May 12, 2011

Consolidated Financial Results

Fiscal Year ending March 31, 2011

April 1, 2010 – March 31, 2011

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.
Representative:	Masatoshi Matsuzaki, President and CEO
Inquiries:	Yuji Suzuki, General Manager, Corporate Communications & Branding Division
Telephone number:	(81) 3-6250-2100

Scheduled date for Ordinary General Meeting of Shareholders:	June 22, 2011
Scheduled date for dividends payment:	May 30, 2011
Scheduled date for submission of securities report:	June 23, 2011
Availability of supplementary information:	Yes
Organization of financial result briefing:	Yes (for institutional investors)

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

1. Overview of performance (From April 1, 2010 to March 31, 2011)

(1) Business performance

Percentage figures represent the change from the same period of the previous year.

[Millions of yen]

Fiscal years ended March 31	Net sales		Operating income		Ordinary income		Net income	
2011	777,953	-3.3%	40,022	-9.0%	33,155	-18.8%	25,896	53.0%
2010	804,465	-15.1%	43,988	-21.8%	40,818	-10.1%	16,931	11.5%

Note: Comprehensive income
Fiscal year ended March 31, 2011: ¥16,267 million (8.4%)
Fiscal year ended March 31, 2010: ¥15,007 million (- %)

Fiscal years ended March 31	Net income per share	Net income per share (after full dilution)
2011	48.84 yen	47.28 yen
2010	31.93 yen	30.32 yen

Fiscal years ended March 31	Net income to shareholders' equity	Ordinary income to total asset	Operating income to net sales
2011	6.1 %	3.9 %	5.1 %
2010	4.1 %	4.6 %	5.5 %

Note: Equity in profit (loss) of unconsolidated subsidiaries and affiliates:
Fiscal year ended March 31, 2011: ¥112 million
Fiscal year ended March 31, 2010: ¥ 81 million

(2) Financial position

[Millions of yen]

As of March 31	Total assets	Net assets	Equity ratio (%)	Net assets per share
2011	845,453	428,987	50.6%	806.53 yen
2010	865,797	420,775	48.5%	791.28 yen

Note: Shareholders' equity
As of March 31, 2011: ¥427,647 million
As of March 31, 2010: ¥419,535 million

(3) Cash flows

[Millions of yen]

Fiscal years ended March 31	Operating activities	Investing activities	Financing activities	Cash and cash equivalents balance at the end of period
2011	67,957	(44,738)	(12,928)	175,148
2010	113,377	(40,457)	(43,803)	164,146

2. Dividends per share

[Yen]

Fiscal years ended March 31	Dividends per share				
	1Q	2Q	3Q	Year-end	Total annual
2010	-	7.50	-	7.50	15.00
2011	-	7.50	-	7.50	15.00
2012（forecast）	-	-	-	-	15.00

Fiscal years ended March 31	Total dividends (annual) [millions of yen]	Dividend pay-out ratio (consolidated) [%]	Net asset-to-dividend ratio (consolidated) [%]
2010	7,953	47.0	1.9
2011	7,953	30.7	1.9
2012（forecast）		39.8	

Note: The forecast annual dividend is stated above, but the forecast dividend at the ends of quarters and the forecast year-end dividend have yet to be determined.

3. Consolidated results forecast for fiscal year ending March 31, 2012
(From April 1, 2011 to March 31, 2012)

Percentage figures for the full 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	%	Ordinary income	%	Net income	%	Net income per share
Six months	-	-	-	-	-	-	-	-	-
Full-year	810,000	4.1	42,000	4.9	39,000	17.6	20,000	-22.8	37.72 yen

Note: We are not forecasting results for the first half of the fiscal year.

4. Other

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

(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

Note: Please refer to "(6) Basis of presenting consolidated financial statements and (7) Changes of important items regarding the basis of presenting consolidated financial statements" in the section 4. CONSOLIDATED FINANCIAL STATEMENTS on page 28 for details.

(3) Number of outstanding shares（common stock）

a. Outstanding shares at period-end（including treasury stock）
As of March 31, 2011: 531,664,337 shares
As of March 31, 2010: 531,664,337 shares

b. Treasury stock at period-end
As of March 31, 2011: 1,436,447 shares
As of March 31, 2010: 1,464,883 shares

c. Average number of outstanding shares
Fiscal years ended March 31, 2011: 530,222,585 shares
Fiscal years ended March 31, 2010: 530,260,641 shares

[Reference]

Non-consolidated financial results

1. Overview of performance (From April 1, 2010 to March 31, 2011)

(1) Business performance

Percentage figures represent the change from the same period of the previous year.

[Millions of yen]

Fiscal years ended March 31	Operating revenue		Operating income		Ordinary income		Net income	
2011	31,283	56.7%	887	-%	1,297	-%	21,018	-%
2010	19,965	-56.1%	(9,768)	-170.3%	(8,775)	-156.4%	(4,586)	-125.0%

Fiscal years ended March 31	Net income per share	Net income per share (after full dilution)
2011	39.64 yen	38.37 yen
2010	(8.65) yen	- yen

Note: Net income per share (after full dilution) of fiscal year ended March 31, 2010 is not written, as the Group recorded a net loss.

(2) Financial position

[Millions of yen]

As of March 31	Total assets	Net assets	Equity ratio (%)	Net assets per share
2011	488,854	268,900	54.9%	505.90 yen
2010	469,954	255,806	54.3%	481.31 yen

Note: Shareholders' equity
As of March 31, 2011: ¥268,241 million
As of March 31, 2010: ¥255,188 million

Implementation of Audit Procedures

This "Consolidated Financial Results" is exempt from audit procedures under the Financial Instruments and Exchange Act. Audit procedures for the financial statements are being performed when the Consolidated Financial Results are announced.

Explanation of Appropriate Use of Performance Projections and Other Special Items

(Note on forward-looking statements)
This document contains projections of performance and other projections that were made based on information currently available and certain assumptions judged to be reasonable. There is a possibility that diverse factors may cause actual performance, etc., to differ materially from the projections. Please see the "3. Outlook for the Fiscal Year Ending March 31, 2012" in the section 1. OPERATING RESULTS on page 11 for more information on points to be remembered in connection with the use of projections.

(How to obtain supplementary information and information on a financial results briefing)
The Group will hold a financial results briefing for institutional investors on Thursday, May 12, 2011. Descriptions at the briefing and presentation slides to be used at the briefing will be posted on the website of the Group immediately after the briefing.

Supplementary Information

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1. OPERATING RESULTS

(1) Business Performance Analysis

1. Overview of Performance

[Billions of yen]

	Fiscal year ended March 31			
	2011	2010	Increase (Decrease)	
Net sales	777.9	804.4	(26.5)	-3.3%
Gross profit	354.5	364.4	(9.9)	-2.7%
Operating income	40.0	43.9	(3.9)	-9.0%
Ordinary income	33.1	40.8	(7.6)	-18.8%
Income before income taxes and minority interests	28.1	36.0	(7.9)	-22.1%
Net income	25.8	16.9	8.9	53.0%
Net income per share [yen]	48.84	31.93	16.91	53.0%
Capital expenditure	42.9	36.9	6.0	16.4%
Depreciation	55.1	61.1	(6.0)	-9.9%
R & D expenses	72.6	68.4	4.1	6.0%
Free cash flow	23.2	72.9	(49.7)	-68.2%
Number of employees [persons]	35,204	36,048	(844)	-2.3%
Exchange rates [yen]				
US dollar	85.71	92.85	(7.14)	-7.7%
Euro	113.11	131.15	(18.04)	-13.8%

Looking at economic circumstances in Japan and overseas, economies in both the United States and Europe continued to recover moderately, despite uncertain factors, reflecting governments' successful pump-priming measures and monetary policies. Asian economies continued to expand steadily overall, led by China and India. The Japanese economy recovered moderately in the first half thanks to the effect of economic measures, but the pace of the recovery slowed in the second half as the effect of economic measures came to a halt, and exports weakened. The unprecedented earthquake that hit the Pacific coast of the Tohoku region and other regions in March 2011 wrought enormous economic damage, disrupting supply chains that depended on production bases in the devastated areas and prompting concerns over electric power shortages.

Seeing to use the major change in the business environment triggered by the global financial crisis in the autumn of 2008 was an opportunity to achieve stronger growth for the Konica Minolta Group, the Group adopted its Management Policy <09-10> in April 2009. The Group viewed this consolidated fiscal year, the second year of the Management Policy, as a return to growth and pursued an aggressive management approach that aims to achieve growth five to ten years from now.

Specifically, the Group set, and focused on meeting, important challenges: (1) enhancing and expanding current businesses, (2) strengthening operations in Asian markets, and (3) accelerating establishment of new businesses. To enhance and expand current businesses, the Company launched new products in the bizhub series of MFPs (multi-functional peripherals), and established a global system for OPS (Optimized Print Services) in the Business Technologies Business. In the production printing field, the Company launched a new brand, the bizhub PRESS series, to increase sales in the digital printing market. Meanwhile, the Company integrated the graphic imaging section associated with commercial and digital printing, which were included in Medical & Graphic Imaging Business, into the Business Technologies Business and took steps to strengthen its sales force in the businesses in Japan and overseas by concluding a cross distribution agreement with Eastman Kodak (based in the United States). In the Optics Business, the Company sought to expand TAC film for LCD polarizer and glass substrates for HDDs operations and increased production capabilities. In strengthening operations in Asian markets, the Company aimed to expand sales in the Chinese market, which continued to enjoy dynamic growth, launching new products and bolstering its sales force of dealers in the Business Technologies Business. In the Indian market, the companies set up sales subsidiaries in the Business Technologies Business and the Healthcare Business to expand sales of Konica Minolta products and services.

Looking at the results of major businesses, in the Business Technologies Business, sales volumes of MFPs exceeded the results of the previous consolidated fiscal year, led by sales of new color and monochrome MFPs, as demand recovered moderately. The Company sought to stimulate demand in the digital printing market, launching new production printing products. As a result of the expansion of the range of products and the establishment of the OPS system, business for major global accounts increased steadily. For example, the Company concluded a contract with Allianz (based in Germany), a major international financial group, to manage the operation of the group's office machinery worldwide. However, since overseas sales account for over 80% of total sales in the Business Technologies Business, the business was very susceptible to the strong yen throughout this consolidated fiscal year. In the Optics Business, sales of glass substrates for HDDs and pickup lenses for Blu-ray Discs™ were weak overall, influenced by prolonged production adjustments that began at customers in the summer of 2010. In contrast, sales of TAC films, which ended production adjustments early, were solid. In the Healthcare Business, sales of digital medical input equipment rose from a year ago, but fell short of offsetting a decline in sales of film products.

