

**Konica Minolta Group**  
**1<sup>st</sup> Quarter/March 2011 Consolidated Financial Results**  
**(April 1, 2010 – June 30, 2010)**

July 30, 2010

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## 1Q/Mar2011 financial results - Overview



	[Billions of yen]				
	1Q/Mar11	1Q/Mar10	YoY	1H/Mar11 Forecast	Progress [%]
Net sales (a)	194.7	189.4	5.2	400.0	49%
Operating income	9.8	-0.6	10.4	21.0	47%
<i>Operating income ratio</i>	<i>5.1%</i>	<i>-0.3%</i>		<i>5.3%</i>	
Goodwill amortization	2.2	2.4	-0.2	-	-
Operating income before amortization of goodwill (b)	12.0	1.8	10.2	-	-
<i>(b)/(a)</i>	<i>6.2%</i>	<i>0.9%</i>			
Net income	3.5	0.3	3.2	8.0	44%
<i>Net income ratio</i>	<i>1.8%</i>	<i>0.2%</i>		<i>2.0%</i>	
FCF	-1.3	5.1	-6.4	-	-
FOREX	[Yen]	USD			
		Euro			
	92.01	97.32	-5.31	90.00	-
	116.99	132.57	-15.58	120.00	-

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As a result of the continued strong sales momentum beginning in 2H of FY/March 2010 and the Group's efforts toward the sales expansion of highly-competitive products in its main businesses, in 1Q of FY/March 2011 Konica Minolta Group's net sales increased by ¥ 5.2 billion YOY to ¥194.7 billion. Operating income also increased by ¥10.4 billion YOY to ¥9.8 billion. The Group marked significant increases both in sales and profit.

Further, as a result FOREX loss of ¥2.6 billion due to strong appreciation of the yen (particularly against the Euro) from May onward, non-operating income fell by ¥4.6 billion and ordinary income was ¥6.4 billion. Extraordinary income/loss was ¥4.2 billion after posting losses of ¥2.3 billion in business structure improvement expenses and ¥0.9 billion due to the application of accounting standards for asset retirement obligations.

As a result, net income increased ¥3.2 billion YOY to ¥3.5 billion.

FCF was an outflow of ¥1.3 billion for the period, although this was due to an exceptional contribution of ¥8.5 billion for payment of pension benefits, excluding which would actually bring FCF up to above ¥7 billion.

## 1Q/March 2011 financial results - Group

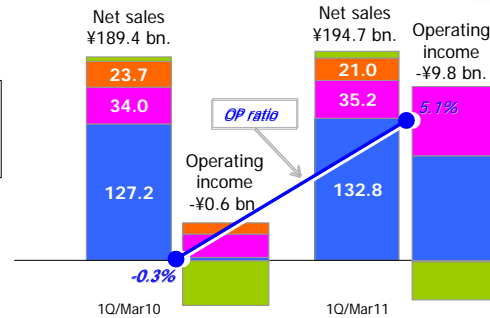
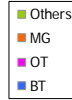


### ■ Net sales

YoY: +3% (w/o forex: +8%)

### ■ Operating income

YoY: +¥10.4 bn. (w/o forex: +¥14.6 bn.)



### ● YoY comparison

- ✓ Sales of our main products increased in volume terms, particularly in the Business Technologies and the Optics Businesses.
- ✓ With the strong momentum maintained from the 2H of the previous fiscal year, net sales increased YoY.
- ✓ Profits at the operating income level and below achieved a substantial recovery from the 1H of the previous fiscal year, which was the major bottom.

### ● Progress in comparison with announced figures for 1H/March2011

- ✓ Despite the weaker Euro's impact in the latter part of the 1Q, business performance now is set to outperform expectations, aiming for achieving the announced figures for the 1H/Mar2011.
- ✓ However, the Business Technologies has lost some opportunities to generate profits due to back orders of new products and changes to the product mix.

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In 1Q of FY/March 2011, the Business Technologies and Optics Businesses drove Group performance to increase net sales and operating income YOY. Our highly-competitive products include such as new MFPs, TAC film, and glass HD substrates, performed well in each corresponding market and field. Net sales improved by 3% as a result. Excluding FOREX factors related to a sharp appreciation of the yen against the US dollar and the Euro in 1Q, net sales actually improved by 8%. Operating income increased by ¥10.4 billion YOY and, excluding FOREX impact, significantly recovered by ¥14.6 billion YOY.

In regards to progress as compared with the announced figures for 1H of FY/March 2011, and as shown in the rate of progress on the previous slide, sales and operating income are maintaining an upward momentum despite the impact of FOREX effects resulting from the appreciation of the yen.

However, Business Technologies has lost some opportunities to generate profits due to backorders. Nonetheless, there has been no change to our strong sales momentum and we are confident in the competitiveness of our new products, so we will make a concerted effort to improve in 2Q.

