SCOPE OF CONSOLIDATED FINANCIAL RESULTS

The Konica Minolta Group comprises Konica Minolta Holdings, Inc., and it's 122 consolidated subsidiaries, 33 unconsolidated subsidiaries and 9 affiliated companies.

The business segments of the Konica Minolta Group are organized and segmented by type of product and the markets in which these products are sold, and consist of six segments: Business Technologies, Optics, Photo Imaging, Medical and Graphic Imaging, Sensing, and Other Businesses.

YEAR-ON-YEAR COMPARISONS

The financial statements for the fiscal year ended March 31, 2004 do not include pre-merger Minolta for the first half ended September 30, 2003. As a result, comparisons with the fiscal year ended March 31, 2004 that are included in this report are made based on the simple totals of former Konica and former Minolta and, where noted, are included net of appropriate adjustments.

CONSOLIDATED BUSINESS RESULTS

Consolidated Net Sales

Consolidated Total — Billions of yen

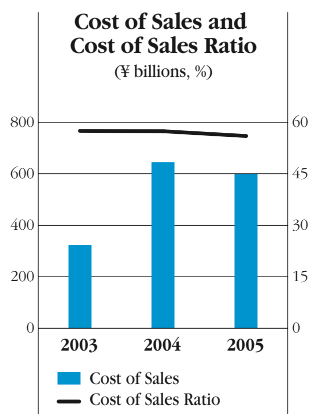
	2005	2004	Value change
Net Sales	**1,067.4**	1,123.6	-56.2
Operating Income	**67.6**	73.2	-5.6
Net Income	**7.5**	19.3	-11.8

* Includes former Minolta totals for first half FY2004

Consolidated net sales for the fiscal year ended March 31, 2005 were ¥1,067.4 billion. Compared with the simple combined sales for both companies in the previous fiscal year, which represented the first fiscal year after the merger, this represents a decline of ¥17.2 billion after adjusting for the unification of overseas subsidiary accounting periods and transactions between former Konica and former Minolta, as well as the impact of exchange rates.

In terms of actual increase and decrease by business segment, growth in sales of the Business Technologies segment was essentially flat compared to the previous fiscal year, while the Optics, Medical and Graphic Imaging, and Sensing segments recorded increases from the previous fiscal year.

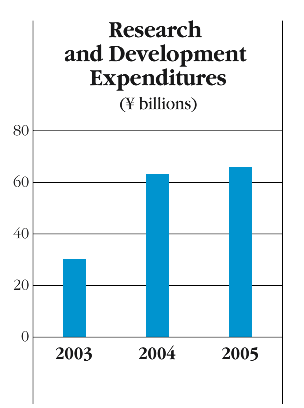
On the other hand, adjusted sales for the Photo Imaging segment declined.



Cost of Sales and Selling, General and Administrative Expenses

The cost of sales for the fiscal year was ¥597.8 billion, which resulted in a gross profit of ¥469.6 billion. Compared to the previous fiscal year, which is based on the simple total of both companies, this represents a 1.4 percentage point improvement in gross margin due to cost reductions and other factors.

Selling, general and administrative expenses (SGA) were ¥402.1 billion. Rationalization effects from the merger resulted in a ¥11.9 billion decline in personnel expenses (or ¥14.1 billion including personnel costs recorded in the cost of sales), increased costs from active research and development and an increase in the consolidation goodwill account limited the overall increase in SGA to a slight decline.

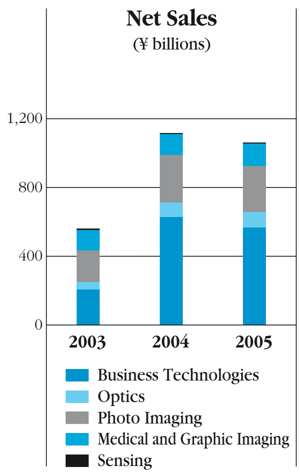


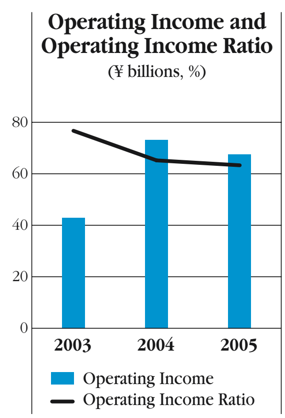
Note: Figures for the March 2003 fiscal year in this report, excluding the finance statements, represent former Konica figures only.