As a result, Konica Minolta's consolidated net sales for the fiscal year under review amounted to ¥777.9 billion, a decrease of 3.3% year on year. Although the Group cut costs and expenses, operating income declined 9.0%, to ¥40.0 billion, reflecting a decline in profits associated with the decrease in sales and the effect of exchange rates. The yen had been very strong against the US dollar and euro since the beginning of the fiscal year under review. The adverse effect of exchange rates on net sales was ¥53.1 billion, and without it net sales rose 3.3% year on year. The effect on operating income was ¥20.9 billion. Without it, operating income increased 38.6%.

Ordinary income slipped 18.8%, to ¥33.1 billion, reflecting a foreign exchange loss associated with the strong yen. After posting business structure improvement expenses and a loss on valuation of investment securities as extraordinary losses, income before income taxes and minority interests fell 22.1%, to ¥28.1 billion. With the application of tax effect accounting associated with the liquidation of a subsidiary of Photo Imaging Business, net income rose 53.0%, to ¥25.8 billion.

The amount of damage caused, primarily in the Business Technologies Business and the Healthcare Business, by the Tohoku-Pacific earthquake that struck eastern Japan on March 11, 2011 was about ¥0.4 billion, which was posted as an extraordinary loss.

2. Overview by Segment

[Billions of yen]

	Fiscal year ended March 31		Increase (Decrease)	
	2011	2010		
Business Technologies				
Net sales - external	539.6	540.8	(1.1)	-0.2%
Operating income	37.4	38.9	(1.5)	-3.9%
Optics				
Net sales - external	129.8	136.7	(6.9)	-5.1%
Operating income	12.8	14.3	(1.5)	-11.0%
Healthcare				
Net sales - external	84.9	104.3	(19.3)	-18.6%
Operating income	0.1	1.4	(1.2)	-88.3%

Business Technologies Business

Office field:

As demand for MFPs for offices gradually continued to recover in the Japanese market and major overseas markets, sales of the color MFPs and monochrome MFPs of the bizhub series, which focused on facilitating customers' efforts to reduce TCO (total cost of ownership; denoting total costs for implementation, use, and maintenance of MFPs), were solid in the US market and major markets in Europe. As a result, sales volumes for the consolidated fiscal year under review rose from the previous year. The bizhub 184/164 series, which was launched as monochrome MFPs for emerging countries only, contributed to the expansion of market share, especially in the Chinese market.

Production print field:

The Company began marketing three new color products, bizhub PRESS C8000/C7000/C6000, in addition to the existing bizhub PRO series and started to develop a digital commercial printing field in earnest. With many inquiries for those new products in the US and European markets, sales volumes of color and monochrome machines rose from a year ago.

Overall, our Business Technologies Business sought to boost sales of new products having enhanced market competitiveness in the office and the production printing fields in line with our "genre-top" strategy. It also started to provide Optimized Print Services (OPS), needs for which are rising in the market, on a global scale. To strengthen its IT services capability, the Company established an alliance with Getronics N.V. (headquartered in the Netherlands) in Europe in November 2010. It acquired All Covered Inc. of the United States in December 2010. As a result, net sales of the Business Technologies Business to outside customers stood at ¥539.6 billion, on a par with the year-ago level. Operating income came to ¥37.4 billion, down 3.9% year on year. Excluding the adverse effects of exchange rates of ¥45.9 billion on sales and ¥16.7 billion on income, net sales and operating income rose 8.3% and 39.0%, respectively.

Optics Business

Display materials field:

Liquid crystal panel production started to recover in October 2010 after production adjustments that began in the summer of 2010. With the development of new VA-TAC films for increasing viewing angle (VA-TAC films) and the start of shipments of TAC films for IPS panels in the second half of the fiscal year, sales of VA-TAC films and thin plain TAC films, which are strengths of the Company, were solid. Overall sales volumes of TAC films rose from a year ago.

Memory devices field:

Sales volumes of pickup lenses for optical disks increased year on year, led by pickup lenses for Blu-ray DiscsTM. Sales volumes of glass substrates for HDDs also rose, led by high-density recording products, including 320GB. However, the growth was not as strong as originally anticipated, given the effects of prolonged production adjustments seen in the personal computer and digital home appliances industries since last summer.

Image input/output components field:

Sales volumes of lens units for digital cameras and video cameras rose year on year, but volumes for cell phones with cameras fell sharply partly as a result of weak sales of models equipped with products of the Company.

Of our mainstay products, sales volumes of plain TAC films and VA-TAC films rose steadily as production adjustments at customers ended relatively early and as the Company took steps to expand sales. Sales volumes of glass substrates for HDDs were also solid. However, sales volumes of pickup lenses for optical disks were sluggish overall, reflecting prolonged production adjustments. Sales of lens units were also weak. As a result, net sales of the Optics Business to outside customers stood at ¥129.8 billion, down 5.1% year on year. Operating income was ¥12.8 billion, declining 11.0%.

Healthcare Business

In the Healthcare Business, the Company continued to take steps to boost sales of Computed Radiography and Digital Radiography, including REGIUS MODEL 110/210, diagnostic workstations, network devices, and the service solution business to medical facilities in Japan and abroad. As a result, unit sales of digital input equipment in the REGIUS series exceeded the results of the previous fiscal year both in Japan and overseas markets. In contrast, sales of film products continued to decline, given a continued rise in the use of filmless equipment. The fiscal year under review was between seasons for new products, and earnings were influenced by falling prices of existing products and amounts for preliminaries, including development costs, as well as the effects of the appreciation of the yen. As a consequence, net sales to outside customers declined 18.6% year on year, to ¥84.9 billion. Operating income stood at ¥0.1 billion, down 88.3% year on year.

[Reference]

Three months Business Performance (From January 1, 2011 to March 31, 2011)

Year-on-Year [Billions of yen]

	4Q Mar/2011	4Q Mar/2010	Increase (Decrease)	
Net sales	202.6	215.7	(13.0)	-6.1%
Gross profit	90.0	105.8	(15.8)	-15.0%
Operating income	11.7	22.7	(11.0)	-48.3%
Ordinary income	10.8	21.6	(10.8)	-49.8%
Income before income taxes and minority interests	11.8	18.5	(6.6)	-36.0%
Net income	15.1	7.9	7.1	90.6%
Net income per share [yen]	28.49	14.94	13.55	90.7
Capital expenditure	9.8	12.5	(2.6)	-21.4%
Depreciation	13.9	15.1	(1.1)	-7.5%
R & D expenses	18.5	16.4	2.0	12.2%
Free cash flow	17.4	15.1	2.2.	15.0
Exchange rates [yen]				
US dollar	82.34	90.70	(8.36)	-9.2%
Euro	112.57	125.62	(13.05)	-10.4%

Three months Business Performance by Segment (From January 1, 2011 to March 31, 2011)

Year-on-Year [Billions of yen]

	4Q Mar/2011	4Q Mar/2010	Increase (Decrease)	
Business Technologies				
Net sales - external	143.2	146.8	(3.5)	-2.4%
Operating income	11.4	20.8	(9.4)	-45.1%
Optics				
Net sales - external	30.4	34.1	(3.7)	-10.9%
Operating income	2.7	4.0	(1.3)	-32.4%
Healthcare				
Net sales - external	22.4	27.9	(5.4)	-19.5%
Operating loss	(0.4)	(0.0)	(0.3)	-

3. Outlook for the fiscal year ended March 31, 2012

Looking at economic circumstances in Japan and abroad, the global economy is expected to continue to recover moderately, led by emerging economies such as China and India. However, there are concerns about risks such as high crude-oil prices associated with political uncertainty in the Middle East and North Africa and credit insecurity in parts of Europe. We expect there will be strong concern about a downturn in the Japanese economy for some time to come because of the effect of the Tohoku-Pacific earthquake, which wrought enormous damage to supply chains and power supply.

In the Business Technologies Business, we expect that demand for production print products will expand moderately in both Japan and overseas markets and that in the office MFPs field, growth will be led by demand in emerging markets, although developed markets appear to be mature. In the Optics Business, there are concerns about the effect of production adjustments that could be prolonged in certain fields including personal computers, but demand for digital consumer electronics, including LCD TVs, is expected to grow overall. In the Healthcare Business, we expect demand for compact Computed Radiography will continue to expand, especially in the clinic market.

Given this situation, we expect results for the fiscal year ending March 31, 2012 to be as follows: Since the Group does not have any production sites in areas affected by the Tohoku-Pacific earthquake, there have been no casualties among employees, and its production facilities have not been damaged. The production activities of the Group therefore have not been directly disrupted by the earthquake. However, we have factored in ¥13.0 billion in net sales and ¥5.0 billion in operating income as risks associated with possible disruption in the supply chains and limits on power supplies caused by the earthquake that can be calculated at the time of publication of the financial results. We will continue to gather and analyze information on reconstruction and will take appropriate action to minimize the effects of the earthquake on the Group's business activities.

This forecast is an estimate on the assumption that the turmoil attributable to the earthquake will end in the middle of the year. However, the situation is changing daily and for this reason we are not announcing here a results forecast for the first half of the fiscal year.

We assume exchange rates of 85 yen against the US dollar and 115 yen against the euro.

[Billions of yen]

	March 2012 forecast	March 2011	Increase (Decrease)
Net sales	810.0	777.9	32.0
Operating income	42.0	40.0	1.9
Ordinary income	39.0	33.1	5.8
Net income	20.0	25.8	(5.8)

Note: The above operating performance forecasts are based on future-related suppositions, outlooks, and plans at the time this report was released, and they involve risks and uncertainties. It should be noted that actual results may differ significantly from these forecasts due to various important factors, such as changes in economic conditions, market trends, and currency exchange rates.

(2) Financial Position

1. Analysis of Financial Position

		Fiscal year ended March 31 2011	2010	Increase (Decrease)
Total assets	[Billions of yen]	845.4	865.7	(20.3)
Net assets	[Billions of yen]	428.9	420.7	8.2
Net assets per share	[yen]	806.53	791.28	15.26
Equity ratio	[%]	50.6	48.5	2.1

At fiscal year end, total assets amounted to ¥845.4 billion, down ¥20.3 billion compared with the end of the previous fiscal year. Deferred tax assets rose, while notes and accounts receivable-trade declined. Property, plant and equipment and intangible assets fell, reflecting the curbing of capital expenditure and depreciation and amortization. Interest-bearing debt slipped ¥4.7 billion from the end of the previous fiscal year, to ¥192.5 billion with an increase in corporate bonds more than offset by repayments of loans payable.