[Ref.] 1Q/Mar2011 financial results – Main business units



**Net sales**

	[Billions of yen]				
	1Q/Mar11	1Q/Mar10	YoY	1H/Mar11 Forecast	Progress [%]
Business Technologies	132.8	127.2	5.6	269.0	49%
Optics	35.2	34.0	1.2	71.0	50%
Medical & Graphic	21.0	23.7	-2.7	49.0	43%
<b>Group total</b>	<b>194.7</b>	<b>189.4</b>	<b>5.2</b>	<b>400.0</b>	<b>49%</b>

**Operating income**

	[Billions of yen]				
	1Q/Mar11	1Q/Mar10	YoY	1H/Mar11 Forecast	Progress [%]
Business Technologies	7.6	0.2	7.4	19.0	40%
<i>Operating income ratio</i>	<i>5.8%</i>	<i>0.2%</i>		<i>7.1%</i>	
Optics	5.1	1.7	3.4	9.0	57%
<i>Operating income ratio</i>	<i>14.5%</i>	<i>4.9%</i>		<i>12.7%</i>	
Medical & Graphic	-0.1	0.8	-0.9	0.5	-
<i>Operating income ratio</i>	<i>-0.4%</i>	<i>3.5%</i>		<i>1.0%</i>	
<b>Group total</b>	<b>9.8</b>	<b>-0.6</b>	<b>10.4</b>	<b>21.0</b>	<b>47%</b>
<i>Operating income ratio</i>	<i>5.1%</i>	<i>-0.3%</i>		<i>5.3%</i>	

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This table shows net sales and operating income for our three main business units. Results for Business Technologies and Optics will be explained in further detail in proceeding slides, so this section will be used to provide an overview for our Medical & Graphic Business and other businesses.

In the Medical & Graphic Business, unit sales of compact CR systems for small medical facilities performed well in the healthcare field, improving by 13% YOY, while film fell by 21% YOY in sales volume, which lowered net sales (-6%) and operating income (¥-0.9 billion). In the graphic imaging field, sales drastically fell (33%) as recovery in the printing industry remained stagnant and the sale of printing film – of which production we concluded last year – has nearly come to an end. Operating income stood on par with the previous year due to measures such as personnel optimization accompanying the conclusion of our film business.

Turning to other Group businesses, the Measuring Instruments Business improved by ¥0.4 billion YOY (or 31%) in sales and by ¥0.3 billion YOY in operating income on recovery of the color measuring field – a mainstay in our Measuring Instruments Business – in Asian markets and developed markets following economic recovery. The Industrial Inkjet Business improved by ¥0.7 billion YOY (or 51%) in sales and ¥0.3 billion YOY in operating income thanks to strong sales of inkjet printer heads in Asian markets, particularly in China.

## Business Technologies

Sales volume increased substantially YoY, progressing steadily. However, the product mix temporarily worsened.

### Net sales

YoY: +4% (w/o forex: +11%)

### Operating income

YoY: +¥7.4 bn. (w/o forex: +¥10.8 bn.)

### Office MFP unit sales

YoY: +29% (color: +31%, B/W: +28%)

Unit sales increased, particularly in color MFPs and B/W MFPs for emerging countries.

Color: Increased significantly in all regions except Japan.

(EU: +28%, N. America: +42%, Japan: 0%, Other: +50%)

B/W: Dedicated models for emerging countries were driving strong unit sales.

(EU: +18%, N. America: 19%, Japan: -25%, Other: +45%)

The product mix temporarily worsened because of sales of old products as substitutes to deal with delays in the supply of certain new products.

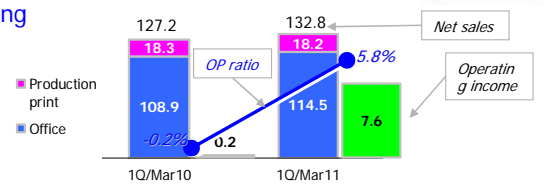
### Non-hardware sales

YoY: -2% (yen base), (w/o forex: +4%)

Excluding the forex impact, sales of non-hardware maintained an overall increase, driven by color printing.

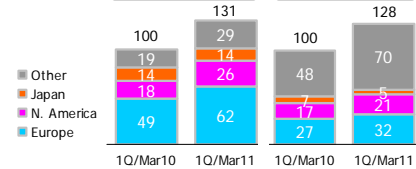
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### Net sales / Operating income [¥ billions]



### Color MFP unit sales – by region

\*Base index: \*1Q/Mar10 \*= 100

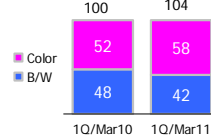


Color ratio: 37%

### Non-hardware sales

\*Base index: \*1Q/Mar10 \*= 100

(w/o forex)



In Business Technologies, continued strong sales momentum since 2H of FY/March 2010 allowed net sales to increase by 4%, and improve by 11% excluding FOREX. Operating income also significantly increase by ¥7.4 billion, and ¥10.8 billion excluding FOREX. In regard to office MFPs, unit sales of both color MFPs and B/W MFPs dramatically increased YOY following the launch of new products into the market.

Color MFPs performed strongly as new bizhub color models in medium-to-low speed, launched in the previous fiscal year, did well in overseas markets. In B&W MFPs unit sales of low speed machines particularly designed for emerging countries increased greatly in mainly China and other Asian markets. Despite highly positive reviews from customers for both color and B&W MFPs, we are still not able to supply products sufficiently meeting sales demand due to an unstable supply of certain electronic components.

This past June, we also began launching new B&W MFPs for developed markets such as Europe and the United States. These our expectant new products were developed according to the same concept as that of bizhub color models. However, due to the aforementioned product supply issue, we were unable to respond to sales demand and had backorders. As a result, we strengthened sales of old models to avoid lost sales opportunities, thereby expediting the point at which we switched out old models for new ones, but temporarily impairing the product mix for 1Q. We believe that these facts will actually become positive factors to bring the Group profitable in 2Q.

