to find a new and more robust direction that will lead to growth. The Group has produced **BUSINESS PLAN <09-10>**, which positions the coming two years fiscal 2009 (fiscal year ending March 31, 2010) and fiscal 2010 (fiscal year ending March 31, 2011) as the period for such measures and adopts three basic strategies: (1) Improving corporate capabilities, (2) Achieving strong growth and, (3) Reforming the corporate culture. The new plan is outlined below.

Basic Strategies of the BUSINESS PLAN<09-10>

1. Enhancement of corporate capabilities

We believe that during fiscal 2009, when the economic environment is expected to remain as challenging as in the third and fourth quarters of the period under review, we must urgently improve our corporate capabilities to be capable of consistently generating free cash flow without relying on growth in sales. To achieve this we are focusing our efforts on **(1) measures to reduce fixed costs**, notably the implementation of structural reforms and the adoption of expense management, **(2) measures to slim down the balance sheet and generate free cash flow** by means such as scaling back inventories and pushing for improvements in accounts receivable/accounts payable terms, and **(3) measures to improve business profitability through assessment of the existing businesses and concentrate on key businesses**.

Moreover, the Group sees **(4) measures to enhance environmental management** as an important management issue and will aim to become a corporate group that makes the environment the focus point of competitiveness for growth. We will implement measures that place us in the top class companies in the industry, including offering products incorporating environmental technologies, production processes that apply environmental technologies and compliance with environmental programs in all our operations, and we will also work to create environmentally-conscious new businesses.

2. Achievement of strong growth

For the Konica Minolta Group to be an agile company that does not miss opportunities and can find its growth trajectory in the recovery phase that is bound to come, it must have core growth-driving businesses. To do this, it is important to further strengthen its existing businesses and at the same time to create new core businesses that will be the next growth drivers.

1) Strengthening of existing businesses

Regarding existing businesses, the Group aims to further consolidate its current position and expand business by advancing the "genre top" products through selection and concentration and further honing the Group's current strengths to build them into an overwhelming advantage. To achieve this, in the Business Technologies Business the Group is moving forward measures to enhance its competitiveness in the field of color MFPs for offices and MFPs for production print applications. In the Optics Business we are focusing on measures such as the marketing of next-generation products and entry into new areas in the display materials field and drastic improvement of cost competitiveness in the lens-related product field.

2) Development of new businesses

Regarding new businesses, the Group is taking steps to enable the early launch of new businesses involving the advanced application and combination of the Group's core technologies in the material field, the optical field, the nano-fabrication field and the image processing field, and for the development of these new businesses into the pillars of profit of next-generation business. More specifically, in the areas of Environment & Energy and Health, Security & Safety, where public demand continues to rise, the Group will develop new businesses that harness its strengths and offer products unique to the Konica Minolta Group. Through these businesses the Group will not only make a considerable contribution to society but will also become a more indispensable company. To step up these actions, the Company also intends to actively exploit collaboration with companies outside the Group. In the "Environment & Energy" field, the Group is now preparing to start up organic light emitting diode (OLED) lighting business based on a strategic alliance with US-based General Electric Company (GE) during fiscal 2010 (fiscal year ending March 31, 2011).

3. Reform of corporate culture

To overcome the dramatic changes in the business environment we are now facing and to survive the global competition, the Group needs to create a vibrant corporate culture that enables it to overcome difficulties while at the same time producing constant innovations and being the driving force behind a paradigm shift. The Group has condensed its determination to achieve this into the slogan **"simply BOLD"** (= challenges born of courage and daring ideas) and is reforming corporate culture and awareness at all Group companies worldwide. Alongside this, the Group is reforming its personnel programs and organizational management to train and deploy global human resources with autonomy and a bold spirits. In doing so, it is creating a new Konica Minolta.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

March 31, 2009 and 2008

[Millions of yen]

	March 31, 2008	March 31, 2009
Assets		
Current assets		
Cash and deposits	89,218	85,753
Notes and accounts receivable-trade	234,862	171,835
Lease receivables and investment assets	--	13,598
Short-term investment securities	33,000	48,000
Inventories	132,936	129,160
Deferred tax assets	37,086	25,326
Accounts receivable-other	14,284	16,531
Other	21,330	19,463
Allowance for doubtful accounts	△5,608	△4,749
Total current assets	557,110	504,919
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	71,815	71,937
Machinery, equipment and vehicles, net	86,088	69,726
Tools, furniture and fixtures, net	26,846	26,875
Land	35,961	35,033
Lease assets, net	—	196
Construction in progress	5,201	11,522
Assets for rent, net	20,076	12,568
Total property, plant and equipment	245,989	227,860
Intangible assets		
Goodwill	75,809	81,374
Other	18,038	30,248
Total intangible assets	93,848	111,623
Investments and other assets		
Investment securities	28,651	18,068
Long-term loans receivable	430	461
Long-term prepaid expenses	3,589	3,438
Deferred tax assets	28,604	39,608
Other	12,743	12,596
Allowance for doubtful accounts	△430	△519
Total investments and other assets	73,589	73,654
Total noncurrent assets	413,427	413,138
Total assets	970,538	918,058

[Millions of yen]

	March 31, 2008	March 31, 2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	109,413	87,105
Short-term loans payable	93,875	64,980
Current portion of long-term loans payable	6,363	12,102
Current portion of bonds	5,000	30,066
Accounts payable-other	54,286	36,443
Accrued expenses	33,355	27,770
Income taxes payable	16,449	2,534
Provision for bonuses	15,121	11,736
Provision for directors' bonuses	257	85
Provision for product warranties	4,342	2,496
Provision for loss on business liquidation	11,727	7,268
Notes payable-facilities	2,070	2,444
Other	13,307	25,853
Total current liabilities	365,570	310,889
Noncurrent liabilities		
Bonds payable	70,166	40,000
Long-term loans payable	50,620	83,259
Deferred tax liabilities for land revaluation	4,010	3,889
Provision for retirement benefits	53,367	57,962
Provision for directors' retirement benefits	544	534
Other	7,946	7,238
Total noncurrent liabilities	186,656	192,884
Total liabilities	552,227	503,773
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	176,684	185,453
Treasury stock	△1,340	△1,662
Total shareholders' equity	417,003	425,451
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,913	△513
Deferred gains or losses on hedges	△319	198
Foreign currency translation adjustment	△2,431	△11,755
Total valuation and translation adjustments	162	△12,070
Subscription rights to shares	286	460
Minority interests	858	444
Total net assets	418,310	414,284
Total liabilities and net assets	970,538	918,058

(2) Consolidated Statements of Income

For the fiscal years ended March 31, 2009 and 2008

[Millions of yen]

	March 31	
	2008	2009
Net sales	1,071,568	947,843
Cost of sales	540,225	520,206
Gross profit	531,343	427,637
Selling, general and administrative expenses	411,736	371,376
Operating income	119,606	56,260
Non-operating income		
Interest income	2,227	1,655
Dividends income	415	520
Equity in earnings of affiliates	182	—
Other	7,766	5,748
Total non-operating income	10,592	7,925
Non-operating expenses		
Interest expenses	4,465	4,866
Loss on abandonment of inventories	7,065	—
Equity in losses of affiliates	—	99
Foreign exchange losses	7,637	7,272
Other	6,801	6,544
Total non-operating expenses	25,970	18,782
Ordinary income	104,227	45,403
Extraordinary income		
Gain on sales of noncurrent assets	1,308	249
Gain on sales of investment securities	20	6
Gain on sales of subsidiaries and affiliates' stocks	47	2,803
Licence Related Income	8,080	560
Gain on transfer of business	—	3,063
Reversal of provision for loss on business liquidation	590	932
Other	—	458
Total extraordinary income	10,047	8,073
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	4,533	3,115
Loss on sales of investment securities	0	0
Loss on valuation of stocks of subsidiaries and affiliates	54	—
Loss on valuation of investment securities	313	3,826
Impairment loss	5,702	1,168
Loss on litigation	625	—
Environmental expenses	1,856	—
Special extra retirement payments	460	—
Extraordinary Loss in Foreign Subsidiaries	1,731	—
Business structure improvement expenses	—	10,094
Loss on revision of retirement benefit plan	—	2,046
Total extraordinary losses	15,278	20,252
Income before income taxes and minority interests	98,996	33,224
Income taxes-current	29,496	13,183
Income taxes-deferred	544	4,857
Total income taxes	30,040	18,040
Minority interests in income	126	5
Net income	68,829	15,179

(3) Consolidated Statements of Changes in Net Assets

For the fiscal years ended March 31, 2009 and 2008

[Millions of yen]

