May 11, 2006

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2006

Konica Minolta Holdings, Inc.
Listed Company Name: Konica Minolta Holdings, Inc.
URL: http://konicaminolta.com
Representative: Yoshikatsu Ota, President and Representative Executive Officer
Inquiries: Yuki Kobayashi, General Manager, Corporate Communications & Advertising Division
Tel: (81) 3-6250-2100
Stock Exchange Listings: Tokyo, Osaka (First Sections)
Local Securities Code Number: 4902
Board of Directors Meeting for Approval of Consolidated Results: May 11, 2006
U.S. accounting practices have not been adopted in this statement.

1. CONSOLIDATED FINANCIAL RESULTS FOR FISCAL YEAR ENDED MARCH 31, 2006 (From April 1, 2005 to March 31, 2006)

(1) Operating Results

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

(Millions of yen)

	Net sales		Operating income		Recurring profit	
Fiscal year ended March 31, 2006	1,068,390	0.1%	83,415	23.4%	76,838	43.3%
Fiscal year ended March 31, 2005	1,067,447	24.1%	67,577	17.5%	53,617	24.2%

	Net income (loss)		Net income (loss) per share [yen]	Net income per share (after full dilution) [yen]
Fiscal year ended March 31, 2006	(54,305)	—%	(102.29)	—
Fiscal year ended March 31, 2005	7,524	(40.0%)	14.11	—

	Net income to shareholders' equity	Recurring profit to total assets	Recurring profit to net sales
Fiscal year ended March 31, 2006	(17.1%)	8.1%	7.2%
Fiscal year ended March 31, 2005	2.2%	5.6%	5.0%

Notes: 1. Equity in profit (loss) of unconsolidated subsidiaries and affiliates:
Fiscal year ended March 31, 2006: ¥ -2,507million
Fiscal year ended March 31, 2005: ¥ 108 million
2. Average number of shares outstanding during the period (consolidated):
Fiscal year ended March 31, 2006: 530,898,148
Fiscal year ended March 31, 2005: 531,017,368
3. Changes in accounting methods: No
4. The percentages of net sales, operating income, recurring profit, and net income columns indicate change from the previous fiscal year.
5. Net income per share assuming full dilution is not shown because the Company reported a loss for the period under review. Fiscal year ended March 31, 2005 diluted net income per share has been omitted because there was no residual stock.

(2) Financial Position

(Millions of yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share [yen]
Fiscal year ended March 31, 2006	944,054	293,817	31.1 %	553.50
Fiscal year ended March 31, 2005	955,542	339,729	35.6 %	639.80

Notes: Number of shares outstanding at the end of the period (consolidated):
Fiscal year ended March 31, 2006: 530,839,213
Fiscal year ended March 31, 2005: 530,944,921

(3) Cash Flows

(Millions of yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents year at end of period
Fiscal year ended March 31, 2006	78.924	(43,146)	(16,850)	80,878
Fiscal year ended March 31, 2005	55,680	(49,343)	(31,614)	59,485

(4) Scope of Consolidation/Equity Method Accounting

Consolidated subsidiaries: 124
Unconsolidated subsidiaries accounted for by the equity method: 11
Affiliates accounted for by the equity method: 3

(5) Changes in Scope of Consolidation/Equity Method

Newly consolidated subsidiaries: 9
Subsidiaries excluded from consolidation: 7
Companies included in equity method accounting: 1
Companies excluded from equity method accounting: 2

2. CONSOLIDATED RESULTS FORECAST FOR FISCAL YEAR ENDING MARCH 31, 2007 (From April 1, 2006 to March 31, 2007)

(Millions of yen)

	Net sales	Recurring profit	Net income (loss)
Interim	480,000	26,000	11,000
Full-year	980,000	70,000	30,000

(Estimated net income per share: ¥56.51)

* The above forecasts are expectations based on predications, outlooks, and plans related to the future at the time of this announcement and, as such, are subject to risks and uncertainties. Various significant factors in the operating environment surrounding the company may cause actual results to differ materially from these forecasts.
Please reference page 13 for items related to the above forecasts.

1. GROUP OVERVIEW

The Group comprises the parent company, 124 consolidated subsidiaries, 30 non-consolidated subsidiaries, and 11 affiliates. A chart detailing the business structure follows.

Konica Minolta Holdings, Inc

Business Technologies Businesses: 85

(Consolidated Subsidiaries: 62, Unconsolidated Subsidiaries: 18, Affiliates: 5)

Production: 9
- Konica Minolta Supplies Manufacturing Co., Ltd.
- Toyohashi Precision Products Co., Ltd. *3
- Konica Minolta Business Technologies Manufacturing (H.K.) Ltd. (Hong Kong)
- Other Companies: 6

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Konica Minolta Business Technologies, Inc.

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Sales: 75
- Konica Minolta Business Solutions Japan Co., Ltd.
- Konica Minolta Business Solutions U.S.A., Inc. (U.S.A)
- Konica Minolta Business Solutions Europe GmbH (Germany)
- Konica Minolta Business Solutions (UK) Ltd. (U.K.)
- Konica Minolta Business Solutions France S.A.S. (France)
- Konica Minolta Business Solutions Australia Pty. Ltd. (Australia)
- Konica Minolta Business Solutions (CHINA) C0., Ltd. (China) *4
- Other Companies: 68

Optics Business: 7

(Consolidated Subsidiaries: 7)

Production: 5
- Konica Minolta Opto Products Co., Ltd.
- Konica Minolta Opto (DALIAN) Co., Ltd. (China)
- Other Companies: 3

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Konica Minolta Opto, Inc.

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

Photo Imaging Business: 37

Consolidated Subsidiaries: 26, Unconsolidated Subsidiaries: 8, Affiliates: 3)

Production: 10
- Konica Minolta Packaging Co., Ltd.
- Konica Minolta Chemical Co., Ltd.
- Konica Minolta Manufacturing U.S.A., Inc. (U.S.A)
- Konica Minolta Optical Products (SHANGHAI) Co., Ltd. (China)
- Other Companies: 6

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Konica Minolta Photo Imaging, Inc.

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Sales: 26
- Konica Minolta Marketing Co., Ltd.
- Konica Minolta Photo Solutions Co., Ltd.
- Konica Minolta Camera Service Co., Ltd.
- Konica Minolta Photo Imaging U.S.A., Inc. (U.S.A)
- Konica Minolta Photo Imaging Europe. GmbH (Germany)
- Konica Minolta Photo Imaging (UK) Ltd. (U.K.)
- Konica Minolta Photo Imaging France S.A.S. (France)
- Konica Minolta Photo Imaging Asia H.Q. Pte. Ltd. (Singapore)
- Konica Minolta Photo Imaging Australia Pty. Ltd. (Australia)
- Other Companies: 17

Medical and Graphic Imaging Businesses: 19

(Consolidated Subsidiaries: 14, Unconsolidated Subsidiaries: 3, Affiliates: 2

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

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Konica Minolta Medical & Graphic , Inc.

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Sales: 14
- Konica Minolta Medical Co., Ltd.
- Konica Minolta ID System Co., Ltd. *5
- Konica Minolta ID Imaging Co., Ltd. *5
- Konica Minolta Medical Imaging U.S.A., Inc. (U.S.A)
- Konica Minolta Graphic Imaging Japan Co., Ltd.
- Konica Minolta Graphic Imaging U.S.A., Inc. (U.S.A)
- Other Companies: 8

Other Businesses: 14

(Consolidated Subsidiaries: 12, Unconsolidated Subsidiaries: 1, Affiliates: 1)

- Konica Minolta IJ Technologies, Inc.
- Konica Minolta Business Expert, Inc.
- Konica Minolta Technology Center, Inc.
- Konica Minolta Logistics Co., Ltd.
- Konica Minolta Sogo Service Co., Ltd.
- Konica Minolta Engineering Co., Ltd.
- Konica Minolta Information System Co., Ltd.
- Konica Minolta Technosearch Co., Ltd.
- Konica Minolta Planetarium Co., Ltd.
- Other Companies: 5

Sensing Business: 3

(Consolidated Subsidiaries: 3)

Konica Minolta Sensing, Inc.

Sales:2
- Konica Minolta Sensing Europe B.V. (The Netherlands) *6
- Other company: 1

Notes
*1: Organization chart is as of March 31, 2006.
*2: Only major consolidated subsidiaries are shown.
*3: Toyohashi Precision Products Co., Ltd. merged with Sankei Precision Products Co., Ltd. on October 1, 2005.
*4: Konica Minolta Business Solutions (CHINA) Co., Ltd. was established on November 23, 2005.
*5: Accompanying the transfer (buy/sell transaction) of the shares of Konica Minolta ID System Co., Ltd., and Konica Minolta ID Imaging Co., Ltd., on November 1, 2005, these two companies were reclassified from the Photo Imaging business to the Medical and Graphics business.
*6: Konica Minolta Sensing Europe B.V. was established on January 12, 2006.

2. MANAGEMENT POLICY

(1) Basic Management Policy

With its sights set on becoming an innovative corporate group that generates new excitement in the area of imaging input/output the Konica Minolta Group is developing its business globally under the business philosophy “Creation of new value.”

Management philosophy:	“Creation of new value”
Management vision:	“Innovative corporation that continues to create impressions in the field of imaging” “A global market leader that offers advanced technology and reliability.”
Corporate message:	“The essentials of imaging”

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

1. Withdrawal From the Photo Imaging Business

In recent years, the rapid deterioration of profits in the photo imaging business has made us aware of the urgent need for drastic business restructuring in order to ensure the Group's future growth. To this end, in November, 2005 we decided on the direction we would take and studied concrete strategies from a variety of angles. Nevertheless, in view of last year’s operating environment, which witnessed an increasing decline in demand for color film and intensifying price competition in digital cameras, as well as the future market outlook, we concluded that it would be extremely difficult to continue profitably operating in this business; therefore, at the January 2006 Board of Director's meeting, we resolved to withdraw from this business. We will terminate our camera and mini-lab businesses from March 31, 2006, and gradually scale back our film and photographic paper businesses, with the goal of terminating these operations by September 30, 2007.

2. Medium-Term Business Plan

The Konica Minolta Group’s fields of business are wide ranging and include office equipment, optical devices, LCD materials, and medical and graphic printing products, all of which are undergoing increasingly rapid technological changes, including greater digitization, the ever more widespread use of color, and the increasing use of broadband networks. In addition, the industry is experiencing fierce competition for survival amongst companies due to steady corporate restructuring that transcends national boundaries. At the same time, after we withdraw from the photo-related business, which has been the driver of our brand image in a business area that has existed since the company's inception, we will make additional rigorous structural changes and work to raise employee awareness in existing businesses that we must transform ourselves into a corporate group that pursues growth by leveraging collective Group resources to survive.

For the Group to successfully compete globally and achieve sustained growth in such an environment, we instituted “FORWARD 08,” a new medium-term business plan that covers the three-year period from 2006 through 2008, and are off to a new start. In light of our summary review and reflection on matters that have transpired over the period since the business integration, the Group will define the future direction of Group companies and prioritize the challenges they are to address, as well as increase the value added by Group businesses and optimize Group corporate value through the implementation of this plan. An overview of the plan follows.