Despite a decrease in foreign currency translation adjustments because of the appreciation of the yen, net assets increased ¥8.2 billion from the end of the previous fiscal year, to ¥428.9 billion, reflecting a rise in retained earnings primarily due to the posting of ¥25.8 billion in net income. Net assets per share came to ¥806.53, and the shareholders' equity ratio rose 2.1 percentage points from the end of the previous fiscal year to 50.6%.

2. Cash Flows

[Billions of yen]

	March 31 2011	2010	Increase (Decrease)
Cash flows from operating activities	67.9	113.3	(45.4)
Cash flows from investing activities	(44.7)	(40.4)	(4.2)
Total (Free cash flow)	23.2	72.9	(49.7)
Cash flows from financing activities	(12.9)	(43.8)	30.8

During the fiscal year under review, net cash provided by operating activities was ¥67.9 billion, while net cash used in investing activities, mainly associated with capital investment, totaled ¥44.7 billion. As a result, free cash flow (the sum of operating and investing activities) was an inflow of ¥23.2 billion.

Net cash used in financing activities was ¥12.9 billion.

In addition, the effect of exchange rate changes increased cash and cash equivalents by ¥0.7 billion. As a result, cash and cash equivalents at the end of the fiscal year under review stood at ¥175.1 billion, rising ¥11.0 billion from the consolidated previous fiscal year-end.

Cash flows from operating activities

Net cash provided by operating activities reached ¥67.9 billion (¥113.3 billion in the previous consolidated fiscal year). Although the Group reported income before income taxes and minority interests of ¥28.1 billion and depreciation of ¥55.1 billion, these amounts were partly offset by a decrease in reserve for retirement benefits and pension plans of ¥8.3 billion chiefly due to special contributions of premiums in the first quarter, a decline in working capital of ¥3.9 billion, income taxes paid of ¥9.4 billion, and other factors.

Cash flows from investing activities

Net cash used in investing activities was ¥44.7 billion (¥40.4 billion in the previous fiscal year). Cash of ¥37.0 billion was mainly used for investments in molding for new products in the Business Technologies Business and in the acquisition of tangible fixed assets relating to the reinforcement of production capacities in the Optics Business, our strategic business.

As a result, free cash flow (the sum of operating and investing activities) was an inflow of ¥23.2 billion (¥72.9 billion in the previous fiscal year).

Cash flows from financing activities

Net cash used in financing activities was ¥12.9 billion (net cash provided of ¥43.8 billion in the previous fiscal year), mainly reflecting ¥30.0 billion for new issue of bonds, ¥35.9 billion for repayments of loans payable and lease obligations, and ¥7.9 billion in dividend payments,.

(Note) Amounts mentioned above do not include consumption taxes.

[Cash flow indicators]

	March 31				
	2007	2008	2009	2010	2011
Shareholders' equity ratio [%]	38.6	43.0	45.0	48.5	50.6
Market price-based shareholders' equity ratio [%]	86.4	74.0	48.4	66.8	43.7
Debt redemption period [years]	3.4	1.8	2.1	1.7	2.8
Interest coverage ratio	12.8	27.7	23.4	29.3	21.9

Notes:

Shareholders' equity ratio: Shareholders' equity / Total assets
Market price-based shareholders' equity ratio: Market capitalization / Total assets
Debt redemption period: 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, 2012

Konica Minolta projects that free cash flow, the net value of cash flows from operating and investing activities, will amount to an inflow of ¥8.0 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 to promote strategic investments in growth fields while seeking to sustain shareholder returns. As for a specific dividend target, the Group is aiming to sustain a dividend payout ratio of 25% or more over the medium to long term.

With respect to the acquisition of treasury stock, the Group intends to make appropriate decisions by viewing it as a means of profit distribution while giving due attention to such factors as the Group's financial situation and stock price trends.

2. Dividends for the fiscal year under review and the current fiscal year

In the consolidated fiscal year under review (fiscal year ended March 31, 2011), the Group continued to face a challenging situation across its businesses, affected by intensifying market competition, the appreciation of the yen, and production adjustments. However, after posting a tax effect associated with the liquidation of a photo imaging company which was terminating its business, net income achieved the initial forecast. Based on this situation, the Company will distribute a year-end dividend of 7.5 yen per share as planned, which combined with the interim dividend of 7.5 yen per share will bring the total annual dividend to 15.0 yen per share.

With respect to dividends for the fiscal year ending March 31, 2012, given that the business environment demands prudence, the Group has yet to determine whether it will distribute interim dividends, but it does plan to distribute an annual dividend of 15.0 yen per share based on the outlook for the current fiscal year described above.

**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, 89 consolidated subsidiaries, 17 unconsolidated subsidiaries, and 5 affiliates. A chart detailing the business structure follows.

Konica Minolta Holdings, Inc.

Business Technologies Business: 71
(Consolidated Subsidiaries: 53 Unconsolidated Subsidiaries: 15 Affiliates: 3)

Production: 10
- Konica Minolta Supplies Manufacturing Co., Ltd.
- Toyohashi Precision Products Co., Ltd.
- Konica Minolta Business Technologies Manufacturing (HK) Ltd. (Hong Kong)
- Konica Minolta Business Technologies (DONGGUAN) Co., Ltd. (China)
- Konica Minolta Business Technologies (WUXI) Co., Ltd. (China)
- Other Companies: 5

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Konica Minolta Business Technologies, Inc.

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Sales: 60
- 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: 52

Optics Business: 8
(Consolidated Subsidiaries: 8)

Production: 6
- 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: 2

↓

Konica Minolta Opto, Inc.

↓

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

Healthcare Business: 13
(Consolidated Subsidiaries: 10, Unconsolidated Subsidiaries: 2, Affiliates: 1)

Production: 2
- Konica Minolta Technoproducts Co., Ltd.
- Other Companies: 1

↓

Konica Minolta Medical & Graphic, Inc.

↓

Sales: 10
- Konica Minolta Health Care Co., Ltd.
- Konica Minolta Medical Imaging U.S.A., Inc. (U.S.A.)
- Konica Minolta Medical & Graphic (SHANGHAI) Co., Ltd. (China)
- Other Companies: 7

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)

Other Businesses: 15
(Consolidated Subsidiaries: 14 Affiliates: 1)

- 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 Corporation
- Konica Minolta Planetarium Co., Ltd.
- Other Companies: 6

Notes:
Organization chart is as March 31, 2011. 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"
(The message represents our wish to be acknowledged as an essential company, by offering essential products, services and solutions to our customers in the world of imaging.)

(2) Medium-to long-term management strategies and pending issues

Looking at world economic conditions, uncertainties remain, including high crude-oil prices associated with political instability in the Middle East and North Africa and financial insecurity in parts of Europe. Nonetheless, we expect emerging markets, especially China and India, will continue to grow, and the US and European economies should continue to recover moderately.

The Japanese economy appears to be tapering off after a round of fiscal stimulus. There are fears that if it takes time to restore the supply chains and electric power supply that were heavily damaged by the unprecedented earthquake in March, the economic downturn will be prolonged and will affect a wider range of fields.

In uncertain circumstances, the Group is focusing on sustainable growth and has adopted a medium-term management plan, **GPLAN 2013**, the keyword of which is "**growth**." Under the plan, in three years from the fiscal year ending March 31, 2012 to the fiscal year ending March 31, 2014, the Group aims to achieve the following goals (the Group's vision):

1) Make Group-wide efforts to **expand its scale by achieving growth**, taking advantage of business opportunities, and become a company that has persistence and presence even if market circumstances change rapidly;

2) **Evolve** from a company that merely manufactures and sells products in the global arena to **a true global company** that will create ideas and act from a global perspective; and

3) As a result, achieve for the **Konica Minolta brand higher recognition** and wide acclaim in the international community.

To overcome uncertain circumstances, including effects of the major earthquake, and achieve these goals, the Group will pursue the following priority challenges.

< GPLAN 2013:　5 Priority Challenges >

1.　Growth Strategy

Business Technologies Business:

Enhance the “color genre-top strategy” in the office and the production print fields and expand sales in OPS and emerging markets, including Asia, which have excellent growth opportunities.

Optics Business:

Maintain the “genre-top” position and take a major step forward in the manufacture of TAC films and other products in the digital consumer electronics and IT fields, and accelerate business development in new areas such as LED lighting.

Healthcare Business:

Expand sales of digital medical input equipment and IT services, leveraging full-scale development of new Computed Radiography and Digital Radiography.

In addition to achieving growth in those existing businesses and fields peripheral to them, the Group will seek to accelerate growth through strategic alliances and M&A. Meanwhile, aiming for sustainable growth in five to ten years, the Group will strive to develop new fields, taking advantage of technologies in which the Company has strengths, including technologies for organic light emitting diode lighting, organic thin film solar cells, and high-function films.

◇　Expiration of the alliance with General Electric

The Company formed an alliance with General Electric (headquartered in the United States) in March 2007 and jointly promoted research and development for the commercialization of organic light emitting diode lighting. The Company reviewed the commercialization policy and terminated the agreement in March, the expiration time of the agreement, based on the agreement of both companies.

Going forward, the Company will promote research and development and marketing to make organic light emitting diode lighting—expected to grow significantly as next-generation lighting—a pillar of growth, using the vapor deposition method and the roll-to-roll coating method and taking advantage of material technologies and layered design technologies, areas in which the Company excels.

2　Enhancing Profitability

We consider management to increase profits, as well as the execution of growth strategies to achieve growth, as among our most important challenges. To meet these challenges, we will develop products that can generate sufficient profits in growth areas, including emerging markets and new business categories, and will change the business models. We will also strive to enhance cost competitiveness through automation, labor saving, process reform, and technological innovation.

3.　Increasing Deployment Capability

We will be sure to achieve growth by developing operations promptly in response to trends in growth areas. Meanwhile, we will exploit more business opportunities in our core businesses and in fields peripheral to them through synergies from M&A and alliances. We will also enhance management based on the latest SCM and CRM data.

4.　Group Interconnecting Strategy

To reinforce our global management base, we will position compliance as a top priority in all business activities and will execute strategies that are even broader and deeper in a range of aspects, including CSR, branding, finance, accounting, technology, and intellectual property.

5. Becoming a “Global Company”

We will pursue global, optimal management, evolving from a domestic-oriented company to a global company in every aspect. To that end we will recruit and cultivate human talent capable of working in the international arena and will enhance our organizational functions, governance system, work procedures, and communication from a global perspective.