	March 31	
	2008	2009
Shareholders' equity		
Capital stock		
Balance at the end of previous period	37,519	37,519
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	37,519	37,519
Capital surplus		
Balance at the end of previous period	204,143	204,140
Changes of items during the period		
Disposal of treasury stock	△2	—
Total changes of items during the period	△2	—
Balance at the end of current period	204,140	204,140
Retained earnings		
Balance at the end of previous period	115,704	176,684
Effect of changes in accounting policies applied to foreign subsidiaries	—	5,210
Changes of items during the period		
Dividends from surplus	△9,287	△9,283
Net income	68,829	15,179
Change of scope of consolidation	405	96
Disposal of treasury stock	△28	△117
Amortization of net retirement benefit obligation in foreign subsidiaries	1,059	△2,316
Total changes of items during the period	60,979	3,558
Balance at the end of current period	176,684	185,453
Treasury stock		
Balance at the end of previous period	△1,097	△1,340
Changes of items during the period		
Purchase of treasury stock	△289	△665
Disposal of treasury stock	46	343
Total changes of items during the period	△242	△321
Balance at the end of current period	△1,340	△1,662
Total shareholders' equity		
Balance at the end of previous period	356,269	417,003
Effect of changes in accounting policies applied to foreign subsidiaries	—	5,210
Changes of items during the period		
Dividends from surplus	△9,287	△9,283
Net income	68,829	15,179
Change of scope of consolidation	405	96
Purchase of treasury stock	△289	△665
Disposal of treasury stock	16	226
Amortization of net retirement benefit obligation in foreign subsidiaries	1,059	△2,316
Total changes of items during the period	60,734	3,236
Balance at the end of current period	417,003	425,451

	[Millions of yen] March 31 2008	2009
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	7,454	2,913
Changes of items during the period		
Net changes of items other than shareholders' equity	△4,541	△3,426
Total changes of items during the period	△4,541	△3,426
Balance at the end of current period	2,913	△513
Deferred gains or losses on hedges		
Balance at the end of previous period	△90	△319
Changes of items during the period		
Net changes of items other than shareholders' equity	△228	517
Total changes of items during the period	△228	517
Balance at the end of current period	△319	198
Foreign currency translation adjustment		
Balance at the end of previous period	3,834	△2,431
Changes of items during the period		
Net changes of items other than shareholders' equity	△6,266	△9,323
Total changes of items during the period	△6,266	△9,323
Balance at the end of current period	△2,431	△11,755
Total valuation and translation adjustments		
Balance at the end of previous period	11,198	162
Changes of items during the period		
Net changes of items other than shareholders' equity	△11,036	△12,232
Total changes of items during the period	△11,036	△12,232
Balance at the end of current period	162	△12,070
Subscription rights to shares		
Balance at the end of previous period	108	286
Changes of items during the period		
Net changes of items other than shareholders' equity	177	174
Total changes of items during the period	177	174
Balance at the end of current period	286	460
Minority interests		
Balance at the end of previous period	1,048	858
Changes of items during the period		
Net changes of items other than shareholders' equity	△189	△414
Total changes of items during the period	△189	△414
Balance at the end of current period	858	444
Total net assets		
Balance at the end of previous period	368,624	418,310
Effect of changes in accounting policies applied to foreign subsidiaries	—	5,210
Changes of items during the period		
Dividends from surplus	△9,287	△9,283
Net income	68,829	15,179
Change of scope of consolidation	405	96
Purchase of treasury stock	△289	△665
Disposal of treasury stock	16	226
Amortization of net retirement benefit obligation in foreign subsidiaries	1,059	△2,316
Net changes of items other than shareholders' equity	△11,048	△12,473
Total changes of items during the period	49,686	△9,236
Balance at the end of current period	418,310	414,284

(4) Consolidated Statements of Cash Flow

For the fiscal years ended March 31, 2009 and 2008

[Millions of yen]

	March 31	
	2008	2009
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	98,996	33,224
Depreciation and amortization	60,443	70,179
Impairment loss	5,702	1,168
Amortization of goodwill	7,171	8,909
Increase (decrease) in allowance for doubtful accounts	780	△131
Interest and dividends income	△2,643	△2,176
Interest expenses	4,465	4,866
Loss (gain) on sales and retirement of noncurrent assets	3,224	2,866
Loss (gain) on sales and valuation of investment securities	293	3,820
Loss (gain) on sales and valuation of subsidiaries/affiliates' stocks	6	△2,803
Licence related income	△8,080	—
Reversal of loss on business liquidation	△590	—
Loss on litigation	625	—
Environmental expenses	1,856	—
Extra Retirement Payment	460	—
Extraordinary Loss In Foreign Subsidiaries	1,731	—
Loss (gain) on transfer of business	—	△3,063
Increase (decrease) in provision for retirement benefits	△4,462	5,708
Increase (decrease) in provision for loss on business liquidation	△16,370	△4,459
Decrease (increase) in notes and accounts receivable-trade	11,157	50,596
Decrease (increase) in inventories	△6,422	△3,550
Increase (decrease) in notes and accounts payable-trade	△2,027	△10,372
Increase (decrease) in accrued consumption taxes	904	△919
Reversal of Accumulated impairment loss on leased assets	△171	△106
Transfer of Assets for rent	△11,847	△7,419
Other, net	7,468	△1,399
Subtotal	152,674	144,939
Interest and dividends income received	2,681	2,000
Interest expenses paid	△4,444	△4,594
Payments for extra retirement payments	△355	△105
Income taxes paid	△27,543	△34,676
Net cash provided by (used in) operating activities	123,014	107,563

[Millions of yen]

	March 31	
	2008	2009
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	△62,969	△61,645
Proceeds from sales of property, plant and equipment	2,907	1,767
Purchase of intangible assets	△5,864	△7,774
Proceeds from transfer of business	—	4,585
Purchase of investments in subsidiaries	△855	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	3,177
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△6,832	△27,987
Payments of loans receivable	△113	△286
Collection of loans receivable	265	216
Purchase of investment securities	△1,718	△990
Proceeds from sales of investment securities	35	18
Payments of valuation of other investments	△2,609	△1,440
Other, net	939	191
Net cash provided by (used in) investing activities	△76,815	△90,169
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	16,314	△16,504
Proceeds from long-term loans payable	—	44,817
Repayment of long-term loans payable	△17,159	△6,364
Redemption of bonds	△30	△5,000
Repayments of lease obligations	—	△1,993
Proceeds from sales of treasury stock	16	218
Purchase of treasury stock	△289	△665
Cash dividends paid	△9,271	△9,279
Cash dividends paid to minority shareholders	△126	△268
Net cash provided by (used in) financing activities	△10,545	4,959
Effect of exchange rate change on cash and cash equivalents	△347	△11,311
Net increase (decrease) in cash and cash equivalents	35,305	11,041
Cash and cash equivalents at beginning of period	86,587	122,187
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	294	498
Cash and cash equivalents at end of period	122,187	133,727

5. Note on the Premise of Going Concern

No relevant items occurred during fiscal year ended March 31, 2009

6. Basis of Presenting Consolidated Financial Statements

[1] Scope of Consolidation

Number of consolidated subsidiaries: 105

Principal consolidated subsidiaries:

Konica Minolta Business Technologies, Inc.
Konica Minolta Opto, Inc.
Konica Minolta Medical & Graphic, Inc.
Konica Minolta Sensing, Inc.
Konica Minolta Photo Imaging, Inc.
Konica Minolta Techonology Center, Inc.
Konica Minolta Business Expert, Inc.
Konica Minolta IJ Technologies, Inc.
Konica Minolta Business Solutions Japan Co., Ltd.
Konica Minolta Health Care Co., Ltd.
Konica Minolta Supplies Manufacturing Co., Ltd.
Konica Minolta Business Solutions U.S.A., Inc.
Konica Minolta Business Solutions Europe GmbH
Konica Minolta Business Technologies Manufacturing (HK) Ltd.

Unconsolidated subsidiaries have not been included in consolidation because they are relatively small and their assets, sales, net income, and retained earnings (in proportion to scale of equity ownership) do not have no material influence on consolidated financial statement.

[2] Scope of the Use of Equity Accounting

Number of unconsolidated subsidiaries accounted for by the equity method: 6

Principal unconsolidated subsidiaries: ECS Buero-und Datensysteme GmbH

Number of affiliates accounted for by the equity method: 3

The total net income and retained earnings of equity-method non-consolidated subsidiaries and affiliates were of small scale and had negligible effect on consolidated financial statements. Therefore they have been excluded from the scope of the equity method.

[3] Changes Regarding Consolidated Subsidiaries during the Fiscal Year under Review

Some consolidated subsidiaries have fiscal years ending on December 31, and consolidated financial statements are prepared using the financial statements of those companies as of that fiscal year-end date. Adjustments are made to consolidated accounts to account for important transactions involving those companies that occur between the end of those companies' fiscal year-end date and the end of the consolidated fiscal year.