<u>Basic Strategies and Numerical Targets of the New Medium-Term Business Plan “FORWARD 08”</u>

- Basic Strategies:
    1. Promote growth by leveraging collective Group resources
    2. Build a new corporate image
    3. Promote world-class corporate social responsibility (CSR) programs
- Numerical Targets (for Fiscal year ending March 31, 2008)
    1. Consolidated Net Sales: ¥1,100 billion
    2. Consolidated Operating Income: ¥110 billion (consolidated operating profit margin: 10%)
    3. Net Income: ¥57 billion

We consider the pursuit of business synergies beyond the Group's current framework and the increase in the added value of our businesses to be of critical importance to the improvement of our growth potential. We will accelerate Group growth in the equipment and services business group, which include the multifunctional peripherals (MFPs), laser printers (LBPs) and digital printing, and medical equipment businesses, as well as in the component business group, which comprises optical components and display materials.

To ensure that we are viewed by customers as a company that fully integrates the Group's core technologies, namely, optical, image processing, materials, and nano processing technologies, and provides innovative products and a professional level of service that contribute to our customer's business success, we will constantly maintain a customer perspective and continuously work to improve our technical capabilities in all our business fields.

In addition, to sustain corporate value it is important that we will be a company that society trusts. We will strengthen our global development not only economically but also socially and environmentally and continue to improve internal Group controls, including compliance, ensure highly transparent management, and fulfill our corporate social responsibilities.

(3) Policies Concerning Distribution of Profits

Regarding the return of a portion of profits to shareholders, the Company has set a medium- to long-term basic policy of continuing to pay stable dividends taking comprehensive account of progress toward business objectives on a consolidated basis, the Company's dividend propensity, and the improvement in retained earnings needed to support business expansion.

From the perspective of paying stable dividends, the Company has established ¥10 per share as a benchmark dividend and, from the perspective of dividend growth, has set a goal for its dividend payout ratio of 15% on a consolidated basis. To the extent possible, the Company aims to pay dividends linked to Group performance to reward shareholders for their support.

For the fiscal year under review, the Company reported a substantial loss in connection with the decision to exit the Photo Imaging business and has decided to suspend its dividend. However, going forward, the Company will exert its maximum efforts to achieve recovery and improvement as it implements its medium-term management plan and begin to pay dividends again at an early date.

(4) Policies Concerning the Reduction in Investment Units

To improve the liquidity of Konica Minolta shares in the stock market and broaden our investor base, especially among individual investors, from August 15, 2003, the date that the Group holding company was established as a result of the business integration, the Company reduced the number of shares in a single investment unit from 1,000 to 500.

3. OPERATING RESULTS AND FINANCIAL POSITION

(1) Summary

Looking back at the world economy in fiscal year ending March 31, 2006, we saw that it was on an expansionary track due to increased capital expenditures on the back of strong corporate performance in the U.S. economy, especially in the IT field, as well as continued stabilization in individual consumption supported by such factors as asset growth as a result of a strong employment environment and high stock prices. The Chinese economy remained strong thanks primarily to exports, which continue to drive its economy, and the Asian economy also experienced stable growth. In Europe, while private consumption in Germany was stagnant, Euro-based economies as a whole experienced moderate growth.

Although the Japanese economy was a subject of concern due to sharp price increases for such raw materials as crude oil, iron ore, and copper, Japanese industry witnessed overall increases in capital expenditures on the back of substantial growth in corporate earnings and a recovery trend in household consumption. With the stock market booming, the economy as a whole was on an upswing that reflected a monetary policy—which included the lifting of quantitative easing—that has, among other things, shaken off deflation.

In Company-related markets, unit shipments of copiers in 2005 amounted to 3.88 million, largely in line with last year's results; however, sales of color copiers increased steadily to 640 thousand units, a 31% year-on-year increase. In the midst of accelerated corporate capital spending, especially in the IT segment, overseas and domestic corporate demand is steadily shifting to color copiers that are capable of integrating into a networked office environment and providing high added value.

Led by the growth in the mobile PC market, PC unit shipments in 2005 were up 15% year on year, to 220 million units. Demand for LCD TVs rose sharply thanks to the 2006 Torino Olympics and the Soccer World Cup in Germany, and unit shipments in 2005 jumped 141% year on year, to 21.2 million. Growth was particularly strong for large-screen 32-inch and larger TVs. Such electronic products as mobile phones and portable music players also fared well overseas and domestically, with additional growth in demand for related components and materials, including LCD panels, hard disk drives (HDDs), and optical components that are used in these products.

Meanwhile, despite continued growth in demand for single lens reflex cameras in the digital camera market, unit shipments in 2005 grew only a moderate 8%, to 61 milion units. Prices for both compact-type and single lens reflex cameras are decreasing and the average unit price continues on a downward trend. Unit shipments in 2005 for color photographic film, for which demand is rapidly shrinking due to the saturation of the digital camera market, are expected to decline 25% from the same period of the previous fiscal year.

In the midst of these conditions, we aggressively expanded our operations in fiscal year ended March 31, 2006 especially the Business Technologies and the Optics businesses, in line with our goal of "seeking to optimize Group corporate value through increased selectivity and focus."

In the Business Technologies Business, the core of Konica Minolta Group operations, the equipment assembly plant that we had been constructing in China (Wuxi) to fortify our color MFP business went on-line in December 2005. In addition, because we anticipate increased demand for our polymerized toner, a consumable good, on the back of sales growth for color MFPs, we expanded existing facilities (Kofu City, Yamanashi Prefecture) and began construction on a new polymerized toner plant in Tatsuno, Nagano Prefecture, which is schedule for completion this fall. In our strategic Optics Business, we launched a third production line for TAC film from September 2005 at our plant in Kobe City, Hyogo Prefecture, in response to higher demand for LCD materials, and will construct a fourth production line scheduled to go on line in fall 2006. (In addition, in April 2006, we announced the planned construction of a fifth production line scheduled to operate from next fall.) Thus, we took steps to strengthen our business by strategically focusing our management resources on priority areas.

As a result, consolidated net sales in fiscal year ended March 31, 2006 came in a ¥1,068.3 billion. While there was a substantial growth in sales, including favorable color MFP sales and continued strong demand-driven sales growth for LCD materials, overall sales were in line with those of the previous year as a result of decreased sales in the Photo Imaging business, which continues to scale back as it prepares to terminate its operations. The gross profit margin in fiscal year ended March 31, 2006 rose from 44% in the previous year to 46%. Negative factors, including the sharp rise in prices for such raw materials as crude oil and falling prices for color LBPs, digital cameras, color film, and other products, were offset by improvements made to the product mix as a result of cost-cutting and new product launches. Despite higher R&D spending in the Business Technologies business, which is in the midst of a shift from black and white to color MFPs, selling, general and administrative (SG&A) expenses rose ¥7.7 billion overall year on year, thanks to rigorous selectivity and focus, including a significant reduction in various expenses in the Photo Imaging business. As a result, operating income in fiscal year ended March 31, 2006 was ¥83.4 billion, up ¥15.8 billion, 23% year on year. The operating income margin improved 2 percentage points, from 6% to 8%. Non-operating income improved ¥7.3 billion from the previous period thanks to favorable exchange rates, which resulted in a ¥23.2 billion year-on-year increase in recurring profit in fiscal year ended March, 2006, to ¥76.8 billion. These are the record high operating income and ordinary income that we have achieved.

However, as a result of a number of extraordinary losses, the Company reported a net loss of ¥54.3 billion for the fiscal year under review. These extraordinary losses included principally the loss incurred in connection with the previously-mentioned exiting of the Photo Imaging business, impairment losses of ¥96.6 billion on fixed assets in this business, and ¥6.4 billion in special additions to retirement allowances accompanying the implementation of a plan to provide incentives for certain employees to take early retirement.

In addition, the average exchange rate of the yen to the U.S. dollar was ¥113 and to the Euro was ¥138, representing a 5% depreciation of the dollar against the yen and a 2% depreciation of the Euro against the yen.

(2) Segment Information

1. Business Technologies Business [multifunctional peripherals (MFPs), laser printers (LBPs), etc.]

(Millions of yen)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Increase (Decrease)	Change
(1) Net sales to outside customers	606,730	564,837	41,892	7.4%
(2) Intersegment net sales	3,488	29,886	(26,398)	(88.3%)
Total net sales	610,218	594,724	15,494	2.6%
Operating income	65,120	55,832	9,288	16.6%

The Business Technologies business is taking steps to expand its market share, primarily in North America and Europe in the three priority fields of color and high-speed MFPs and color LBPs where potential market growth is high, based on the Company's "genre-top strategy" of becoming the dominant player in each of its market segments by focusing its business resources on specific markets and business areas and securing the top brand position.

In the area of color MFPs, where overseas and domestic demand is growing, we launched four new product models targeted at the office equipment market and worked to provide optimal solutions to customers with color documentation needs. As for our *bizhub series* of color MFPs for offices, in April 2005 we fully commenced marketing of the *bizhub C450* (35 pages per minute (ppm) color and 45 ppm black and white), in Europe and the U.S. which comes loaded with newly built integrated firmware, with the goal of improving customer satisfaction and shoring up the product line's competitive position. In June, we added the *bizhub C351*, which incorporates the same design concepts, (35 ppm for both color and black and white) to our lineup. Furthermore, in September, we released the *bizhub C250*, a strategic product aimed at aggressively promoting the shift from black and white to color copiers in office environments. In the year under review, we took vigorous action to enhance our product lineup and strengthen our products competitive position by launching the *bizhub C352* (35 ppm color and black and white), the latest model in the series, in March. Sales of all these new products are strong and the product line enjoys an excellent reputation for superb cost performance, image quality, productivity, reliability, and user-friendliness, all of which are made possible thanks to the polymerized toner, imaging technology, and tandem engine that only Konica Minolta can provide. As a result, unit sales of color MFPs in fiscal year ended March 31, 2006 doubled year on year. In segment 2 (A copier capable of producing over 21 ppm output in A4 size.), a segment that we have been actively working to improve, the percentage of color MFPs as a share of total unit MFP sales increased substantially from 21% to 36% year on year. We also raised our market share and secured the position in the top group in the key

U.S. and Western European markets. Thus, our shift from black and white to color in the MFP business has steadily paid off. In addition to the existing *bizhub PRO1050* (105 ppm black and white) and *bizhub PRO C500* (51 ppm color and black and white) in our high-speed MFP *bizhub PRO series*, in July 2005, we added the *bizhub PRO920* (92 ppm black and white). Along with the formation of a full-time sales team for the highly promising light production print market, which promises growth potential in such areas as internal corporate printing departments, data centers, and large franchised copy shop chains, the Company promoted strategic alliances with outside companies and provided products and services with the high quality and reliability that only Konica Minolta can provide.   In these high-speed MFP business, we saw substantial year-on-year unit sales growth of over 30%.