< GPLAN 2013: Group’s Performance Goal >

Ⅰ. Net Sales:	1 trillion yen or more in the fiscal year ending March 31, 2014.
Ⅱ. Operating Income Ratio:	8% or more in the fiscal year ending March 31, 2014.
Ⅲ. ROE:	10% or more in the fiscal year ending March 31, 2014.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

Fisical year ended March 31, 2010 and 2011

[Millions of yen]

	March 31, 2010	March 31, 2011
Consolidated balance sheets		
Assets		
Current assets		
Cash and deposits	85,533	87,886
Notes and accounts receivable-trade	177,720	163,363
Lease receivables and investment assets	13,993	14,327
Short-term investment securities	79,000	87,261
Inventories	98,263	100,243
Deferred tax assets	19,085	30,393
Accounts receivable-other	7,639	10,536
Other	12,720	12,084
Allowance for doubtful accounts	(4,703)	(4,220)
Total current assets	489,253	501,876
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	66,708	69,372
Machinery, equipment and vehicles, net	52,782	51,530
Tools, furniture and fixtures, net	22,026	20,154
Land	34,320	33,777
Lease assets, net	366	488
Construction in progress	16,901	6,589
Assets for rent, net	11,952	8,788
Total property, plant and equipment	205,057	190,701
Intangible assets		
Goodwill	71,936	63,146
Other	27,137	25,225
Total intangible assets	99,074	88,371
Investments and other assets		
Investment securities	22,029	20,893
Long-term loans receivable	164	154
Long-term prepaid expenses	3,353	3,030
Deferred tax assets	35,304	30,404
Other	12,375	10,752
Allowance for doubtful accounts	(815)	(732)
Total investments and other assets	72,411	64,504
Total noncurrent assets	376,544	343,577
Total assets	865,797	845,453

[Millions of yen]

	March 31, 2010	March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	83,118	74,640
Short-term loans payable	58,231	50,018
Current portion of long-term loans payable	27,501	24,516
Accounts payable-other	30,536	31,490
Accrued expenses	24,882	24,282
Income taxes payable	2,488	5,199
Provision for bonuses	11,173	10,911
Provision for directors' bonuses	149	130
Provision for product warranties	1,869	1,622
Provision for loss on business liquidation	4,714	26
Notes payable-facilities	562	585
Asset retirement obligations	—	42
Other	22,086	19,013
Total current liabilities	267,313	242,480
Noncurrent liabilities		
Bonds payable	40,000	70,000
Long-term loans payable	71,625	48,033
Deferred tax liabilities for land revaluation	3,733	3,733
Provision for retirement benefits	54,245	44,734
Provision for directors' retirement benefits	450	329
Asset retirement obligations	—	963
Other	7,654	6,192
Total noncurrent liabilities	177,708	173,985
Total liabilities	445,022	416,465
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	193,790	211,467
Treasury stock	(1,743)	(1,670)
Total shareholders' equity	433,707	451,457
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	741	478
Deferred gains or losses on hedges	33	(94)
Foreign currency translation adjustment	(14,947)	(24,193)
Total accumulated other comprehensive income	(14,172)	(23,809)
Subscription rights to shares	617	658
Minority interests	622	682
Total net assets	420,775	428,987
Total liabilities and net assets	865,797	845,453

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive

Consolidated Statements of Income

Fisical year ended March 31, 2010 and 2011

[Millions of yen]

	March 31, 2010	March 31, 2011
Net sales	804,465	777,953
Cost of sales	439,978	423,372
Gross profit	364,486	354,580
Selling, general and administrative expenses	320,498	314,558
Operating income	43,988	40,022
Non-operating income		
Interest income	1,749	1,434
Dividends income	358	372
Equity in earnings of affiliates	81	112
Other	5,654	3,975
Total non-operating income	7,843	5,895
Non-operating expenses		
Interest expenses	3,808	3,129
Foreign exchange losses	1,124	3,762
Other	6,079	5,869
Total non-operating expenses	11,013	12,761
Ordinary income	40,818	33,155
Extraordinary income		
Gain on sales of noncurrent assets	853	456
Gain on sales of investment securities	699	5
Gain on sales of subsidiaries and affiliates' stocks	—	12
Licence related income	257	—
Reversal of provision for loss on business liquidation	1,025	2,498
Other extraordinary income of foreign subsidiaries	757	505
Total extraordinary income	3,593	3,477
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,833	1,983
Loss on sales of investment securities	351	2
Loss on valuation of investment securities	499	680
Impairment loss	2,561	1,027
Business structure improvement expenses	2,084	3,394
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	983
Loss on disaster	—	450
Total extraordinary losses	8,329	8,521
Income before income taxes and minority interests	36,082	28,111
Income taxes-current	9,306	9,580
Income taxes-deferred	9,806	(7,420)
Total income taxes	19,113	2,160
Income before minority interests	—	25,951
Minority interests in income	37	54
Net income	16,931	25,896

Consolidated Statements of Comprehensive Income
Fisical year ended March 31, 2010 and 2011

[Millions of yen]

	March 31, 2010	March 31, 2011
Income before minority interests	－	25,951
Other comprehensive income		
Valuation difference on available-for-sale securities	－	(261)
Deferred gains or losses on hedges	－	(128)
Foreign currency translation adjustment	－	(9,291)
Share of other comprehensive income of associates accounted for using equity method	－	(1)
Total other comprehensive income	－	(9,683)
Comprehensive income	－	16,267
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	－	16,258
Comprehensive income attributable to minority interests	－	8

(3) Consolidated Statements of Changes in Net Assets

Fisical year ended March 31, 2010 and 2011

[Millions of yen]

	March 31, 2010	March 31, 2011
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	204,140	204,140
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	204,140	204,140
Retained earnings		
Balance at the end of previous period	185,453	193,790
Changes of items during the period		
Dividends from surplus	(9,280)	(7,953)
Net income	16,931	25,896
Disposal of treasury stock	(11)	(54)
Amortization of net retirement benefit obligation in foreign subsidiaries	697	(211)
Total changes of items during the period	8,337	17,676
Balance at the end of current period	193,790	211,467
Treasury stock		
Balance at the end of previous period	(1,662)	(1,743)
Changes of items during the period		
Purchase of treasury stock	(106)	(76)
Disposal of treasury stock	25	148
Total changes of items during the period	(81)	72
Balance at the end of current period	(1,743)	(1,670)

[Millions of yen]

	March 31, 2010	March 31, 2011
Total shareholders' equity		
Balance at the end of previous period	425,451	433,707
Changes of items during the period		
Dividends from surplus	(9,280)	(7,953)
Net income	16,931	25,896
Purchase of treasury stock	(106)	(76)
Disposal of treasury stock	14	94
Amortization of net retirement benefit obligation in foreign subsidiaries	697	(211)
Total changes of items during the period	8,256	17,749
Balance at the end of current period	433,707	451,457
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(513)	741
Changes of items during the period		
Net changes of items other than shareholders' equity	1,255	(263)
Total changes of items during the period	1,255	(263)
Balance at the end of current period	741	478

[Millions of yen]

	March 31, 2010	March 31, 2011
Deferred gains or losses on hedges		
Balance at the end of previous period	198	33
Changes of items during the period		
Net changes of items other than shareholders' equity	(164)	(128)
Total changes of items during the period	(164)	(128)
Balance at the end of current period	33	(94)
Foreign currency translation adjustment		
Balance at the end of previous period	(11,755)	(14,947)
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,192)	(9,245)
Total changes of items during the period	(3,192)	(9,245)
Balance at the end of current period	(14,947)	(24,193)
Total accumulated other comprehensive income		
Balance at the end of previous period	(12,070)	(14,172)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,101)	(9,637)
Total changes of items during the period	(2,101)	(9,637)
Balance at the end of current period	(14,172)	(23,809)
Subscription rights to shares		
Balance at the end of previous period	460	617
Changes of items during the period		
Net changes of items other than shareholders' equity	157	41
Total changes of items during the period	157	41
Balance at the end of current period	617	658
Minority interests		
Balance at the end of previous period	444	622
Changes of items during the period		
Net changes of items other than shareholders' equity	178	59
Total changes of items during the period	178	59
Balance at the end of current period	622	682
Total net assets		
Balance at the end of previous period	414,284	420,775
Changes of items during the period		
Dividends from surplus	(9,280)	(7,953)
Net income	16,931	25,896
Purchase of treasury stock	(106)	(76)
Disposal of treasury stock	14	94
Amortization of net retirement benefit obligation in foreign subsidiaries	697	(211)
Net changes of items other than shareholders' equity	(1,766)	(9,536)
Total changes of items during the period	6,490	8,212
Balance at the end of current period	420,775	428,987

(4) Consolidated Statements of Cash Flow

Fisical year ended March 31, 2010 and 2011

[Millions of yen]

	March 31, 2010	March 31, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	36,082	28,111
Depreciation and amortization	61,174	55,129
Impairment loss	2,561	1,027
Amortization of goodwill	9,233	8,401
Interest and dividends income	(2,107)	(1,807)
Interest expenses	3,808	3,129
Loss (gain) on sales and retirement of noncurrent assets	1,980	1,526
Loss (gain) on sales and valuation of investment securities	150	678
Increase (decrease) in provision for bonuses	(544)	(203)
Increase (decrease) in provision for retirement benefits	(2,926)	(8,358)
Increase (decrease) in provision for loss on business liquidation	(2,553)	(4,688)
Decrease (increase) in notes and accounts receivable-trade	(10,718)	3,411
Decrease (increase) in inventories	28,688	(7,800)
Increase (decrease) in notes and accounts payable-trade	(451)	433
Transfer of assets for rent	(7,707)	(5,324)
Decrease (increase) in accounts receivable-other	1,900	(543)
Increase (decrease) in accounts payable-other and accrued expenses	(6,554)	2,402
Decrease/increase in consumption taxes receivable/payable	3,646	(479)
Other, net	889	3,603
Subtotal	116,551	78,650
Interest and dividends income received	2,271	1,808
Interest expenses paid	(3,874)	(3,098)
Income taxes (paid) refund	(1,572)	(9,402)
Net cash provided by (used in) operating activities	113,377	67,957
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(33,687)	(37,026)
Proceeds from sales of property, plant and equipment	1,663	1,155
Purchase of intangible assets	(5,837)	(5,808)
Proceeds from transfer of business	—	577
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(2,508)
Payments of loans receivable	(296)	(475)
Collection of loans receivable	254	240
Purchase of investment securities	(2,927)	(96)
Proceeds from sales of investment securities	1,197	29
Payments of valuation of other investments	(1,207)	(1,271)
Other, net	383	445
Net cash provided by (used in) investing activities	(40,457)	(44,738)

[Millions of yen]

	March 31, 2010	March 31, 2011
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(6,266)	(6,551)
Proceeds from long-term loans payable	16,005	989
Repayment of long-term loans payable	(12,237)	(27,565)
Proceeds from issuance of bonds	—	30,000
Redemption of bonds	(30,000)	—
Repayments of lease obligations	(1,938)	(1,838)
Proceeds from sales of treasury stock	14	4
Purchase of treasury stock	(109)	(76)
Cash dividends paid	(9,271)	(7,942)
Proceeds from stock issuance to minority shareholders	—	51
Net cash provided by (used in) financing activities	(43,803)	(12,928)
Effect of exchange rate change on cash and cash equivalents	1,302	711
Net increase (decrease) in cash and cash equivalents	30,418	11,002
Cash and cash equivalents at beginning of period	133,727	164,146
Cash and cash equivalents at end of period	164,146	175,148

(5) Notes Regarding Going Concern Assumptions

None.