(Consolidated Subsidiaries with Fiscal Years Ending on December 31)

Konica Minolta Business Solutions do Brazil Ltda.
Konica Minolta Business Solutions de Mexico SA de CV.
Konica Minolta Business Solutions Romania s.r.l.
Konica Minolta Business Solutions Russia LLC
Konica Minolta Business Solutions (Shenzhen) Co., Ltd.
Konica Minolta Medical Systems Russia
Konica Minolta Medical & Graphic (SHANHAI) Co., Ltd.

(Change to Accounting Policy)

Among consolidated subsidiaries, Veenman Deutschland GmbH has fiscal year ending on December 31, and consolidated financial statements were previously prepared using the financial statements of that company as of that fiscal year-end date. Adjustments were previously made to consolidated accounts to account for important transactions involving that company that occur between the end of that company's fiscal year-end date and the end of the consolidated fiscal year.

To increase the appropriateness of consolidated accounting information, however, the Company has from the fiscal year under review shifted to a new consolidated accounting method for that company. From the fiscal year under review, that company prepares provisional financial statements for hypothetical fiscal years ending March 31, and these provisional financial statements are used to prepare consolidated financial statements. Because of this change, during the fiscal year under review, which is the transitional fiscal year, the hypothetical fiscal years of this company cover the 15-month period from January 1, 2008, through March 31, 2009.
Also, Konica Minolta Business Solutions Greece S.A., which had a fiscal year ending on December 31, changed its fiscal year-end date to March 31 on being made into a consolidated subsidiary. Because of this change, the results of Konica Minolta Business Solutions Greece S.A. are the results for the 15-month period from January 1, 2008, through March 31, 2009.

[4] Accounting Standards and Methods

(1) Asset valuation

1. Securities

Other securities

Securities with fair market value are stated using the mark-to-market method based on the market price at the balance sheet date. (Total net unrealized gains or losses after tax effect adjustments are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method.) Other securities that do not have fair market values are primarily stated at cost using the moving value average.

2. Derivatives

Derivatives are stated using the mark-to-market method.

3. Inventories

Domestic consolidated subsidiaries' inventories are, in the main, recorded at cost as determined by the periodic-average method (method of reducing book value when the contribution of inventories to profitability declines). Overseas consolidated subsidiaries' inventories are, in the main, recorded at the lower of cost or market value, with cost determined by the first-in, first-out method.

[Change to Accounting Policy]

Beginning with the fiscal year under review, "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 consolidated subsidiaries, and the main method of measurement of inventories was changed from the cost method determined by the periodic-average method to the cost method (method of reducing book value when the contribution of inventories to profitability declines), where cost is determined by the periodic-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 fiscal year under review by ¥3,644 million and of decreasing both recurring profit and income before income taxes and minority interests by ¥865 million.

Please note that the impact of this accounting change by business segment is shown in the respective segment information sections.

(2) Amortization Method for Important Depreciable Assets

1. Tangible Fixed Assets (excluding lease assets)

The depreciable assets of the Company and its domestic consolidated subsidiaries are depreciated using the declining-balance method. Overseas consolidated subsidiaries adopt the straight-line method. However, the Company and its domestic consolidated subsidiaries have used the straight-line method for their buildings (excluding annexed structures) acquired since April 1, 1998.

[Additional Information]

Accompanying revisions in Japan's Corporate Tax Law (as contained in the Law Revising a Portion of the Income Tax Law, April 30, 2008, Law No. 23), the Company and its domestic consolidated subsidiaries reviewed the useful life and classification of depreciable assets, and, with respect to mechanical device, have shifted to the use of the post-revision method of amortizing assets over the applicable useful life and classification of those assets beginning with the fiscal year under review.

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 ¥6,587 million each during the fiscal year under review.

Please note that the impact of this accounting change by business segment is shown in the respective segment information sections.

2. Intangible fixed assets

We have adopted the straight-line method based on an estimated in-house working life of five years for the software we use.

3. Lease Assets

Lease assets arising from finance lease transactions that do not transfer of ownership

Depreciation is computed using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero. Finance lease transactions not involving transfer of ownership commencing on or before March 31, 2008 are accounted for based on methods applicable to ordinary rental transactions.

(3) Standards for Key Allowances

1. Allowance for doubtful accounts

To prepare for possible losses on uncollectable receivables, for general receivables, an amount is provided according to the historical percentage of uncollectables. For specific receivables for which there is some concern regarding collectability, an estimated amount is recorded by investigating the possibility of collection for each individual account.

2. Allowance for bonuses

To prepare for the payment of employee bonuses, an amount corresponding to the current portion of estimated bonus payments to employees is recorded.

3. Allowance for director's bonus

To prepare for the payment of directors' bonuses, an amount corresponding to the projected value of bonus payments to directors for the fiscal year under review is recorded.

4. Allowance for product warranty

The provisioning of free after-sales service for products is recorded based on past after-sales service expenses as a percentage of net sales.

5. Allowance for loss on withdrawal from operation

To provide for losses when the Company exits a business, provisions to this reserve are made in the amount of the estimated losses.

6. Reserve for retirement benefits and pension plans

In order to provide employee retirement benefits, the Company records an amount based on projected benefit obligations and pension assets at the end of the consolidated fiscal year under review. Prior service cost is being amortized as incurred by the straight-line method over certain periods (principally 10 years) which are shorter than the average remaining years of service of the employees at the time when the service cost is generated. Actuarial gains and losses are being amortized in the fiscal year following the fiscal year in which the gains or losses are recognized, by the straight line method over periods (principally 10 years) which are shorter than the average remaining years of service of the employees at the time when they are generated.

7. Reserve for directors' retirement benefits

Consolidated subsidiaries, to provide for the payment of directors' retirement benefits, record reserve for benefits for retired directors and auditors in an actual amount equal to the need at the end of the year period under review based on the Company's regulations.

(4) Principal accounting methods for hedge transactions

1. Hedge accounting methods

The deferred hedge method is used. Special accounting methods are used for interest rate swaps.

2. Hedge methods and hedge targets

The hedge methods are forward exchange contracts, and interest rate swaps that meet certain conditions. The hedge targets are scheduled foreign currency denominated transactions, corporate bonds, and borrowings.

3. Hedge policy

The Company and consolidated subsidiaries enter into forward foreign exchange contracts as hedging instruments only, not for trading purpose to make profits, within the limit of actual foreign transactions to reduce risk arising from future fluctuations of foreign exchange rates.

In addition, the Company and consolidated subsidiaries enter into interest rate swaps to make interest rates on bonds and borrowings stable or reduce costs fluctuations for future capital procurement, both as hedging instruments only, not for speculation purpose, within the limit of actual financial or operating transactions.

4. Methods for evaluating the effectiveness of hedges

Verification is made to ascertain a high correlation between value fluctuations of cash flows and hedging instruments.

(5) Other important items regarding the preparation of consolidated financial statements

1. Consumption tax

The tax-exclusion method is used to account for consumption taxes. In addition, asset-related consumption tax that cannot be excluded is accounted for as deferred consumption taxes, etc., in the long-term prepaid expenses item and amortized over a five-year period by the straight-line method.

2. Consolidated tax payment system

The consolidated tax payment system is applied.

[5] Valuation of consolidated subsidiary's assets and liabilities

The market value method is used to value the assets and liabilities of consolidated subsidiaries.

[6] Amortization of consolidation goodwill

Amortization of goodwill is carried out separately for each goodwill item over a rational time period of 20 years or less.

[7] Range of cash within consolidated cash flow statements

Cash (cash and cash equivalents) in the consolidated cash flow statements comprises cash on hand and short-term investments that are due for redemption in three months or less and that are easily converted into cash with little risk to a change in value.

7. Significant Changes in the Basis of Presenting Consolidated Financial Statements

Accounting policy changes

[Current application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"]

Beginning with the fiscal year under review, the Group has applied "Practical Solution on 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, 2008), and the necessary revisions have been made in the consolidated statements.

As a result, the effect of the change from conventional method on profit and loss for the fiscal year under review was not material. The main impact of the change on the Company's consolidated balance sheets for the fiscal year under review is to increase lease receivables and lease investment assets by ¥13,598 million.

[Application of Accounting Standards for Lease Transactions]

When the Company is the Lessee:

Beginning with the fiscal year under review, the Company and its domestic consolidated subsidiaries have undertaken the application of the "Accounting Standards for Lease Transactions" (ASBJ Statement No. 13, issued by the First Subcommittee of the Business Accounting Council on June 17, 1993, and revised on March 30, 2007) and "Implementation Guidance on Accounting Standards for Lease Transactions" (ASBJ Guidance No. 16, issued by the Accounting Practice Committee of the Japan Institute of Certified Public Accountants on January 18, 1994, and revised 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.