Non-hardware sales continued to be driven by color output to increase by 4% YOY on a local currency base excluding FOREX. Non-hardware business maintained as stable profit source in the MFP business.

## Business Technologies – Operating income transition



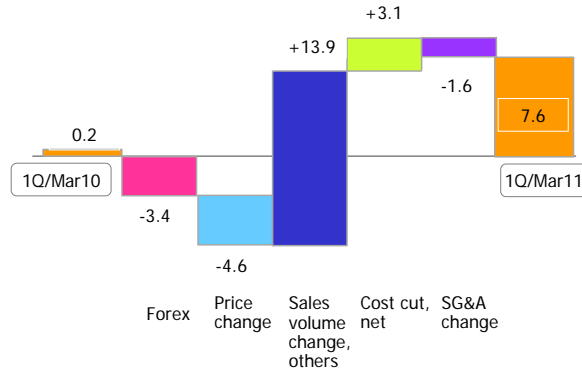
[¥ Billions]

### Negative factors:

- Forex: Particularly the impact of the weaker euro.
- Higher expenses: Higher logistics costs associated with an increase of distribution volume.  
(Including higher air transportation costs, etc. to deal with back orders)

### Positive factors:

- Higher profits associated with increased sales.
- An improved margin with the launch of new color MFPS.
- Effect of reducing manufacturing variable costs given the launch of new products and a decline in procurement costs.



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Negative factors for the YOY operating income in Business Technologies included a ¥3.4 billion exchange impact mainly resulting from the weakening of the Euro, a ¥4.6 billion price change in both hardware and non-hardware, and ¥1.6 billion in SG&A for increased shipping costs and the like in resolving backorders, generating an impact of ¥9.6 billion. Positive factors offsetting these negative impacts included cost reduction efforts and an increase of unit sales and so on, generating positive impact of ¥17 billion. The ¥7.4 billion YOY increase in operating income in Business Technologies is thought to be a result of these improvements.

## Optics

The operating margin rose to 15%, thanks to increased sales of the principal products and improved profitability in image I/O devices.

### Net sales

Total (TAC, Memory, Image I/O)  
YoY: +3% (+7%, +46%, -22%)

### Operating income

YoY: +207%

#### TAC film

✓ Total unit sales increased significantly, driven by thin film and wide film.

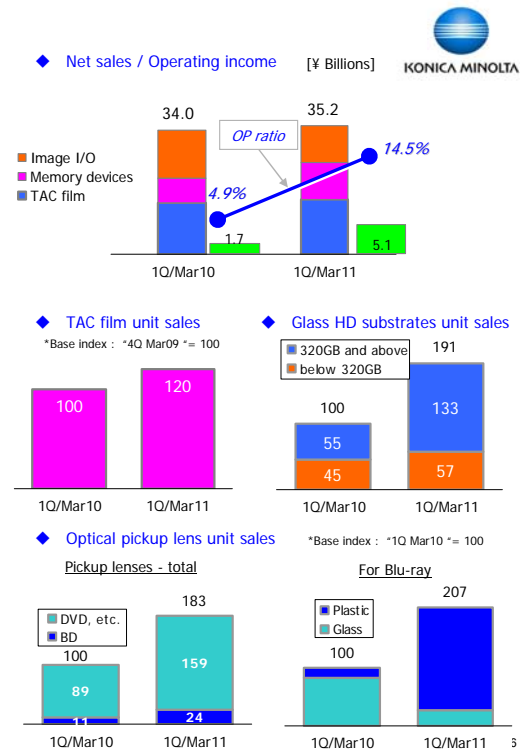
#### Glass HD substrates

✓ Sales increased in both value and unit base with the market recovery and changes in the product mix.

#### Optical pickup lenses

✓ In Blu-ray (BD), unit sales rose substantially, as the use of plastic for lenses progressed along with the expansion of BD readable applications.

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In Optics, sales of mainstay products such as TAC film, glass HD substrates, and pickup lenses all significantly increased, resulting in improved sales and operating income for each of these products. In the image input/output components field, which includes lens units for mobile phones, we focused on improving profitability, resulting in an increase in profitability although net sales declined.

In TAC film, especially thin film and wide film performed strongly, contributing to an increase in the sales volume. Considering expectation for future strong demand with an expansion of base of end-users, the Group's 7<sup>th</sup> plant commenced operation in May, rather than beginning this Fall as previously scheduled.

The sales volume of glass HD substrates increased by over 90% YOY as production reached full capacity on the tailwind of recovery in PC demand.

In pickup lenses, Blu-ray disc (BD) lenses doubled YOY, driving growth of the entire Optics Business. The average unit price for pickup lenses fell as lenses shift from glass to plastic as a consequence of growing demand for applications with reproducing function in customer electronics and IT appliances. Profitability nonetheless improved due to an increase in unit volume.

Sales results for the mainstay products in Optics are given in a quarter-by-quarter graph in #19 of the materials you received. Sales for TAC film, glass HD substrates, and pickup lenses all increased QOQ in volume as well as in value.