(6) Basis of presenting consolidated financial statements

[1] Scope of consolidation

(1) Number of consolidated subsidiaries: 89

Principal consolidated subsidiaries:
Konica Minolta Business Technologies, Inc.
Konica Minolta Opto, Inc.
Konica Minolta Medical & Graphic, Inc.
Konica Minolta Sensing, 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 Healthcare Co., Ltd.
Konica Minolta Supplies Manufacturing Co., Ltd.
Konica Minolta Business Solutions Europe GmbH
Konica Minolta Business Solutions U.S.A., Inc.
Konica Minolta Business Technologies Manufacturing (HK) Ltd.

The following companies have been newly included in consolidated subsidiaries: All Covered Inc. due to an acquisition; Konica Minolta Healthcare India Private Ltd. and Konica Minolta Business Solutions Bulgaria EOOD due to establishment.

The following companies have been excluded from consolidated subsidiaries: Konica Minolta Repro Co., Ltd., Konica Minolta Components Co., Ltd. And Konica Minolta Printing Solutions Asia Pty.Ltd.due to the completion of liquidation; American Litho Inc. due to divestiture; Konica Minolta Graphic Imaging Japan Co., Ltd. due to a merger into Konica Minolta Business Solutions Japan Co., Ltd., a consolidated subsidiary; Konica Minolta Business Solutions (MONTREAL) due to a merger into Konica Minolta Business Solutions (Canada) Ltd., a consolidated subsidiary; Albin Industries, Inc., Frontier Business Systems, Inc., and Hughes-Calihan Corporation due to a merger into Konica Minolta Business Solutions U.S.A., Inc., a consolidated subsidiary; and Konica Minolta Technology U.S.A., Inc. due to a merger into Konica Minolta Systems Laboratory, Inc., a consolidated subsidiary (Konica Minolta Systems Laboratory, Inc. has been renamed Konica Minolta Laboratory, U.S.A. Inc.).

(2) Principal unconsolidated subsidiaries: ECS Buero-und Datentechnik GmbH

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 method

Ⅰ. Equity method is employed for investments in 3 unconsolidated subsidiaries and 2 important affiliates.

Major subsidiaries and affiliates accounted for by the equity method:
Unconsolidated subsidiary: ECS Buero-und Datentechnik GmbH
Affiliate: Toho Chemical Laboratory Co., Ltd.

Konica Holdings Australia Pty. Ltd. and Konica Minolta Healthcare System Support Co., Ltd., unconsolidated subsidiaries accounted for by the equity method, and MHI Medical Systems, Inc., a unconsolidated affiliate accounted for by the equity method have been excluded from the scope of application of the equity method with the completion of liquidation.

Ⅱ. Unconsolidated subsidiaries that are not accounted for by the equity method (including Konica Minolta Software Laboratory Co., Ltd.) and affiliates that are not accounted for by the equity method (including Konica Minolta Business Support Aichi Co., Ltd.) are excluded from the scope of application of the equity method, because they have little impact on net income (loss) or retained earnings, and their significance as a whole is minor.

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

Of the consolidated subsidiaries, Konica Minolta Medical & Graphic (SHANGHAI) Co., Ltd. had a fiscal year ending on December 31, and consolidated financial statements were prepared using the financial statements of the Company as of that fiscal year-end date. Adjustments were made to consolidated accounts to account for important transactions involving the Company that occurred between the end of the Company's fiscal year-end date and the end of the consolidated fiscal year. However, to disclose consolidated financial information more appropriately, the fiscal year-end date of the Company has been changed to March 31, the end of the consolidated fiscal year for the fiscal year under review and subsequent fiscal years. As a result the fiscal year under review of the Company is 15 months from January 1, 2010 to March 31, 2011.

[4] Accounting standards and methods

(1) Asset valuation

1. Securities

Bonds held to maturity:

Bonds held to maturity are recorded by the amortized cost method (straight-line method).

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.

(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.

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 uncollectable. 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, 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) Methods and period for 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.

(6) Range of cash within consolidated cash flow statements

Cash (cash and cash equivalents) in the consolidated cash flow statements comprises cash on hand, deposits that can be withdrawn as needed, and short-term investments that are due for redemption in a year or less and that are easily converted into cash with little risk to a change in value.

(Change in range of cash)

Short-term investments included in cash equivalents were short-term investments that are due for redemption in three months or less. However, the actual condition of cash management was reviewed, and as a result, starting the fiscal year under review, short-term investments included in cash equivalents are short-term investments that are due for redemption in one year or less. With this change, net cash provided by (used in) operating activities and investing activities, the effect of exchange rate change on cash and cash equivalents, and net increase (decrease) in cash and cash equivalents and cash and cash equivalents at the end of period increased ¥400 million, ¥9,287 million, ¥6 million, and ¥9,693 million, respectively, compared with calculating by the previous range.

(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.

(7) Changes of important items regarding the basis of presenting consolidated financial statements

Change in accounting policy

(Application of the Accounting Standard for Asset Retirement Obligations)

Starting the fiscal year under review, the Group is applying the Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan Statement No. 18 issued on March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21 issued on March 31, 2008).

With the application, income before income taxes and minority interests declined ¥983 million.

Change in presentation

(Consolidated statements of income)

Starting the fiscal year under review, the Group is applying the Cabinet Office Ordinance Revising Regulations on Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No.5 issued on March 24, 2009) under the Accounting Standard for Consolidated Financial Statements (Accounting Standards Board of Japan Statement No. 22 issued on December 26, 2008). With the application, "Income before minority interests" is included in the consolidated statements of income.

Additional information

Starting the fiscal year under review, the Group is applying the Accounting Standard for Presentation of Comprehensive Income (Accounting Standards Board of Japan Statement No. 25 issued on June 30, 2010). "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" for the previous fiscal year are "Valuation and translation adjustments" and "Total valuation and translation adjustments" for the previous fiscal year, respectively.

(8) Important notes in the basis of presenting consolidated financial statements

[Consolidated balance sheets items]

1. Accumulated depreciation directly deducted from tangible fixed assets: ¥441,980 million

2. Investments in securities of unconsolidated subsidiaries and affiliated companies are as follows.

Investment securities (stocks)	¥2,808 million

3. Breakdown of inventories

Merchandise and finished goods	¥69,804 million
Work in process	¥13,796 million
Raw materials and stores	¥16,641 million

4. Guaranteed obligations

The Company guarantees bank loans and lease obligations etc. of unconsolidated companies, etc. amounting to ¥651 million. In addition, the Company has made commitments of guarantee for bank loans of suppliers/customers totaling ¥119 million.

5. Pledged assets

Notes receivable of ¥47 million are pledged as security for short-term loans payable of ¥82 million.

[Consolidated statements of income items]

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

	[Millions]
Selling	¥11,319
Transport and storage	¥19,711
Advertising	¥12,469
Salaries and wages	¥68,027
Provision for reserve for bonuses	¥ 4,684
Research and development	¥72,617
Depreciation	¥14,737
Retirement benefits	¥ 5,329
Provision for allowance for doubtful accounts	¥ 1,001

2. The cost of sales includes the cut-down of book values by ¥1,888 million, reflecting reduced profitability of inventory held for normal sales purposes.

3. Reversal of provision for loss on business liquidation resulted from dipping into provision for loss on business liquidation with the completion of the liquidation of Konica Minolta Photo Imaging, Inc.

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

5. Impairment losses mainly represent the reduction of book values to recoverable values with respect to manufacturing facilities, etc. in the Optics Business.

6. Restructuring expenses consist mainly in expenses on business reorganization in the former Medical and Graphic Imaging Business, and retirement allowances, etc. associated with staff allocation/optimization in the Business Technologies Business.

7. The loss on disaster resulted from a loss on abandonment of inventories damaged by the Tohoku-Pacific earthquake and expenses for the restoration of facilities damaged by the earthquake.

[Consolidated statements of comprehensive income]

1. Comprehensive income in the previous consolidated fiscal year

Comprehensive income attributable to the shareholders of the parent company	¥14,829 million
Comprehensive income attributable to the minority shareholders	¥ 178 million
Total	¥15,007 million

2. Other comprehensive income in the previous consolidated fiscal year

Valuation difference on available-for-sale securities	¥ 1,255 million
Deferred gains or losses on hedges	¥ (164) million
Foreign currency translation adjustment	¥ (3,048) million
Share of other comprehensive income of associates accounted for using equity method	¥ (4) million
Total	¥ (1,961) million

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

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

[Segment Information]

[1] Business Segment

Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Eliminations and Corporate	Consolidated
Sales								
External	540,809	136,745	104,350	6,921	15,639	804,465	—	804,465
Intersegment	3,681	924	1,569	970	46,493	53,640	(53,640)	—
Total	544,490	137,670	105,920	7,892	62,132	858,105	(53,640)	804,465
Operating expenses	505,526	123,279	104,450	7,899	58,350	799,507	(39,030)	760,477
Operating income (loss)	38,963	14,390	1,469	(6)	3,781	58,598	(14,610)	43,988
Assets, depreciation, Impairment losses and capital expenditure								
Assets	402,012	139,051	76,668	7,474	55,679	680,886	184,910	865,797
Depreciation	30,973	18,799	4,214	281	2,185	56,453	4,720	61,174
Impairment losses	168	1,050	1,338	—	3	2,561	—	2,561
Capital expenditure	18,190	13,599	1,782	165	1,485	35,223	1,710	36,933

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 business segments

Business Segment	Principal Products
Business Technologies	MFPs, Laser printers, etc.
Optics	Optical products, 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 able to be properly allocated that are included in Eliminations and Corporate are principally R&D expenses incurred by the Company and expenses associated with head office functions. Such expenses amounted to ¥29,396 million for this fiscal year.
4. Included within the Elimination & Corporate figure for assets are ¥232,694 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.

