CONSOLIDATED BALANCE SHEETS

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	March 31		March 31
Assets	**2011**	2010	**2011**
Current Assets:			
Cash on hand and in banks (Note 5)	**¥ 87,886**	¥ 85,533	**$ 1,056,957**
Notes and accounts receivable–trade (Notes 5 and 12)	**163,363**	177,720	**1,964,678**
Lease receivables and investment assets	**14,327**	13,993	**172,303**
Short-term investment securities (Notes 5 and 6)	**87,261**	79,000	**1,049,441**
Inventories (Note 10)	**100,243**	98,263	**1,205,568**
Deferred tax assets (Note 8)	**30,393**	19,085	**365,520**
Other accounts receivable	**10,536**	7,639	**126,711**
Other current assets	**12,084**	12,720	**145,328**
Allowance for doubtful accounts	**(4,220)**	(4,703)	**(50,752)**
Total current assets	**501,876**	489,253	**6,035,791**
Property, Plant and Equipment (Note 14):			
Buildings and structures	**167,918**	162,102	**2,019,459**
Machinery and equipment	**242,223**	229,961	**2,913,085**
Tools and furniture	**142,003**	149,534	**1,707,793**
Land	**33,795**	34,320	**406,434**
Lease assets	**726**	482	**8,731**
Construction in progress	**6,589**	16,901	**79,242**
Rental business-use assets	**39,425**	46,151	**474,143**
Total	**632,682**	639,454	**7,608,924**
Accumulated depreciation	**(441,980)**	(434,396)	**(5,315,454)**
Net property, plant and equipment	**190,701**	205,057	**2,293,458**
Intangible Fixed Assets:			
Goodwill (Note 14)	**63,146**	71,936	**759,423**
Other intangible fixed assets	**25,225**	27,137	**303,367**
Total intangible fixed assets	**88,371**	99,074	**1,062,790**
Investments and Other Assets:			
Investment securities (Notes 5 and 6)	**20,893**	22,029	**251,269**
Long–term loans	**154**	164	**1,852**
Long-term prepaid expenses	**3,030**	3,353	**36,440**
Deferred tax assets (Note 8)	**30,404**	35,304	**365,652**
Other	**10,752**	12,375	**129,308**
Allowance for doubtful accounts	**(732)**	(815)	**(8,803)**
Total investments and other assets	**64,504**	72,411	**775,755**
Total assets	**¥ 845,453**	¥ 865,797	**$10,167,805**

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

Liabilities and Net Assets	Millions of yen March 31 2011	 2010	Thousands of U.S. dollars (Note 3) March 31 2011
Current Liabilities:			
Short-term debt (Notes 5, 7 and 12)	**¥ 50,018**	¥ 58,231	**$ 601,539**
Current portion of long-term debt (Note 7)	**24,516**	27,501	**294,841**
Notes and accounts payable-trade (Note 5)	**74,640**	83,118	**897,655**
Accrued expenses	**35,324**	36,205	**424,823**
Accrued income taxes (Note 8)	**5,199**	2,488	**62,526**
Reserve for discontinued operations	**26**	4,714	**313**
Other current liabilities (Note 7)	**52,755**	55,054	**634,456**
Total current liabilities	**242,480**	267,313	**2,916,176**
Long-Term Liabilities:			
Long-term debt (Notes 5 and 7)	**118,033**	111,625	**1,419,519**
Accrued retirement benefits (Note 22)	**44,734**	54,245	**537,992**
Accrued retirement benefits for directors and statutory auditors	**329**	450	**3,957**
Deferred tax liabilities on land revaluation (Note 8)	**3,733**	3,733	**44,895**
Asset retirement obligations	**963**	–	**11,581**
Other long-term liabilities (Note 7)	**6,192**	7,654	**74,468**
Total long-term liabilities	**173,985**	177,708	**2,092,423**
Total liabilities	**416,465**	445,022	**5,008,599**
Contingent Liabilities (Note 11)			
Net Assets (Notes 9 and 27)**:**			
Common stock:			
Authorized—1,200,000,000 shares in 2011 and 2010			
Issued—531,664,337 shares in 2011 and 2010	**37,519**	37,519	**451,221**
Capital surplus	**204,140**	204,140	**2,455,081**
Retained earnings	**211,467**	193,790	**2,543,199**
Less: Treasury stock, at cost; Common stock,			
1,436,447 shares in 2011 and			
1,464,883 shares in 2010	**(1,670)**	(1,743)	**(20,084)**
Unrealized gains on securities, net of taxes	**478**	741	**5,749**
Unrealized gains (losses) on hedging derivatives, net of taxes	**(94)**	33	**(1,130)**
Foreign currency translation adjustments	**(24,193)**	(14,947)	**(290,956)**
Share subscription rights (Notes 7 and 24)	**658**	617	**7,913**
Minority interests	**682**	622	**8,202**
Total net assets	**428,987**	420,775	**5,159,194**
Total liabilities and net assets	**¥845,453**	¥865,797	**$10,167,805**

CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2011 and 2010

Consolidated Statements of Income

	Millions of yen		Thousands of U.S. dollars (Note 3)
	March 31		March 31
	2011	2010	**2011**
Net Sales	**¥777,953**	¥804,465	**$9,356,019**
Cost of Sales (Note 16)	**423,372**	439,978	**5,091,666**
Gross profit	**354,580**	364,486	**4,264,342**
Selling, General and Administrative Expenses (Note 13)	**314,558**	320,498	**3,783,019**
Operating income	**40,022**	43,988	**481,323**
Other Income (Expenses):			
Interest and dividend income	**1,806**	2,107	**21,720**
Interest expenses	**(3,129)**	(3,808)	**(37,631)**
Foreign exchange loss, net	**(3,762)**	(1,124)	**(45,244)**
Loss on sales and disposals of property, plant and equipment, net	**(1,527)**	(1,980)	**(18,364)**
Write-down of investment securities	**(680)**	(499)	**(8,178)**
Gain on sales of investment securities, net	**3**	348	**36**
Gain on sales of investments in affiliated companies, net	**12**	–	**144**
Loss on impairment of fixed assets (Note 14)	**(1,027)**	(2,561)	**(12,351)**
Gain on discontinued operations (Note 15)	**2,498**	1,025	**30,042**
Equity in income of unconsolidated subsidiaries and affiliates, net	**112**	81	**1,347**
Patent-related income	**–**	257	**–**
Other extraordinary gain of overseas subsidiaries (Note 18)	**505**	757	**6,073**
Business structure improvement expenses (Note 17)	**(3,394)**	(2,084)	**(40,818)**
Loss on adjustment for changes of accounting standard for asset retirement obligations	**(983)**	–	**(11,822)**
Loss on disaster (Note 19)	**(450)**	–	**(5,412)**
Other, net	**(1,894)**	(425)	**(22,778)**
Total	**(11,910)**	(7,906)	**(143,235)**
Income before income taxes and minority interests	**28,111**	36,082	**338,076**
Income Taxes (Note 8)**:**			
Current	**9,580**	9,306	**115,213**
Deferred	**(7,420)**	9,806	**(89,236)**
Total	**2,160**	19,113	**25,977**
Income before minority interests	**25,951**	16,969	**312,099**
Minority Interests in Net Income of Consolidated Subsidiaries	**54**	37	**649**
Net Income	**¥ 25,896**	¥ 16,931	**$ 311,437**

	Yen		U.S. dollars (Note 3)
	March 31		March 31
	2011	2010	**2011**
Per Share Data (Notes 9 and 27)**:**			
Net income—Basic	**¥48.84**	¥31.93	**$0.59**
—Diluted	**47.28**	30.32	**0.57**
Cash dividends	**15**	15	**0.18**

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars (Note 3)
	March 31		March 31
	2011	2010	**2011**
Income before minority interests	**¥25,951**	¥16,969	**$ 312,099**
Other comprehensive income			
Unrealized gains (losses) on securities, net of taxes	**(261)**	1,255	**(3,139)**
Unrealized losses on hedging derivatives, net of taxes	**(128)**	(164)	**(1,539)**
Foreign currency translation adjustments	**(9,291)**	(3,048)	**(111,738)**
Share of other comprehensive income of associates accounted for using equity method	**(1)**	(4)	**(12)**
Total other comprehensive income	**(9,683)**	(1,961)	**(116,452)**
Comprehensive income	**16,267**	15,007	**195,634**
Comprehensive income attributable to			
Owners of the parent	**16,258**	14,829	**195,526**
Minority interests	**8**	178	**96**

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2011 and 2010

Millions of yen

	Shares of issued common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains on securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total
(From April 1, 2009 to March 31, 2010)											
Net Assets at April 1, 2009	531,664,337	¥37,519	¥204,140	¥185,453	¥(1,662)	¥(513)	¥198	¥(11,755)	¥460	¥444	¥414,284
Dividends paid from retained earnings				(9,280)							(9,280)
Net income				16,931							16,931
Purchase of treasury stock					(106)						(106)
Re-issuance of treasury stock				(11)	25						14
Pension liabilities adjustment of overseas subsidiaries				697							697
Net changes during the period						1,255	(164)	(3,192)	157	178	(1,766)
Total changes during the period		–	–	8,337	(81)	1,255	(164)	(3,192)	157	178	6,490
Balance at March 31, 2010	531,664,337	¥37,519	¥204,140	¥193,790	¥(1,743)	¥741	¥ 33	¥(14,947)	¥617	¥622	¥420,775