## Optics- Operating income analysis

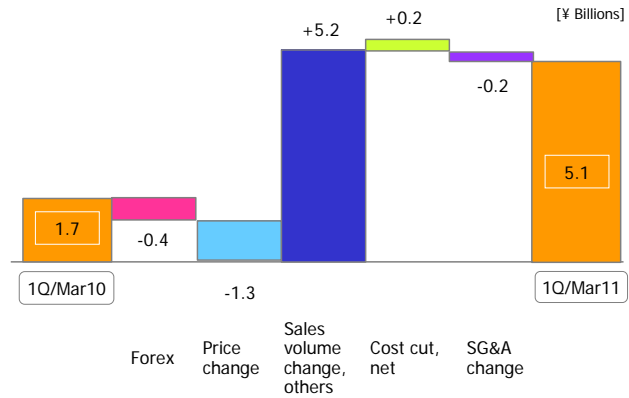


### Negative factors:

- Forex: Impact primarily on HD substrates
- Price change: Impact primarily on TAC film
- SG&A change: Rose slightly because of an increase in depreciation associated with the operation of a new TAC film plant, although expenses declined in image I/O devices.

### Positive factors:

- Sales volume changes, other: Increases in unit sales of thin film and wide TAC film. An increase of unit sales of glass HD substrates, etc.
- Cost cut: Declined with reductions in parts and production costs in image I/O devices.



Negative Factors behind change in operating income YOY in Optics included the impact of the appreciating yen against the US dollar, which mainly affected the sale of glass HD substrates, as well as the impact of price change, which mainly affected TAC film.

Despite an increase in depreciation and amortization associated with commencement of operations at the 7<sup>th</sup> TAC film plant, SG&A increased only slightly thanks to efforts to reduce expenses.

These factors resulted in a negative impact of ¥-1.9 billion, however this was absorbed by positive factors of increasing unit sales of mainstay products such as TAC film and glass HD substrates. The YOY operating income in Optics resulted in ¥3.4 billion.



## Initiatives from 2Q onwards - Business Technologies



Eliminate back orders through the steady supply of new products backed by a strong sales momentum.  
Improve the product mix and profitability.

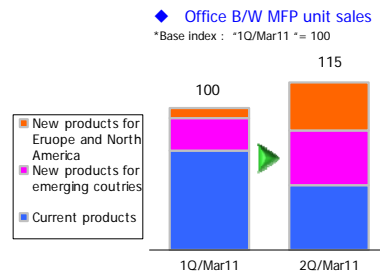
- **Expand unit sales by launching new B/W MFPs in the United States and Europe**
- ✓ Strengthen sales by promoting the Optimized Printing Service (OPS) approach.
- ✓ Bolster vertical marketing and solution business.
- ✓ Gain large account customers.
- **Expand sales of color MFPs, particularly in Asia and emerging countries**
- **Vigorously enforce explicit expense controls, with a focus on sales expansion**



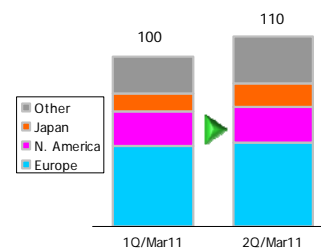
"bizhub 423, 363, 283, 223"  
Enhanced product lineup for Europe and North America  
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"bizhub 184, 164"  
(Dedicated model for emerging countries)



◆ Office color MFP unit sales  
\*Base index : \*1Q/Mar11 \*= 100



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One critical point in today's presentation, which I would like to now explain, is our approach towards Business Technologies in 2Q.

Because our new products are superior in competitiveness and have not yet shown signs of slowing down in terms of sales momentum, we believe that it is necessary to strengthen supply system for new products in order to clear backorders at an early stage. This alone would not only improve product mix, but also increase profitability. In particular, in 1Q we were able to cut down on the bulk of our inventory of previous-model B&W MFPs that are slated for replacement by new B&W MFPs, resulting in a greatly improved product mix from 2Q onward.

As shown in the graph on the right side, our aim is to increase unit sales of color MFPs by 10% from 1Q to 2Q. Accordingly, we plan to increase B&W MFP unit sales by 15%. In particular, a highly-competitive product lineup ranging widely from B&W to color products is a powerful weapon in strengthening our Optimized Print Service (OPS) and so-called MPS approach.

The Group has also been strongly promoting vertical marketing, a critically important sales approach for deeply stimulating needs for particular business types and categories. In doing so, we are making efforts to differentiate Konica Minolta from competitors by organizing sales teams for each business type or category, facilitating the sharing of sales information and knowhow between these teams, and also providing applications and solutions designed exclusively for each business type or category.

We are also strengthening our approach towards doing business with large account customers, or so-called Major Accounts. In fact, we are already receiving orders from powerful global corporations based in Europe.

On the other hand, future trends in the European economy and fluctuations in the Euro continue to be uncertain. As such, it is a very important strategy to focus on expanding sales in Asian and emerging markets – which continue growing unaffected by the European economy.

Finally, it almost goes without saying that we must vigorously enforce explicit expense controls. However, we plan to allocate budget to generate more sales opportunities.

## New products – production printing



Launch a new series in the light production printing segment, in addition to “top-of-the-line” models for printing professionals.

Actively develop sales channels to expand business.

- **‘Flagship’ model for printing professionals**
  - ✓ Comprehensively enhanced functions for promoting digital printing.
  - ✓ Provide high image quality and high definition on par with off-set printing - “New Simitri HD”.
  - ✓ High productivity and durability, and high image stability.
  