[2] Geographical Segment

Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)

[Millions of yen]

	Japan	North America	Europe	Asia and Other	Total	Eliminations and Corporation	Consolidated
Sales							
External	373,172	171,946	209,345	50,000	804,465	—	804,465
Intersegment	215,647	2,115	1,513	157,068	376,344	(376,344)	—
Total	588,820	174,061	210,859	207,068	1,180,809	(376,344)	804,465
Operating expenses	552,599	174,704	202,820	196,555	1,126,679	(366,202)	760,477
Operating income (loss)	36,220	(642)	8,038	10,513	54,129	(10,141)	43,988
Total assets	571,861	100,195	121,276	96,076	889,409	(23,611)	865,797

Notes:

1. Countries and territories are classified based on geographical proximity.
2. Major countries or areas other than Japan are as follows:
   North America .... U.S.A. and Canada
   Europe .... Germany, France and U.K.
   Asia and Other .... Australia, China and Singapore
3. Operating expenses not able to be properly allocated that are included in Eliminations and Corporate are principally R&D expenses incurred by the Company and expenses associated with head office functions. Such expenses amounted to ¥29,396 million for this fiscal year.
4. Included within the Elimination & Corporate figure for assets are ¥232,694 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.

[3] Overseas Sales

Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)

[Millions of yen]

	North America	Europe	Asia and Other	Total
Overseas sales	174,923	233,244	166,842	575,010
Consolidated sales	—	—	—	804,465
Overseas sales as a percentage of consolidated sales	21.8	29.0	20.7	71.5

Notes:

1. Countries and territories are classified based on geographical proximity.
2. Major countries or areas are as follows:
   North America .... U.S.A. and Canada
   Europe .... Germany, France and U.K.
   Asia and Other .... Australia, China and Singapore
3. Overseas sales are the Company and consolidated subsidiary sales in countries or regions outside of Japan.

[4] Segment Information

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

1. Summary of Reportable Segments

The Company's reportable segments are components of the Company about which separate financial information is available that is evaluated regularly by the management in deciding how to allocate resources and in assessing performance.

The Company has business companies for different products and services in Japan, and each business company draws up comprehensive domestic and overseas strategies for their products and services, and conduct business activities accordingly.

Consequently, the Company is made up of segments for different products and services with a business company at the center of each and has three reportable segments: Business Technologies, Optics and Healthcare.

The Business Technologies manufactures and sells MFPs, printers, production printing equipment and related solution services, and the Optics Business manufactures and sells optical products (pickup lenses, etc.) and electronic materials (TAC films, etc.), while the Healthcare Business manufactures and sells healthcare systems and materials.

To further strengthen the competitiveness and operations of the production printing field, since the third quarter of the consolidated fiscal year under review, the Group has restructured its operations by integrating the businesses associated with commercial printing and digital printing into the Business Technologies Business. As a result, it has changed the method by which it categorizes its reportable segments, and integrated the Graphic Imaging Business in the Medical & Graphic Imaging Business into the Business Technologies Business.

As a result of restructuring as described above, the main products and the types of services of the Medical & Graphic Imaging Business have changed from the production and sale of medical, printing, and other related products to the production and sale of healthcare and other related products.
Consequently, the title of the reportable segment has changed from the Medical & Graphic Imaging Business to the Healthcare Business.

2. Methods of calculating sales, profit or loss, assets, liabilities, and other items by reportable segment

Accounting methods for reportable segments are mostly the same as the accounting methods described in "Basis of presenting consolidated financial statements."

Income by reportable segment is operating income. Intersegment sales and transfers are based on market values.

3. Information on sales, profit or loss, assets, liabilities, and other items by reportable segment

Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)

(1) Information based on amounts reported to managements

[Millions of yen]

	Reportable Segment				Other	Total
	Business Technologies	Optics	Medical and Graphic	Total		
Sales						
External	540,809	136,745	104,350	781,904	22,560	804,465
Intersegment	3,681	924	1,569	6,175	46,156	52,331
Total	544,490	137,670	105,920	788,080	68,716	856,797
Segment incomes (loss)	38,963	14,390	1,469	54,823	3,856	58,680
Segment assets	402,012	139,051	76,668	617,733	62,707	680,440
Segment liabilities	205,503	90,993	50,607	347,105	92,845	439,950
Other items						
Depreciation and amortization	30,973	18,799	4,214	53,987	2,466	56,453
Amortization of goodwill	8,571	402	114	9,087	145	9,233
Investments in equity-method associates	183	—	736	920	—	920
Increases in property, plant and equipment and intangible assets	18,190	13,599	1,782	33,572	1,650	35,223

Note:

1. “Other” consists of business segments not included in reportable segments such as Sensing Business and Industrial Inkjet Business.

(2) Information calculated anew in accordance with segments for the fiscal year under review

Obtaining information necessary for preparing segment information for the previous fiscal year in accordance with the segments for the fiscal year under review or preparing segment information for the fiscal year under review in accordance with the segments for the previous fiscal year is difficult, and preparing segment information in the ways described above imposes an excessive burden. Moreover, no such segment information has been reported to management. Considering those reasons and the utility of such segment information, we do not disclose it.

If we prepare segment information for the previous fiscal year in accordance with the segments for the fiscal year under review, net sales in the Business Technologies Business are ¥546,913 million, and net sales in the Healthcare Business are ¥98,245 million. Net sales in the Business Technologies Business include ¥6,104 million in the former Graphic Imaging Business.

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

	Reportable Segment				Other	Total
	Business Technologies	Optics	Healthcare	Total		
Sales						
External	539,639	129,836	84,990	754,465	23,487	777,953
Intersegment	3,067	799	1,598	5,466	50,451	55,917
Total	542,706	130,636	86,589	759,932	73,939	833,871
Segment incomes (loss)	37,457	12,813	171	50,442	5,455	55,898
Segment assets	390,299	130,592	61,032	581,924	54,869	636,794
Segment liabilities	196,669	81,952	39,054	317,676	74,413	392,089
Other items						
Depreciation	24,337	21,093	3,185	48,615	2,222	50,837
Amortization of goodwill	7,854	402	—	8,256	145	8,401
Investments in equity-method associates	3	—	732	735	—	735
Increases in property, plant and equipment and intangible assets	12,960	19,624	3,002	35,587	1,695	37,283

Note:

1. "Other" consists of business segments not included in reporting segments such as Sensing Business and Industrial Inkjet Business.
2. In the consolidated fiscal year under review, the segment title of the Medical & Graphic Imaging Business that was used until the first half has been changed to the Healthcare Business from the third quarter. The results of the Healthcare Business for the fiscal year include those of the Medical & Graphic Imaging Business for the first half.

4. Differences between the totals of amounts for reportable segments and the amounts on the consolidated financial statements and the major factors of the differences (adjustments of differences)

March 31 [Millions of yen]

Net Sales	2010	2011
Total of reportable segment	788,080	759,932
Sales categorized in “Other”	68,716	73,939
Intersegment - eliminations	(52,331)	(55,917)
Net sales reported on the consolidated financial statements	804,465	777,953

March 31 [Millions of yen]

Segment income	2010	2011
Total operating income of reportable segments	54,823	50,442
Operating income categorized in “Other”	3,856	5,455
Intersegment - eliminations	(4,408)	(5,019)
Corporate expenses	(10,282)	(10,856)
Operating income reported on the consolidated financial statements	43,988	40,022

Note: Corporate expenses are mainly general administration expenses and R&D expenses that do not belong to any reportable segment.

March 31 [Millions of yen]

Segment Assets	2010	2011
Total assets of reportable segments	617,733	581,924
Assets categorized in “Other”	62,707	54,869
Intersegment - eliminations	(47,336)	(50,150)
Corporate expenses	232,694	258,809
Assets reported on the consolidated financial statements	865,797	845,453

Note: Corporate assets are primarily surplus funds of the holding company (cash and deposits and securities), long-term investment funds (investment securities), and assets owned by the holding company that do not belong to any reportable segment.

March 31 [Millions of yen]

Segment Liabilities	2010	2011
Total liabilities of reportable segments	347,105	317,676
Liabilities categorized in “Other”	92,845	74,413
Intersegment - eliminations	(23,180)	(23,428)
Corporate liabilities	28,252	47,804
Liabilities reported on the consolidated financial statements	445,022	416,465

March 31 [Millions of yen]

Other items	Total of reportable segments		Others		Adjustments		Total amounts reported on the consolidated financial statements	
	2010	2011	2010	2011	2010	2011	2010	2011
Depreciation	53,987	48,615	2,466	2,222	4,720	4,291	61,174	55,129
Amortization of goodwill	9,087	8,256	145	145	—	—	9,233	8,401
Investments in equity-method associates	920	735	—	—	888	928	1,809	1,664
Increases in property, plant and equipment and intangible assets	33,572	35,587	1,650	1,695	1,710	5,699	36,933	42,982

Note: (Note) Depreciation adjustments are primarily depreciation of buildings of the holding company.
Adjustments of investments in equity method affiliates are chiefly investments by the holding company in equity method affiliates.
Adjustments of increases in property, plant and equipment and intangible assets are mainly capital expenditure on buildings of the holding company.

Additional Information

Starting from the fiscal year under review, the Company adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Statement No. 17, March 27, 2009) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Guidance No. 20, March 21, 2008).

[5] Related information

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

1. Information by product or service

Since the segments of products and services are the same as the reportable segments, information by product or service is omitted.

2. Information by geographical area

(1) Sales

[Millions of yen]

Japan	U.S.A.	Europe	Asia	Other	Total
216,492	150,791	217,167	132,504	60,997	777,953

Note: Sales are divided into countries and regions based on the locations of the customers.

(2) Property, plant, and equipment

[Millions of yen]

Japan	Malaysia	Other	Total
135,434	20,078	35,188	190,701

3. Information by major customer

Since sales to no customer account for 10% or more of the net sales on the consolidated statements of income, information by major customer is omitted.

[6] Information on impairment losses for noncurrent assets by reportable segment
Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

[Millions of yen]

	Reportable segment				Other	Corporate・eliminations	Total
	Business Technologies	Optics	Healthcare	Total			
Impairment losses	60	967	—	—	—	—	1,027

[7] Information on amortization of goodwill and unamortized balance by reportable segment
Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

[Millions of yen]

	Reportable segment				Other	Corporate・eliminations	Total
	Business Technologies	Optics	Healthcare	Total			
Amortization for the fiscal year under review	7,854	402	—	8,256	145	—	8,401
Balance at the end of the fiscal year under review	57,621	3,702	—	61,323	1,822	—	63,146

Note: "Other" consists of business segments not included in reporting segments such as Sensing Business.