In LBP operations, which the Company has selected as an area of focus in the color equipment field, the Company continued to experience price competition from existing competitors and new entrants into this field. The Company has prepared a lineup of products that includes the “magicolor” series of color LBPs and has implemented marketing initiatives for this series, mainly in the European and American markets. This series includes the “magicolor 2400” series, a lineup of lower-speed models for the wider market using A4 size paper (with an output of five sheet per minute in color and 20 sheets in black and white) and the “magicolor 5400” series, a lineup of medium-speed models, incorporate a tandem engine, for office use which use A4 size paper (with an output of 25.6 sheets per minute in color and black and white). In addition, in February 2006, the Company strengthened its product lineup by introducing the “magicolor 7440” series in the domestic office-use market, which print A3 size sheets (with an output of 25 sheets per minute in color and black and white). We are enhancing our lineup of high value-added, high-speed LBPs targeting general corporate users and switching over to a sales strategy that more heavily emphasizes profitability than past units with the goal of increasing consumable product earnings through higher print volume. Meanwhile, in the OEM business, from the second half of fiscal year ended march 31,2006 we shipped new products to major overseas and domestic printer manufacturers and laid the foundation for future business expansion.

As a result of these activities, net sales to outside customers in this segment increased 7% year on year, to ¥606.7 billion, and operating income rose 17%, to ¥65.1 billion.

2. Optics Business
[optical devices, electronic materials, etc.]

(Millions of yen)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Increase (Decrease)	Change
(1)) Net sales to outside customers	110,368	91,705	18,662	20.4%
(2) Intersegment net sales	1,803	4,079	(2,275)	(55.8%)
Total net sales	112,171	95,785	16,386	17.1%
Operating income	17,593	16,001	1,592	10.0%

In the Optics Business, we leveraged our strengths in optical, coating technology, materials technologies and nano technologies to the fullest possible extent, anticipated market and technological trends, and took steps to expand the scale of our business.

In the LCD materials field, the Company expanded its production capacity for TAC film to meet the increase in demand accompanying expansion of the LCD panel market. The Company has focused especially on high-performance, growth segments within LCD materials, including principally wide field of vision films for use in large-scale LCD TV sets. These products have become a major growth drivers, and, during the fiscal year under review major expansion in sales volume of more than 40% over the previous fiscal year was reported in this field.

In the glass hard disk substrate segment, there was an increase in the number of new applications, including for PCs and information appliances containing hard disk drives (HDDs). With brisk sales of 1.8-inch and 2.5-inch substrates, unit sales in this segment increased 50% year on year.

In the optical pickup lenses segment, despite our continued retention of a high share of sales in this market, we suffered negative effects from inventory adjustments and falling unit prices, and other factors in the first half of fiscal ended March 31, 2006.   Nevertheless, from the beginning of the next fiscal year, we have been laying the foundation for the beginning of mass-production of Blu-ray Disc and HD-type DVDs, second-generation DVD technologies developed and perfected at other companies.

Unit sales of micro-cameras for use in camera-equipped mobile phones doubled, especially for

high-resolution units. In the micro-lens segment, we also took steps to expand our business by providing high value-added products that only we can provide, such as the world's first 5-megabyte compatible lens unit with an auto-focus function. Sales of lens units for digital cameras were in line with those of the previous period, however, although the market for lens units for video cameras heated up thanks to products that employed new standards, including those that are high-vision compatible and equipped with HDDs, and sales of lens units for use in these new products was strong overall.
As a result, net sales to outside customers in this segment increased 20%, to ¥110.3 billion, and operating income rose 10%, to ¥17.5 billion.

3. Medical and Graphic Imaging Business
[medical and graphic products, etc.]

(Millions of yen)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Increase (Decrease)	Change
(1) Net sales to outside customers	146,600	129,872	16,727	12.9%
(2) Intersegment net sales	27,269	19,918	7,350	36.9%
Total net sales	173,869	149,791	24,078	16.1%
Operating income	11,689	6,656	5,033	75.6%

In the medical segment, we took steps to expand sales of digital-related equipment and systems, including the *REGIUS* series of digital image radiography reader units, the *DRYPRO* imaging output series, and networked *NEOVISTA* series, in response to the growing trend toward digitization and the networking of products in diagnostic and medical settings, especially in large hospitals overseas and in Japan. Sales of equipment for overseas markets, particularly in the U.S. and China, were strong, as were sales of dry film compatible with these digital units. Moreover, we are working to strengthen the digital imaging diagnostic field by expanding sales of our *PCM System*, a mammography system that incorporates world-class high-definition imaging using a phase contrast method developed in house for the diagnosis of breast cancer in women, a product for which demand has grown in recent years.

In the graphic segment, the printing process, both in Japan and overseas, is becoming increasingly digital and filmless. At Konica Minolta, we are switching over to a business structure that is adapted to changes in the market environment and have focused on the sale of such digital equipment as the digital color proofing system *Digital Consensus PRO* and special proofing paper as well as the digital color printer *Pagemaster PRO*, which permits small lot printing. In October of last year, we acquired American Litho Inc., a major print plate maker, and are working to expand the CTP field (which utilizes systems that construct print plates directly from digital data without the use of print film) as a new business foundation.

As a result, net sales to outside customers in this segment increased 13%, to ¥146.6 billion, and operating income rose 76%, to ¥11.6 billion.

4. Sensing Business
[colorimeters, 3D digitizers, etc.]

(Millions of yen)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Increase (Decrease)	Change
(1) Net sales to outside customers	5,822	5,293	528	10.0%
(2) Intersegment net sales	2,352	2,425	(7.2)	(3.0)%
Total net sales	8,174	7,719	455	5.9%
Operating income	1,855	1,593	262	16.5%

In the sensing business, sales in the area of color measurement, which targets the auto and flat panel display industries, were strong. In the 3D digitizer field, we are concentrating our business resources in product and application development and working to develop and acquire new customers. As a result, net sales to outside customers in this segment were ¥5.8 billion and operating income was ¥1.8 billion.

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5. Photo Imaging Business
[photographic materials, digital cameras, etc.]

(Millions of yen)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Increase (Decrease)	Change
(1) Net sales to outside customers	187,117	268,471	(81,354)	(30.3%)
(2) Intersegment net sales	12,179	12,782	(602)	(4.7%)
Total net sales	199,296	281,253	(81,956)	(29.1%)
Operating income	(7,115)	(8,651)	1,535	-%

As for the Photo Imaging business, as mentioned previously, we have made a decision to terminate all businesses in this segment by September 30, 2007.

In the camera business, we transferred a portion of the assets related to the development, design, and manufacture of digital single lens reflex cameras compatible with the Alpha mount system to Sony Corporation at the end of March 2006. Consequently, business activities related to Konica Minolta cameras came to an end on March 31, 2006. We also terminated our mini-lab business activities from March 31, 2006.

In addition, to ensure that customers who are using these Konica Minolta products are not inconvenienced as a result of the termination of this business, from April, 2006 we entrusted camera after-sales service to Sony Corporation and mini-lab maintenance and after-sales service to Noritsu Koki Co., Ltd., and Tetenal Photowerk GmbH (to cover parts of Europe).

Meanwhile in color film and paper business, we will terminate all production activities by the end of March 2007 while gradually scaling back the variety and volumes of products we produce, and all business activities will be terminated by the end of September 2007.

As for the Photo Imaging business, as a result of our efforts to withdraw from businesses in certain fields, net sales to outside customers in this segment were ¥187.1 billion and we recorded an operating loss of ¥7.1 billion.

6. Other Business

In the industrial inkjet printer business, the Company established a new operating company in January 2005 to take initiatives in this business. During the fiscal year, steady expansion was reported in sales to leading printer manufacturers of high precision printer heads making use of the Company's inkjet printer technology and chemistry and its original ink technology as well as ink products. In addition, major gains in sales of large-scale inkjet printers for the textile industry were reported, mainly to user in the European market.

(3) Dividends

In view of the previously-described conditions, the Company has regrettably decided to continue the suspension of cash dividends as in the interim period.

(4) Outlook for Fiscal Year Ending March 31, 2007

The strong U.S. economy continues to drive the world economy, and, while overall overseas and domestic economic conditions are expected to continue on an expansionary track, the future remains uncertain with respect to the further intensifying competition for digital and related products, skyrocketing raw material prices as exemplified by the high price of crude oil, exchange rate trends for the dollar, euro, yuan, and other currencies, as well as other factors, and we recognize that the situation is highly unpredictable.

In the Business Technologies business, we believe that the willingness of the average company to invest in IT equipment remains on an expansionary track thanks to the rebound in corporate earnings and that we will continue to experience strong demand for high-function, high-performance color MFPs that are adapted to office networks. On the other hand, prices for color LBPs continue to fall, and, while we expect the market to grow, at the same time we are concerned about the deterioration of business profits due to intensifying price competition. The demand for TAC film and other LCD materials in the Optics business is expected to continue on an upswing, and with the release of next-generation DVD products and the gathering momentum in overseas markets for mobile phones equipped with high resolution cameras, as well as other factors, the market environment for components for use in digital appliances is expected to improve.

In the midst of this environment, we are steadily implementing a variety of measures set forth in our medium-term business plan “FORWARD 08,” and in fiscal year ending March 31, 2007, the initial year of the new plan, we will leverage Group resources and vigorously push ahead to achieve the earnings targets listed below.

<Consolidated basis> (Billions of yen)

	Fiscal year ended March 31, 2007		Fiscal year ended March 31, 2006		Increase (Decrease)	
	Interim	Full year	Interim	Full year	Interim	Full year
Net sales	4,800	9,800	5,175	10,683	(375)	(883)
Operating income	300	800	394	834	(94)	(34)
Recurring profit	260	700	352	768	(92)	(68)
Net income (loss)	110	300	(34)	(543)	144	843

Please note that the following foreign currency exchange rates have been assumed in this outlook:

U.S. dollar: ¥115
Euro: ¥135

*The above performance forecasts are expectations based on predications, outlooks, and plans related to the future at the time of this announcement and, as such, are subject to risks and uncertainties. Various significant factors may cause actual results to differ materially from these forecasts.

(5) Payment of Dividends in Fiscal Year Ending March 31, 2007

In fiscal year ending March 31, 2007, although some factors remain that could impact earnings as we approach the closing of our Photo Imaging business, we project an overall increase in Group revenue and expect earnings to recover. Nevertheless, we must consider the overall picture, such as the strengthening of our financial position and the acquisition of retained earnings, and, while assessing progress made toward achieving future earnings targets, we will examine the timing for the resumption of dividend payments and the amount of any such payments.

(6) Financial Position

I. Fiscal Year ended March 31, 2006

Overview

		As of March 31, 2006	As of March 31, 2005	Increase (Decrease)
Total assets	(millions of yen)	944,054	955,542	(11,488)
Shareholders' equity	(millions of yen)	293,817	339,729	(45,912)
Shareholders' equity per share	(yen)	553.50	639.80	(86.30)
Equity ratio	(%)	31.1	35.6	(4.5)

Regarding total assets, as a result of measures taken following the decision to exit the Photo Imaging business, inventories declined ¥28.0 billion from the previous year, to ¥149.4 billion and tangible fixed assets were down ¥6.4 billion, to ¥216.1 billion, as a result of the reporting of impairment losses and other factors. In addition, the Company continued to reduce its interest-bearing debt during the fiscal year under review, and, at the end of the fiscal year interest-bearing debt amounted to ¥236.5 billion, ¥9.7 billion lower than for the previous fiscal year-end.
As a result, total assets were down ¥11.4 billion, to ¥944.0 billion. Shareholders' equity dropped ¥45.9 billion year on year, to ¥293.8 billion, due to the recording of a net loss of ¥54.3 billion. Shareholders' equity per share was ¥553.50, and the equity ratio was 31.1%.