This change had not effect profit and loss for the fiscal year under review.

Regarding the Consolidated Statement of Cash Flows items for the fiscal year under review, 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 for the fiscal year under review.

[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 fiscal year under review, the Group has uniformly accounted for such service expenses within cost of sales beginning with the fiscal year under review. This change had the effect of decreasing gross profit by ¥28,126 million in the fiscal year under review.

[Recording of Loss on Disposal of Inventories]

With the application of the "Accounting Standards for Measurement of Inventories" (No.9, issued by The Accounting Standards Board of Japan (ASBJ) on July 5, 2006) to domestic consolidated subsidiaries beginning with the fiscal year under review, the Group reviewed its accounting principles, and, unified that loss on disposal of inventories is to be recorded under cost of sales.

Consequently, certain overseas consolidated subsidiaries which recorded these expenses under non-operating expenses changed to the method of recording these expenses under 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 fiscal year under review by ¥2,606 million. The impact on segment information is described in the applicable section.

8. Important Notes

Consolidated balance sheets items, consolidated statements of income items, and consolidated statements of changes in shareholder's equity
(From April 1, 2008 to March 31, 2009)

[Consolidated balance sheets items]

1. Assets used for collateral for short-term loans of ¥198 million and long-term loans of ¥146 million are notes receivable of ¥753 million.

2. Accumulated depreciation directly deducted from tangible fixed assets: ¥426,193 million

3. Breakdown of inventories

	[Millions]
Merchandise and Finished Goods	¥87,796
Work in Process	¥19,003
Raw Materials and Stores	¥22,360

4. Guaranteed obligations

The Company guarantees bank loans and lease obligations etc. of unconsolidated companies, etc. amounting to ¥2,012 million. In addition, the Company has made commitments of guarantee for bank loans of suppliers/customers totaling ¥63 million.

[Consolidated statements of income items]

1. Main expense items and amounts of selling, general and administrative expenses are as follows.

	[Millions]
Selling	¥14,506
Transport and storage	¥20,266
Advertising	¥18,053
Salaries and wages	¥79,996
Provision for reserve for bonuses	¥3,978
Research and development	¥81,778
Depreciation	¥16,218
Retirement benefits	¥5,105
Provision for allowance for doubtful accounts	¥1,339

2. The cost of sales includes the cut-down of book values by ¥6,302 million, reflecting reduced profitability of inventory held for normal sales purposes.

3. Gain on the sale of shares of affiliated companies and gain on transfer of business resulted from the transfer of a domestic subsidiary belonging to the Medical & Graphic Imaging Business and related business assets to a company outside the Group.

4. Regarding patent-related revenue, patent royalties related to Photo Imaging Business are recorded in a lump sum.

5. Reversal of allowance for loss on withdrawal from operations represents the net value of the portion of losses accompanying the decision to withdraw from Photo Imaging Business that were covered by the drawing down of the allowance for the loss on withdrawal from operations during the previous fiscal year and the value of such losses in the fiscal year under review. The value of these figures is as follows:

Drawing down of the allowance for loss on withdrawal from operations in the previous fiscal year:
¥1,412 million
Loss on withdrawal from operations in the fiscal year under review:
¥480 million

6. Other extraordinary profit represents the reduction in refund obligation, etc. in accordance with US State laws at a U.S. sales subsidiary.

7. Impairment losses mainly represent the reduction of book values to recoverable values with respect to the manufacturing facilities in the Optics Business, and land and manufacturing facilities in the Medical & Graphic Imaging Businesses.

8. Restructuring expenses consist mainly in retirement allowances, etc. associated with staff allocation/optimization in the Business Technologies Business, expenses on business reorganization in the Medical and Graphic Business, and expenses on the reorganization of manufacturing facilities in the Optics Business.

9. Loss on change of employees' retirement plan is the lump sum of the past service obligation resulting from a change of employees' retirement plan at a domestic subsidiary.

[Consolidated statements of changes in shareholder's equity items]

1. Change due to revision of accounting treatment for overseas subsidiaries reflects the application of "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) from the fiscal year under review.

2. The figure for provision of retirement allowance debt of overseas subsidiaries stems from provisions for the accounting treatment of retirement benefit payments that affected a portion of consolidated subsidiaries in the United States.

Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consoli-dation
Sales Outside customers	623,682	173,416	125,890	8,393	16,459	947,843	--	947,843
Intersegment sales/transfers	4,128	1,052	2,419	595	58,860	67,055	(67,055)	--
Total	627,810	174,469	128,309	8,989	75,319	1,104,899	(67,055)	947,843
Operating expenses	575,259	161,930	125,226	8,641	72,043	943,100	(51,517)	891,583
Operating income	52,551	12,538	3,083	348	3,276	71,798	(15,538)	56,260
Assets, depreciation, and capital expenditure Assets	440,552	156,283	89,736	8,125	56,493	751,190	166,867	918,058
Depreciation	30,074	28,141	4,335	326	2,341	65,219	4,959	70,179
Impairment losses	150	785	232	-	-	1,168	-	1,168
Capital expenditure	23,918	27,591	3,151	306	2,257	57,224	3,939	61,164

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 ¥31,297 million are principally R&D expenses incurred by the Company and expenses associated with head office functions.

4. Included within the Elimination & Corporate figure for assets are ¥202,373 million in corporate assets, which primarily include the holding company's surplus operating funds (cash and marketable securities) and long-term investment funds (investment securities) as well as other assets held by the holding company.

5. Accounting Changes
(1) Application of " Accounting Standards for Measurement of Inventories"
Beginning with the fiscal year under review, " 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 consolidated subsidiaries, and the main method of measurement of inventories was changed from the cost method determined by the periodic-average method to the cost method (method of reducing book value when the contribution of inventories to profitability declines), where cost is determined by the periodic-average method. As a result, compared with the previous method, the introduction of the new method had the effect of increasing operating expenses for each business segment as follows: for the Business Technologies business, ¥1,191 million; Optics business, ¥1,680 million; Medical and Graphic business, ¥668 million; Sensing business, ¥39 million, and other businesses, ¥64 million. Operating incomes for these businesses reduced by the respective amounts.
(2) Recording of Loss on Disposal of Inventories
With the application of the "Accounting Standards for Measurement of Inventories" (No.9, issued by The Accounting Standards Board of Japan (ASBJ) on July 5, 2006) to domestic consolidated subsidiaries beginning with the fiscal year under review, the Group reviewed its accounting principles, and, effective the fiscal year under review, loss on disposal of inventories is recorded under cost of sales. Consequently, certain overseas consolidated subsidiaries which recorded these expenses under non-operating expenses changed to the method of recording these expenses under cost of sales. As a result, compared with the previous method, the introduction of the new method had the effect of increasing the operating expenses for each business segment as follows: for the Business Technologies business, ¥2,092 million; Optics business, ¥294 million; Medical and Graphic business, ¥185 million; Sensing business, ¥17 million, and other businesses, ¥16 million. Operating incomes for these businesses reduced by the respective amounts.

Segment Information

(1) Business Segment

Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consoli-dation
Sales Outside customers	700,969	182,262	161,105	9,910	17,320	1,071,568	-	1,071,568
Intersegment sales/transfers	5,175	1,083	3,566	768	62,798	73,392	[73,392]	-
Total	706,145	183,345	164,671	10,678	80,119	1,144,961	[73,392]	1,071,568
Operating expenses	616,051	152,089	156,896	9,460	76,626	1,011,124	[59,162]	951,962
Operating income	90,093	31,255	7,775	1,218	3,493	133,836	[14,229]	119,606
Assets, depreciation, and capital expenditure Assets	445,939	181,938	113,141	9,505	73,869	824,394	146,143	970,538
Depreciation	31,286	15,968	6,048	293	1,996	55,593	4,850	60,443
Impairment losses	1,024	21	4,460	-	-	5,506	195	5,702
Capital expenditure	16,588	42,012	4,595	370	2,468	66,035	9,259	75,295

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 ¥30,792 million are principally R&D expenses incurred by the Company and expenses associated with head office functions.

4. Included within the Elimination & Corporate figure for assets are ¥183,225 million in corporate assets, which primarily include the holding company's surplus operating funds (cash and marketable securities) and long-term investment funds (investment securities) as well as other assets held by the holding company.

5. Change in Method for Calculation of Depreciation of Tangible Fixed Assets: Beginning with the period under review, the Company and its domestic consolidated subsidiaries have changed their methods for the calculation of depreciation for tangible fixed assets purchased on or after April 1, 2007, in accordance with the revisions in Japan's Corporation Tax Law. In addition, for assets purchased on or before March 31, 2007, which have been depreciated to the permissible limit, the remaining value of the assets on the Company's books will be depreciated in equal amounts over the five-year period beginning with the year following the completion of depreciation to the permissible limit. As a result of these accounting changes, operating expenses increased for each business segment as follows: for the Business Technologies business, ¥1,745 million; Optics business, ¥1,315 million; Medical and Graphic business, ¥628 million; Sensing business, ¥20 million; other businesses, ¥217 million, and Elimination & Corporate, ¥207 million. Operating incomes for these businesses reduced by the respective amounts.