	Shares of issued common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains on securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total
(From April 1, 2010 to March 31, 2011)											
Net Assets at April 1, 2010	531,664,337	¥37,519	¥204,140	¥193,790	¥(1,743)	¥741	¥ 33	¥(14,947)	¥617	¥622	¥420,775
Dividends paid from retained earnings				**(7,953)**							**(7,953)**
Net income				**25,896**							**25,896**
Purchase of treasury stock					**(76)**						**(76)**
Re-issuance of treasury stock				**(54)**	**148**						**94**
Pension liabilities adjustment of overseas subsidiaries (Note 20)				**(211)**							**(211)**
Net changes during the period						**(263)**	**(128)**	**(9,245)**	**41**	**59**	**(9,536)**
Total changes during the period		**–**	**–**	**17,676**	**72**	**(263)**	**(128)**	**(9,245)**	**41**	**59**	**8,212**
Balance at March 31, 2011	**531,664,337**	**¥37,519**	**¥204,140**	**¥211,467**	**¥(1,670)**	**¥478**	**¥ (94)**	**¥(24,193)**	**¥658**	**¥682**	**¥428,987**

Thousands of U.S. dollars (Note 3)

	Shares of issued common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains on securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total
(From April 1, 2010 to March 31, 2011)											
Net Assets at April 1, 2010	531,664,337	$451,221	$2,455,081	$2,330,607	$(20,962)	$ 8,912	$ 397	$ (179,759)	$7,420	$7,480	$5,060,433
Dividends paid from retained earnings				**(95,646)**							**(95,646)**
Net income				**311,437**							**311,437**
Purchase of treasury stock					**(914)**						**(914)**
Re-issuance of treasury stock				**(649)**	**1,780**						**1,130**
Pension liabilities adjustment of overseas subsidiaries (Note 20)				**(2,538)**							**(2,538)**
Net changes during the period						**(3,163)**	**(1,539)**	**(111,185)**	**493**	**710**	**(114,684)**
Total changes during the period		**–**	**–**	**212,580**	**866**	**(3,163)**	**(1,539)**	**(111,185)**	**493**	**710**	**98,761**
Balance at March 31, 2011	**531,664,337**	**$451,221**	**$2,455,081**	**$2,543,199**	**$(20,084)**	**$ 5,749**	**$(1,130)**	**$(290,956)**	**$7,913**	**$8,202**	**$5,159,194**

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 3)
	March 31		March 31
	2011	2010	2011
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	**¥ 28,111**	¥ 36,082	**$ 338,076**
Depreciation and amortization	**55,129**	61,174	**663,007**
Loss on impairment of fixed assets	**1,027**	2,561	**12,351**
Amortization of goodwill	**8,401**	9,233	**101,034**
Interest and dividend income	**(1,807)**	(2,107)	**(21,732)**
Interest expense	**3,129**	3,808	**37,631**
Loss on sales and disposals of property, plant and equipment	**1,526**	1,980	**18,352**
Loss on sales and write-down of investment securities	**678**	150	**8,154**
Decrease in provision for bonuses	**(203)**	(544)	**(2,441)**
Decrease in accrued retirement benefits	**(8,358)**	(2,926)	**(100,517)**
Decrease in reserve for discontinued operations	**(4,688)**	(2,553)	**(56,380)**
Decrease (Increase) in trade notes and accounts receivable	**3,411**	(10,718)	**41,022**
Decrease (Increase) in inventories	**(7,800)**	28,688	**(93,806)**
Increase (Decrease) in trade notes and accounts payable	**433**	(451)	**5,207**
Transfer of rental business-use assets	**(5,324)**	(7,707)	**(64,029)**
Decrease (Increase) in accounts receivable-other	**(543)**	1,900	**(6,530)**
Increase (Decrease) in accounts payable-other and accrued expenses	**2,402**	(6,554)	**28,888**
Decrease/increase in consumption taxes receivable/payable	**(479)**	3,646	**(5,761)**
Other	**3,603**	889	**43,331**
Subtotal	**78,650**	116,551	**945,881**
Interest and dividend income received	**1,808**	2,271	**21,744**
Interest paid	**(3,098)**	(3,874)	**(37,258)**
Income taxes paid	**(9,402)**	(1,572)	**(113,073)**
Net cash provided by operating activities	**67,957**	113,377	**817,282**
Cash Flows from Investing Activities:			
Payment for acquisition of property, plant and equipment	**(37,026)**	(33,687)	**(445,292)**
Proceeds from sales of property, plant and equipment	**1,155**	1,663	**13,891**
Payment for acquisition of intangible fixed assets	**(5,808)**	(5,837)	**(69,850)**
Proceeds from transfer of business	**577**	–	**6,939**
Payment for acquisition of newly consolidated subsidiaries	**(2,508)**	–	**(30,162)**
Payment for loans receivable	**(475)**	(296)	**(5,713)**
Proceeds from collection of loans receivable	**240**	254	**2,886**
Payment for acquisition of investment securities	**(96)**	(2,927)	**(1,155)**
Proceeds from sales of investment securities	**29**	1,197	**349**
Payment for acquisition of other investments	**(1,271)**	(1,207)	**(15,286)**
Other	**445**	383	**5,352**
Net cash used in investing activities	**(44,738)**	(40,457)	**(538,040)**
Cash Flows from Financing Activities:			
Decrease in short-term loans payable	**(6,551)**	(6,266)	**(78,785)**
Proceeds from long-term loans payable	**989**	16,005	**11,894**
Repayment of long-term loans payable	**(27,565)**	(12,237)	**(331,509)**
Proceeds from issuance of bonds	**30,000**	–	**360,794**
Payment for redemption of bonds	**–**	(30,000)	**–**
Repayments of lease obligations	**(1,838)**	(1,938)	**(22,105)**
Proceeds from disposal of treasury stock	**4**	14	**48**
Payment for purchase of treasury stock	**(76)**	(109)	**(914)**
Dividend payments	**(7,942)**	(9,271)	**(95,514)**
Dividend proceeds from minority shareholders in consolidated subsidiaries	**51**	–	**613**
Net cash used in financing activities	**(12,928)**	(43,803)	**(155,478)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**711**	1,302	**8,551**
Increase in Cash and Cash Equivalents	**11,002**	30,418	**132,315**
Cash and Cash Equivalents at the Beginning of the Year (Note 4)	**164,146**	133,727	**1,974,095**
Cash and Cash Equivalents at the End of the Year (Note 4)	**¥175,148**	¥164,146	**$2,106,410**

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2011 and 2010

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Konica Minolta Holdings, Inc., (the “Company”) and its consolidated subsidiaries (the “Companies”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan. Accounting principles generally accepted in Japan allow consolidation of foreign subsidiaries based on their financial statements in conformity with International Financial Reporting Standards or accounting principles generally accepted in the United States.

The accompanying consolidated financial statements incorporate certain reclassifications in order to present them in a format that is more appropriate to readers outside Japan. In addition, the notes to the consolidated financial statements include information that is not required under generally accepted accounting principles in Japan, but which is provided herein as additional information.

As permitted under the Securities and Exchange Law of Japan, amounts of less than one million have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in dollars) do not necessarily agree with the sums of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and, with certain exceptions which are not material, those of its 89 subsidiaries (96 subsidiaries for 2010) in which it has control. All significant intercompany transactions, balances and unrealized profits among the Companies are eliminated on consolidation.

Investments in 3 unconsolidated subsidiaries (5 unconsolidated subsidiaries for 2010) and 2 significant affiliates (3 significant affiliates for 2010) are accounted for using the equity method of accounting. Investments in other unconsolidated subsidiaries and affiliates are stated at cost, since they have no material effect on the consolidated financial statements.

(b) Translation of Foreign Currencies

Translation of Foreign Currency Transactions and Balances

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date and revenues and costs are translated using the average exchange rates for the period.

Translation of Foreign Currency Financial Statements

The translation of foreign currency financial statements of overseas consolidated subsidiaries into Japanese yen is done by applying the exchange rates prevailing at the balance sheet dates for balance sheet items, except common stock, additional paid-in capital and retained earnings accounts, which are translated at the historical rates, and the statements of income and retained earnings which are translated at average exchange rates.

(c) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated cash flow statements includes cash on hand and short-term investments that are due for redemption in one year or less and are easily converted into cash with little risk to changes in value.

Changes in Range of Cash Equivalents

In prior years, cash equivalents included short-term investments that were due for redemption in three months or less. However, the current cash management was re-reviewed, and as a result, effective from the year ended March 31, 2011, cash equivalents include short-term investments that are due for redemption in one year or less.

As a result of this change, “Net cash provided by operating activities”, “Net cash used in investing activities”, “Effect of Exchange Rate Changes on Cash and Cash Equivalents”, and “Increase in Cash and Cash Equivalents” & “Cash and Cash Equivalents at the End of the Year” increased ¥400 million ($4,811 thousand), ¥9,287 million ($111,690 thousand), ¥6 million ($72 thousand), and ¥9,693 million ($116,572 thousand), respectively, when compared to the prior year’s consolidated statements of cash flows.

(d) Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided for possible losses from uncollectible receivables based on specific doubtful accounts and considering historic experience.

(e) Inventories

Domestic consolidated subsidiaries’ inventories are mainly stated using the cost price method (carrying amount in the balance sheet is calculated with consideration of write-down due to decreased profitability) determined using the total average method. Overseas consolidated subsidiaries’ inventories are mainly stated at the lower of cost or market value or net realizable value, where cost is determined using the first-in, first-out method.