[8] Information on gain on negative goodwill by reportable segment
Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

None.

[Tax-effect accounting]

(1) Deferred tax assets and deferred tax liabilities

[Millions of yen]

	March 31	
	2010	2011
Deferred tax assets		
Net operating tax loss carried forward	36,116	37,411
Accrued retirement benefits over deductible limit	29,147	24,473
Tax effects related to investments	1,337	21,182
Depreciation and amortization	3,901	4,346
Accrued bonuses	4,214	4,018
Write-down of assets, other	4,345	3,876
Elimination of unrealized intercompany profit	4,761	3,538
Allowance for doubtful accounts	1,470	1,134
Accrued enterprise taxes	461	777
Provision for loss on discontinued operations	2,407	26
Other	10,733	9,540
Deferred tax assets subtotal	98,898	110,325
Valuation allowance	(34,254)	(38,416)
Total deferred tax assets	64,644	71,909
Deferred tax liabilities		
Retained earnings of overseas subsidiaries	(3,417)	(4,748)
Gain on establishment of employee pension trust	(2,920)	(2,490)
Revaluation difference of marketable securities	(1,171)	(710)
Reserve for advanced depreciation, other	(61)	(43)
Other	(4,127)	(3,886)
Total deferred tax liabilities	(11,699)	(11,878)
Net deferred tax assets	52,945	60,030
Deferred tax liabilities related to revaluation		
Deferred tax liabilities related to revaluation of land	(3,733)	(3,733)
Net deferred tax assets are included in the following items in the consolidated balance sheets.		
Current assets – deferred tax assets	19,085	30,393
Noncurrent assets – deferred tax assets	35,304	30,404
Current liabilities – other	(720)	(659)
Noncurrent liabilities – other	(724)	(108)

(2) Breakdown of major items that have caused a significant difference between the statutory effective tax rate and the burden ratio of corporate taxes, etc.

[%]

	March 31	
	2010	2011
Statutory income tax rate	40.7	40.7
(Adjustments)		
Valuation allowance	1.8	17.8
Tax credits (R&D expenses, other)	(0.7)	-
Non-taxable income	(1.0)	(1.1)
Difference in statutory tax rates of foreign subsidiaries	(8.5)	(9.5)
Expenses not deductible for tax purpose	2.7	2.1
Amortization of goodwill	10.1	11.7
Retained earnings at overseas subsidiaries	3.2	4.7
Ineffective portion of unrealized (gain) loss	5.9	5.4
Effect of liquidation of consolidated subsidiaries	-	(70.8)
Expiration of net loss carried forward	-	8.4
Other	(1.2)	(1.6)
Effective income tax rate per consolidated statements of income	53.0	7.7

[Financial instruments]

Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)

1. Matters relating to the status of financial instruments

The Konica Group raises short-term working capital mainly with bank borrowings and invests temporary surplus funds in financial instruments with extremely low risk. The Group has decided to engage in derivatives transactions within the scope of actual demand in accordance with its internal regulations.

In principle, the risk of currency fluctuations relating to receivables and payables denominated in foreign currencies are hedged using the forward exchange contract. With respect to the interest volatility risk relating to some long-term loans payable, we try to fix interest expenses using the interest-rate swap.

Investment securities consist mainly of stocks, and the market values of listed stocks are determined on a quarterly basis.

We try to reduce the credit risk of customers relating to notes and accounts receivable-trade through regular monitoring and the comprehensive management of deadlines and balances.

2. Matters relating to fair values, etc. of financial instruments

The consolidated balance sheet amount, the fair value and the difference between the two on March 31, 2010 (the closing date of the consolidated fiscal year under review) are as follows.

[Millions of yen]

	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and deposits	85,533	85,533	-
(2) Notes and accounts receivable-trade	177,720	177,720	-
(3) Securities and investment securities			
(i) Held-to-maturity securities	10	10	-
(ii) Other securities	95,848	95,848	-
(4) Notes and accounts payable-trade	(83,118)	(83,118)	-
(5) Short-term loans payable	(58,231)	(58,231)	-
(6) Long-term loans payable	(71,625)	(71,715)	(90)
(7) Derivatives	(1,375)	(1,375)	-

1) Items that are posted in liabilities are enclosed in parentheses.

2) Net receivables and payables generated from derivatives trading are shown. Items generating net payables are enclosed in parentheses

(Note 1)

Methods of calculating the fair value of financial instruments and matters relating to derivatives transactions

(1) Cash and deposits and
(2) Notes and accounts receivable-trade

As they are settled in a short period and their market values are nearly identical to their book values, the book values are used.

(3) Securities and investment securities

For the fair values of securities and investment securities, the prices on the relevant exchanges are used.

(i) As held-to-maturity securities are entirely school bonds and the creditworthiness of the issuers has not changed materially from the time of acquisition, their book values are used.
(ii) For other securities, please refer to “Securities” in Notes.

(4) Notes and accounts payable-trade and,
(5) Short-term loans payable
As they are settled in a short period and their market values are nearly identical to their book values, the book values are used.

(6) Long-term loans payable
For the fair values of long-term loans payable at fixed interest rates, the total amount of the principal and interest is discounted using a rate that is assumed to be applied when a similar loan is newly borrowed.
For the fair values of long-term loans payable at variable interest rates, as the credit risk of the Company has not changed materially and the market values are nearly identical to their book values, the book values are used. For those that are subject to the special treatment of interest rate swaps (see (7) (ii) below), the total amount of the principal and interest that were accounted for as a single item with the relevant interest rate swap is discounted with a rate that is assumed to be applied when a new, similar loan is taken out.

(7) Derivatives transactions
(i) Those which the hedge accounting does not apply to
The contract amount or the amount equivalent to the principal set forth in the contract for each type of hedged item in derivatives transactions on the consolidated closing date, the market value and valuation gains or losses, and the method of calculating fair value are as follows:

(a) Currency-related derivatives
(the fair values of forward exchange contracts are calculated using forward exchange rates, and the fair values of currency swaps are calculated using prices offered by relationship banks.)

[Millions of yen]

Category	Type	Contract amount, etc.		Fair value	Valuation gains or losses
			More than one year		
Transactions other than market transactions	Forward exchange contract	29,415	-	(324)	(324)
	Currency swap	18,897	-	(1,001)	(1,001)

(b) Interest rate-related derivatives
(the fair values are calculated using prices offered by relationship financial institutions.)

[Millions of yen]

Category	Type	Contract amount, etc.		Fair value	Valuation gains or losses
			More than one year		
Transactions other than market transactions	Interest rate swap	3,747	-	(106)	(106)

(ii) Those which the hedge accounting applies to
The contract amount or the amount equivalent to the principal set forth in the contract, etc. for each method of hedge accounting on the consolidated closing date are as follows:

[Millions of yen]

Method of hedge accounting	Type of derivatives transactions	Major hedged items	Contract amount, etc.		Fair value	Calculation method of the fair value
				More than one year		
Special treatment of interest rate swap	Interest rate swap	Long-term loans payable	50,500	23,000	(*)	
Planned transactions such as forward exchange contract	Forward exchange contract	Accounts receivable and accounts payable-trade	11,842	-	56	Forward exchange rate

(*) As interest rate swaps subject to the special treatment of interest rate swap are accounted for as a single item with underlying long-term loans payable, which are hedged items, their market values are included in those of long-term loans payable. (See (6) above)

(Note 2)
As unlisted stocks (consolidated balance sheet amount of ¥2,354 million yen) do not have market values, it is considered extremely difficult to calculate their fair values. Therefore, they are not included in “(3) (ii) Other securities.”

(Note 3)
The amount of monetary claims and securities with maturity to be redeemed after the consolidated closing date

[Millions of yen]

	Within one year	More than one year, within five years
Cash and deposits	85,533	-
Notes and accounts receivable-trade	177,720	-
Securities and investment securities		
Held-to-maturity securities	-	10
Other securities with maturity	79,000	-
Total	342,254	10

(Note 4)
The amount of long-term loans payable to be repaid after the consolidated closing date

[Millions of yen]

	More than one year, within five years	More than five years, within ten years
Long-term loans	63,622	8,002

Additional information

The “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10, March 10, 2008) and the “Guidance on Disclosures about the Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 10, 2008) are applied from the consolidated fiscal year under review.

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

1. Matters relating to the status of financial instruments

The Konica Group raises short-term working capital mainly with bank borrowings and invests temporary surplus funds in financial instruments with extremely low risk. The Group has decided to engage in derivatives transactions within the scope of actual demand in accordance with its internal regulations.

In principle, the risk of currency fluctuations relating to receivables and payables denominated in foreign currencies are hedged using the forward exchange contract. With respect to the interest volatility risk relating to some long-term loans payable, we try to fix interest expenses using the interest-rate swap.

Investment securities consist mainly of stocks, and the market values of listed stocks are determined on a quarterly basis.

We try to reduce the credit risk of customers relating to notes and accounts receivable-trade through regular monitoring and the comprehensive management of deadlines and balances.

2. Matters relating to fair values, etc. of financial instruments

The consolidated balance sheet amount, the fair value and the difference between the two on March 31, 2011 (the closing date of the consolidated fiscal year under review) are as follows.

[Millions of yen]

	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and deposits	87,886	87,886	—
(2) Notes and accounts receivable-trade	163,363	163,363	—
(3) Securities and investment securities			
(i) Held-to-maturity securities	10	10	—
(ii) Other securities	103,111	103,111	—
(4) Notes and accounts payable-trade	(74,640)	(74,640)	—
(5) Short-term loans payable	(50,018)	(50,018)	—
(6) Bonds payable	(70,000)	(69,469)	531
(7) Long-term loans payable	(48,033)	(48,374)	(341)
(8) Derivatives	(1,318)	(1,318)	—

1) Items that are posted in liabilities are enclosed in parentheses.

2) Net receivables and payables generated from derivatives trading are shown. Items generating net payables are enclosed in parentheses.

(Note 1)

Methods of calculating the fair value of financial instruments and matters relating to derivatives transactions

(1) Cash and deposits and (2) Notes and accounts receivable-trade

As they are settled in a short period and their market values are nearly identical to their book values, the book values are used.

(3) Securities and investment securities

For the fair values of securities and investment securities, the prices on the relevant exchanges are used.