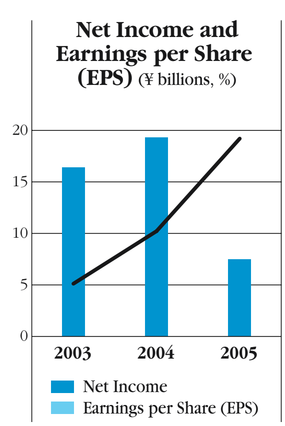
Research and Development Expenditures

Total research and development expenditures were ¥66.0 billion, which represents a 4% increase over the previous fiscal year.

In the Business Technologies segment, R&D expenditures increased 14% year-on-year to ¥33.7 billion, mainly on the development of new integrated firmware compatible with diverse office network environments. In addition, R&D in the Optics







segment increased 41% year-on-year to ¥8.3 billion, centering on next generation optical products. Total R&D expenditures including development costs for Business Technologies, Optics, and advanced technologies accounted for 73% of total R&D expenditures. As the result of focused selection and concentration of management resources, R&D expenditures in the Photo Imaging segment declined 20% year-on-year to ¥8.9 billion, while R&D expenditures in the Medical and Graphic Imaging segment were flat compared with the previous fiscal year at ¥7.6 billion. In addition, R&D expenditures in the Sensing segment were ¥1.0 billion.

Segment Information

Sales in the Business Technologies segment, reflecting adjustments because of the merger, were flat year-on-year at ¥564.8 billion, while operating income declined by ¥3.0 billion from the previous fiscal year to ¥55.8 billion. While growth in color MFP was strong, this growth was not enough to offset a shift to low speed monochrome MFPs with lower prices, and price declines in LBP due to intensified competition.

On the other hand, Optic segment sales increased ¥6.8 billion for the fiscal year to ¥91.7 billion. The main factor was strong growth in TAC film for LCDs supported by the diffusion of LCD TVs.

Sales in the Photo Imaging segment, including adjustments for a change in accounting term due to the merger and changes in the content of this segment, declined by ¥28.8 billion to ¥268.5 billion. This decline was mainly due to shrinkage in the color film market, in addition to declining selling prices due to intensified competition in the digital camera market. As profitability in the film business, which is the major source of earnings for the segment, deteriorated further, the operating loss in the segment increased as compared to previous fiscal year.

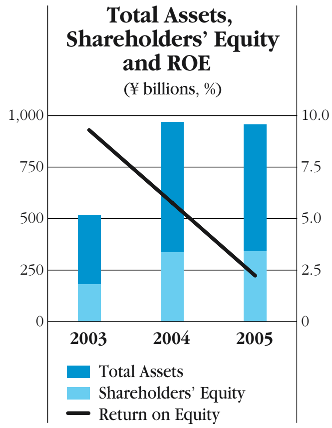
Medical and Graphic Imaging segment sales in actual terms were slightly higher for the fiscal year at ¥129.9 billion. While digital input/output equipment for on-site medical use and related dry film sales were healthy, the rise in total sales for the segment was limited by a decline in film sales in the Graphic Imaging business. Operating income for the segment declined slightly from the previous fiscal year, reflecting a sharp rise in the cost of film materials.

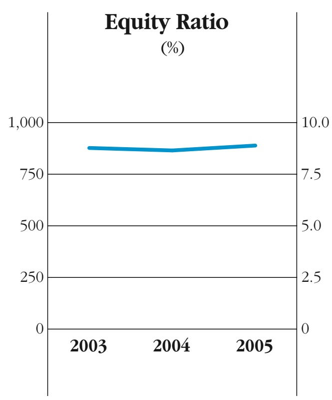
Sensing segment sales, adjusted for changes in segment content as a result of the merger, were slightly higher than in the previous fiscal year at ¥5.3 billion. Strong light source color analyzer, spectrophotometer and 3D digitizer equipment sales supported total sales for the segment. Operating income, again after making slight adjustments because of the change in segment content, increased slightly from the previous fiscal year.