(f) Property, Plant and Equipment

Depreciation of property, plant and equipment (excluding lease assets) for the Company and domestic consolidated subsidiaries is calculated using the declining balance method, except for depreciation of buildings acquired after April 1, 1998, which are depreciated on the straight-line method over their estimated useful lives. Depreciation of property, plant and equipment (excluding lease assets) for overseas consolidated subsidiaries is calculated using the straight-line method.

For finance leases where ownership is not transferred, depreciation is calculated by the straight-line method over the lease period utilizing a residual value of zero. Regarding finance leases of the Company and its domestic consolidated subsidiaries that do not transfer ownership and for which the starting date for the lease transaction is prior to March 31, 2008, lease payments are recognized as an expense.

(g) Intangible Assets

Intangible assets are depreciated on the straight-line method. In addition, software is depreciated on the straight-line method over their estimated useful lives (5 years).

(h) Goodwill

Goodwill recognized by the Companies including foreign subsidiaries is amortized on a straight-line basis over a period not to exceed 20 years.

(i) Income Taxes

Deferred income taxes are recognized based on temporary differences between the tax basis of assets and liabilities and those as reported in the consolidated financial statements.

(j) Research and Development Costs

Research and development costs are expensed as incurred.

(k) Financial Instruments

Derivatives

All derivatives are stated at fair market value, with changes in fair market value included in net income for the period in which they arise, except for derivatives that are designated as “hedging instruments” (see Hedge Accounting below).

Securities

Investments by the Companies in equity securities issued by unconsolidated subsidiaries and affiliates are accounted for using the equity method of accounting; however, investments in certain unconsolidated subsidiaries and affiliates are stated at cost due to the effect of the application of the equity method of accounting being immaterial.

Held-to-maturity securities are recorded using the amortized cost method (straight-line method).

Other securities for which market quotations are available are stated at fair market value. Net unrealized gains or losses on these securities are reported, net of tax, as a separate component of net assets.

Other securities for which market quotations are unavailable are stated at cost, except in cases where the fair market value of equity securities issued by unconsolidated subsidiaries and affiliates or other securities has declined significantly and such impairment of value is deemed other than temporary. In these instances, securities are written down to the fair market value and the resulting losses are charged to income during the period.

Hedge Accounting

Gains or losses arising from changes in fair market value of derivatives designated as "hedging instruments" are deferred as an asset or a liability and charged or credited to income in the same period that the gains and losses on the hedged items or transactions are recognized.

Derivatives designated as hedging instruments by the Companies are primarily interest rate swaps and forward foreign currency exchange contracts. The related hedged items are trade accounts receivable, trade accounts payable and long-term bank loans.

The Companies have a policy to utilize the above hedging instruments in order to reduce the Companies' exposure to the risks of interest rate and exchange rate fluctuations. As such, the Companies' purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Companies evaluate the effectiveness of their hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(l) Retirement Benefit Plans

Retirement Benefits for Employees

The Company, domestic consolidated subsidiaries and certain overseas consolidated subsidiaries have obligations to make defined benefit retirement payments to their employees and, therefore, provide accrued retirement benefits based on the estimated amount of projected benefit obligations and the fair value of plan assets.

For the Company and its domestic consolidated subsidiaries, unrecognized prior service cost is amortized using the straight-line method over a 10-year period, which is shorter than the average remaining years of service of the eligible employees. Unrecognized net actuarial gain or loss is primarily amortized in the following year using the straight-line method over a 10-year period, which is shorter than the average remaining years of service of the eligible employees.

Accrued Retirement Benefits for Directors and Statutory Auditors

Domestic consolidated subsidiaries record a reserve for retirement benefits for directors and statutory auditors based on the amount payable accumulated at the end of the period in accordance with their internal regulations.

(m) Per Share Data

Net income per share of common stock has been calculated based on the weighted-average number of shares outstanding during the year.

Cash dividends per share shown for each year in the accompanying consolidated statements are dividends declared as applicable to the respective year.

(n) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective from the year ended March 31, 2009, the Company applied the *"Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"* (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 18, issued by the ASBJ on May 17, 2006).

The Company makes necessary adjustments upon consolidation to unify accounting standards for foreign subsidiaries in principle.

(o) Asset Retirement Obligations

Application of Accounting Standards

Effective from the year ended March 31, 2011, the Company and its domestic consolidated subsidiaries adopted ASBJ Statement No. 18, *"Accounting Standard for Asset Retirement Obligations"*, issued by the ASBJ on March 31, 2008 and ASBJ Guidance No. 21, *"Guidance on Accounting Standard for Asset Retirement Obligations"*, issued by the ASBJ on March 31, 2008.

As a result of this change, "Income before income taxes and minority interests" decreased ¥983 million ($11,822 thousand) in the consolidated statements of income.

(p) Income before Minority Interests

Change in Disclosure Method

Effective from the year ended March 31, 2011, based on ASBJ Statement No. 22, *"Accounting Standard for Consolidated Financial Statements"*, issued by the ASBJ on December 26, 2008, the Company adopted Cabinet Office Ordinance No. 5, *"Partial Revision to Regulation for Terminology, Forms and Preparation of Financial Statements"*, issued on March 24, 2009.

In accordance with the new standard, the Company discloses the account item of "Income before minority interests" in the consolidated statement of income.

(q) Comprehensive Income

Additional Information

Effective from the year ended March 31, 2011, the Company adopted ASBJ Statement No. 25, *"Accounting Standard for Presentation of Comprehensive Income"*, issued by the ASBJ on June 30, 2010.

(r) Reclassification on Financial Statements

As described in Note 2 (p) and (q), the consolidated balance sheet and the consolidated statement of income for 2010 have been modified in conformity with the new presentation rules of 2011. In addition, the Company prepared the consolidated statement of comprehensive income for 2010 as well as for 2011.

3. U.S. DOLLAR AMOUNTS

The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the prevailing exchange rate at March 31, 2011, of ¥83.15 to U.S.$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other exchange rate.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of March 31, 2011 and 2010, consist of:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	**2011**
Cash on hand and in banks	**¥ 87,886**	¥ 85,533	**$1,056,957**
Time deposits (not included in cash equivalents)*	**–**	(387)	**–**
Short-term investments	**87,261**	79,000	**1,049,441**
Cash and cash equivalents	**¥175,148**	¥164,146	**$2,106,410**

* Please see 'Note 2. (c) Cash and Cash Equivalents'.

5. FINANCIAL INSTRUMENTS

Conditions of Financial Instruments

The Companies raise short-term working capital mainly with bank borrowings and invest temporary surplus funds in financial instruments deemed to have lower risk. The Companies enter into derivative transactions based on the need for these transactions 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 certain long-term loans payable, the Companies use interest-rate swap to fix interest expenses.

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

The Companies control credit risk of customers relating to notes and accounts receivable-trade through a detail monitoring of aging schedules and balances.

Fair Values of Financial Instruments

The book value on consolidated balance sheets, fair value, and difference as of March 31, 2011 and 2010, are as follows:

	Millions of yen						Thousands of U.S. dollars		
	March 31						March 31		
	2011			2010			**2011**		
	Book Value	Fair value	Differences	Book Value	Fair value	Differences	Book Value	Fair value	Differences
Assets									
(1) Cash on hand and in banks	**¥ 87,886**	**¥ 87,886**	**¥ –**	¥ 85,533	¥ 85,533	¥ –	**$1,056,957**	**$1,056,957**	**$ –**
(2) Notes and accounts receivable-trade	**163,363**	**163,363**	**–**	177,720	177,720	–	**1,964,678**	**1,964,678**	**–**
(3) Short-term investment securities and Investment securities									
(i) Held-to-maturity securities	**10**	**10**	**–**	10	10	–	**120**	**120**	**–**
(ii) Other securities	**103,111**	**103,111**	**–**	95,848	95,848	–	**1,240,060**	**1,240,060**	**–**
Total	**¥354,371**	**¥354,371**	**¥ –**	¥359,112	¥359,112	–	**$4,261,828**	**$4,261,828**	**$ –**
Liabilities									
(1) Notes and accounts payable-trade	**74,640**	**74,640**	**–**	83,118	83,118	–	**897,655**	**897,655**	**–**
(2) Short-term loans	**50,018**	**50,018**	**–**	58,231	58,231	–	**601,539**	**601,539**	**–**
(3) Bonds(*1)	**70,000**	**69,469**	**(531)**	–	–	–	**841,852**	**835,466**	**(6,386)**
(4) Long-term loans	**48,033**	**48,374**	**341**	71,625	71,715	90	**577,667**	**581,768**	**4,101**
Total	**¥242,692**	**¥242,502**	**¥(189)**	¥212,974	¥213,064	¥90	**$2,918,725**	**$2,916,440**	**$(2,273)**
Derivatives(*2)	**¥ (1,318)**	**¥ (1,318)**	**¥ –**	¥ (1,375)	¥ (1,375)	¥ –	**$ (15,851)**	**$ (15,851)**	**$ –**

Notes: *1. Since the book value of bonds as of March 31, 2010 is not material, relevant information are not represented in the table above.
*2. Derivatives assets and liabilities are on a net basis, and the net liability position is enclosed in parentheses.

(i) Methods of calculating the fair value of financial instruments & securities and derivatives transactions

Assets

(1) Cash on hand and in banks and (2) Notes and accounts receivable-trade

The fair value equates to the book value due to the short-term nature of these instruments.