- **First-class image quality and image stability in light production printing**
  - ✓ Offer consistently high image quality, from initial output to final output.
  - ✓ Achieve high image quality and high definition on a par with offset printing, as in the top-of-the-line model.
  - ✓ Extensive inline book binding functions, including perfect binding (option).
  - ✓ Handle high-grade papers with an improved paper feeding function.



**bizhub PRESS**  
C7000



**bizhub PRESS**  
C6000



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Something that we discussed at the previous financial results presentation was that one of our important initiatives for FY/March 2011 is to expand the scope of our production printing business. On the product side, we plan to revise our lineup of color machines to strengthen product competitiveness.

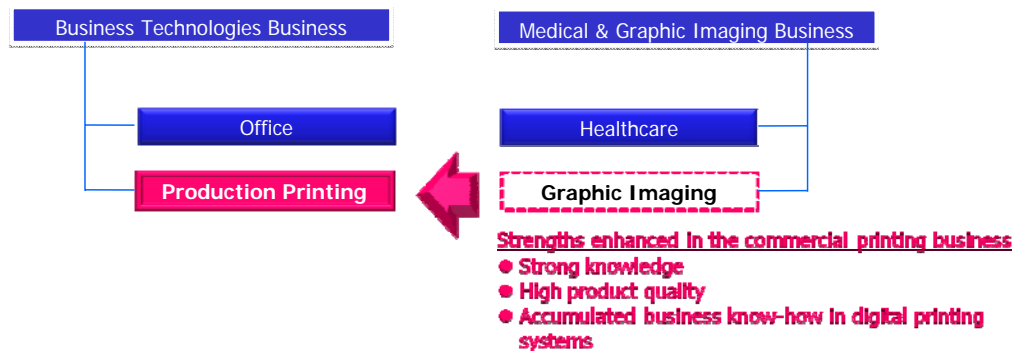
In the previous presentation, we introduced the ‘bizhub PRESS C8000’ as the flagship model of our color production printing products developed for printing professionals. We are now adding the ‘bizhub PRESS C7000/C6000’ to this series. We take pride in each and every one of the new products which sufficiently fulfill the needs of printing professionals by employing our unique polymerized toner featuring industry-top high image quality and high definition, and providing a wealth of finishing functions and a wide range of paper quality compatibility. These powerful new products, slated for sale in the last half of 2Q, will give us the burst of energy we need to recapture the falling sales share.

## Group reorganization for strengthening production printing business



### Objective of reorganization:

- Integrate and consolidate the graphic imaging operation of the Medical & Graphic Imaging with the production printing operation of the Business Technologies Business.
- The Company will aim to bolster its competitiveness and expand business in the production printing market.



Effective date of reorganization: October 1, 2010 (scheduled)

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As mentioned in the news release on July 29, 2010, beginning this October, the graphic imaging operation will be removed from under the umbrella of the Medical & Graphic Business and it will be integrated and consolidated with the production printing operation of Business Technologies Business.

By operating in the commercial printing market for so many years, Konica Minolta's production printing operation has accumulated good results, strong knowledge, high product quality, as well as business knowhow in digital printing systems. Expanding our production printing business is one of the most important strategies for our success, and our objective is to further strengthen competitive power by consolidating the resources from the graphic imaging operation into our Business Technologies Business thereby enhancing the synergy of both. When looking at our competitors in the office product industry, it is clear that there are not many companies with the business knowhow needed to prevail in this commercial printing industry, which gives us a significant advantage.

Since we have – as I discussed in the previous slide – prepared to launch new products for the commercial printing industry, we now aim to expand the scale of our business in the industrial printing market under a strengthened sales system.

## Forecasts FY/March 2011



	[Billions of yen]					
	Mar2011		Mar2010		YoY	
	1H	FY	1H	FY	1H	FY
Net sales (a)	400.0	830.0	393.3	804.5	6.7	25.5
Operating income	21.0	50.0	9.2	44.0	11.8	6.0
<i>Operating income ratio</i>	<i>5.3%</i>	<i>6.0%</i>	<i>2.3%</i>	<i>5.5%</i>		
Goodwill amortization	4.5	9.0	4.8	9.2	-0.3	-0.2
Operating income before dep. of goodwill (b)	25.5	59.0	14.0	53.2	11.5	5.8
<i>(b)/(a)</i>	<i>6.4%</i>	<i>7.1%</i>	<i>3.6%</i>	<i>6.6%</i>		
Net income	8.0	20.0	3.5	16.9	4.5	3.1
<i>Net income ratio</i>	<i>2.0%</i>	<i>2.4%</i>	<i>0.9%</i>	<i>2.1%</i>		
FCF		20.0	32.1	72.9		-52.9
Dividend per share [yen]		15.0	7.5	15.0		

FOREX	[Yen]	USD	From 2Q onward	90.00	95.49	92.85
		Euro		110.00	133.16	131.15

<u>Foreign exchange impact (Annual):</u>	<u>USD</u>	<u>Euro</u>
Net sales:	¥2.5 bn.	¥1.3 bn.
Operating income:	¥0.3 bn.	¥0.7 bn.

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I will now explain the Group's earnings forecast for FY/March 2011. The overall market is recovering, despite the varying speed of recovery between each of our businesses we acknowledge that our businesses are also right on the path to recovery.

At the same time, we acknowledge there is not yet room for optimism considering the surrounding economic environment: fluctuations in FOREX and especially the Euro, economic trends in our major markets U.S. and Europe, and fluctuations in the growth rate of emerging economies such as China to name a few.