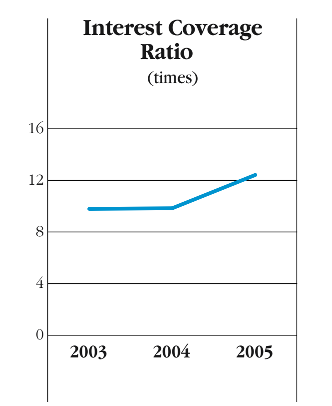
By Segment Billions of yen

	Net Sales			Operating Income (Loss)		
	2005	2004	Value change	**2005**	2004	Value change
Business Technologies	**564.8**	625.8	–61.0	**55.8**	62.9	–7.0
Optics	**91.7**	85.8	5.9	**16.0**	15.3	0.7
Photo Imaging	**268.5**	277.7	–9.2	**(8.7)**	(6.7)	-2
Medical and Graphic Imaging	**129.9**	120.9	9.0	**6.7**	7.9	–1.2
Sensing	**5.3**	8.0	–2.7	**1.6**	1.8	–0.2
Other	**7.2**	5.4	1.8	**(3.9)**	(7.9)	4.0
Total	**1067.4**	1123.6	-56.2	**67.6**	73.2	-5.6

* Includes former Minolta totals for first half FY2004







Earnings Analysis

Adjusted operating income for the fiscal year ended March 31, 2005 was ¥67.6 billion, representing a slight increase compared to previous fiscal year.

Net other expenses were ¥32.1 billion and basically unchanged from the previous fiscal year. The major factors were a ¥5.7 billion swing from foreign exchange losses in the previous fiscal year to foreign exchange gains and a ¥2.0 billion decline in interest expenses accompanying a decline in interest-bearing debt. On the other hand, ¥4.9 billion of restructuring expenses were recorded for the Photo Imaging segment, and a one-time depreciation adjustment of ¥5.4 billion was also recorded for the camera business. As a result of the above, income before income taxes was ¥35.4 billion, and net income for the period was ¥7.5 billion. Earnings per share of common stock were ¥14.1 per share, while return on equity was 2.2%.

Major Factors Inhibiting Direct Increase/Decrease Comparison (Operating Income)

	Foreign Exchange Impact	Change in Accounting Period	Transactions Between Prior Companies	Change in Segment Content	Total Impact	Actual Increase, Decline
Business Technologies	–0.9	–1	–2.1	0	–4.0	–3.0
Optics	–0.8	–0.6	–0.1	0	–1.5	2.3
Photo Imaging	0.2	–0.1	–0.1	0.2	0.2	–2.1
Medical and Graphic Imaging	–0.7	0	0	0	–0.7	–0.6
Sensing	0	0	–0.1	–0.2	–0.3	0.1
Other	0.1	0	0	0	0.1	4.0
Total	-2.2	-1.7	-2.4	0	-6.3	0.7

LIQUIDITY AND FINANCIAL POSITION

Total Assets, Liabilities and Shareholders' Equity

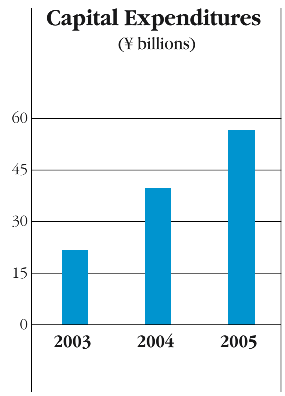
Total assets at the end of the fiscal year declined by ¥14.0 billion to ¥955.5 billion.

Within current assets, cash on hand and in banks declined by ¥24.2 billion as cash on hand was lowered to more appropriate levels and used to repay interest-bearing debt. In addition, as sales were concentrated in the final month of the fiscal year, notes and accounts receivable and inventories rose by ¥20.1 billion and ¥3.6 billion respectively. Deferred tax assets rose by ¥6.8 billion based on the assumption that consolidated taxation will be introduced from the fiscal year ending March 31, 2006.