(3) Short-term investment securities and Investment securities

(i) Held-to-maturity securities

The fair value equates to the book value due to the securities being entirely school bonds and as the credit risk of the issuers has not changed significantly since the time of acquisition.

(ii) Other securities

The fair value of equity securities is determined based on the prevailing market price. The fair value of bonds is based on the prevailing market price or provided price by financial institutions. These other securities are described further in 'Note 6. INVESTMENT SECURITIES'.

Liabilities

(1) Notes and accounts payable-trade and (2) Short-term loans

The fair value equates to the book value due to the short-term nature of these instruments.

(3) Bonds

The fair value of bonds payable is based on the value provided by third-party financial institutions.

(4) Long-term loans

Fair value of long-term loans with fixed interest rates is based on the present value of future cash flows discounted using the current borrowing rate for similar debt of a comparable maturity.

Fair value of long-term loans with variable interest rates is based on the book value as the Company's credit risk has not significantly changed since entering the borrowing.

For those that are subject to the special treatment of interest rate swaps (Please see below 'Derivatives'), 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 issued.

Derivatives

Derivatives are described further in 'Note 23. DERIVATIVES'.

(ii) Financial instruments for which the fair value is extremely difficult to measure

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	2011
	Book Value	Book Value	Book Value
Unlisted equity securities	¥2,225	¥2,354	$26,759
Investments in unconsolidated subsidiaries and affiliated companies	2,808	2,816	33,770

Above are not included in '(3)(ii) Other securities' because there is no market value and it is difficult to measure the fair value.

(iii) Redemption schedule for money claim and securities with maturity date subsequent to the consolidated balance sheets date

	Millions of yen				Thousands of U.S. dollars	
	March 31				March 31	
	2011		2010		2011	
	Within one year	More than one year, within five years	Within one year	More than one year, within five years	Within one year	More than one year, within five years
Cash on hand and in banks	¥ 87,886	¥ –	¥ 85,533	¥ –	$1,056,957	$ –
Notes and accounts receivable-trade	163,363	–	177,720	–	1,964,678	–
Short-term investment securities and investment securities						
Held-to-maturity securities	–	10	–	10	–	120
Other securities						
(1) Bonds	9,261	–	–	–	111,377	–
(2) Other	78,000	–	79,000	–	938,064	–
Total	¥338,511	¥10	¥342,254	¥10	$4,071,088	$120

(iv) Redemption schedule for bonds and long-term loans subsequent to the consolidated balance sheets date

	Millions of yen				Thousands of U.S. dollars	
	March 31				March 31	
	2011		2010		2011	
	More than one year, within five years	More than five years, within ten years	More than one year, within five years	More than five years, within ten years	More than one year, within five years	More than five years, within ten years
Bonds*	¥20,000	¥50,000	¥ –	¥ –	$240,529	$601,323
Long-term loans	45,031	3,002	63,622	8,002	541,563	36,103

* Since the book value of bonds as of March 31, 2010 is not material, relevant information are not represented in the table above.

6. INVESTMENT SECURITIES

(1) Other Securities with Quoted Market Values

	Millions of yen						Thousands of U.S. dollars		
	March 31						March 31		
	2011			2010			2011		
	Market value at the consolidated balance sheet date	Original purchase value	Unrealized gains (losses)	Market value at the consolidated balance sheet date	Original purchase value	Unrealized gains (losses)	Market value at the consolidated balance sheet date	Original purchase value	Unrealized gains (losses)
Securities for which the amounts in the consolidated balance sheet exceed the original purchase value									
(1) Shares	¥ 6,497	¥ 3,283	¥ 3,214	¥11,044	¥ 7,862	¥ 3,182	$ 78,136	$ 39,483	$ 38,653
(2) Bonds	–	–	–	–	–	–	–	–	–
(3) Other									
(i) Short-term investment securities (Negotiable deposits)	–	–	–	–	–	–	–	–	–
(ii) Other	12	10	1	13	11	1	144	120	12
Subtotal	¥ 6,509	¥ 3,293	¥ 3,215	¥11,058	¥ 7,874	¥ 3,183	$ 78,280	$ 39,603	$ 38,665
Securities for which the amounts in the consolidated balance sheet do not exceed the original purchase value									
(1) Shares	¥ 9,335	¥ 11,641	¥(2,305)	¥ 5,786	¥ 7,745	¥(1,959)	$ 112,267	$ 140,000	$(27,721)
(2) Bonds	9,261	9,279	(18)	–	–	–	111,377	111,594	(216)
(3) Other									
(i) Short-term investment securities (Negotiable deposits)	78,000	78,000	–	79,000	79,000	–	938,064	938,064	–
(ii) Other	4	5	(1)	3	4	(1)	48	60	(12)
Subtotal	¥ 96,601	¥ 98,927	¥(2,325)	¥84,789	¥86,750	¥(1,960)	$1,161,768	$1,189,741	$(27,962)
Total	¥103,111	¥102,220	¥ 890	¥95,848	¥94,624	¥ 1,223	$1,240,060	$1,229,345	$ 10,704

(2) Other Securities Sold during the Year Ended March 31, 2011 and 2010

	Millions of yen						Thousands of U.S. dollars		
	March 31						March 31		
	2011			2010			2011		
	Sale value	Total profit	Total loss	Sale value	Total profit	Total loss	Sale value	Total profit	Total loss
Shares	¥29	¥ 5	¥ 2	¥1,197	¥ 699	¥ 351	$349	$ 60	$ 24

(3) Securities for Which Loss on Impairment is Recognized

The Companies have recognized loss on impairment for securities of ¥680 million ($8,178 thousand) and ¥499 million for the year ended March 31, 2011 and 2010, respectively.

For securities with quoted market values, if the market value has declined by more than 50% compared with the acquisition cost at the end of the period, or if the market value has declined by more than 30% but not more than 50% compared with the acquisition cost at the end of the period for two years in succession and has declined more than in the preceding year, the Companies record an impairment loss, taking into consideration recoverability and other factors, assuming that the market value has "significantly declined."

For securities without quoted market values, if the net assets per share have fallen by more than 50% compared with the acquisition cost, the Companies process an impairment loss, assuming that the market value has "significantly declined."

7. SHORT-TERM DEBT, LONG-TERM DEBT AND LEASE OBLIGATIONS

Short-term debt is primarily unsecured and generally represents bank overdrafts. The amounts as of March 31, 2011 and 2010 were ¥50,018 million ($601,539 thousand) and ¥58,231 million, respectively, with the weighted-average interest rates approximately 1.5% and 1.1%, respectively.

Long-term debt as of March 31, 2011 and 2010, including the current portion, consisted of the following:

Bonds

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	**2011**
Zero coupon convertible unsecured bonds due in 2016	**¥40,000**	¥40,000	**$481,058**
1st Unsecured Bonds	**20,000**	–	**240,529**
2nd Unsecured Bonds	**10,000**	–	**120,265**
	¥70,000	¥40,000	**$841,852**
Less—Current portion included in current liabilities	**–**	–	**–**
Bonds, less current portion	**¥70,000**	¥40,000	**$841,852**

The zero coupon convertible unsecured bonds due in 2016 are bonds with share subscription rights issued on December 7, 2006. Details of the share subscription rights are as follows:

	2016 bonds
Class of stock	Common Stock
Issue price of shares (Yen)	Zero
Initial conversion prices (Yen/per share)	¥2,383
Total issue price (Millions of yen)	¥40,000
Ratio of granted rights (%)	100%
Period share subscription rights can be exercised	From December 21, 2006 to November 22, 2016

Long-term loans

	Millions of yen		Interest rate	Thousands of U.S. dollars
	March 31			March 31
	2011	2010	**2011**	**2011**
Loans principally from banks, due through 2018	**¥72,549**	¥99,126		**$872,508**
Less—Current portion included in current liabilities	**(24,516)**	(27,501)	**1.3%**	**(294,841)**
Long-term loans, less current portion	**¥48,033**	¥71,625	**1.3%**	**$577,667**

The aggregate annual maturities of long-term loans at March 31, 2011 are as follows:

	Amount	
	Millions of yen	Thousands of U.S. dollars
2012	¥12,006	$144,390
2013	23,022	276,873
2014	5,001	60,144
2015	5,000	60,132
2016 and after	3,002	36,103

Lease obligations

Lease obligations is included in other liabilities.

	Millions of yen		Interest rate	Thousands of U.S. dollars
	March 31			March 31
	2011	2010	**2011**	**2011**
Lease obligations, due through 2026	**¥ 5,019**	¥ 5,724		**$ 60,361**
Less—Current portion included in current liabilities	**(1,506)**	(1,594)	**4.5%**	**(18,112)**
Lease obligations, less current portion	**¥ 3,512**	¥ 4,130	**4.5%**	**$ 42,237**

The aggregate annual maturities of long-term lease obligations at March 31, 2011 are as follows:

	Amount	
	Millions of yen	Thousands of U.S. dollars
2012	¥1,166	$14,023
2013	839	10,090
2014	559	6,723
2015	334	4,017
2016 and after	612	7,360

8. INCOME TAXES

The income taxes of the Company and its domestic consolidated subsidiaries consist of corporate income taxes, local inhabitants' taxes and enterprise taxes.