Despite this economic environment sales of mainstay products in each of our businesses were strong in 1Q, and the Group total is set to outperform the official figures in our announced 1H forecast. Also, beginning in 2Q, we will launch new highly-competitive products of our core business: both Business Technologies and Optics. We anticipate that this will contribute greatly to group earnings.

In light of the foregoing analysis, although the assumed exchange rate for 2Q onward will be adjusted from the previous '1 Euro to 120 yen' rate to a rate of '1 Euro to 110 yen,' we will nonetheless keep in place our current forecast for 1H and FY/March 2011.

In response to the impact of the appreciating yen, we will work towards maximizing sales opportunities in each business, and, in terms of production, we will ensure the establishment of a consistent, stable supply system to meet all sales demand, while also reducing costs. Furthermore, we will vigorously enforce explicit expense controls, and also actively allocate budgets necessary for sales expansion.

***Supplementary Information***  
***1Q/Mar2011 Financial Results***

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## Results: 1Q/March 2011



				[Billions of yen]	
	1Q/Mar11	1Q/Mar10	YoY	1Q/Mar11 Forecast*	Progress [%]
Net sales	194.7	189.4	5.3	400.0	49%
Gross income	88.4	79.7	8.7		
<i>Gross income ratio</i>	45.4%	42.1%			
Operating income (loss)	9.8	-0.6	10.4	21.0	47%
<i>Operating income ratio</i>	5.0%	-0.3%		5.3%	
Ordinary income	6.4	0.6	5.8	19.0	
Net income before taxes	2.2	0.4	1.8	15.0	
Net income	3.5	0.3	3.2	8.0	44%
<i>Net income ratio</i>	1.8%	0.2%		2.0%	
<b>EPS [Yen]</b>	<b>6.58</b>	<b>0.56</b>			
CAPEX	11.1	7.5	3.6		
Depreciation	13.9	15.4	-1.5		
R&D expenses	17.1	17.7	-0.5		
FCF	-1.3	5.1	-6.4		
FOREX [Yen]	USD 92.01	97.32	-5.31		
	Euro 116.99	132.57	-15.58		

## Results: 1Q/March 2011 - Segment



### Net sales

				[Billions of yen]	
	1Q/Mar11	1Q/Mar10	YoY	1Q/Mar11 Forecast*	Progress [%]
Business Technologies	132.8	127.2	5.6	269.0	49%
Optics	35.2	34.0	1.2	71.0	50%
Medical & Graphic	21.0	23.7	-2.7	49.0	43%
Other businesses	3.9	2.8	1.1	8.0	49%
HD and eliminations	1.8	1.7	0.0	3.0	
Group total	194.7	189.4	5.2	400.0	49%

### Operating income

				[Billions of yen]	
	1Q/Mar11	1Q/Mar10	YoY	1Q/Mar11 Forecast*	Progress [%]
Business Technologies	7.6	0.2	7.4	19.0	40%
<i>Operating income ratio</i>	<i>5.8%</i>	<i>0.2%</i>		<i>7.1%</i>	
Optics	5.1	1.7	3.4	9.0	57%
<i>Operating income ratio</i>	<i>14.5%</i>	<i>4.9%</i>		<i>12.7%</i>	
Medical & Graphic	-0.1	0.8	-0.9	0.5	-
<i>Operating income ratio</i>	<i>-0.4%</i>	<i>3.5%</i>		<i>1.0%</i>	
Other businesses	0.5	-0.2	0.7	0.5	
HD and eliminations	-3.3	-3.1	-0.2	-8.0	
Group total	9.8	-0.6	10.4	21.0	47%
<i>Operating income ratio</i>	<i>5.1%</i>	<i>-0.3%</i>		<i>5.3%</i>	

\* Other businesses: Sensing and Industrial Inkjet businesses

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\* Previous forecasts: Announced on 13 May, 2010

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## Forecasts: 1H and 2H/March 2011



[Billions of yen]

	FORCAST		FY/Mar 2011	Mar/2010	YoY
	1H	2H	FY		
Net sales	400.0	430.0	830.0	804.5	25.5
Operating income	21.0	29.0	50.0	44.0	6.0
<i>OP ratio</i>	<i>5.3%</i>	<i>6.7%</i>	<i>6.0%</i>	<i>5.5%</i>	
Ordinary income	19.0	27.0	46.0	40.8	5.2
Net income before taxes	15.0	23.5	38.5	36.1	2.4
Net income	8.0	12.0	20.0	16.9	3.1
<i>Net income ratio</i>	<i>2.0%</i>	<i>2.8%</i>	<i>2.4%</i>	<i>2.1%</i>	
CAPEX			55.0	36.9	18.1
Depreciation			65.0	61.2	3.8
R&D expenses			80.0	68.5	11.5
FCF			20.0	72.9	-52.9
FOREX [P/L] [Yen]					
USD		From 2Q onward	90.00	92.85	
Euro			110.00	131.15	

## Forecasts: 1H and 2H/March 2011 - Segment



### Net sales

[Billions of yen]