Cash Flows

	As of March 31, 2006	As of March 31, 2005	Increase (Decrease)
Cash flows from operating activities	78,924	55,680	23,244
Cash flows from investing activities	(43,146)	(49,343)	6,197
Total (Free cash flow)	35,778	6,336	29,442
Cash flows from financing activities	(16,850)	(31,614)	14,763

Cash flows from operating activities

The Company reported a net loss before income taxes of ¥35.9 billion for the fiscal year under review and losses of ¥96.6 billion as a result of the decision to exit the Photo Imaging business. However, the impact of items that are not accompanied by cash outflows, including depreciation and amortization, impairment losses, and amortization of consolidated differences was substantial, and cash flows from operating activities amounted to ¥78.9 billion.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥43.1 billion. This was primarily owing to acquisition of tangible fixed assets amounting to ¥51.9 billion, consisting primarily of purchases of metal molds for manufacturing new products and expenditures for expansion in production capacity, including assembly of business equipment as well as facilities for increasing production of polymerization toner, aspheric plastic lenses for optical disk use, LCD TAC film, and other items.

As a result, free cash flows, calculated from the total of cash flows from operating activities and cash flows from investing activities, amounted to ¥35.7billion.

Cash flows from financing activities

Net cash used in investing activities totaled ¥16.8 billion. This was primarily the result of efforts to further reduce interest-bearing debt, mostly through the redemption in bonds.

As a result of the previous-mentioned cash flows, cash and cash equivalents rose ¥21.3 billion from the end of the previous fiscal year, to ¥80.8 billion at the end of the fiscal year under review.

Cash Flow Indicators

	FY ended March 31, 2002	FY ended March 31, 2003	FY ended March 31, 2004	FY ended March 31, 2005	FY ended March 31, 2006
Shareholders' equity ratio (%)	32.5	35.1	34.6	35.6	31.1
Market price-based shareholders' equity ratio (%)	55.5	65.0	81.5	60.2	84.5
Debt redemption period (years)	3.7	2.3	3.1	4.4	3.0
Interest coverage ratio	7.1	14.3	11.1	10.1	14.4

Notes:

Shareholders' equity ratio:	Shareholders' equity divided by total assets
Market price-based shareholders' equity ratio:	Market capitalization divided by total assets
Years of debt redemption:	Interest-bearing debt divided by cash flow from operating activities
Interest coverage ratio:	Cash flow from operating activities divided by interest payments

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

II. Cash Flow Outlook for the Fiscal Year Ending March 31, 2007

Free cash flow, which is the sum of cash flow from operating activities and cash flow from investing activities, is expected to amount to an outflow of ¥50 billion, as major cash outlays are made in connection with the implementation of the decision to fully exit the Photo Imaging business.

* Figures given in the text have been rounded off.

4. Consolidated Financial Statements
(1) Consolidated Statements of Income

[Millions of yen]

	April 1, 2004 – March 31, 2005		April 1, 2005 – March 31, 2006		Change	
	Amount	% of net sales	Amount	% of net sales	Amount	YoY[%]
Net sales	1,067,447	100.0	1,068,390	100.0	942	0.1
Cost of sales	597,800	56.0	575,163	53.8	(22,637)	(3.8)
Gross profit	469,647	44.0	493,227	46.2	23,579	5.0
Selling, general and administrative expenses	402,069	37.7	409,811	38.4	7,741	1.9
Operating income	67,577	6.3	83,415	7.8	15,838	23.4
Non-operating income	[8,971]	0.8	[14,879]	1.4	[5,908]	65.9
Interest and dividend income	1,353		1,756		403	
Equity method profits	108		-		(108)	
Other	7,509		13,123		5,613	
Non-operating expenses	[22,931]	2.1	[21,457]	2.0	[(1,474)]	(6.4)
Interest expense	5,549		5,427		(122)	
Disposal/valuation losses of inventories	8,698		7,540		(1,158)	
Equity method loss	-		2,507		2,507	
Other	8,683		5,982		(2,701)	
Recurring profit	53,617	5.0	76,838	7.2	23,221	43.3
Extraordinary profit	[3,177]	0.3	[3,353]	0.3	[175]	5.5
Gain on sales of fixed assets	559		1,255		696	
Gain on sales of investment securities	2,458		1,528		(929)	
Gain on sales of investments in affiliated companies	-		569		569	
Return of the proxy portion of the national employees' pension fund	160		-		(160)	
Extraordinary losses	[21,364]	2.0	[116,126]	10.9	[94,761]	443.5
Loss on disposal and sale of fixed assets	4,569		3,689		(880)	
Loss on sale of investment in affiliates	-		19		19	
Loss on sale of investment securities	3		420		417	
Write-down on investment securities	325		8		(316)	
Loss on revaluation of investment	47		-		47	
Transition obligations due to adoption of new accounting standards for retirement benefits	521		-		(521)	
Loss on impairment of fixed assets	-		4,143		4,143	
Payment for dissolution of business	-		96,625		96,625	
Provisioning of special outplacement program	-		6,484		6,484	
Management integration rationalization expenses	4,020		-		(4,020)	
Restructuring expenses	4,851		-		(4,851)	
Transfers to allowance for doubtful accounts	1,627		-		(1,627)	
Amortization of consolidation goodwill	5,397		2,361		(3,035)	
Other extraordinary loss	-		2,372		2,372	
Income before income taxes and minority interests	35,430	3.3	(35,934)	(3.4)	(71,364)	-
Income taxes	27,947	2.6	24,650	2.3	(3,297)	(11.8)
Deferred income taxes	(594)	(0.1)	(7,116)	(0.7)	(6,521)	-
Minority interests in earnings of consolidated subsidiaries	553	0.1	837	0.1	283	51.3
Net Income (loss)	7,524	0.7	(54,305)	(5.1)	(61,829)	-

(2) Consolidated Balance Sheets

[Millions of yen]

	As of March 31, 2005		As of March 31, 2006		Change	
	Amount	% of total	Amount	% of total	Amount	YoY[%]
Current Assets		%		%		%
Current assets	[542,728]	[56.8]	[540,152]	[57.2]	(2,576)	[(0.5)]
Cash and deposits	59,330		80,878		21,548	
Trade notes and accounts receivable	243,098		246,264		3,166	
Marketable securities	155		-		(155)	
Inventories	177,505		149,428		(28,076)	
Deferred tax assets	37,850		43,242		5,392	
Other accounts receivable	12,845		10,048		(2,796)	
Other current assets	20,045		19,681		(364)	
Allowance for doubtful accounts	(8,102)		(9,393)		(1,290)	
Fixed assets	[412,813]	[43.2]	[403,902]	[42.8]	[(8,911)]	[(2.2)]
Tangible fixed assets	[222,617]	23.3	[216,127]	22.9	[(6,489)]	(2.9)
Buildings and structures	73,978		63,426		(10,552)	
Machinery and vehicles	57,081		55,607		(1,474)	
Tools and equipment	25,857		25,227		(629)	
Land	36,374		35,871		(503)	
Construction in progress	7,672		13,128		5,456	
Rental business-use assets	21,652		22,866		1,213	
Intangible fixed assets	[109,625]	11.5	[103,483]	11.0	[(6,142)]	(5.6)
Consolidated goodwill	88,212		80,789		(7,423)	
Other intangible fixed assets	21,413		22,694		1,281	
Investments and others	[80,570]	8.4	[84,291]	8.9	[3,720]	4.6
Investment securities	33,194		37,459		4,265	
Long-term loans	1,442		1,051		(390)	
Long-term prepaid expenses	5,257		4,462		(795)	
Deferred tax assets	27,049		29,135		2,085	
Other investments	15,163		13,328		(1,834)	
Allowance for doubtful accounts	(1,536)		(1,146)		390	
Total assets	955,542	100.0	944,054	100.0	(11,488)	(1.2)

[Millions of yen]

	As of March 31, 2005		As of March 31, 2006		Change	
	Amount	% of total	Amount	% of total	Amount	YoY[%]
Liabilities						
Current liabilities	[460,047]	48.1	[476,559]	50.5	[16,511]	3.6
Notes and account payable - trade	138,074		117,974		(20,099)	
Short-term loans	157,174		135,362		(21,811)	
Long-term loans due within one year	7,261		8,086		824	
Bonds due within one year	17,221		14,037		(3,184)	
Unpaid expenses	16,163		27,948		11,785	
Accrued expenses	75,958		77,044		1,085	
Accrued income taxes	18,838		8,778		(10,060)	
Allowance for product warranty	5,137		5,084		(52)	
Provision for loss on discontinued operations	-		58,078		58,078	
Other current liabilities	24,216		24,163		(53)	
Long-term liabilities	[154,044]	16.1	[170,924]	18.1	[16,879]	11.0
Bonds	10,084		5,030		(5,054)	
Long-term loans	54,604		74,045		19,441	
Deferred tax assets on land revaluation	3,926		4,042		116	
Reserve for retirement benefits and pension plans	63,044		64,869		1,824	
Reserve for directors' retirement benefits	1,189		442		(746)	
Other long-term liabilities	21,196		22,493		1,297	
Total liabilities	614,092	[64.2]	647,483	[68.6]	33,390	[5.4]
Minority Interests	1,720	[0.2]	2,753	[0.3]	1,033	[60.1]
Capital stock	37,519	3.9	37,519	4.0	-	
Additional pain-in capital	226,069	23.7	226,069	23.9	(0)	
Retained earnings	79,491	8.3	20,088	2.1	(59,403)	
Unrealized gain on securities	4,780	0.5	10,180	1.1	5,399	
Translation adjustment	(7,339)	(0.7)	875	0.1	8,215	
Treasury stock	(791)	(0.1)	(915)	(0.1)	(123)	
Total shareholders' equity	339,729	[35.6]	293,817	[31.1]	(45,912)	[(13.5)]
Total liabilities, minority interests, and shareholders' equity	955,542	100.0	944,054	100.0	(11,488)	(1.2)

Notes:	As of March 31, 2005	As of March 31, 2006	Increase (Decrease)
1.Accumulated depreciation on tangible fixed assets (millions of yen)	456,344	460,877	4,533
2. Discounted trade notes receivable (millions of yen)	39	-	(39)
3. Number of shares of treasury stock	719,416	825,124	105,708

(3) Consolidated Statements of Retained Earnings

[Millions of yen]

	April 1, 2004 - March 31, 2005	April 1, 2005 - March 31, 2006	Increase/(Decrease)
	Amount	Amount	Amount
(Additional paid-in capital portion)			
Additional paid-in capital at beginning of period	[226,065]	[226,069]	[4]
Increase in additional paid-in capital	[4]	[-]	[(4)]
Gain on disposal of treasury stock	4	-	(4)
Decrease in retained earnings	[-]	[0]	[0]
Reversal of profit on disposition of treasury stock	-	0	0
Additional paid-in capital at period end	226,069	226,069	0
(Retained earnings portion)			
Retained earnings at beginning of period	[77,254]	[79,491]	[2,237]
Increase in retained earnings	[7,579]	[200]	[(7,379)]
Net income	7,524	-	(7,524)
Increase resulting from newly consolidated subsidiaries	55	200	144
Decrease in retained earnings	[5,342]	[59,603]	[54,261]
Net loss	-	54,305	54,305
Dividends	5,310	2,654	(2,655)
Bonuses to directors and corporate auditors	22	32	10
Increase resulting from newly consolidated subsidiaries	9	-	(9)
Other decreases in retained earnings	-	2,611	2,611
Retained earnings at period end	79,491	20,088	(59,403)