The reconciliation of the Japanese statutory income tax rate to the effective income tax rate for the years ended March 31, 2011 and 2010 is as follows:

	2011	2010
Statutory income tax rate	**40.7%**	40.7%
Increase in valuation allowance	**17.8**	1.8
Tax credits	**–**	(0.7)
Non-taxable income	**(1.1)**	(1.0)
Difference in statutory tax rates of foreign subsidiaries	**(9.5)**	(8.5)
Expenses not deductible for tax purposes	**2.1**	2.7
Amortization of goodwill	**11.7**	10.1
Retained earnings of overseas subsidiaries	**4.7**	3.2
Ineffective portion of unrealized gain/loss	**5.4**	5.9
Effect of liquidation of consolidated subsidiaries	**(70.8)**	–
Expiration of net loss carried forward	**8.4**	–
Other, net	**(1.6)**	(1.2)
Effective income tax rate per consolidated statements of income	**7.7%**	53.0%

At March 31, 2011 and 2010, the significant components of deferred tax assets and liabilities in the consolidated financial statements are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	2011
Deferred tax assets:			
Net operating tax loss carried forward	¥ 37,411	¥36,116	$ 449,922
Accrued retirement benefits	24,473	29,147	294,324
Tax effects related to investments	21,182	1,337	254,744
Depreciation and amortization	4,346	3,901	52,267
Accrued bonuses	4,018	4,214	48,322
Write-down of assets	3,876	4,345	46,615
Elimination of unrealized intercompany profits	3,538	4,761	42,550
Allowance for doubtful accounts	1,134	1,470	13,638
Accrued enterprise taxes	777	461	9,345
Reserve for discontinued operations	26	2,407	313
Other	9,540	10,733	114,732
Gross deferred tax assets	110,325	98,898	1,326,819
Valuation allowance	(38,416)	(34,254)	(462,008)
Total deferred tax assets	¥ 71,909	¥64,644	$ 864,811
Deferred tax liabilities:			
Retained earnings of overseas subsidiaries	(4,748)	(3,417)	(57,102)
Gains on securities contributed to employees' retirement benefit trust	(2,490)	(2,920)	(29,946)
Unrealized gains on securities	(710)	(1,171)	(8,539)
Special tax-purpose reserve for condensed booking of fixed assets	(43)	(61)	(517)
Other	(3,886)	(4,127)	(46,735)
Total deferred tax liabilities	¥(11,878)	¥(11,699)	$ (142,850)
Net deferred tax assets	¥ 60,030	¥52,945	$ 721,948
Deferred tax liabilities related to revaluation:			
Deferred tax liabilities on land revaluation	¥ (3,733)	¥ (3,733)	$ (44,895)

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

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	2011
Current assets—deferred tax assets	¥30,393	¥19,085	$365,520
Fixed assets—deferred tax assets	30,404	35,304	365,652
Current liabilities—other current liabilities	(659)	(720)	(7,925)
Long-term liabilities—other long-term liabilities	(108)	(724)	(1,299)
Net deferred tax assets	¥60,030	¥52,945	$721,948

9. NET ASSETS

The Japanese Corporate Law became effective on May 1, 2006, replacing the Commercial Code. Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

The Japanese Corporate Law provides that an amount equal to 10% of distributions from retained earnings paid by the Company and its Japanese subsidiaries be appropriated as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets. No further appropriations are required when the total amount of the additional paid-in capital and the legal earnings reserve equals 25% of their respective stated capital. The Japanese Corporate Law also provides that additional paid-in capital and legal earnings reserve are available for appropriations by the resolution of the Board of Directors.

Cash dividends and appropriations to the additional paid-in capital or the legal earnings reserve charged to retained earnings for the years ended March 31, 2011 and 2010 represent dividends paid out during those years and the related appropriations to the additional paid-in capital or the legal earnings reserve.

Retained earnings at March 31, 2011 do not reflect current year-end dividends in the amount of ¥3,976 million ($47,817 thousand) approved by the Board of Directors, which will be payable in May 2011.

The amount available for dividends under the Japanese Corporate Law is based on the amount recorded in the Company's nonconsolidated books of account in accordance with accounting principles generally accepted in Japan.

On October 28, 2010, the Board of Directors approved cash dividends to be paid to shareholders of record as of September 30, 2010, totaling ¥3,976 million ($47,817 thousand), at a rate of ¥7.5 per share. On May 12, 2011, the Board of Directors approved cash dividends to be paid to shareholders of record as of March 31, 2011, totaling ¥3,976 million ($47,817 thousand), at a rate of ¥7.5 per share.

10. INVENTORIES

Inventories as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	2011
Merchandise and finished goods	¥ 69,804	¥67,349	$ 839,495
Work in process	13,796	15,541	165,917
Raw materials and supplies	16,641	15,373	200,132
Total	¥100,243	¥98,263	$1,205,568

11. CONTINGENT LIABILITIES

The Companies were contingently liable at March 31, 2011 for loan and lease guarantees of ¥770 million ($9,260 thousand) and at March 31, 2010 for loan and lease guarantees of ¥2,011 million.

12. COLLATERAL ASSETS

Assets pledged as collateral at March 31, 2011 for short-term debt of ¥82 million ($986 thousand) are notes receivable of ¥47 million ($565 thousand). Assets pledged as collateral at March 31, 2010 for long-term debt of ¥46 million are notes receivable of ¥696 million.

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2011 and 2010 are ¥72,617 million ($873,325 thousand) and ¥68,475 million, respectively.

14. LOSS ON IMPAIRMENT OF FIXED ASSETS

The Companies have recognized loss on impairment of ¥1,027 million ($12,351 thousand) and ¥2,561 million for the following groups of assets for the years ended March 31, 2011 and 2010, respectively:

		Amount		
		Millions of yen		Thousands of U.S. dollars
		March 31		March 31
Description	Classification	2011	2010	2011
Manufacturing equipments of micro-camera units for mobile phones	Machinery and equipment, Tools, furniture and fixtures, Others	¥ 514	¥ –	$ 6,182
Manufacturing facilities of plates for printing	Buildings and structures, Land, Machinery and equipment, Goodwill	–	1,214	–
Manufacturing facilities of microlenses for mobile phones	Buildings and structures, Land, Others	–	1,040	–
Manufacturing facilities and sales offices other than above	Machinery and equipment, Goodwill, Others	–	118	–
Rental assets	Rental business-use assets	24	71	289
Idle assets	Buildings and structures, Land, Others	488	116	5,869
Total		¥1,027	¥2,561	$12,351

(1) Identifying the cash-generating unit to which an asset belongs: Each cash-generating unit is identified based on product lines and geographical areas as a group of assets. For rental assets, cash-generating units are identified based on rental contracts and each geographical area. Each idle asset is also identified as a cash-generating unit.

(2) Fixed assets have been written down to the recoverable amount and the correlating impairment losses have been recognized due to worsening market conditions for micro-camera units for mobile phones in the Optics business. In addition, the poor performance and profitability of rental and idle assets have contributed to the write down.

(3) Details of impairment of fixed assets

	Amount		
	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	2011
Buildings and structures	¥ –	¥1,040	$ –
Machinery and equipment	897	817	10,788
Land	–	407	–
Others	130	296	1,563

(4) Measuring recoverable amount

The recoverable amount of a cash-generating unit is the fair value less costs to sell. The fair value is supported by an appraisal report for land and buildings and structures, or a management estimate for rental business-use assets.

15. DISCONTINUED OPERATIONS

The amounts included in the statements of income for discontinued operations for the years ended March 31, 2011 and 2010 represent:

	Amount		
	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	2011
Reversal of excess reserve made for discontinued operations in the previous fiscal year	¥2,498	¥1,327	$30,042
Loss on discontinued operations in the fiscal year under review	–	(301)	–
Gain on discontinued operations	¥2,498	¥1,025	$30,042

16. COST OF SALES

The Companies have recognized valuation losses associated with the write down of inventory of ¥1,888 million ($22,706 thousand) and ¥2,081 million for the years ended March 31, 2011 and 2010, respectively, due to the decline in profitability. Those losses are included within the cost of sales.

17. BUSINESS STRUCTURE IMPROVEMENT EXPENSES

The business structure improvement expenses consist mainly of 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.

18. EXTRAORDINARY GAINS OF OVERSEAS SUBSIDIARIES

Extraordinary gains of overseas subsidiaries represent the reduction in refund obligation, in accordance with U.S. state laws for the U.S. subsidiary.

19. LOSS ON DISASTER

The loss on disaster is as a result of the abandonment of inventories damaged by the Tohoku-Pacific earthquake and the expenses for the restoration of facilities damaged by the earthquake.

20. PENSION LIABILITIES ADJUSTMENT OF OVERSEAS SUBSIDIARIES

The pension liabilities adjustment of overseas subsidiaries results from the accounting treatment of retirement benefits that affect certain consolidated subsidiaries in the United States.