(i) As held-to-maturity securities are entirely school bonds and the creditworthiness of the issuers has not changed materially from the time of acquisition, their book values are used.

(ii) For other securities, please refer to “Securities” in Notes.

(4) Notes and accounts payable-trade and,
(5) Short-term loans payable
As they are settled in a short period and their market values are nearly identical to their book values, the book values are used.

(6) Bonds payable
The book value of bonds payable is based on the value indicated by relationship banks.

(7) Long-term loans payable
For the fair values of long-term loans payable at fixed interest rates, the total amount of the principal and interest is discounted using a rate that is assumed to be applied when a similar loan is newly borrowed.
For the fair values of long-term loans payable at variable interest rates, as the credit risk of the Company has not changed materially and the market values are nearly identical to their book values, the book values are used. For those that are subject to the special treatment of interest rate swaps (see (8) (ii) below), the total amount of the principal and interest that were accounted for as a single item with the relevant interest rate swap is discounted with a rate that is assumed to be applied when a new, similar loan is taken out.

(8) Derivatives transactions
(i) Those which the hedge accounting does not apply to
The contract amount or the amount equivalent to the principal set forth in the contract for each type of hedged item in derivatives transactions on the consolidated closing date, the market value and valuation gains or losses, and the method of calculating fair value are as follows:

Currency-related derivatives
(the fair values of forward exchange contracts are calculated using forward exchange rates, and the fair values of currency swaps are calculated using prices offered by relationship banks.)

[Millions of yen]

Category	Type	Contract amount, etc.		Fair value	Valuation gains or losses
			More than one year		
Transactions other than market transactions	Forward exchange contract	36,057	—	(980)	(980)
	Currency swap	13,625	—	(177)	(177)

(ii) Those which the hedge accounting applies to
The contract amount or the amount equivalent to the principal set forth in the contract, etc. for each method of hedge accounting on the consolidated closing date are as follows:

[Millions of yen]

Method of hedge accounting	Type of derivatives transactions	Major hedged items	Contract amount, etc.		Fair value	Calculation method of the fair value
				More than one year		
Special treatment of interest rate swap	Interest rate swap	Long-term loans payable	23,000	23,000	(*)	
Planned transactions such as forward exchange contract	Forward exchange contract	Accounts receivable and accounts payable-trade	8,341	—	(160)	Forward exchange rate

(*) As interest rate swaps subject to the special treatment of interest rate swap are accounted for as a single item with underlying long-term loans payable, which are hedged items, their market values are included in those of long-term loans payable. (See (7) above)

(Note 2)
Unlisted shares (consolidated balance sheet amount: ¥2,225 million) and shares of affiliates (consolidated balance sheet amount ¥2,808 million) do not have any market values, and determining fair values is considered difficult. The Group does not therefore include them in (3) (ii) Other securities.

(Note 3)
The amount of monetary claims and securities with maturity to be redeemed after the consolidated closing date

[Millions of yen]

	Within one year	More than one year, within five years
Cash and deposits	87,886	―
Notes and accounts receivable-trade	163,363	―
curities and investment securities		
Held-to-maturity securities	―	10
Other securities with maturity		
(a) Bonds	9,261	―
(b) Other	78,000	―
Total	338,511	10

(Note 4)
The amount of bonds and long-term loans payable to be repaid after the consolidated closing date

[Millions of yen]

	More than one year, within five years	More than five years, within ten years
Bonds	20,000	50,000
Long-term loans	45,031	3,002

[Securities]

Fiscal year ended March 31, 2010

(1) Other securities with quoted market values (As of March 31, 2010)

[Millions of yen]

Type		Total amount on consolidated balance sheet	Acquisition cost	Difference
Total amount on consolidated balance sheets exceeds the acquisition cost	(1) Stocks	11,044	7,862	3,182
	(2) Bonds	—	—	—
	(3) Other			
	Negotiable deposit	—	—	—
	Other	13	11	1
	Sub total	11,058	7,874	3,183
Total amount on consolidated balance sheets does not exceed the acquisition cost	(1) Stocks	5,786	7,745	(1,959)
	(2) Bonds	—	—	—
	(3) Other			
	Negotiable deposit	79,000	79,000	—
	Other	3	4	(1)
	Sub total	84,789	86,750	(1,960)
Total		95,848	94,624	1,223

(Note)
Unlisted shares (consolidated balance sheet amount: ¥2,354 million) does not have any market values, and determining fair values is considered difficult. The Group does not therefore include them in "Other securities" in the table above.

(2) Other securities sold in fiscal year ended March 31, 2010 (April 1, 2009 - March 31, 2010)

[Millions of yen]

	Sales amount	Total gain	Total loss
Stocks	1,197	699	351

(3) Securities for which impairment losses are recorded

During the fiscal year under review, the Company processed impairment losses of ¥499 million for securities.

For securities with quoted market values, if the market value has declined by more than 50% compared with the acquisition cost at term end, or if the market value has declined by more than 30% but not more than 50% compared with the acquisition cost at the term end for two years in succession and has declined more than in the preceding year, the Company processes the impairment loss, taking into account recoverability and other factors, assuming that the market value has "markedly declined." For securities without quoted market values, if the effective value has fallen by more than 50% compared with the acquisition cost, the Company processes the impairment loss, assuming that the market value has "markedly declined."

Fiscal year ended March 31, 2011

(1) Other securities with quoted market values (As of March 31, 2011)

[Millions of yen]

Type		Total amount on consolidated balance	Acquisition cost	Difference
Total amount on consolidated balance sheets exceeds the acquisition cost	(1) Stocks	6,497	3,283	3,214
	(2) Bonds	―	―	―
	(3) Other			
	(I) Negotiable deposits	―	―	―
	(ii) Other	12	10	1
	Sub total	6,509	3,293	3,215
Total amount on consolidated balance sheets does not exceed the acquisition cost	(1) Stocks	9,335	11,641	(2,305)
	(2) Bonds	9,261	9,279	(18)
	(3) Other			
	(i) Negotiable deposits	78,000	78,000	―
	(ii) Other	4	5	(1)
	Sub total	96,601	98,927	(2,325)
Total		103,111	102,220	890

(Note)
Unlisted shares (consolidated balance sheet amount: ¥2,225 million) does not have any market values, and determining fair values is considered difficult. The Group does not therefore include them in "Other securities" in the table above.

(2) Other securities sold in fiscal year ended March 31, 2011
(April 1, 2010 - March 31, 2011)

[Millions of yen]

	Sales amount	Total gain	Total loss
Stocks	29	5	2

(3) Securities for which impairment losses are recorded

During the fiscal year under review, the Company processed impairment losses of ¥680 million for securities.

For securities with quoted market values, if the market value has declined by more than 50% compared with the acquisition cost at term end, or if the market value has declined by more than 30% but not more than 50% compared with the acquisition cost at the term end for two years in succession and has declined more than in the preceding year, the Company processes the impairment loss, taking into account recoverability and other factors, assuming that the market value has "markedly declined." For securities without quoted market values, if the effective value has fallen by more than 50% compared with the acquisition cost, the Company processes the impairment loss, assuming that the market value has "markedly declined."

[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. Certain domestic consolidated subsidiaries have changed their pension system from the approved retirement annuity system to the defined contribution pension plan in April 2010.

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, 2010	As of March 31, 2011
a. Retirement benefit obligation	(146,078)	(146,942)
b. Plan assets	85,965	94,980
c. Unfunded retirement benefit obligation (a+b)	(60,112)	(51,962)
d. Unrecognized actuarial differences	13,545	12,273
e. Unrecognized prior service cost (reduction in liabilities)	(5,322)	(3,421)
f. Net amount on consolidated balance sheets (c+d+e)	(51,889)	(43,110)
g. Prepaid pension costs	2,356	1,623
h. Provision for retirement benefits (f-g)	(54,245)	(44,734)

As of March 31, 2010	As of March 31, 2011
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, 2009 – March 31, 2010	April 1, 2010 – March 31, 2011
a. Service costs	(*) 4,098	(*) 4,468
b. Interest costs	4,002	4,005
c. Expected return on plan assets	△1,596	△2,105
d. Amortization of actuarial differences	3,372	3,086
e. Amortization of prior service costs	△1,402	△1,626
f. Retirement benefit costs (a+b+c+d+e)	8,473	7,828
g. Gain/loss on changing to the defined contribution pension plan	—	0
h. Contribution defined contribution pension plans	2,449	3,082
Total (f+g+h)	10,922	10,911

(*):

April 1, 2009 – March 31, 2010	April 1, 2010 – March 31, 2011
1. Retirement benefit costs for consolidated subsidiaries using a simplified method are included in “a. Service costs”.	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]

	As of March 31, 2010	As of March 31, 2011
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, 2009 – March 31, 2010		April 1, 2010 – March 31, 2011	
Net assets per share	791.28	Net assets per share	806.53
Net income per share	31.93	Net income per share	48.84
Diluted net income per share	30.32	Diluted net income per share	47.28

(Notes) Bases of calculations

(1) Net assets per share

	As of March 31, 2010	As of March 31, 2011
Total net assets in consolidated balance sheets [millions of yen]	420,775	428,987
Total net assets attributable to common stock [millions of yen]	419,535	427,647
Principal factors underlying difference [millions of yen]		
Subscription rights to shares	617	658
Minority interests	622	682
Common stock outstanding [thousands of shares]	531,664	531,664
Treasury stock [thousands of shares]	1,464	1,463
Common stock figure used for calculating shareholder's equity per share [thousands of shares]	530,199	530,227

(2) Net income per share and diluted net income per share

	April 1, 2009 – March 31, 2010	April 1, 2010 – March 31, 2011
Total net income in consolidated statements of income [millions of yen]	16,931	25,896
Value not attributable to common stock [millions of yen]	-	-
Total net income attributable to common stock [millions of yen]	16,931	25,896
Average number of shares outstanding during the year [thousands of shares]	530,260	530,222
Main net income adjustment items used to calculate diluted net income figure [millions of yen]		
Interest receivable (after deducting tax)	(46)	-
Adjustment of net income [millions of yen]	(46)	-
Main common stock change items used to calculate diluted net income figure [thousands of shares]		
Convertible bonds with subscription rights	26,043	16,785
Subscription rights to shares	604	715
Change in shares outstanding [thousands of shares]	26,648	17,501
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, 2011.

[Omission of Disclosure]

The disclosure of notes to leases, related party information, derivatives, stock options, business combinations, asset retirement obligations, and investment and rental property is omitted as the necessity of their disclosure in financial results is deemed insignificant.