(4) Consolidated Statement of Cash Flow

[Millions of yen]

	April 1, 2004 - March 31, 2005	April 1, 2005 - March 31, 2006
I. Cash flows from operating activities		
Net income before income taxes and minority interests	35,430	(35,934)
Depreciation and amortization	52,953	51,198
Impairment losses	-	4,143
Amortization of consolidated goodwill	5,906	5,595
Increase (decrease) in allowance for doubtful accounts	101	465
Interest and dividend income	(1,353)	(1,756)
Interest expense	5,549	5,427
Loss (gain) on sale and disposals of tangible fixed assets	4,010	2,434
Loss (gain) on sale and disposals of investment securities	(2,129)	(1,099)
Transition obligations due to adoption of new accounting standards	521	-
Management integration rationalization expenses	4,020	-
Gain (loss) related to switch of defined contribution benefit plan	(160)	-
Restructuring expenses	4,851	-
Transfers to allowance for doubtful accounts	1,627	-
Amortization of consolidated goodwill	5,397	2,361
Other extraordinary losses	-	2,372
Payment for dissolution of business	-	96,625
Special additional severance benefits	-	6,484
(Increase) decrease in trade notes and accounts receivable	(14,056)	7,257
(Increase) decrease in inventories	128	22,032
Increase (decrease) in trade notes and accounts payable	(9,239)	(31,855)
Increase (decrease) in accrued consumption tax payable	646	400
Increase (decrease) on transfer of lease assets used in sales activities	(16,731)	(11,278)
Other	13,761	(11,821)
Subtotal	91,235	113,051
Interest and dividends received	1,417	1,524
Interest paid	(5,524)	(5,488)
Income taxes paid	(31,447)	(30,162)
Net cash provided by operating activities	55,680	78,924
II . Cash flows from investing activities		
Payment for acquisition of tangible fixed assets	(46,585)	(51,904)
Proceeds from sale of tangible fixed assets	3,604	5,551
Payment for acquisition of intangible fixed assets	(9,088)	(8,809)
Proceeds from sale of business	-	8,599
Payment for acquisition of new consolidated subsidiary	-	(1,729)
Payment for loans receivable	(1,670)	(541)
Proceeds from return of loan receivable	1,431	1,556
Payment for acquisition of investment securities	(348)	(42)
Proceeds from sale of investment securities	4,976	5,057
Payment for other investments	(3,395)	(3,236)
Other	1,732	2,352
Net cash used in investing activities	(49,343)	(43,146)
III . Cash flows from financing activities		
Net (decrease) increase in short-term loans payable	(29,640)	(25,819)
Proceeds from long-term loans payable	29,257	27,502
Repayment of long-term loans payable	(14,535)	(7,396)
Proceeds from issuing of bonds	13,694	9,184
Redemption of bonds	(24,870)	(17,536)
Proceeds from sale of Company's stock	24	10
Payment to execute buyback of Company's stock	(233)	(135)
Dividend payments	(5,310)	(2,661)
Net Cash used in financing activities	(31,614)	(16,850)
IV. Effect of exchange rate changes on cash and cash equivalents	642	2,463
V. Increase (decrease) in cash and cash equivalents	(24,635)	21,391
VI. Cash and cash equivalents at beginning of the period	83,704	59,485
VII. Increase in cash and cash equivalents due to newly consolidated subsidiaries and others	416	1
VIII. Cash and cash equivalents at end of the period	59,485	80,878

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

Number of consolidated subsidiaries: 124

Principal consolidated subsidiaries:

Konica Minolta Business Technologies, Inc.	Konica Minolta Medical Co., Ltd.
Konica Minolta Opto, Inc.	Konica Minolta Marketing Corporation
Konica Minolta Photo Imaging, Inc.	Konica Minolta Supplies Manufacturing Co., Ltd.
Konica Minolta Medical & Graphic , Inc.	Konica Minolta Business Solutions U.S.A., Inc.
Konica Minolta Sensing, Inc.	Konica Minolta Business Solutions Europe GmbH
Konica Minolta Technology Center, Inc.	Konica Minolta Photo Imaging U.S.A., Inc.
Konica Minolta Business Expert, Inc.	Konica Minolta Manufacturing U.S.A., Inc.
Konica Minolta Business Solutions Japan Co., Ltd.	Konica Minolta Photo Imaging Europe GmbH

Unconsolidated subsidiaries have not been included in consolidation because they are relatively small and their assets, sales, net income, and retained earnings (in proportion to scale of equity ownership) do not have a material influence on interim consolidated results.

2. Scope of the Use of Equity Accounting

Number of unconsolidated subsidiaries accounted for by the equity method: 11

Principal unconsolidated subsidiaries: Konica Minolta Photochem (Thailand) Co., Ltd.

Number of affiliates accounted for by the equity method: 3

The total net income (loss) and retained earnings of non-equity-method non-consolidated subsidiaries and affiliates were limited and have no material impact on the consolidated financial statements.

3. Accounting Standards and Methods

(1) Asset valuation

1. Securities

Other securities

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

2. Derivatives

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

3. Inventories

Domestic consolidated subsidiaries’ inventories are, in the main, recorded at cost as determined by the periodic-average method. Overseas consolidated subsidiaries' inventories are recorded at the lower of cost or market value, with cost determined by the first-in, first-out method.

(2) Depreciation and amortization of major depreciable assets

1. Tangible fixed assets

In general, the parent company and domestic consolidated subsidiaries adopt the declining balance method for computing depreciation, and overseas consolidated subsidiaries use the straight-line method. However, for buildings (excluding related equipment) acquired on or after April 1, 1998, the parent company and domestic consolidated subsidiaries adopt the straight-line method of depreciation.

2. Intangible fixed assets

Depreciation is computed according to the straight-line method. For software used internally, depreciation is computed by the straight-line method based on the useful life (five years) of the software within the Company.

(3) Reserves

1. Allowance for doubtful receivables

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

2. Reserves for product warranty

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

3. Provision for loss on discontinued operations

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

4. Reserves for retirement benefits

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

5. *Allowance for Directors' Retirement Benefits*

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

(Additional information)

Konica Minolta, at its Annual Meeting of Shareholders held on June 24, 2005, abolished its directors' retirement benefits system, with the aim of raising morale and increasing the willingness of its directors and executive officers to work toward improving performance, as well as to clarify management responsibility. This system was replaced with a stock option compensation scheme.

The total value of existing accumulated reserves has been frozen and recorded as "Other fixed liabilities (long-term accrued amount payable).

(4) Lease transactions

Finance leases are principally accounted for as operating leases that do not transfer ownership rights of the leased property to the lessee.

(5) Principal accounting methods for hedge transactions

1. Hedge accounting methods

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

2. Hedge methods and hedge targets

The hedge methods are forward exchange contracts, interest rate swaps, and commodity future trading.
The hedge targets are scheduled foreign currency denominated transactions, corporate bonds, borrowings, and raw materials

3. Hedge policy

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

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

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

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

1. Consumption tax
National and local consumption taxes are accounted for by the tax excluded method.

2. Consolidated tax payment system
From the fiscal year under review, the consolidated tax payment system was applied.

4. Valuation of consolidated subsidiary's assets and liabilities

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

5. Amortization of consolidation goodwill

Consolidation goodwill is amortized uniformly over 5-, 10-, and 20-year periods.

6. Appropriation of earnings

Consolidated statements of retained earnings are generated based on earnings appropriated during the consolidated company's fiscal year

7. Range of Cash within Consolidated Cash Flow Statements

Cash (cash and cash equivalents) in the interim consolidated cash flow statements comprises cash on hand and short-term investments easily converted into cash with little risk to a change in value.

Discrepancies between methods recognized in the most recent consolidated fiscal accounting year and accounting procedures for the fiscal year under review.

● *Accounting standards pertaining to the impairment of fixed assets*
Accounting standards pertaining to the impairment of fixed assets—The "Written Opinion Concerning the Establishment of Accounting Standards Pertaining to the Impairment of Fixed Assets" (Corporate Accounting Commission, August 9, 2002), and "Guidelines for the Application of Accounting Standards Pertaining to the Impairment of Fixed Assets" (Corporate Accounting Standards Application Guidelines, Issue 6, October 31, 2003), were applied from the fiscal year under review.

As a result, operating income increased by ¥3,018 million, recurring profit declined by ¥2,210 million, and income before income taxes and minority interests declined by ¥29,483million. The impact on segment results is showed in the segment information section.
Regarding accumulated impairment losses, the total amount of each asset was directly written off in accordance with revised regulations regarding interim consolidated financial statements.

● *Accounting standards regarding retirement allowance payments in the United Kingdom*
In the past, consolidated subsidiaries Konica Minolta Business Solutions (UK) Ltd. and Konica Minolta Photo Imaging (UK) Ltd. had applied accounting standards (UK Accounting Standard SSAP24) regarding retirement allowance payments in the U.K. However, from the consolidated fiscal year under review, these subsidiaries have applied a new accounting standard (UK Accounting Standard

FRS17) regarding retirement allowance payments in the U.K. As a result, in the fiscal year under review, an accumulated deficit of ¥2,611 million was directly written off from retained earnings, causing retained earnings to decrease by said same amount.

5. SEGMENT INFORMATION

(1) Information by Business Segment

Fiscal year ended March 31, 2006 (from April 1, 2005 to March 31, 2006)

(Millions of yen)

	Business Technologies	Optics	Photo Imaging	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consoli-dation
Sales									
Outside customers	606,730	110,368	187,117	146,600	5,822	11,752	1,068,390	-	1,068,390
Intersegment sales/transfers	3,488	1,803	12,179	27,269	2,352	58,734	105,828	[105,828]	-
Total	610,218	112,171	199,296	173,869	8,174	70,486	1,174,218	[105,828]	1,068,390
Operating expenses	545,098	94,578	206,412	162,180	6,319	60,041	1,074,630	[89,655]	984,974
Operating income (loss)	65,120	17,593	(7,115)	11,689	1,855	10,445	99,588	[16,172]	83,415
Assets, depreciation, and capital expenditure									
Assets	462,534	119,174	102,061	122,610	8,813	430,648	1,245,842	[301,787]	944,054
Depreciation	27,214	7,593	4,070	5,128	141	7,050	51,198	-	51,198
Impairment losses	704	-	24,756	2,659	-	4,632	32,752	-	32,752
Capital expenditure	28,765	21,835	2,975	6,704	141	7,146	67,570	-	67,570

Notes:
1. Business classification is based on similarity of product type and market. Konica Minolta's operations are classified into the segments of Business Technologies, Optics, Photo Imaging, Medical and Graphic, Sensing, and other businesses.
2. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the parent company and expenses associated with head office functions. This amount was ¥ 18,313 million.
3. We have adopted accounting standards for the impairment of fixed assets in fiscal year ended March 31, 2006 (consolidated). This has led to declines in depreciation expenses and other categories, and increases in operating income at the Photo Imaging business (up ¥2,997 million) and other businesses (up ¥20 million).