Within property, plant and equipment, land holdings increased by ¥2.4 billion for the fiscal year. Buildings and structures were ¥4.6 billion higher for the fiscal year, reflecting the construction of a third LCD-use TAC film factory, and an R&D building for materials technology development. Machinery, equipment and other declined by ¥1.3 billion. While capital expenditure was increased in strategic areas such as polymerized toner production facilities in the Business Technologies segment and LCD-use TAC film production facilities in the Optics segment, capital expenditure in the Other segment was restrained. In addition, tools and furniture increased by ¥15.5 billion owing to investment in metal molding for new product development.

Total investments and other assets declined by ¥12.8 billion for the fiscal year because of efforts to reduce holdings of marketable securities. In addition, deferred tax assets declined ¥4.9 billion, mainly due to transfers to current assets.

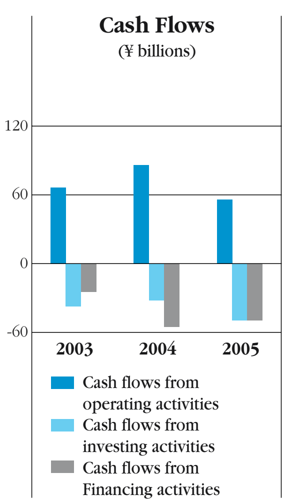
Within total liabilities, interest-bearing debt declined by ¥21.6 billion from the



previous fiscal year-end to ¥246.3 billion. Short-term debt declined by ¥25.3 billion. On the other hand, long-term borrowings and outstanding corporate bonds, including debt due for repayment within one year, increased by ¥3.7 billion. This reflected a focus on raising the proportion of long-term debt to improve the balance of long-term and short-term debt. Within shareholders' equity, foreign currency translation adjustments improved by ¥2.4 billion for the fiscal year owing to a weakening in the yen's exchange rate towards the end of the period. As a result of the above, shareholders' equity improved ¥4.3 billion from the end of the previous fiscal year, and shareholders' equity ratio improved one percentage point to 35.6%.

Capital Expenditure, Depreciation and Amortization

Capital expenditure increased by ¥56.4 billion and was centered on increased production capacity. Capital expenditure for the Business Technologies segment was ¥24.3 billion and used to expand polymerized toner production lines and for metal molding or new products. Capital expenditure for the Optics segment was used to construct a third LCD-use TAC film plant, and to increase production capacity for microcamera units used in mobile phones with built-in cameras, and glass hard disk substrates. Capital expenditure in the Photo Imaging segment was ¥7.4 billion and mainly used for investments to maintain the business. In addition, ¥3.7 billion and ¥0.2 billion was spent on capital expenditure for the Medical and Graphic Imaging and Sensing segments, respectively.



Cash Flows

Net cash provided by operating activities was ¥55.7 billion for the fiscal year, and mainly reflected an increase in operating capital of ¥23.2 billion, centering on an increase in notes and accounts receivable (¥14.1 billion), and a decrease in notes and accounts payable (¥9.2 billion).

Net cash used in investing activities was ¥49.3 billion. This outflow was mainly due to acquisitions of property, plant and equipment, as well as intangible assets. Property, plant and equipment acquisitions are outlined in the capital expenditures section, and were ¥46.6 billion, largely consisting of the acquisition of computer system software. On the other hand, liquidations of marketable securities resulted in a ¥5.0 billion cash inflow.

Net cash from financing activities were ¥31.6 billion, and were mainly the result of ¥24.9 billion for the redemption of corporate bonds, as well as efforts to reduce interest-bearing debt.

Future Financial Strategies

Interest-bearing debt was reduced by ¥21.6 billion during the fiscal year, and the debt/equity ratio improved from 0.80 times to 0.73 times. The targets under the V-5 Plan, the Group's medium-term business plan, are to further reduce interest-bearing debt to ¥145.0 billion by the fiscal year ending March 31, 2009 and to improve the debt/equity ratio to 0.25 times.

In the interest of enhancing the Company's credit rating, Konica Minolta will continue working to improve earnings and shrink operating capital to create cash flow and to reduce interest-bearing debt.