6. Change in Method for Calculation of Depreciation of Tangible Fixed Assets
The Company and its domestic consolidated subsidiaries, in response to fiscal year March 2009 corporate income tax law revisions, with respect to mechanical device, have shifted to the use of the post-revision method of amortizing assets over the applicable useful lifetimes of those assets beginning with the fiscal year under review. As a result, compared with the method used in the previous fiscal year, the introduction of the new method had the effect of increasing the operating expenses of the consolidated fiscal year under review for each business segment as follows: for the Business Technologies business, ¥379 million; Optics business ¥6,145 million; Medical and Graphic business, ¥54 million; Sensing business, ¥1 million, and other businesses, ¥5 million. Operating incomes for these businesses reduced by the respective amounts.

(2) Information by Geographical Area

Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)

[Millions of yen]

	Japan	North America	Europe	Asia excluding Japan, others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	469,989	233,834	305,687	62,056	1,071,568	-	1,071,568
Intersegment sales/transfers	353,597	2,848	868	204,822	562,136	[562,136]	-
Total	823,586	236,683	306,555	266,879	1,633,704	[562,136]	1,071,568
Operating expenses	702,701	235,561	296,079	261,940	1,496,282	[544,320]	951,962
Operating income	120,885	1,122	10,476	4,938	137,422	[17,815]	119,606
Total assets	722,432	108,208	162,036	91,278	1,083,956	[113,418]	970,538

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Principal countries 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. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the Company and expenses associated with head office functions. This amount was ¥ 30,792 million.
4. Included within the Elimination & corporate figure for assets are ¥183,225 million in corporate assets, which primarily include the holding company's surplus operating funds (cash and marketable securities) and long-term investment funds (investment securities) as well as other assets held by the holding company, etc.

Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)

[Millions of yen]

	Japan	North America	Europe	Asia excluding Japan, others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	437,312	210,565	247,130	52,835	947,843	-	947,843
Intersegment sales/transfers	280,586	2,632	1,952	191,656	476,827	(476,827)	-
Total	717,898	213,197	249,082	244,492	1,424,670	(476,827)	891,583
Operating expenses	662,001	221,571	247,096	238,702	1,369,371	(477,788)	891,583
Operating income (loss)	55,897	(8,373)	1,985	5,789	55,299	(-961)	56,260
Total assets	618,121	123,255	133,427	86,430	961,235	(43,176)	918,058

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Principal countries 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. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the Company and expenses associated with head office functions. This amount was ¥ 31,297 million.
4. Included within the Elimination & corporate figure for assets are ¥202,373 million in corporate assets, which primarily include the holding company's surplus operating funds (cash and marketable securities) and long-term investment funds (investment securities) as well as other assets held by the holding company, etc.
5. Accounting Changes

(1) Application of " Accounting Standards for Measurement of Inventories"
Beginning with the fiscal year under review, " 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 consolidated subsidiaries, and the main standard and method of measurement of inventories was changed from the cost method determined by the periodic-average method to the cost method (method of reducing book value when the contribution of inventories to profitability declines), where cost is determined by the periodic-average method. As a result, compared with the previous method, the introduction of the new method had the effect of increasing operating expenses for Japan by ¥3,644 million. Operating income for Japan reduced by the same amount.

(2) Recording of Loss on Disposal of Inventories
With the application of the "Accounting Standards for Measurement of Inventories" (No.9, issued by The Accounting Standards Board of Japan (ASBJ) on July 5, 2006) to domestic consolidated subsidiaries beginning with the fiscal year under review, the Group reviewed its accounting principles, and, effective the fiscal year under review, loss on disposal of inventories is recorded under cost of sales. Consequently, certain overseas consolidated subsidiaries which recorded these expenses under non-operating expenses changed to the method of recording these expenses under cost of sales. As a result, compared with the previous method, the introduction of the new method had the effect of increasing operating expenses for each geographical segment as follows: for North America, ¥995 million; for Europe, ¥1,140 million, and for Asia, Others, ¥470 million. Operating incomes for these geographical segments reduced by the same amounts.

6. Change in Method for Calculation of Depreciation of Tangible Fixed Assets
The Company and its domestic consolidated subsidiaries, in response to fiscal year March 2009 corporate income tax legislative revisions, with respect to mechanical device, have shifted to the use of the post-revision method of amortizing assets over the applicable useful lifetimes of those assets beginning with the fiscal year under review. As a result, compared with the method used in the previous fiscal year, the introduction of the new method had the effect of increasing the operating expenses for Japan by ¥6,587 million. Operating income for Japan reduced by the same amount.

(3) Overseas Sales

Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)

[Millions of yen]

	North America	Europe	Asia excluding Japan and Others	Total
Overseas sales	245,486	312,115	225,182	782,785
Consolidated sales	-	-	-	1,071,568
Overseas sales as a percentage of consolidated sales	22.9%	29.1%	21.0%	73.1%

Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)

[Millions of yen]

	North America	Europe	Asia excluding Japan and Others	Total
Overseas sales	217,024	217,797	202,074	690,896
Consolidated sales	-	-	-	947,843
Overseas sales as a percentage of consolidated sales	22.9	28.7	21.3	72.9

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Principal countries 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.

Tax-Effect Accounting

(1) Deferred tax assets and deferred tax liabilities

[Millions of yen]

	As of March 31, 2008	As of March 31, 2009
Deferred tax assets		
Net operating tax loss carried forward	27,061	31,953
Accrued retirement benefits over deductible limit	26,973	29,824
Elimination of unrealized intercompany profit	20,131	9,064
Provision for loss on discontinued operations	9,565	6,025
Depreciation and amortization	5,710	5,661
Write-down of assets, other	4,151	5,122
Accrued bonuses	5,768	4,431
Tax effects related to investments	1,721	1,717
Allowance for doubtful accounts	1,169	1,039
Accrued enterprise taxes	2,059	242
Other	8,657	10,295
Deferred tax assets subtotal	112,970	105,378
Valuation allowance	(34,639)	(33,335)
Total deferred tax assets	78,331	72,043
Deferred tax liabilities		
Gain on establishment of employee pension trust	(3,042)	(2,973)
Retained earnings of overseas subsidiaries	(5,455)	(2,272)
Reserve for advanced depreciation, other	(800)	(558)
Revaluation difference of marketable securities	(3,265)	(440)
Other	(377)	(1,703)
Total deferred tax liabilities	(12,941)	(7,948)
Net deferred tax assets	65,389	64,094

		[Millions of yen]
Deferred tax liabilities related to revaluation		
Deferred tax liabilities related to revaluation of land	(4,010)	(3,889)

Net deferred tax assets are included in the following items in the consolidated balance sheets.

[Millions of yen]

	As of March 31, 2008	As of March 31, 2009
Current assets – deferred tax assets	37,086	25,326
Fixed assets – deferred tax assets	28,604	39,608
Current liabilities – other	(248)	(734)
Long-term liabilities – other	(53)	(105)

(2) Reconciliation between the statutory income tax rate and the effective income tax rate after the adoption of tax effect accounting.

[%]

	As of March 31, 2008	As of March 31, 2009
Statutory income tax rate	40.7	40.7
(Adjustments)		
Valuation allowance	(4.9)	6.4
Tax credits (R&D expenses, other)	(4.3)	(5.0)
Non-taxable income	(4.7)	(0.5)
Difference in statutory tax rates of foreign subsidiaries	(0.0)	(0.6)
Expenses not deductible for tax purpose	2.6	4.5
Amortization of goodwill	2.7	10.9
Impact of change in the recording standard of tax effects of retained earnings in accordance with revision of Corporate Tax Laws	-	(10.4)
Ineffective portion of unrealized (gain) loss	-	5.5
Other	(1.8)	2.7
Effective income tax rate per consolidated statements of income	30.3	54.3

Securities

Fiscal year ended March 31, 2008

(1) Other securities with quoted market values (As of March 31, 2008)

[Millions of yen]

Type		Acquisition cost	Total amount on consolidated balance	Difference
Total amount on consolidated balance sheets exceeds the acquisition cost	(1) Stocks	9,064	16,515	7,450
	(2) Bonds	3	5	1
	(3) Other	1	1	-
	Sub total	9,069	16,522	7,452
Total amount on consolidated balance sheets does not exceed the acquisition cost	(1) Stocks	9,388	6,862	(2,526)
	(2) Bonds	21	14	(6)
	(3) Other	-	-	-
	Sub total	9,410	6,876	(2,533)
Total		18,479	23,399	4,919

(Note)
Historical cost represents carrying value after processing the impairment losses. During the fiscal year under review the Company processed impairment losses for other available-for-sale securities with available fair market values and recorded an impairment loss on investment securities of ¥297 million.