Fiscal year ended March 31, 2005 (from April 1, 2004 to March 31, 2005)

(Millions of yen)

	Business Technologies	Optics	Photo Imaging	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consoli-dation
Sales									
Outside customers	564,837	91,705	268,471	129,872	5,293	7,266	1,067,447	-	1,067,447
Intersegment sales/transfers	29,886	4,079	12,782	19,918	2,425	60,757	129,849	[129,849]	-
Total	594,724	95,785	281,253	149,791	7,719	68,024	1,197,297	[129,849]	1,067,447
Operating expenses	538,892	79,783	289,905	143,134	6,125	56,490	1,114,332	[114,462]	999,869
Operating income (loss)	55,832	16,001	(8,651)	6,656	1,593	11,533	82,965	[15,387]	67,577
Assets, depreciation, and capital expenditure									
Assets	451,381	95,214	169,545	103,963	7,817	443,501	1,271,424	[315,881]	955,542
Depreciation	27,359	5,672	8,904	4,366	133	6,517	52,953	-	52,953
Capital expenditure	24,,258	14,378	7,366	3,695	178	6,571	56,448	-	56,448

Notes:
1. Business classification is based on similarity of product type and market. Konica Minolta's operations are classified into the segments of Business Technologies, Optics, Photo Imaging, Medical and Graphic, Sensing, and other businesses.
2. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the parent company and expenses associated with head office functions. This amount was ¥ 17,088 million.

(2) Information by Geographical Area

Fiscal year ended March 31, 2006 (from April 1, 2005, to March 31, 2006)

(Millions of yen)

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	476,720	262,288	270,566	58,815	1,068,390	-	1,068,390
Intersegment sales/transfers	294,586	5,898	1,302	185,488	487,276	[487,276]	-
Total	771,307	268,186	271,868	244,304	1,555,666	[487,276]	1,068,390
Operating expenses	685,718	261,121	267,633	243,206	1,457,681	[472,706]	984,974
Operating income	85,588	7,065	4,235	1,097	97,985	[14,569]	83,415
Total assets	821,766	183,772	144,887	86,231	1,236,657	[292,603]	944,054

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Principal country markets in the above areas, excluding Japan, are as follows:
   (1) North America: United States, and Canada
   (2) Europe: Germany, France, and United Kingdom
   (3) Asia excluding Japan, Others: Australia, China, and Singapore
3. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the parent company and expenses associated with head office functions. This amount was ¥ 18,313 million.
4. We have adopted accounting standards for the impairment of fixed assets in the fiscal year ended March 31, 2006 (consolidated). This has led to declines in depreciation expenses and other categories. Operating income in Japan, North America, Europe, and Asia and Others (excluding Japan) increased ¥1,840 million, ¥1,077 million, ¥6.4 million, and ¥35 million, respectively.

Fiscal year ended March 31, 2005 (from April 1, 2004 to March 31, 2005)

(Millions of yen)

	Japan	North America	Europe	Asia excluding Japan, Others	Total	Elimination & corporation	Consolidation
Sales							
Outside customers	480,522	250,207	278,164	58,552	1,067,447	-	1,067,447
Intersegment sales/transfers	313,852	8,565	1,624	145,636	469,679	[469,679]	-
Total	794,375	258,773	279,789	204,188	1,537,127	[469,679]	1,067,447
Operating expenses	719,788	256,412	276,369	200,856	1,453,427	[453,557]	999,869
Operating income	74,587	2,360	3,419	3,332	83,699	[16,122]	67,577
Total assets	819,494	154,093	158,021	75,106	1,206,715	[251,173]	955,542

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Principal country markets in the above areas, excluding Japan, are as follows:
   (1) North America: United States, Canada
   (2) Europe: Germany, France, and United Kingdom
   (3) Asia excluding Japan, Others: Australia, China, and Singapore
3. Operating expenses not able to be properly allocated that are included in Elimination & corporate are principally R&D expenses incurred by the parent company and expenses associated with head office functions. This amount was ¥ 17,088 million.

(3) Overseas Sales

Fiscal year ended March 31, 2006 (from April 1, 2005 to March 31, 2006)

(Millions of yen)

	North America	Europe	Asia excluding Japan and Other Countries	Total
Overseas sales	274,218	281,418	199,529	755,166
Consolidated sales	-	-	-	1,068,390
Overseas sales as a percentage of consolidated sales	25.7%	26.3%	18.7%	70.7%

Fiscal year ended March 31, 2005 (from April 1, 2004 to March 31, 2005)

(Millions of yen)

	North America	Europe	Asia excluding Japan and Other Countries	Total
Overseas sales	264,718	282,475	213,435	760,628
Consolidated sales	-	-	-	1,067,447
Overseas sales as a percentage of consolidated sales	24.8%	26.5%	20.0%	71.3%

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Principal country markets in the above areas, excluding Japan, are as follows:
(1) North America: United States and Canada
(2) Europe: Germany, France, and United Kingdom
(3) Asia excluding Japan, Others: Australia, China, and Singapore
3. Overseas sales are Konica Minolta and consolidated subsidiary sales in countries or regions outside of Japan.

6. LEASE TRANSACTIONS

Notation has been omitted due to disclosure through EDINET.

7.Transactions with related parties

No relevant transactions occurred during fiscal year ended March 31, 2006.

8. Tax-Effect Accounting

1. Breakdown by cause of deferred tax assets and liabilities.

Deferred tax assets	As of March 31, 2005 Millions of yen	As of March 31, 2006 Millions of yen
Excess of reserve for retirement benefits over deductible limit	31,309	32,417
Net loss carried forward	17,112	23,529
Elimination of unrealized profit by internal trading	14,651	14,807
Excess of allowance for loss on restructuring or liquidation of businesses	-	14,405
Write-down on assets	7,119	11,457
Excess of depreciation and amortization over deductible limit	1,497	7,446
Tax effects related to investments	-	6,054
Excess of accrued bonuses over deductible limit	5,993	5,621
Excess of allowance for doubtful accounts over deductible limit	1,693	3,157
Special additional retirement benefits	-	2,638
Accrued enterprise taxes	1,556	1,728
Other	12,285	13,999
Deferred tax assets subtotal	93,220	137,265
Valuation allowance	(18,264)	(52,392)
Total deferred tax assets	74,955	84,872
Deferred tax liabilities		
Revaluation difference of marketable securities	(4,299)	(7,689)
Gain on establishment of employee pension trust	(3,353)	(3,161)
Retained profit of overseas subsidiaries	(1,870)	(2,185)
Reserve for deferred fixed assets	(1,440)	(1,448)
Other	-	(111)
Total deferred tax liabilities	(10,964)	(14,596)
Net deferred tax assets	63,991	70,276

Deferred tax liabilities related to revaluation	Millions of yen	Millions of yen
Deferred tax liabilities related to revaluation of land	(3,926)	(4,042)

The net sum of deferred tax assets is included in the following items in the consolidated balance sheets.

	As of March 31, 2005 Millions of yen	As of March 31, 2006 Millions of yen
Current assets – deferred tax assets	37,850	43,242
Fixed assets – deferred tax assets	27,049	29,135
Current liabilities – other current liabilities	(294)	(3)
Long-term liabilities – other long-term liabilities	(659)	(2,097)

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

	As of March 31, 2005 %	As of March 31, 2006 %
Statutory income tax rate	40.7	40.7
(Adjustments)		
Valuation allowance	(3.5)	(95.0)
Tax credits	(8.6)	6.5
Amortization of consolidation goodwill	12.9	(9.0)
Effect of the introduction of a consolidated tax return system	28.6	-
Other	7.1	8.0
Effective income tax rate after the adoption of tax effect accounting	77.2	(48.8)

9. MARKETABLE SECURITIES

Fiscal year ended March 31, 2006 (As of March 31, 2006)

(1) Other marketable securities with market values:

(Millions of yen)

Type		Acquisition cost	Total amount on consolidated balance	Difference
Total amount on consolidated balance sheets exceeds the acquisition cost	(1) Stocks	13,688	30,417	16,728
	(2) Bonds	12	21	8
	(3) Other	107	107	-
	Total	13,808	30,546	16,737
Total amount on consolidated balance sheets does not exceed the acquisition cost	(1) Stocks	2,881	2,694	(187)
	(2) Bonds	16	12	(3)
	(3) Other	-	-	-
	Total	2,897	2,706	(191)
Total		16,706	33,252	16,546

(2) Other marketable securities sold in fiscal year ended March 31, 2006

(April 1, 2005 – March 31, 2006)

(Millions of yen)

	Sales Amount	Total Gain	Total Loss
Other marketable securities	5,215	1,531	420

(3) Breakdown of other marketable securities that are not assessed at market value and full year consolidated balance sheet total amounts:

(Millions of yen)

	Total amount on consolidated balance sheets
Unlisted stocks	486

Fiscal year ended March 31, 2005 (As of March 31, 2005)

(1) Other marketable securities with market values:

(Millions of yen)

Type		Acquisition cost	Total amount on consolidated balance	Difference
Total amount on consolidated balance sheets exceeds the acquisition cost	(1) Stocks	13,010	21,391	8,381
	(2) Bonds	-	-	-
	(3) Other	19	20	1
	Total	13,029	21,412	8,382
Total amount on consolidated balance sheets does not exceed the acquisition cost	(1) Stocks	6,428	5,519	(909)
	(2) Bonds	116	116	-
	(3) Other	70	69	(0)
	Total	6,616	5,706	(909)
Total		19,645	27,119	7,473

(2) Other marketable securities sold in fiscal year ended March 31, 2005
(April 1, 2004 – March 31, 2005)

(Millions of yen)

	Sales Amount	Total Gain	Total Loss
Other marketable securities	5,128	2,461	3

(3) Breakdown of other marketable securities that are not assessed at market value and full year consolidated balance sheet total amounts:

(Millions of yen)

	Total amount on consolidated balance sheets
Unlisted stocks	1,545
Others	155

10. Derivatives

References have been omitted here and will be disclosed on EDINET.

11. Retirement Benefits

(1) Outline of the retirement benefit system adopted

The Company and its domestic subsidiaries adopt the following defined benefit plans: a tax-qualified benefit plan, a defined benefit corporate pension plan, and a lump-sum retirement allowance. In addition, in some cases when employees retire, the Company and consolidated subsidiaries provides for additional retirement benefit that are not related to the retirement benefit liabilities computed according to actuarial methods in accordance with retirement benefit accounting. Some of the Company's overseas subsidiaries have instituted defined benefit plans and some have instituted defined contribution pension plan, while the parent company and a portion of its domestic subsidiaries have instituted retirement benefit trusts. As of the fiscal year-end, 14

Group companies have adopted tax-qualified benefit plans and 9 have adopted defined benefit corporate pension plans. In addition, 2 companies have enrolled in the National Optical Industries welfare pension fund, which is a general establishment welfare pension fund, and one company has enrolled in the mutual aid system for specific retirement allowances.

(2) Items related to retirement benefit liabilities

[Millions of yen]

	As of March 31, 2005	As of March 31, 2006
a. Retirement benefit liabilities	(142,123)	(154,221)
b. Pension assets	76,808	108,320
c. Unfunded retirement benefit liabilities (a+b)	(65,315)	(45,901)
d. Unrecognized difference under actuarial calculations	14,638	(5,572)
e. Unrecognized liabilities for employees' prior service(reduction in liabilities)	(10,345)	(11,768)
f. Net amount on consolidated balance sheets (c+d+e)	(61,022)	(63,241)
g. Prepaid pension costs	2,021	1,627
h. Allowance for retirement benefits (f-g)	(63,044)	(64,869)

Note:

<As of March 31, 2005>

1.