21. LEASE TRANSACTIONS

Proforma information on the Company and its domestic consolidated subsidiaries' finance lease transactions (except for those which are deemed to transfer the ownership of the leased assets to the lessee) and operating lease transactions is as follows:

As Lessee

1) Finance Leases (not involving transfer of ownership commencing on or before March 31, 2008)

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	**2011**
Purchase cost:			
Buildings and structures	**¥ 6,544**	¥ 7,418	**$ 78,701**
Machinery and equipment	**161**	2,180	**1,936**
Tools and furniture	**1,647**	2,755	**19,808**
Rental business-use assets	**121**	408	**1,455**
Intangible fixed assets	**–**	53	**–**
	8,475	12,816	**101,924**
Less: Accumulated depreciation	**(7,158)**	(10,691)	**(86,085)**
Loss on impairment of leased assets	**(0)**	(11)	**(0)**
Net book value	**¥ 1,316**	¥ 2,113	**$ 15,827**

The scheduled maturities of future lease rental payments on such lease contracts at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	**2011**
Due within one year	**¥ 473**	¥ 801	**$ 5,689**
Due over one year	**843**	1,323	**10,138**
Total	**¥1,316**	¥2,125	**$15,827**

Lease rental expenses and depreciation equivalents under the finance leases which are accounted for in the same manner as operating leases for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	**2011**
Lease rental expenses for the period	**¥750**	¥1,467	**$9,020**
Depreciation equivalents	**739**	1,277	**8,888**

Depreciation equivalents are calculated based on the straight-line method over the lease terms of the leased assets.

Accumulated loss on impairment of leased assets as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	**2011**
Reserve for loss	**¥0**	¥11	**$0**

Loss on impairment and reversals of loss on impairment of leased assets for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	**2011**
Loss on impairment	**¥ –**	¥ 1	**$ –**
Reversals of loss	**11**	190	**132**

2) Operating Leases

The scheduled maturities of future rental payments of operating non-cancelable leases as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	**2011**
Due within one year	**¥ 4,862**	¥ 5,299	**$ 58,473**
Due over one year	**10,678**	13,011	**128,419**
Total	**¥15,541**	¥18,311	**$186,903**

As Lessor

Operating Leases

The scheduled maturities of future rental incomes of operating non-cancelable leases as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	**2011**
Due within one year	**¥1,787**	¥1,521	**$21,491**
Due over one year	**2,597**	2,207	**31,233**
Total	**¥4,385**	¥3,729	**$52,736**

22. RETIREMENT BENEFIT PLANS

The Companies have defined benefit retirement plans that include corporate defined benefit pensions plans, tax-qualified pension plans and lump-sum payment plans. In addition, the Companies have defined contributory 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 as of April 2010. The Companies may pay additional retirement benefits to employees at their discretion.

Additionally, the Company and certain domestic consolidated subsidiaries contribute to retirement benefit trust.

The reserve for retirement benefits as of March 31, 2011 and 2010 is calculated as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	**2011**
a. Retirement benefit obligations	**¥(146,942)**	¥(146,078)	**$(1,767,192)**
b. Plan assets	**94,980**	85,965	**1,142,273**
c. Unfunded retirement benefit obligations (a+b)	**(51,962)**	(60,112)	**(624,919)**
d. Unrecognized actuarial differences	**12,273**	13,545	**147,601**
e. Unrecognized prior service costs	**(3,421)**	(5,322)	**(41,143)**
f. Net amount on consolidated balance sheets (c+d+e)	**(43,110)**	(51,889)	**(518,461)**
g. Prepaid pension costs	**1,623**	2,356	**19,519**
h. Accrued retirement benefits (f–g)	**¥ (44,734)**	¥ (54,245)	**$ (537,992)**

Note: Certain subsidiaries use a simplified method for the calculation of benefit obligation.

Net retirement benefit costs for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	2011
a. Service costs	¥ 4,468	¥ 4,098	$ 53,734
b. Interest costs	4,005	4,002	48,166
c. Expected return on plan assets	(2,105)	(1,596)	(25,316)
d. Amortization of actuarial differences	3,086	3,372	37,114
e. Amortization of prior service costs	(1,626)	(1,402)	(19,555)
f. Retirement benefit costs (a+b+c+d+e)	7,828	8,473	94,143
g. Gain/loss on changing to the defined contribution pension plan	0	–	0
h. Contributions to defined contribution pension plans	3,082	2,449	37,066
Total (f+g+h)	¥10,911	¥10,922	$131,221

Note: Retirement benefit costs of consolidated subsidiaries using a simplified method are included in "a. Service costs."

Assumptions used in the calculation of the above information for the main schemes of the Company and its domestic consolidated subsidiaries are as follows:

	2011	2010
Method of attributing retirement benefits to periods of service	Periodic allocation method for projected benefit obligations	Periodic allocation method for projected benefit obligations
Discount rate	Mainly 2.5%	Mainly 2.5%
Expected rate of return on plan assets	Mainly 1.25%	Mainly 1.25%
Amortization of unrecognized prior service cost	Mainly 10 years	Mainly 10 years
Amortization of unrecognized actuarial differences	Mainly 10 years	Mainly 10 years

23. DERIVATIVES

The Companies utilize derivative instruments including foreign currency exchange forward contracts, interest rate swaps and currency swaps, to hedge against the adverse effects of fluctuations in foreign currency exchange rate and interest rate risk. Additionally, the Companies have a policy of limiting the activity of such transactions to only hedge identified exposures and not to hold transactions for speculative or trading purposes.

Risks associated with derivative transactions

Although the Companies are exposed to credit-related risks and risks associated with the changes in interest rates and foreign exchange rates, such derivative instruments are limited to hedging purposes only and the risks associated with these transactions are limited. All derivative contracts entered into by the Companies are with selected major financial institutions based upon their credit ratings and other factors. Such credit-related risks are not anticipated to have a significant impact on the Companies' results.

Risk control system for derivative transactions

In order to manage market and credit risks, the Finance Division of the Company is responsible for setting or managing the position limits and credit limits under the Company's internal policies for derivative instruments. Resources are assigned to each function, including transaction execution, administration, and risk management, independently, in order to clarify the responsibility and the role of each function.

The principal policies on foreign currency exchange instruments and other derivative instruments of the Company and its major subsidiaries are approved by the Management Committee of the Company. Additionally, a Committee which consists of management from the Company and its major subsidiaries meets regularly to discuss the principal policies on foreign currency exchange instruments and to reaffirm and reassess other derivative instruments and market risks. All derivative instruments are reported monthly to the respective responsible officer. Market risks and credit risks for other subsidiaries are controlled and assessed based on internal rules. Derivative instruments are approved by the respective president or equivalent of each subsidiary.

Interest rate swap contracts and currency swap contracts are approved by the Finance Manager of the Company and the President or equivalent of other subsidiaries, respectively.

A summary of derivative instruments at March 31, 2011 and 2010 is as follows:

Derivative transactions to which hedge accounting is not applied
(1) Currency-Related Derivatives

	Millions of yen						Thousands of U.S. dollars		
	March 31						March 31		
	2011			2010			2011		
	Contract value (notional principal amount)	Fair value	Unrealized gain (loss)	Contract value (notional principal amount)	Fair value	Unrealized gain (loss)	Contract value (notional principal amount)	Fair value	Unrealized gain (loss)
Forward foreign currency exchange contracts:									
To sell foreign currencies:									
US$	¥10,364	¥ (87)	¥ (87)	¥11,192	¥ (279)	¥ (279)	$124,642	$ (1,046)	$ (1,046)
EURO	17,887	(773)	(773)	11,739	165	165	215,117	(9,296)	(9,296)
Other	2,376	(56)	(56)	1,362	(74)	(74)	28,575	(673)	(673)
To buy foreign currencies:									
US$	¥ 3,918	¥ (38)	¥ (38)	¥ 551	¥ 8	¥ 8	$ 47,120	$ (457)	$ (457)
EURO	292	2	2	3,021	(47)	(47)	3,512	24	24
Other	1,218	(25)	(25)	1,549	(96)	(96)	14,648	(301)	(301)
Total	¥36,057	¥(980)	¥(980)	¥29,415	¥ (324)	¥ (324)	$433,638	$(11,786)	$(11,786)
Currency Swaps:									
Pay JPY, receive US$	¥11,135	¥(123)	¥(123)	¥15,942	¥ (852)	¥ (852)	$133,915	$ (1,479)	$ (1,479)
Other	2,490	(54)	(54)	2,955	(149)	(149)	29,946	(649)	(649)
Total	¥13,625	¥(177)	¥(177)	¥18,897	¥(1,001)	¥(1,001)	$163,860	$ (2,129)	$ (2,129)

Note: Fair value of foreign currency forward exchange contracts is calculated based on the foreign currency forward exchange rates prevailing as of March 31, 2011 and 2010, respectively.
Fair value of currency swaps is provided by the financial institutions with whom the derivative contracts were entered into and agreed.

(2) Interest Rate-Related Derivatives

	Millions of yen						Thousands of U.S. dollars		
	March 31						March 31		
	2011			2010			2011		
	Contract value (notional principal amount)	Fair value	Unrealized gain (loss)	Contract value (notional principal amount)	Fair value	Unrealized gain (loss)	Contract value (notional principal amount)	Fair value	Unrealized gain (loss)
Interest rate swaps:									
Pay fixed, receive floating	¥–	¥–	¥–	¥3,747	¥ (106)	¥ (106)	$–	$–	$–

Notes: 1. Fair value is provided by the financial institutions with whom the derivative contracts were entered into and agreed.
2. Contract value (notional principal amount) does not indicate the level of risk associated with interest rate swaps.