(2) Other securities sold in fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)

[Millions of yen]

	Sales amount	Total profit	Total loss
Other securities	23	20	0

(3) Composition and amounts on the consolidated balance sheets of other securities without market values

[Millions of yen]

	Total amount on consolidated balance sheets
Negotiable deposit	33,000
Unlisted stocks	863

Fiscal year ended March 31, 2009

(1) Other securities with quoted market values (As of March 31, 2009)

[Millions of yen]

Type		Acquisition cost	Total amount on consolidated balance	Difference
Total amount on consolidated balance sheets exceeds the acquisition cost	(1) Stocks	7,287	8,823	1,536
	(2) Bonds	-	-	-
	(3) Other	8	8	0
	Sub total	7,295	8,832	1,536
Total amount on consolidated balance sheets does not exceed the acquisition cost	(1) Stocks	8,426	6,031	(2,395)
	(2) Bonds	--	-	-
	(3) Other	8	6	(1)
	Sub total	8,435	6,037	(2,397)
Total		15,730	14,869	(861)

(Note)
Historical cost represents carrying value after processing the impairment losses. During the fiscal year under review the Company processed impairment losses for other available-for-sale securities with available fair market values and recorded an impairment loss on investment securities of ¥3,735 million.

(2) Other securities sold in fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)

[Millions of yen]

	Sales amount	Total profit	Total loss
Other securities	15	6	0

(3) Composition and amounts on the consolidated balance sheets of other securities without market values

[Millions of yen]

	Total amount on consolidated balance sheets
Negotiable deposit	48,000
Unlisted stocks	648

Retirement Benefit Plan

(1) Outline of the retirement benefit system

The Company and some of domestic consolidated subsidiaries have defined benefit retirement plans (defined benefit-type corporate pension plans, tax-qualified retirement pension plans and lump-sum severance payments), and have defined contribution retirement plans (defined contribution-type corporate pension plans). Certain overseas consolidated subsidiaries have defined benefit retirement plans and defined contribution retirement plans. In some cases, retiring employees are paid an additional severance allowance. Additionally, the Company and certain domestic consolidated subsidiaries have a retirement benefit trust.

(2) Items related to retirement benefit liabilities

[Millions of yen]

	As of March 31, 2008	As of March 31, 2009
a. Retirement benefit obligation	(144,011)	(140,843)
b. Plan assets	91,360	74,124
c. Unfunded retirement benefit obligation (a+b)	(52,651)	(66,718)
d. Unrecognized actuarial differences	10,276	18,621
e. Unrecognized prior service cost (reduction in liabilities)	(8,131)	(7,033)
f. Net amount on consolidated balance sheets (c+d+e)	(50,506)	(55,130)
g. Prepaid pension costs	2,861	2,831
h. Accrued for retirement benefits (f-g)	(53,367)	(57,962)

Note:

As of March 31, 2008	As of March 31, 2009
1. Certain subsidiaries use a simplified method for the calculation of benefit obligation	1. Certain subsidiaries use a simplified method for the calculation of benefit obligation

(3) Items related to retirement benefit costs

[Millions of yen]

	April 1, 2007 – March 31, 2008	April 1, 2008 – March 31, 2009
a. Service costs	5,662	5,181
b. Interest costs	4,410	4,074
c. Expected return on plan assets	(3,095)	(2,280)
d. Amortization of actuarial differences	1,248	1,860
e. Amortization of prior service costs	(1,426)	643
f. Retirement benefit costs (a+b+c+d+e)	6,799	9,479
g. Contribution defined contribution pension plans	3,199	3,168
Total (f+g)	9,998	12,647

Notes:

April 1, 2007 – March 31, 2008	April 1, 2008 – March 31, 2009
1. Retirement benefit costs for consolidated subsidiaries using a simplified method are included in “a. Service costs”. 2. In addition to the above retirement benefit costs, ¥460 million of special retirement bonus payments were recorded among extraordinary losses.	Retirement benefit costs for consolidated subsidiaries using a simplified method are included in “a. Service costs”.

(4) Items forming the basis for the calculation of retirement benefit liabilities

[Millions of yen]

	April 1, 2007 – March 31, 2008	April 1, 2008– March 31, 2009
a. Method of attributing the retirement benefits to periods of service	Periodic allocation method for projected benefit obligations	Periodic allocation method for projected benefit obligations
b. Discount rate	Mainly 2.5%	Mainly 2.5%
c. Expected rate of return on plan assets	Mainly 1.25%	Mainly 1.25%
d. Period for amortization of unrecognized prior service cost	Mainly 10 years (Amortization is made over a certain period, using the straight-line method within the average remaining years of service of employees when liabilities are accrued.)	Mainly 10 years (Amortization is made over a certain period, using the straight-line method within the average remaining years of service of employees when liabilities are accrued.)
e. Period for amortization of unrecognized actuarial differences	Mainly 10 years (Amortization is made over a certain period, using the straight-line method within the average remaining service period starting the year after actuarial loss or gain are recognized.)	Mainly 10 years (Amortization is made over a certain period, using the straight-line method within the average remaining service period starting the year after actuarial loss or gain are recognized.)

Per Share Information

[yen]

April 1, 2007 – March 31, 2008		April 1, 2008 – March 31, 2009	
Net assets per share	786.20	Net assets per share	779.53
Net income per share	129.71	Net income per share	28.62
Diluted net income per share	122.44	Diluted net income per share	26.91

Notes: Bases of calculations

1. Net assets per share

	As of March 31, 2008	As of March 31, 2009
Total net assets in consolidated balance sheets [millions of yen]	418,310	414,284
Total net assets attributable to common stock [millions of yen]	417,166	413,380
Principal factors underlying difference [millions of yen]		
Warrants	286	460
Minority interests	858	444
Common stock outstanding [thousands of shares]	531,664	531,664
Treasury stock [thousands of shares]	1,055	1,370
Common stock figure used for calculating shareholder's equity per share [thousands of shares]	530,609	530,293

2. Net income per share and diluted net income per share

	April 1, 2007 – March 31, 2008	April 1, 2008 – March 31, 2009
Total net income in consolidated statements of income [millions of yen]	68,829	15,179
Value not attributable to common stock [millions of yen]	-	-
Total net income attributable to common stock [millions of yen]	68,829	15,179
Average number of shares outstanding during the year [thousands of shares]	530,660	530,437
Main net income adjustment items used to calculate diluted net income figure [millions of yen]		
Interest receivable (after deducting tax)	(72)	(70)
Adjustment of net income [millions of yen]	(72)	(70)
Main common stock change items used to calculate diluted net income figure [thousands of shares]		
Convertible bonds with warrants	30,578	30,578
Warrants	341	446
Change in shares outstanding [thousands of shares]	30,919	31,025
Summary of potential shares not included in calculation of diluted EPS because they are anti-dilutive	-	-

Important Subsequent Events

No relevant transactions occurred during fiscal year ended March 31, 2009.

Omission of Disclosure

Disclosure of the notes on leases, related party transactions, derivative transactions, and stock options was omitted due to the minor necessity of disclosure.

5. Non-Consolidated Financial Statements

(1) Balance Sheets

March 31, 2009 and 2008

[Millions of yen]

	March 31, 2009	March 31, 2008
Assets		
Current assets		
Cash and deposits	49,276	47,296
Accrued income	1,327	963
Short-term investment securities	33,000	48,000
Prepaid expenses	422	311
Deferred tax assets	245	149
Short-term loans receivable	178,386	194,638
Accounts receivable-other	28,840	13,096
Income taxes receivable	—	6,973
Other	1,370	4,598
Allowance for doubtful accounts	△50,558	△51,110
Total current assets	242,312	264,916
Noncurrent assets		
Property, plant and equipment		
Buildings, net	40,872	39,683
Structures, net	2,870	2,711
Machinery and equipment, net	1,055	1,079
Vehicles, net	0	0
Tools, furniture and fixtures, net	484	664
Land	28,722	28,247
Lease assets, net	—	14
Construction in progress	97	1
Total property, plant and equipment	74,102	72,402
Intangible assets		
Patent right	0	0
Leasehold right	117	116
Right of trademark	5	4
Software	2,126	2,180
Other	365	294
Total intangible assets	2,614	2,596
Investments and other assets		
Investment securities	20,588	13,479
Stocks of subsidiaries and affiliates	126,632	126,632
Investments in capital of subsidiaries and affiliates	3,794	3,794
Long-term loans receivable from employees	2	1
Long-term loans receivable from subsidiaries and affiliates	84	354
Claims provable in bankruptcy, claims provable in rehabilit	1	1
Long-term prepaid expenses	569	513
Deferred tax assets	1,127	4,182
Other	1,547	1,596
Allowance for doubtful accounts	△75	△66
Total investments and other assets	154,271	150,488
Total noncurrent assets	230,988	225,487
Total assets	473,301	490,403