	FORCAST		FY/Mar 2011		YoY
	1H	2H	FY	Mar/2010	
Business Technologies	269.0	291.0	560.0	540.8	19.2
Optics	71.0	73.0	144.0	136.7	7.3
Medical & Graphic	49.0	53.0	102.0	104.4	-2.4
Other businesses	8.0	9.0	17.0	14.5	2.5
HD and eliminations	3.0	4.0	7.0	8.1	-1.1
<b>Group total</b>	<b>400.0</b>	<b>430.0</b>	<b>830.0</b>	<b>804.5</b>	<b>25.5</b>

### Operating income

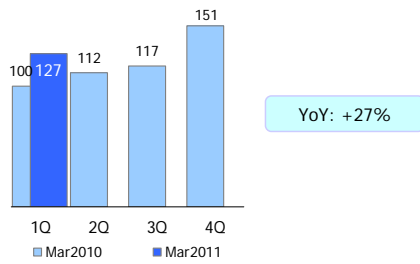
[Billions of yen]

	FORCAST		FY/Mar 2011		YoY
	1H	2H	FY	Mar/2010	
Business Technologies	19.0	25.0	44.0	39.0	5.0
<i>Operating income ratio</i>	<i>7.1%</i>	<i>8.6%</i>	<i>7.9%</i>	<i>7.2%</i>	
Optics	9.0	11.5	20.5	14.4	6.1
<i>Operating income ratio</i>	<i>12.7%</i>	<i>15.8%</i>	<i>14.2%</i>	<i>10.5%</i>	
Medical & Graphic	0.5	1.5	2.0	1.5	0.5
<i>Operating income ratio</i>	<i>1.0%</i>	<i>2.8%</i>	<i>2.0%</i>	<i>1.4%</i>	
Other businesses	0.5	1.0	1.5	1.0	0.5
HD and eliminations	-8.0	-10.0	-18.0	-11.9	-6.1
<b>Group total</b>	<b>21.0</b>	<b>29.0</b>	<b>50.0</b>	<b>44.0</b>	<b>6.0</b>
<i>Operating income ratio</i>	<i>5.3%</i>	<i>6.7%</i>	<i>6.0%</i>	<i>5.5%</i>	

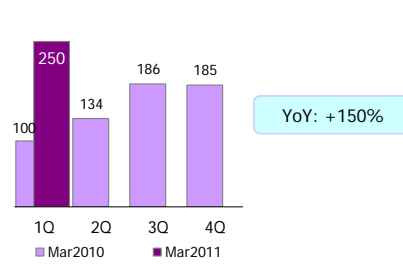
## Unit sales: Business Technologies



### A3 color MFP – Units

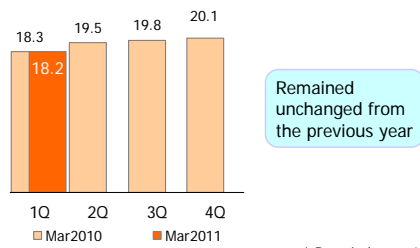


### A4 color MFP – Units



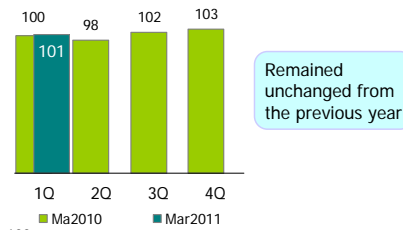
### Production printing – Value

[¥ billions]



### MFP non-hardware

\* w/o forex effects

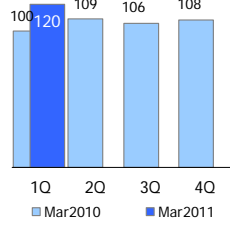


\* Base index : "1Q Mar2010" = 100

## Unit Sales: Optics

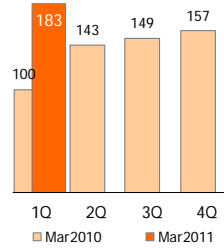


### TAC film – Units



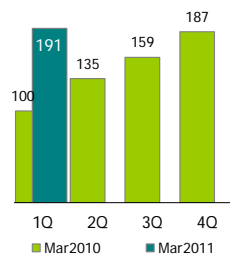
YoY: +20%

### Optical pickup lenses - Units



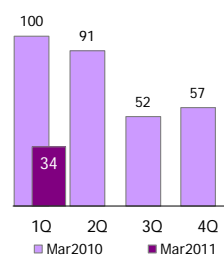
YoY: +83%

### Glass HD substrates - Units



YoY: +91%

### Mobile phone components – Units



YoY: -66%

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\*Base index : \*1Q Mar2011 \* = 100

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## Operating profit analysis



**1Q/Mar2011 vs.  
1Q/Mar2010**

	[Billions of yen]			
	Business Technologies	Optics	Other	Total
<b>[Factors]</b>				
Forex impact	-3.4	-0.4	-0.4	-4.2
Price change	-4.6	-1.3	0.0	-5.9
Sales volume change, and other, net	13.9	5.2	-2.2	16.9
Cost down	3.1	0.2	0.5	3.7
SG&A change, net	-1.6	-0.2	1.6	-0.2
<b>[Operating income]</b>				
Change, YoY	7.4	3.4	-0.4	10.4