Derivative transactions to which hedge accounting is applied
(1) Currency-Related Derivatives
Method of hedge accounting: Forecasted transactions such as forward exchange contracts

		Millions of yen				Thousands of U.S. dollars	
		March 31				March 31	
		2011		2010		2011	
Type of derivatives transactions	Major hedged items	Contract value (notional principal amount)	Fair value	Contract value (notional principal amount)	Fair value	Contract value (notional principal amount)	Fair value
Forward foreign currency exchange contracts:							
To sell foreign currencies:							
US$	Accounts receivable–trade	**¥1,062**	**¥ (17)**	¥ –	¥ –	**$ 12,772**	**$ (204)**
EURO	Accounts receivable–trade	**6,052**	**(162)**	6,141	(101)	**72,784**	**(1,948)**
To buy foreign currencies:							
US$	Accounts payable–trade	**¥1,226**	**¥ 20**	¥ 5,701	¥ 158	**$ 14,744**	**$ 241**
Total		**¥8,341**	**¥(160)**	¥11,842	¥ 56	**$100,313**	**$(1,924)**

Note: Fair value is calculated based on the currency forward exchange rates prevailing as of March 31, 2011.

(2) Interest Rate-Related Derivatives
Method of hedge accounting: Special treatment of interest rate swap

		Millions of yen				Thousands of U.S. dollars	
		March 31				March 31	
		2011		2010		2011	
Type of derivatives transactions	Major hedged items	Contract value (notional principal amount)	Fair value	Contract value (notional principal amount)	Fair value	Contract value (notional principal amount)	Fair value
Interest rate swaps:							
Pay fixed, receive floating	Long-term loans	¥23,000	(*)	¥50,500	(*)	$276,609	(*)

(*)As interest rate swaps used to hedge long-term loans are subject to special accounting treatment under accounting principles generally accepted in Japan, their fair values are included as a single line item with the hedged underlying liability, long-term loans, and are not included in the above information. (Please see 'Note 5. FINANCIAL INSTRUMENTS'.)

24. STOCK OPTION PLANS

The following tables summarize details of stock option plans as of March 31, 2011.

Position and number of grantees	Directors and Executive Officers: 26
Class and number of stock	Common Stock: 194,500
Date of issue	August 23, 2005
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 23, 2005 to June 30, 2006
Period stock options can be exercised	From August 23, 2005 to June 30, 2025

Position and number of grantees	Directors and Executive Officers: 23
Class and number of stock	Common Stock: 105,500
Date of issue	September 1, 2006
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From September 1, 2006 to June 30, 2007
Period stock options can be exercised	From September 2, 2006 to June 30, 2026

Position and number of grantees	Directors and Executive Officers: 24
Class and number of stock	Common Stock: 113,000
Date of issue	August 22, 2007
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 22, 2007 to June 30, 2008
Period stock options can be exercised	From August 23, 2007 to June 30, 2027

Position and number of grantees	Directors and Executive Officers: 25
Class and number of stock	Common Stock: 128, 000
Date of issue	August 18, 2008
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 18, 2008 to June 30, 2009
Period stock options can be exercised	From August 19, 2008 to June 30, 2028

Position and number of grantees	Directors and Executive Officers: 25
Class and number of stock	Common Stock: 199,500
Date of issue	August 19, 2009
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 19, 2009 to June 30, 2010
Period stock options can be exercised	From August 20, 2009 to June 30, 2029

Position and number of grantees	Directors and Executive Officers: 24
Class and number of stock	Common Stock: 188, 000
Date of issue	August 27, 2010
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 27, 2010 to June 30, 2011
Period stock options can be exercised	From August 28, 2010 to June 30, 2030

The following table summarizes the movement of outstanding stock options for the years ended March 31, 2011 and 2010.

	Number of Shares
Stock options outstanding at March 31, 2009	490,000
Granted	199,500
Exercised	5,500
Forfeited	2,500
Stock options outstanding at March 31, 2010	681,500
Granted	188,000
Exercised	120,500
Forfeited	2,500
Stock options outstanding at March 31, 2011	746,500

The following table summarizes price information of stock options exercised during the period and outstanding stock options as of March 31, 2011.

Per unit information	Exercised	Outstanding at March 31, 2011
Exercise price of stock options	¥ 1	¥ 1
Average market price of the stock at the time of exercise	849	–
Fair value per unit (as of grant date)	1,413	1,052

25. INVESTMENT AND RENTAL PROPERTY

As of March 31, 2011

(1) Conditions and Fair Values of Investment and Rental Property

The Companies have office buildings for rent and idle assets, etc., in Japan and overseas.

The book value on the consolidated balance sheet, the changes and the fair value as of March 31, 2011 are as follows:

	Millions of yen			
	Book Value			Fair Value
	as of March 31, 2010	Increase (Decrease) —net	as of March 31, 2011	as of March 31, 2011
Investment and rental property	¥3,855	**¥ (295)**	**¥3,560**	**¥4,194**

	Thousands of U.S. dollars			
Investment and rental property	$46,362	**$(3,548)**	**$42,814**	**$50,439**

Notes: 1. Book value is calculated by subtracting accumulated depreciation and accumulated impairment losses from acquisition cost.

2. Fair value as of March 31, 2011 is recorded as follows:

(1) Fair value of a majority of domestic properties has been calculated by the Companies in accordance with the method similar to the Real-estate Appraisal Standards. When there is no significant change in fair value, the properties are valued using the most recent appraisal report.

Fair value of other domestic properties has been calculated based on a certain appraisal or criteria which appear to best reflect the fair value of the property.

(2) Fair value of overseas properties has been primarily calculated by local real-estate appraisers.

(2) Income and Expenses on Investment and Rental Property

The income and expenses as of March 31, 2011 are as follows:

	Millions of yen	Thousands of U.S. dollars
	March 31	March 31
	2011	**2011**
Income on investment and rental property	**¥196**	**$2,357**
Expenses on investment and rental property	**185**	**2,225**
Difference	**10**	**120**
Other income (expenses) on investment and rental property–Gain (loss) on sales, etc.	**243**	**2,922**

As of March 31, 2010

(1) Conditions and Fair Values of Investment and Rental Property

The Companies have office buildings for rent and idle assets, etc., in Japan and overseas.

The book value on the consolidated balance sheet, the changes and the fair value as of March 31, 2010 are as follows:

	Millions of yen			
	Book Value			Fair Value
	as of March 31, 2009	Increase (Decrease) —net	as of March 31, 2010	as of March 31, 2010
Investment and rental property	¥3,973	¥ (117)	¥3,855	¥4,800

Notes: 1. Book value is calculated by subtracting accumulated depreciation and accumulated impairment losses from acquisition cost.

2. Fair value as of March 31, 2010 is recorded as follows:

(1) Fair value of a majority of domestic properties has been calculated by the Companies in accordance with the method similar to the Real-estate Appraisal Standards. When there is no significant change in fair value, the properties are valued using the most recent appraisal report.

Fair value of other domestic properties has been calculated based on a certain appraisal or criteria which appear to best reflect the fair value of the property.

(2) Fair value of overseas properties has been primarily calculated by local real-estate appraisers.

(2) Income and Expenses of Investment and Rental Property

The income and expenses as of March 31, 2010 are as follows:

	Millions of yen
	March 31
	2010
Income on investment and rental property	¥208
Expenses on investment and rental property	257
Difference	(48)
Other income (expenses) on investment and rental property	–

26. SEGMENT INFORMATION

Additional Information

Effective from the year ended March 31, 2011, the Companies adopted ASBJ Statement No. 17, *"Accounting Standards for Disclosures about Segments of an Enterprise and Related Information"*, issued by the ASBJ on March 27, 2009 and ASBJ Guidance No. 20, *"Guidance on Accounting Standards for Disclosures about Segments of an Enterprise and Related Information"*, issued by the ASBJ on March 21, 2008.

Information and Measurement of Segment

(1) Overview of reportable segments

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

The Company has business companies for different products and services within Japan. Each business company creates a comprehensive domestic and overseas strategy for their products and services, and conducts their business activities accordingly.

As such, the Company is comprised of three segments for different products and services with a business company at the center of each. The three reportable segments are: Business Technologies, Optics and Healthcare.

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

Subsequent the third quarter ended March 31, 2011, the Group restructured its operations to further strengthen the competitiveness and operations of the production print field 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 has integrated the Graphic Imaging Business, within the Medical & Graphic Imaging Business, into the Business Technologies Business.

As a result, the main products and the types of services of the Medical & Graphic Imaging Business, described in the above restructuring, have been changed from the production and sale of medical, printing, and other related products to the production and sale of consumables and equipment for healthcare systems.

Accordingly, the title of the reportable segment has changed from the Medical & Graphic Imaging Business to the Healthcare Business.

(2) Methods of calculating net sales, profit or loss, assets, liabilities and other items by reportable segments

Accounting methods for reportable segments are the same as the accounting methods described in 'Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.'

Profit by reportable segment is operating income. Intersegment net sales is based on market values.

(3) Information on net sales, profit or loss, assets, liabilities and other items by reportable segments

Segment information of the Companies for the years ended March 31, 2011 and 2010 is presented as follows:

Millions of yen

2011:	Business Technologies	Optics	Healthcare (Note 2)	Subtotal	Other (Note 1)	Total	Adjustments (Note 3)	Total amounts in consolidated financial statements
Net sales								
External	¥539,639	¥129,836	¥84,990	¥754,465	¥23,487	¥777,953	¥ –	¥777,953
Intersegment	3,067	799	1,598	5,466	50,451	55,917	(55,917)	–
Total	542,706	130,636	86,589	759,932	73,939	833,871	(55,917)	777,953
Segment profit	37,457	12,813	171	50,442	5,455	55,898	(15,876)	40,022
Segment assets	390,299	130,592	61,032	581,924	54,869	636,794	208,659	845,453
Segment liabilities	196,669	81,952	39,054	317,676	74,413	392,089	24,375	416,465
Other items								
Depreciation and amortization	¥ 24,337	¥ 21,093	¥ 3,185	¥ 48,615	¥ 2,222	¥ 50,837	¥ 4,291	¥ 55,129
Amortization of goodwill	7,854	402	–	8,256	145	8,401	–	8,401
Investments in affiliated companies	3	–	732	735	–	735	928	1,664
Increases in property, plant and equipment and intangible fixed assets	12,960	19,624	3,002	35,587	1,695	37,283	5,699	42,982

Notes: 1. 'Other' consists of business segments not included in reporting segments such as Sensing Business and Industrial Inkjet Business.