The company and certain consolidated subsidiaries made amendments to their welfare pension fund plan with respect to the age of eligibility for annuity payments under the employees' pension fund system and the approved retirement annuity system. As a result, prior service cost was incurred.

2.

Certain subsidiaries use a simplified method of calculated pension liabilities.

3.

The effects of the partial change from the lump-sum retirement pay system of Pre-merger Minolta Co., Ltd., to a defined contribution pension system are as follows.

Decrease in retirement benefit obligations	¥1,667 million
Difference in unrecognized actual difference	¥243 million
Unrecognized prior service cost	(¥250 million)
Decrease in retirement benefit reserve	¥1,660 million

In addition, ¥1,500 million in assets are scheduled to be transferred to the defined contribution system over a period of four years. The ¥1,161 million, which was not yet transferred as of the end of the consolidated accounting period ended March 31, 2005, was accounted as other long-term liabilities and accrued expenses on the Consolidated Balance Sheets.

<As of March 31, 2006>

1.

The company and certain consolidated subsidiaries made amendments to their welfare pension fund plans with respect to the age of eligibility for annuity payments under the employees' pension fund system and the approved retirement annuity system. As a result, prior service cost was incurred.

2.

Certain subsidiaries use a simplified method of calculated pension liabilities.

(3) Items related to retirement benefit costs

	April 1, 2004 – March 31, 2005	April 1, 2004 – March 31, 2005
a. Employment costs	7,426	5,024
b. Interest costs	2,947	4,107
c. Expected income from management of funds	(736)	(2,046)
d. Amount amortized of difference due to changes inaccounting standards	521	-
e. Amount amortized of difference under actuarial calculations	2,042	3,220
f. Amount amortized of liabilities for employees' prior service	(1,233)	(1,536)
g. Retirement benefit costs (a+b+c+d+e+f)	10,968	8,769
h. Loss on conversion to defined contribution pension plan	(160)	-
i. Account on defined contribution pension plan	1,257	2,895
Total (g+h+i)	12,065	11,665

Notes:

As of March 31, 2005	As of March 31, 2006
Retirement benefit costs for consolidated subsidiaries using a simplified method are included in "a. Employment costs".	Retirement benefit costs for consolidated subsidiaries using a simplified method are included in "a. Employment costs"

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

	April 1, 2004 – March 31, 2005	April 1, 2005 – March 31, 2006
a. Method for intertemporal allocation of the expect amount of retirement benefits	Periodic allocation method for projected benefit obligations	Periodic allocation method for projected benefit obligations
b. Discount rate	Mainly 2.5%	Mainly 2.5%
c. Expected return on plan assets	Mainly 1.25%	Mainly 1.25%
d. Period for amortization of prior service cost	Mainly 10 years (Amortization is made over a certain period, using the straight-line method within the average remaining years of service of employees when liabilities are accrued.)	Mainly 10 years (Amortization is made over a certain period, using the straight-line method within the average remaining years of service of employees when liabilities are accrued.)
e. Period for amortization of differences under actuarial calculations years	Mainly 10 years (Amortization is made over a certain period, using the straight-line method within the average remaining service period starting the year after actuarial loss or gain are recognized.)	Mainly 10 years (Amortization is made over a certain period, using the straight-line method within the average remaining service period starting the year after actuarial loss or gain are recognized.)

12. PRODUCTION AND ORDERS

(1) Production Results

(Millions of yen)

Business Segments	April 1, 2004 – March 31, 2005	April 1, 2005 – March 31, 2006	YoY(%)
Business Technologies	318,750	336,627	5.6%
Optics	101,105	109,223	8.0%
Photo Imaging	168,823	104,285	(38.2%)
Medical and Graphic	89,822	96,365	7.3%
Sensing	7,010	7,741	10.4%
Other	1,652	1,969	19.2%
Total	687,164	656,212	(4.5%)

Notes: 1. Amounts are based on manufacturers' sales prices.
2. The above amounts do not include consumption and other taxes.

(2) Orders

Konica Minolta does not conduct order production.

May 11, 2006

Nonconsolidated Financial Results for the Fiscal Year Ended March 31, 2006

Konica Minolta Holdings, Inc.
Listed Company Name: Konica Minolta Holdings, Inc.
URL: http://konicaminolta.com
Representative: Yoshikatsu Ota, President and Representative Executive Officer
Inquiries: Yuki Kobayashi, General Manager, Corporate Communications & Advertising Division
Tel: (81) 3-6250-2100
Stock Exchange Listings: Tokyo, Osaka (First Sections)
Local Securities Code Number: 4902
Board of Directors Meeting for Approval of Financial Results: May 11, 2006
Provision for Interim Dividends: Yes
Scheduled Dividend Payment Date: --
Date of Board of Directors Meeting: June 23, 2006
Stock Unit System: Yes (number of share per unit = 500 shares)

1. UNCONSOLIDATED FINANCIAL RESULTS (From April 1, 2005 to March 31, 2006)

(1) Operating Results

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

(Millions of yen)

	Net sales		Operating income		Recurring profit	
Fiscal year ended March 31, 2006	55,854	36.2%	27,409	93.5%	28,283	87.9%
Fiscal year ended March 31, 2005	41,014	172.8%	14,162	—	15,050	—

	Net income (loss)		Net income (loss) per share [yen]	Net income per share (after full dilution) [yen]
Fiscal year ended March 31, 2006	(34,240)	—%	(64.50)	—
Fiscal year ended March 31, 2005	(15,596)	—%	(29.37)	—

	Net income to shareholders' equity	Recurring profit to total assets	Recurring profit to net sales
Fiscal year ended March 31, 2006	(16.6%)	7.2%	50.6%
Fiscal year ended March 31, 2005	(6.7%)	3.6%	36.7%

Notes: 1. Average number of shares outstanding during the period (consolidated):
Fiscal year ended March 31, 2006: 530,898,148
Fiscal year ended March 31, 2005: 531,017,368
2. Changes in accounting methods: No
3. The percentages of net sales, operating income, recurring profit, and net income columns indicate change from the previous fiscal year.
4. Net income per share assuming full dilution is not shown because the Company reported a loss for the period under review. Fiscal year ended March 31, 2005 diluted net income per share has been omitted because there was no residual stock.

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(2) Dividends

	Annual dividend per share (Yen)			Total cash dividends paid for the entire fiscal year	Payout ratio	Dividends-to-shareholders' equity ratio
		Interim	Year-end			
	[Yen]	[Yen]	[Yen]	[Million of yen]	%	%
Fiscal year ended March 31, 2006	0.00	0.00	0.00	-	-	-
Fiscal year ended March 31, 2005	10.00	5.00	5.00	5,309	-	2.3

(3) Financial Position

(Millions of yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio (%)	Shareholders' equity per share (Yen)
Fiscal year ended March 31, 2006	385,184	189,729	49.3	357.41
Fiscal year ended March 31, 2005	403,386	222,749	55.2	419.53

Notes: 1. Number of shares outstanding at end of the period (non consolidated):
Fiscal year ended March 31, 2006: 530,839,213
Fiscal year ended March 31, 2005: 530,944,921
2. Number of treasury stock at end of the period (non consolidated):
Fiscal year ended March 31, 2006: 825,124
Fiscal year ended March 31, 2005: 719,416

2. NONCONSOLIDATED RESULTS FORECAST FOR FISCAL YEAR ENDING MARCH 31, 2007
(From April 1, 2006, to March 31, 2007)

(Millions of yen)

	Net sales	Recurring profit	Net income	Annual dividend per share		
				Interim	End of fiscal year	
	[Million of yen]	[Million of yen]	[Million of yen]	[Yen]	[Yen]	[Yen]
Interim	51,000	35,000	34,000	Undecided	——	——
Full-year	59,000	27,000	26,000	——	Undecided	Undecided

(Estimated net income per share:¥ 48.97

Notes: The above forecasts are expectations based on predications, outlooks, and plans related to the future at the time of this announcement and, as such, are subject to risks and uncertainties. Various significant factors in the operating environment surrounding the company may cause actual results to differ materially from these forecasts.

14. NONCONSOLIDATED FINANCIAL STATEMENTS

(1) Statements of Income and Retained Earnings

(Millions of yen)

	April 1, 2004 - March 31, 2005		April 1, 2005 - March 31, 2006		Change	
	Amount	% of operating revenue	Amount	% of operating revenue	Amount	YoY (%)
Operating revenue	41,014	100.0	55,854	100.0	14,839	36.2
Operating expenses	26,852	65.5	28,445	50.9	1,593	5.9
Operating income	14,162	34.5	27,409	49.1	13,246	93.5
Non-operating income	[3,102]	7.6	[2,875]	5.1	[(226)]	(7.3)
Interest and dividends income	2,635		2,654		19	
Other	466		221		(245)	
Non-operating expenses	[2,214]	5.4	[2,001]	3.6	[(212)]	(9.6)
Interest expense	1,812		1,470		(341)	
Other	402		531		128	
Recurring profit	15,050	36.7	28,283	50.6	13,233	87.9
Extraordinary profit	[2,962]	7.2	[1,545]	2.8	[(1,416)]	(47.8)
Gain on sales of fixed assets	277		98		(179)	
Gain on sales of investment securities	2,684		1,447		(1,237)	
Extraordinary losses	[35,667]	86.9	[68,846]	123.3	[33,179]	93.0
Loss on disposal and sale of fixed assets	1,578		1,047		(530)	
Loss due to impairment	-		5,240		5,240	
Write-down on investment securities	278		-		(278)	
Valuation loss on stocks on associated companies	33,810		-		(33,810)	
Provision for doubtful accounts	-		61,071		61,071	
Provision for loss on discontinued operations	-		1,370		1,370	
Special additional severance benefits	-		117		117	
Income before income taxes for the period under review (loss)	(17,654)	(43.0)	(39,017)	(69.9)	(21,362)	-
Income taxes	5		(6,568)		(6,574)	
Tax refunds for income and other taxes	(76)		-		76	
Deferred income taxes	(1,987)		1,792		3,779	
Interim net income (loss)	(15,596)	(38.0)	(34,240)	(61.3)	(18,643)	-
Retained earnings (loss) at beginning of the period	5,466		3,886		(1,580)	
Interim dividend payment	2,655		-		(2,655)	
Reversal of valuation reserve of land	10		666		655	
Unappropriated earnings (loss) at the fiscal year-end	(12,774)		(29,688)		(16,914)	

(2) Balance Sheets

(Millions of yen)