	March 31, 2009	[Millions of yen] March 31, 2008
Liabilities		
Current liabilities		
Notes payable-trade	45	29
Short-term loans payable	41,613	30,010
Current portion of long-term loans payable	6,362	12,102
Current portion of bonds	5,000	30,066
Lease obligations	—	4
Accounts payable-other	14,728	10,445
Accrued expenses	694	822
Income taxes payable	5,157	103
Advances received	0	2
Deposits received	44	46
Provision for bonuses	347	230
Provision for directors' bonuses	139	32
Other	13	14
Total current liabilities	74,149	83,910
Noncurrent liabilities		
Bonds payable	70,166	40,000
Long-term loans payable	50,618	83,016
Lease obligations	—	10
Deferred tax liabilities for land revaluation	5,534	5,390
Provision for retirement benefits	8,443	8,797
Other	403	436
Total noncurrent liabilities	135,167	137,652
Total liabilities	209,317	221,562
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus		
Legal capital surplus	135,592	135,592
Total capital surpluses	135,592	135,592
Retained earnings		
Other retained earnings		
Reserve for special depreciation	96	93
Reserve for reduction entry	60	55
Retained earnings brought forward	79,568	88,713
Total earned surpluses	79,725	88,863
Treasury stock	△1,340	△1,662
Total shareholders' equity	251,497	260,313
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,388	464
Revaluation reserve for land	7,812	7,603
Total valuation and translation adjustments	12,200	8,067
Subscription rights to shares	286	460
Total net assets	263,983	268,840
Total liabilities and net assets	473,301	490,403

(2) Statements of Income

For the fiscal years ended March 31, 2009 and 2008

[Millions of yen]

	March 31	
	2008	2009
Operating revenue	65,575	45,489
Operating expenses	31,087	31,593
Operating income	34,488	13,896
Non-operating income		
Interest income	2,786	2,838
Interest on securities	192	272
Dividends income	299	352
Other	291	343
Total non-operating income	3,569	3,806
Non-operating expenses		
Interest expenses	1,266	1,655
Interest on bonds	141	61
Commission for syndicate loan	153	308
Other	134	126
Total non-operating expenses	1,695	2,151
Ordinary income	36,361	15,551
Extraordinary income		
Gain on sales of noncurrent assets	135	7
Reversal of allowance for doubtful accounts	8,199	—
Total extraordinary income	8,334	7
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	752	663
Impairment loss	234	—
Loss on valuation of investment securities	289	1,477
Loss on debts waiver of subsidiaries and affiliates	97	—
Provision of allowance for doubtful accounts	—	543
Total extraordinary losses	1,373	2,685
Income before income taxes	43,322	12,874
Income taxes-current	△4,530	△5,045
Income taxes-deferred	△119	△409
Total income taxes	△4,649	△5,455
Net income	47,972	18,329

(3) Statements of Changes in Net Assets

For the fiscal years ended March 31, 2009 and 2008

[Millions of yen]

	March 31	
	2008	2009
Shareholders' equity		
Capital stock		
Balance at the end of previous period	37,519	37,519
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	37,519	37,519
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	135,592	135,592
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	135,592	135,592
Other capital surplus		
Balance at the end of previous period	2	—
Changes of items during the period		
Disposal of treasury stock	△2	—
Total changes of items during the period	△2	—
Balance at the end of current period	—	—
Total capital surplus		
Balance at the end of previous period	135,594	135,592
Changes of items during the period		
Disposal of treasury stock	△2	—
Total changes of items during the period	△2	—
Balance at the end of current period	135,592	135,592
Retained earnings		
Other retained earnings		
Reserve for special depreciation		
Balance at the end of previous period	—	96
Changes of items during the period		
Provision of reserve for special depreciation	96	11
Reversal of reserve for special depreciation	—	△13
Total changes of items during the period	96	△2
Balance at the end of current period	96	93
Reserve for reduction entry		
Balance at the end of previous period	33	60
Changes of items during the period		
Provision of reserve for reduction entry	33	—
Reversal of reserve for reduction entry	△6	△4
Total changes of items during the period	26	△4
Balance at the end of current period	60	55

[Millions of yen]

	March 31	
	2008	2009
Retained earnings brought forward		
Balance at the end of previous period	40,985	79,568
Changes of items during the period		
Provision of reserve for special depreciation	△96	△11
Reversal of reserve for special depreciation	―	13
Provision of reserve for reduction entry	△33	―
Reversal of reserve for reduction entry	6	4
Dividends from surplus	△9,287	△9,283
Net income	47,972	18,329
Disposal of treasury stock	△28	△117
Reversal of revaluation reserve for land	48	208
Total changes of items during the period	38,582	9,145
Balance at the end of current period	79,568	88,713
Total retained earnings		
Balance at the end of previous period	41,019	79,725
Changes of items during the period		
Provision of reserve for special depreciation	―	―
Reversal of reserve for special depreciation	―	―
Provision of reserve for reduction entry	―	―
Reversal of reserve for reduction entry	―	―
Dividends from surplus	△9,287	△9,283
Net income	47,972	18,329
Disposal of treasury stock	△28	△117
Reversal of revaluation reserve for land	48	208
Total changes of items during the period	38,705	9,137
Balance at the end of current period	79,725	88,863
Treasury stock		
Balance at the end of previous period	△1,097	△1,340
Changes of items during the period		
Purchase of treasury stock	△289	△665
Disposal of treasury stock	46	343
Total changes of items during the period	△242	△321
Balance at the end of current period	△1,340	△1,662
Total shareholders' equity		
Balance at the end of previous period	213,036	251,497
Changes of items during the period		
Dividends from surplus	△9,287	△9,283
Net income	47,972	18,329
Purchase of treasury stock	△289	△665
Disposal of treasury stock	16	226
Reversal of revaluation reserve for land	48	208
Total changes of items during the period	38,461	8,815
Balance at the end of current period	251,497	260,313

[Millions of yen]

	March 31 2008	March 31 2009
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	8,366	4,388
Changes of items during the period		
Net changes of items other than shareholders' equity	△3,978	△3,924
Total changes of items during the period	△3,978	△3,924
Balance at the end of current period	4,388	464
Revaluation reserve for land		
Balance at the end of previous period	7,861	7,812
Changes of items during the period		
Reversal of revaluation reserve for land	△48	△208
Total changes of items during the period	△48	△208
Balance at the end of current period	7,812	7,603
Total valuation and translation adjustments		
Balance at the end of previous period	16,228	12,200
Changes of items during the period		
Reversal of revaluation reserve for land	△48	△208
Net changes of items other than shareholders' equity	△3,978	△3,924
Total changes of items during the period	△4,027	△4,132
Balance at the end of current period	12,200	8,067
Subscription rights to shares		
Balance at the end of previous period	108	286
Changes of items during the period		
Net changes of items other than shareholders' equity	177	174
Total changes of items during the period	177	174
Balance at the end of current period	286	460
Total net assets		
Balance at the end of previous period	229,372	263,983
Changes of items during the period		
Dividends from surplus	△9,287	△9,283
Net income	47,972	18,329
Purchase of treasury stock	△289	△665
Disposal of treasury stock	16	226
Reversal of revaluation reserve for land	—	—
Net changes of items other than shareholders' equity	△3,800	△3,749
Total changes of items during the period	34,611	4,856
Balance at the end of current period	263,983	268,840

4. Note on the Premise of Going Concern

No relevant items occurred during fiscal year ended March 31, 2009

5. Basis of Presenting Non-Consolidated Financial Statements

(1) Securities valuation standard and methods

1. Shares of subsidiaries and affiliates Securities

   Shares of subsidiaries and affiliates are stated at cost using the moving-average method.

2. Other securities

   Securities with fair market value are stated using the mark-to-market method based on the market price at the balance sheet date. (Total net unrealized gains or losses after tax effect adjustments are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method.) Other securities that do not have fair market values are primarily stated at cost using the moving value average.

(2) Derivatives

Derivatives are stated using the mark-to-market method.

(3) Amortization Method for Depreciable Assets

1. Tangible fixed assets (excluding lease assets)

   The depreciable assets of the Company are depreciated using the declining-balance method. However, the Company has used the straight-line method for their buildings (excluding annexed structures) acquired since April 1, 1998.

   [Additional Information]

   Accompanying revisions in Japan's Corporate Tax Law (as contained in the Law Revising a Portion of the Income Tax Law, April 30, 2008, Law No. 23), the Company reviewed the useful life and classification of depreciable assets, and, with respect to mechanical device, have shifted to the use of the post-revision method of amortizing assets over the applicable useful life and classification of those assets beginning with the fiscal year under review.