2. In the year ended March 31, 2011, the segment title of the Medical & Graphic Imaging Business, that was utilized until the first half of the fiscal year, has been changed to the Healthcare Business subsequent 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.

3. Adjustments are as follows:

(1) Adjustments of segment profit represents the elimination of intersegment transactions and expenses relating to the corporate division of the Company, of which totaled ¥(5,019) million and ¥(10,856) million, respectively. Corporate expenses are primarily general administration expenses and R&D expenses which can not be allocated to any reportable segment.

(2) Adjustments of segment assets represents the elimination of intersegment assets and assets relating to the corporate division of the Company, of which totaled ¥(50,150) million and ¥258,809 million, respectively. Corporate assets are primarily surplus funds of the holding company (cash on hand and in banks and short-term investment securities), long-term investment funds (investment securities), and assets owned by the holding company which can not be allocated to any reportable segment.

(3) Adjustments of segment liabilities represents the elimination of intersegment liabilities and liabilities relating to the corporate division of the Company, of which totaled ¥(23,428) million and ¥47,804 million, respectively. Corporate liabilities are primarily Interest-bearing debts (loans payable and bonds payable), and liabilities owned by the holding company which can not be allocated to any reportable segment.

(4) Adjustments of depreciation and amortization primarily represents depreciation of buildings of the holding company.

(5) Adjustments of investments in affiliated companies primarily represents investments by the holding company in equity method affiliates.

(6) Adjustments of increases in property, plant and equipment and intangible fixed assets primarily represents capital expenditure on buildings in relation to the holding company.

Millions of yen

2010:	Business Technologies	Optics	Medical and Graphic Imaging	Subtotal	Other (Note 1)	Total	Adjustments	Total amounts in consolidated financial statements
Net sales								
External	¥540,809	¥136,745	¥104,350	¥781,904	¥22,560	¥804,465	¥ –	¥804,465
Intersegment	3,681	924	1,569	6,175	46,156	52,331	(52,331)	–
Total	544,490	137,670	105,920	788,080	68,716	856,797	(52,331)	804,465
Segment profit	38,963	14,390	1,469	54,823	3,856	58,680	(14,691)	43,988
Segment assets	402,012	139,051	76,668	617,733	62,707	680,440	185,357	865,797
Segment liabilities	205,503	90,993	50,607	347,105	92,845	439,950	5,071	445,022
Other items								
Depreciation and amortization	¥ 30,973	¥ 18,799	¥ 4,214	¥ 53,987	¥ 2,466	¥ 56,453	¥ 4,720	¥ 61,174
Amortization of goodwill	8,571	402	114	9,087	145	9,233	–	9,233
Investments in affiliated companies	183	–	736	920	–	920	888	1,809
Increases in property, plant and equipment and intangible fixed assets	18,190	13,599	1,782	33,572	1,650	35,223	1,710	36,933

Notes: 1. 'Other' consists of business segments not included in reporting segments such as Sensing Business and Industrial Inkjet Business.

2. Information calculated based on segment information for the year ended March 31, 2011.

Obtaining the necessary comparative information to preparing segment information for the previous fiscal year or preparing segment information for the year ended March 31, 2011 in accordance with effective segment guidance/standard for the year ended March 31, 2011 has proved to be difficult. Doing so, will impose an excessive burden to the Company. Furthermore, no such segment information has been reported to management. Considering those reasons and the utilization of such segment information, we have not disclosed such information except for in regards to external net sales.

If segment information was prepared for the previous fiscal year based on segment information for the year ended March 31, 2011, net sales in the Business Technologies Business and the Healthcare Business are ¥546,913 million and ¥98,245 million, respectively. Net sales in the Business Technologies Business include ¥6,104 million of the former Graphic Imaging Business.

Thousands of U.S. dollars

2011:	Business Technologies	Optics	Healthcare	Subtotal	Other	Total	Adjustments	Total amounts in consolidated financial statements
Net sales								
External	**$6,489,946**	**$1,561,467**	**$1,022,129**	**$9,073,542**	**$282,465**	**$ 9,356,019**	**$ –**	**$ 9,356,019**
Intersegment	**36,885**	**9,609**	**19,218**	**65,737**	**606,747**	**672,483**	**(672,483)**	**–**
Total	**6,526,831**	**1,571,088**	**1,041,359**	**9,139,290**	**889,224**	**10,028,515**	**(672,483)**	**9,356,019**
Segment profit	**450,475**	**154,095**	**2,057**	**606,639**	**65,604**	**672,255**	**(190,932)**	**481,323**
Segment assets	**4,693,915**	**1,570,559**	**733,999**	**6,998,485**	**659,880**	**7,658,376**	**2,509,429**	**10,167,805**
Segment liabilities	**2,365,232**	**985,592**	**469,681**	**3,820,517**	**894,925**	**4,715,442**	**293,145**	**5,008,599**
Other items								
Depreciation and amortization	**$ 292,688**	**$ 253,674**	**$ 38,304**	**$ 584,666**	**$ 26,723**	**$ 611,389**	**$ 51,606**	**$ 663,007**
Amortization of goodwill	**94,456**	**4,835**	**–**	**99,290**	**1,744**	**101,034**	**–**	**101,034**
Investments in affiliated companies	**36**	**–**	**8,803**	**8,839**	**–**	**8,839**	**11,161**	**20,012**
Increases in property, plant and equipment and intangible fixed assets	**155,863**	**236,007**	**36,103**	**427,986**	**20,385**	**448,382**	**68,539**	**516,921**

Related Information

(1) Information by product and service

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

(2) Information by geographical area

Information by geographical area for the year ended March 31, 2011 is presented as follows:

i) Net sales

	Millions of yen					
	Japan	U.S.A.	Europe	Asia	Other	Total
Net sales	¥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.

	Thousands of U.S. dollars					
	Japan	U.S.A.	Europe	Asia	Other	Total
Net sales	$2,603,632	$1,813,482	$2,611,750	$1,593,554	$ 733,578	$9,356,019

ii) Property, Plant and Equipment

	Millions of yen			
	Japan	Malaysia	Other	Total
Property, plant and equipment	¥135,434	¥ 20,078	¥ 35,188	¥190,701

	Thousands of U.S. dollars			
	Japan	Malaysia	Other	Total
Property, plant and equipment	$1,628,791	$ 241,467	$ 423,187	$2,293,458

(3) Information by major customer

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

Information on Impairment Losses of Fixed Assets by Reportable Segments

Information on impairment losses of fixed assets for the year ended March 31, 2011 is presented as follows:

	Millions of yen						
	Business Technologies	Optics	Healthcare	Subtotal	Other	Eliminations and Corporate	Total
Impairment losses of fixed assets	¥ 60	¥ 967	¥ –	¥1,027	¥ –	¥ –	¥1,027

	Thousands of U.S. dollars						
	Business Technologies	Optics	Healthcare	Subtotal	Other	Eliminations and Corporate	Total
Impairment losses of fixed assets	$ 722	$11,630	$ –	$12,351	$ –	$ –	$12,351

Information on Amortization of Goodwill and Balance of Goodwill by Reportable Segments

Information on amortization of goodwill and balance of goodwill for the year ended March 31, 2011 is presented as follows:

	Millions of yen						
	Business Technologies	Optics	Healthcare	Subtotal	Other	Eliminations and Corporate	Total
Amortization of goodwill	¥ 7,854	¥ 402	¥ –	¥ 8,256	¥ 145	¥ –	¥ 8,401
Balance of goodwill	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.

	Thousands of U.S. dollars						
	Business Technologies	Optics	Healthcare	Subtotal	Other	Eliminations and Corporate	Total
Amortization of goodwill	$ 94,456	$ 4,835	$ –	$ 99,290	$ 1,744	$ –	$101,034
Balance of goodwill	692,977	44,522	–	737,498	21,912	–	759,423

Information on Gain on Negative Goodwill by Reportable Segments

None.

27. NET INCOME PER SHARE

Calculations of net income per share for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31		March 31
	2011	2010	**2011**
Net income			
Income attributable to common shares	**¥25,896**	¥16,931	**$311,437**
Income available to common stockholders	**25,896**	16,884	**311,437**

	Thousands of shares	
	2011	2010
Weighted average number of common shares outstanding:		
Basic	**530,222**	530,260
Diluted	**547,723**	556,909

	Yen		U.S. dollars
	2011	2010	**2011**
Net income per common share:			
Basic	**¥48.84**	¥31.93	**$0.59**
Diluted	**47.28**	30.32	**0.57**

INDEPENDENT AUDITORS' REPORT

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries

To the Shareholders and Board of Directors of
Konica Minolta Holdings, Inc.:

We have audited the accompanying consolidated balance sheets of Konica Minolta Holdings, Inc. and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Konica Minolta Holdings, Inc. and subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience of the reader. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

KPMG AZSA LLC

Tokyo, Japan
June 22, 2011