	As of March 31, 2005		As of March 31, 2006		Change	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Current assets	[157,113]	[38.9]	[136,391]	[35.4]	[(20,722)]	[(13.2)]
Cash and deposits	14,969		27,902		12,933	
Trade notes receivable	5		-		(5)	
Accrued revenue	1,528		1,448		(80)	
Prepaid expenses	288		934		646	
Deferred tax assets	4,294		354		(3,940)	
Other receivables	547		21,784		21,237	
Tax receivable	4,674		-		(4,674)	
Short-term loans	129,263		143,521		14,257	
Other current assets	1,684		1,667		(17)	
Allowance for doubtful accounts	(144)		(61,221)		(61,077)	
Fixed assets	[246,272]	[61.1]	[248,792]	[64.6]	[2,520]	[1.0]
Tangible fixed assets	[76,919]	19.1	[73,095]	19.0	[(3,824)]	(5.0)
Buildings	40,013		37,475		(2,538)	
Structures	3,243		3,086		(157)	
Machinery and Equipments	1,427		1,228		(198)	
Vehicles	0		0		0	
Equipment	754		579		(174)	
Land	31,381		30,669		(712)	
Construction in progress	98		56		(42)	
Intangible fixed assets	[4,697]	1.2	[3,623]	0.9	[(1,074)]	(22.9)
Software	3,914		3,214		(700)	
Other intangible fixed assets	782		409		(373)	
Investments and others	[164,654]	40.8	[172,073]	44.7	[7,419]	4.5
Investment securities	20,650		24,978		4,327	
Shares in affiliates	127,587		126,632		(955)	
Company concerned investment	105		3,794		3,689	
Company concerned long-term loans	14,100		14,100		-	
Long-term prepaid expenses	176		732		555	
Other investments	2,150		1,932		(217)	
Allowance for doubtful accounts	(117)		(96)		20	
Total assets	403,386	100.0	385,184	100.00	(18,201)	(4.5)

(Millions of yen)

	As of March 31, 2005		As of March 31, 2006		Change	
	Amount	% of total	Amount	% of total	Amount	YoY (%)
Current liabilities	[102,513]	25.4	[101,402]	26.3	[(1,110)]	(1.1)
Trade notes payable	186		54		(132)	
Short-term loans	79,044		71,585		(7,458)	
Long-term loans due within one year	4,919		8,085		3,166	
Bonds due within one year	10,000		5,000		(5,000)	
Account payable - other	4,662		9,660		4,998	
Accrued expenses	3,500		5,135		1,635	
Accrued income taxes	102		450		348	
Advances received	49		17		(32)	
	-		1,370		1,370	
Other current liabilities	48		42		(6)	
Long-term liabilities	[78,123]	19.4	[94,052]	24.4	[15,928]	20.4
Bonds	10,000		5,000		(5,000)	
Long-term loans	54,342		73,752		19,409	
Deferred tax liabilities	485		1,660		1,175	
Deferred tax liabilities related to revaluation	5,960		5,591		(368)	
Reserve for retirement benefits and pension plans	6,240		7,033		793	
Reserve for directors' retirement benefits	822		-		(822)	
Other long-term liabilities	274		1,014		740	
Total liabilities	180,637	[44.8]	195,454	[50.7]	14,817	[8.2]
Capital stock	37,519	9.3	37,519	9.7	-	-
Additional paid-in capital	[157,521]	39.0	[157,521]	40.9	[(0)]	(0.0)
Capital reserve	157,501		157,501		-	
Other additional paid-in capital	[20]		[19]		[(0)]	
Gain on disposal of treasury stock	20		19		(0)	
Retained earnings	[14,301]	3.5	[(21,928)]	(5.7)	[(36,229)]	(253.3)
Legal reserves	7,760		7,760		-	
Voluntary reserves	[19,315]		[-]		[(19,315)]	
Deduction entry surplus reserve	2,350		-		(2,350)	
Other surplus reserve	16,964		-		(16,964)	
Unappropriated earnings cincluding net income	(12,774)		(29,688)		(16,914)	
[Includes interim net income (loss)]	[(15,596)]		(34,240)		(18,643)	
Gain on revaluation of land	8,687	2.2	7,896	2.1	(791)	(9.1)
Revaluation difference of other marketable securities	5,511	1.4	9,636	2.5	4,125	74.8
Treasury stock	(791)	(0.2)	(915)	(0.2)	(123)	15.6
Total shareholders' equity	222,749	[55.2]	189,729	[49.3]	(33,019)	[(14.8)]
Total liabilities and shareholders' equity	403,386	100.0	385,184	100.0	(18,201)	(4.5)

Note:	Fiscal year ended March 31, 2005	Fiscal year ended March 31, 2006	Year-on-year change
1. Accumulated depreciation on tangible fixed assets (millions of yen)	71,579	74,425	2,845
2. Balance of guaranteed obligations	30,416	23,844	(6,571)
<including guarantee> (millions of yen)	<7,147>	<9,000>	<1,852>

For the term under review, a joint guarantee of ¥6,575 million between Konica Minoruta Holdings and its operating companies has been included, and Konica Minoruta Holdings reserves to right, in the event of payment of the obligation for this guarantee, to claim compensation from its subsidiaries for the entire amount.

3. Number of shares of treasury stock	719,416	825,124	105,708

3) Statement of Appropriation of Profit and Loss

(Millions of yen)

Prior fiscal year: Appropriation of Profit		Fiscal year under review: Appropriation of loss	
Item	Amount	Item	Amount
		Appropriation of loss at the end of the fiscal year>	
Unappropriated loss for the fiscal year	12,774	Loss for the period	29,688
Reversal of discretionary reserve		Appropriation of the loss	
Reversal of reserve for write-down of book value	2,350	Amount transferred from other capital surplus	19
Reversal of contingent reserve	16,964	Reversal of earned reserve	7,760
Total	6,540	Reversal of capital reserve	21,908
		Loss carried forward to the next period	-
Profit appropriated			
Cash dividends	2,654	<Appropriation of other capital surplus>	
Dividends per share [yen]	(5)	Other capital surplus	19
Profit carried forward to the next period	3,886	Amount appropriated from other capital surplus	
		Transferred to unappropriated loss for the period	19
		Other capital surplus carried over the next period	-

BASIS OF PRESENTING FINANCIAL STATEMENTS

1. Asset Valuation

(1) Shares of subsidiaries and affiliates

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

(2) Other securities

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

2. Criteria and methods for evaluating derivatives

Valuation at market price

3. Depreciation and amortization of major depreciable assets

(1)Tangible fixed assets

The declining-balance method is used. However, the straight-line method is used for buildings (excluding annexed structures) acquired since April 1, 1998.

(2)Intangible fixed assets

The straight-line method is used. For software for internal use, the straight-line method is adopted based on a licensing period of five years.

4. Reserves

(1)Allowance for Doubtful Receivables

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

(2) Provision for loss on discontinued businesses

To provide for losses when the Company exits a business, provisions to this reserve are made in the amount of the estimated losses. This provision for losses on withdrawal from businesses is classified as a reserve under Article 43 of the Implementation Rules of the former Commercial Code of Japan.

(3) Reserve for Retirement Benefits

To prepare for employee retirement benefits, the Company has calculated the amount recognized to have been incurred at the end of the consolidated accounting period based on projected benefit obligations and pension assets at the end of the current fiscal year.

For treatment of expenses related to prior service obligations, we apply the straight-line method based on a fixed number of years (10) within the average remaining service period of the employee at the time of occurrence.

Regarding actuarial loss/gain, expenses are treated from the following fiscal year of business, based on the straight-line method based on a fixed number of years (10) within the average remaining service period of the employee at the time of occurrence.

(4) Allowance for Directors' Retirement Benefits

Konica Minolta, at its Annual Meeting of Shareholders held on June 24, 2005, abolished its directors' retirement benefits system with the aim of raising morale and increasing the willingness of its directors and operating officers to work toward improving performance, as well as to clarify management responsibility. This system was replaced with a stock option compensation scheme. The funding for directors' retirement benefits was consequently halted after June 24, 2005. The total value of existing accumulated reserves has been frozen and recorded as "Other fixed liabilities (long-term accrued amount payable).

5. Lease Transactions

Finance leases that do not transfer ownership rights of the leased property to the lessee are principally accounted for based on the usual methods for operating leases.

6. Principal Accounting Methods for Hedge Transactions

(1)Hedge accounting methods

The deferred hedge method is used. Special accounting methods are used for interest rate swaps that meet certain conditions.

(2)Hedging instruments

Interest rate swaps are used as the hedge method.
The hedge targets are scheduled corporate bonds and borrowings

(3)Hedge policy

The Company enters into interest rate swaps to make interest rates on bonds and borrowings stable or reduce the risk of costs fluctuations for future capital procurement, not for speculation purpose, within the limit of actual financial or operating transactions.

(4)Methods for evaluating the effectiveness of hedges

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

7. Land revaluation

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

(1) Method of revaluation

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

(2) Date of revaluation

March 31, 2002

(3) The difference between the market value of the revalued land at the end of the fiscal year under review and the book value following revaluation

–¥681.9 billion

8. Other important items regarding the preparation of consolidated financial statements

(1) Consumption tax

National and local consumption taxes are accounted for by the tax excluded method.

(2) Consolidated tax payment system

From the subject fiscal year, consolidated tax payment system was applied.

Discrepancies between methods recognized in the most recent consolidated fiscal accounting year and accounting procedures for the fiscal year under review.

(Accounting standards pertaining to the impairment of fixed assets)

Accounting standards pertaining to the impairment of fixed assets “Written Opinion Concerning the Establishment of Accounting Standards Pertaining to the Impairment of Fixed Assets” (Corporate Accounting Commission, August 9, 2002) and “Guidelines for the Application of Accounting Standards Pertaining to the Impairment of Fixed Assets” (Corporate Accounting Standards Application Guidelines, Issue 6, October 31, 2003) were applied from this fiscal year.

As a result, operating income and recurring profit increased by ¥20 million each and income before income taxes declined by ¥5,219 million.

Regarding accumulated impairment losses, the total amount of each asset was directly written off in accordance with revised regulations regarding consolidated financial statements.

15. LEASE TRANSACTIONS

Notation has been omitted due to disclosure through EDINET.

16. Tax-Effect Accounting

1. Breakdown by cause of deferred tax assets and liabilities

	As of March 31, 2005	As of March 31, 2006
Deferred tax assets	Millions of yen	Millions of yen
Excess of allowance for doubtful accounts over deductible limit	40	24,952
Losses on stock of affiliated companies	13,757	13,757
Amount of reserve for retirement benefits and pension exceeding the allowance limit for inclusion in losses	5,303	5,949
Net loss carried forward	5,847	2,729
Excess of depreciation and amortization over deductible limit	481	2,028
Provision for loss on discontinued operations	-	557
Excess of accrued bonuses over deductible limit	64	72
Other	411	984
Deferred tax assets subtotal	25,907	51,030
Valuation allowance	(17,241)	(44,714)
Total deferred tax assets	8,665	6,316
Deferred tax liabilities		
Revaluation difference of marketable securities	(3,781)	(6,611)
Gain on establishment of employee pension trust	(1,075)	(1,011)
Total deferred tax liabilities	(4,856)	(7,622)
Net deferred tax assets	3,809	(1,306)
Deferred tax liabilities related to revaluation	Millions of yen	Millions of yen
Deferred tax liabilities related to revaluation of land	(5,960)	(5,591)

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

	As of March 31, 2005	As of March 31, 2006
	%	%
Statutory income tax rate	40.7	40.7
(Adjustments)		
Temporary differences for which no write off can be scheduled	(83.1)	(71.4)
Exclusion from gross revenue of dividends received	53.6	40.1
R&D tax credit	-	0.5
Refunds for past fiscal year income taxes, etc.	0.4	-
Other	0.1	1.3
Effective income tax rate after the adoption of tax effect accounting	11.7	12.2