   As a result, compared with the method used in the previous fiscal year, the introduction of the new method had the effect of increasing operating income, recurring profit, and net income before income taxes by ¥33 million each during the fiscal year under review.

2. Intangible fixed assets

   We have adopted the straight-line method based on an estimated in-house working life of five years for the software we use.

3. Lease assets

   <Lease assets arising from finance lease transactions that do not transfer of ownership>

   Depreciation is computed using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero. Finance lease transactions not involving transfer of ownership commencing on or before March 31, 2008 are accounted for based on methods applicable to ordinary rental transactions.

(4) Standards for Key Allowances

1. Allowance for doubtful accounts
   To prepare for possible losses on uncollectable receivables, for general receivables, an amount is provided according to the historical percentage of uncollectables. For specific receivables for which there is some concern regarding collectability, an estimated amount is recorded by investigating the possibility of collection for each individual account.

2. Allowance for bonuses
   To prepare for the payment of employee bonuses, an amount corresponding to the current portion of estimated bonus payments to employees is recorded.

3. Allowance for director's bonus
   To prepare for the payment of directors' bonuses, an amount corresponding to the projected value of bonus payments to directors for the fiscal year under review is recorded.

4. Reserve for retirement benefits and pension plans
   In order to provide employee retirement benefits, the Company records an amount based on projected benefit obligations and pension assets at the end of the consolidated fiscal year under review. Prior service cost is being amortized as incurred by the straight-line method over certain periods (10 years) which are shorter than the average remaining years of service of the employees at the time when the service cost is generated. Actuarial gains and losses are being amortized in the fiscal year following the fiscal year in which the gains or losses are recognized, by the straight line method over periods (10 years) which are shorter than the average remaining years of service of the employees at the time when they are generated.

(5) Principal accounting methods for hedge transactions

1. Hedge accounting methods
   The deferred hedge method is used. Special accounting methods are used for interest rate swaps.

2. Hedge methods and hedge targets
   The hedge methods are forward exchange contracts, and interest rate swaps that meet certain conditions. The hedge targets are scheduled foreign currency denominated transactions, corporate bonds, borrowings, and loans.

3. Hedge policy
   The Company enters into interest rate swaps to make interest rates on bonds and borrowings stable or reduce costs fluctuations for future capital procurement, and make interest revenue on loans stable, those as hedging instruments only, not for speculation purpose, within the limit of actual financial or operating transactions.

4. Methods for evaluating the effectiveness of hedges
   Verification is made to ascertain a high correlation between value fluctuations of cash flows and hedging instruments.

(6) Land revaluation

Land for industrial purpose that had been evaluated based on the Law Concerning Land Revaluation (Law No. 34 implemented on March 31, 1998) was received from Minolta Co., Ltd. on October 1, 2003, at the time of the merger. The amount corresponding to taxes on the amount of the land revaluation is included under the item deferred tax liabilities related to land revaluation. An amount equivalent to the amount of the revaluation less the deferred tax liabilities has been entered in shareholders' equity as the differential on revaluation of land.

1. Method of revaluation

The value of the land has been evaluated according to the value appraisal method for land fronting major roads, as provided for in Article 2-4 of the Enforcement Orders for the Law Concerning Land Revaluation (Enforcement Orders No. 119, implemented on March 31, 1998) and the method for valuations of fixed assets provided for Article 2-3 of the Enforcement Orders.

2. Date of revaluation

March 31, 2002

3. Difference between the market value of the revaluated land at the end of the fiscal year under review and the book value following revaluation

¥(7,383) million

(7) Other important items regarding the preparation of consolidated financial statements

1. Consumption tax

The tax-exclusion method is used to account for consumption taxes. In addition, asset-related consumption tax that cannot be excluded is accounted for as deferred consumption taxes, etc., in the long-term prepaid expenses item and amortized over a five-year period by the straight-line method.

2. Consolidated tax payment system

The consolidated tax payment system is applied.

6. Significant Changes in the Basis of Presenting Non-Consolidated Financial Statements

[Application of Accounting Standards for Lease Transactions]

Beginning with the fiscal year under review, the Company has undertaken the application of the “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13, issued by the First Subcommittee of the Business Accounting Council on June 17, 1993, and revised on March 30, 2007) and “Implementation Guidance on Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16, issued by the Accounting Practice Committee of the Japan Institute of Certified Public Accountants on January 18, 1994, and revised 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.

This change had not effect profit and loss for the fiscal year under review.

7. Important Notes

<Non-consolidated balance sheets items and non-consolidated statements of income items>

(From April 1, 2008 to March 31, 2009)

[Non-consolidated balance sheets items]

Accumulated depreciation directly deducted from tangible fixed assets: ¥72,420 million

[Consolidated statements of income items]

Main expense items and amounts of selling, general and administrative expenses are as follows.

	[Millions]
Advertising	¥3,429
Retirement benefits	¥668
Research and development	¥8,911
Commission fee & Business consignment expense	¥6,176

Repair expenses	¥1,539
Taxes and dues	¥1,513
Depreciation	¥4,455
Provision for reserves for bonuses	¥230
Provision for allowance for directors' bonuses	¥32

<Tax-effect accounting>

(1) Deferred tax assets and deferred tax liabilities

[Millions of yen]

	As of March 31, 2008	As of March 31, 2009
Deferred tax assets		
Allowance for doubtful accounts	20,602	20,823
Losses on stock of affiliated companies	13,757	13,757
Net operating tax loss carried forward	5,741	7,481
Accrued retirement benefits over deductible limit	6,022	6,169
Depreciation and amortization	796	653
Accrued bonuses	141	93
Other	1,602	1,594
Deferred tax assets subtotal	48,664	50,572
Valuation allowance	(43,181)	(44,850)
Total deferred tax assets	5,483	5,722
Deferred tax liabilities		
Gain on establishment of employee pension trust	(991)	(970)
Revaluation difference of marketable securities	(3,010)	(318)
Reserve for special depreciation	(66)	(64)
Reserve for advanced depreciation	(41)	(38)
Total deferred tax liabilities	(4,109)	(1,391)
Net deferred tax assets	1,373	4,331
Deferred tax liabilities related to revaluation		
Deferred tax liabilities related to revaluation of land	(5,534)	(5,390)

(2) Reconciliation between the statutory income tax rate and the effective income tax rate after the adoption of tax effect accounting.

[%]

	As of March 31, 2008	As of March 31, 2009
Statutory income tax rate	40.7	40.7
(Adjustments)		
Valuation allowance	(3.9)	12.9
Exclusion from gross revenue of dividends received	(46.5)	(95.0)
Tax credits (R&D expenses, other)	(1.0)	(1.5)
Refunds for past fiscal year income taxes, etc.	(0.7)	(0.1)
Other	0.7	0.6
Effective income tax rate per consolidated statements of income	(10.7)	(42.6)

<Per share information>

[yen]

April 1, 2007 – March 31, 2008		April 1, 2008 – March 31, 2009	
Net assets per share	496.97	Net assets per share	506.10
Net income per share	90.40	Net income per share	34.56
Diluted net income per share	85.30	Diluted net income per share	32.52

Notes: Bases of calculations

1. Net assets per share

	As of March 31, 2008	As of March 31, 2009
Total net assets in consolidated balance sheets [millions of yen]	263.983	268,840
Total net assets attributable to common stock [millions of yen]	263.697	268,380
Principal factors underlying difference [millions of yen]		
Warrants	286	460
Common stock outstanding [thousands of shares]	531,664	531,664
Treasury stock [thousands of shares]	1,055	1,370
Common stock figure used for calculating shareholder's equity per share [thousands of shares]	530,609	530,293

2. Net income per share and diluted net income per share

	April 1, 2007 – March 31, 2008	April 1, 2008 – March 31, 2009
Total net income in consolidated statements of income [millions of yen]	47,972	18,329
Value not attributable to common stock [millions of yen]	-	-
Total net income attributable to common stock [millions of yen]	47,972	18,329
Average number of shares outstanding during the year [thousands of shares]	530,660	530,437
Main net income adjustment items used to calculate diluted net income figure [millions of yen]		
Interest receivable (after deducting tax)	(72)	(70)
Adjustment of net income [millions of yen]	(72)	(70)
Main common stock change items used to calculate diluted net income figure [thousands of shares]		
Convertible bonds with warrants	30,578	30,578
Warrants	341	446
Change in shares outstanding [thousands of shares]	30,919	31,025
Summary of potential shares not included in calculation of diluted EPS because they are anti-dilutive	-	-

<Important subsequent events>

No relevant transactions occurred during fiscal year ended March 31, 2009.