## SGA, non-operating and extraordinary income/loss



	[Billions of yen]		
SG&A:	1Q/Mar11	1Q/Mar10	YoY
Selling expenses - variable	10.5	8.9	1.6
R&D expenses	17.1	17.7	-0.5
Labor costs	29.4	31.0	-1.6
Other	21.6	22.7	-1.1
<b>SGA total*</b>	<b>78.6</b>	<b>80.3</b>	<b>-1.7</b>
	<i>* Forex impact: -¥2.6 bn. (Actual: ¥0.9 bn.)</i>		
<b>Non-operating income/ loss:</b>			
Interest and dividend income/loss, net	-0.3	-0.4	0.1
Foreign exchange gain, net	-2.6	1.4	-4.0
Other	-0.5	0.2	-0.7
<b>Non-operating income/ loss, net</b>	<b>-3.4</b>	<b>1.2</b>	<b>-4.6</b>
<b>Extraordinary income/ loss:</b>			
Sales of noncurrent assets, net	-0.3	-0.2	-0.1
Sales of investment securities, and sales of subsidiaries and affiliates' stocks, net	-1.0	-0.2	-0.8
Business structure improvement expenses	-2.4	-0.8	-1.5
Other	-0.6	1.1	-1.7
<b>Extraordinary income/ loss, net</b>	<b>-4.2</b>	<b>-0.2</b>	<b>-4.0</b>

## B/S



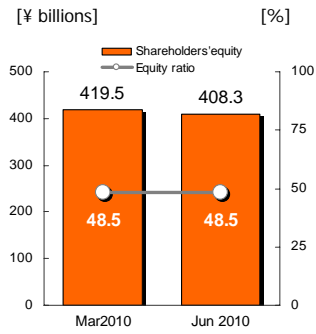
Assets:	[Billions of yen]			[yen]			
	Jun 2010	Mar 2010	Change	US\$	Jun 2010	Mar 2010	YoY
Cash and short-term investment securities	160.1	164.1	-4.0				
Notes and A/R-trade	163.7	177.7	-14.0		88.48	93.04	-4.56
Inventories	96.9	98.3	-1.3				
Other	56.3	49.1	7.2				
<b>Total current assets</b>	<b>477.1</b>	<b>489.3</b>	<b>-12.2</b>				
Tangible assets	200.8	205.1	-4.2				
Intangible assets	94.1	99.1	-5.0				
Investments and other assets	70.0	72.4	-2.4				
<b>Total noncurrent assets</b>	<b>364.9</b>	<b>376.5</b>	<b>-11.6</b>				
<b>Total assets</b>	<b>842.0</b>	<b>865.8</b>	<b>-23.8</b>				
<b>Liabilities and Net Assets:</b>							
Notes and A/P-trade	85.4	83.1	2.2				
Interest bearing debts	194.9	197.4	-2.4				
Other liabilities	152.1	164.5	-12.4				
<b>Total liabilities</b>	<b>432.4</b>	<b>445.0</b>	<b>-12.6</b>				
Total shareholders' equity*	408.3	419.5	-11.3				
Other	1.3	1.2	0.1				
<b>Total net assets</b>	<b>409.6</b>	<b>420.8</b>	<b>-11.2</b>				
<b>Total liabilities and net assets</b>	<b>842.0</b>	<b>865.8</b>	<b>-23.8</b>				

\* Shareholders' equity + valuation and translation adjustments

## B/S – Main indicators

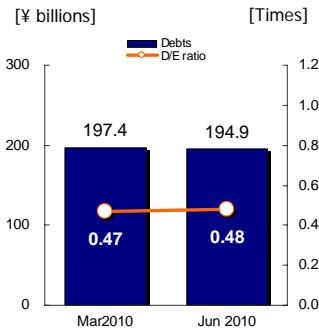


### Equity ratio



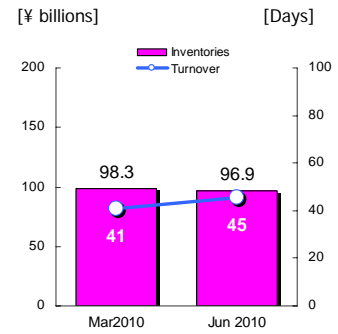
Equity ratio = Equity / Total assets  
 Equity = Shareholder's equity +  
 Total revaluation and translation adjustments

### Interest-bearing debts



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

### Inventories and inventory turnover



Inventory turnover (days) = Inventories  
 at period-end / Average sales per day



## Cash flows



[Billions of yen]

	1Q/Mar11	1Q/Mar10	YoY
Income before income taxes and minority interests	2.2	0.4	1.8
Depreciation and amortization	13.9	15.4	-1.5
Income taxes paid	-1.4	-0.9	-0.5
Change in working capital	-7.2	-0.6	-6.6
<b>I. Net cash provided by operating</b>	<b>7.5</b>	<b>14.3</b>	<b>-6.8</b>
<b>II. Net cash used in investing activities</b>	<b>-8.7</b>	<b>-9.1</b>	<b>0.4</b>
<b>I.+ II. Free cash flow</b>	<b>-1.3</b>	<b>5.1</b>	<b>-6.4</b>
Change in debts and bonds	1.4	21.2	-19.8
Cash dividends paid	-3.9	-5.3	1.4
Other	-0.3	-0.5	0.1
<b>III. Net cash used in financing activities</b>	<b>-2.8</b>	<b>15.4</b>	<b>-18.2</b>

*Cautionary Statement:*

*The forecasts mentioned in this material are the results of estimations based on currently available information, and accordingly, contain risks and uncertainties. The actual results of business performance may sometimes differ from those forecasts due to various factors.*

*Remarks:*

*Yen amounts are rounded to the nearest 100 million.*