

Konica Minolta Group

1Q / March 2007 Consolidated Financial Results

Three months: Apr. - Jun. 2006

August 3, 2006

Yasuo Matsumoto
Senior Executive Officer
Konica Minolta Holdings, Inc.

Cautionary Statement:

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

Remarks: Yen amounts are rounded to the nearest 100 million.

Consolidated results



		[Billions of yen]				
		[a]	[b]	[a] / [b]	[c]	[a] / [c]
		1Q / Mar07	1Q / Mar06	Y-O-Y	1H / Mar07	1Q / 1H Plan
		Actual	Actual	%	Plan	%
Net sales		241.3	244.0	99%	480.0	50%
Gross income		118.1	117.1	101%	---	---
	<i>Gross income ratio</i>	49.0	48.0			
Operating income		22.2	18.2	122%	30.0	74%
	<i>Operating income ratio</i>	9.2	7.5			
Ordinary income		21.5	17.8	121%	26.0	83%
Net income before taxes		22.3	13.5	165%	---	---
Net income		10.6	7.3	144%	11.0	96%
CAPEX		17.0	11.2	152%		
Depreciation		12.0	12.4	97%		
R&D		16.7	15.6	107%		
EPS [Yen]		19.89	13.78			
ROE [full year] [%]		14.0	8.5			
				Change		Change
FOREX [P/L] [Yen]	USD	114.50	107.69	6.81	115.00	-0.50
	Euro	143.78	135.57	8.21	135.00	8.78

Consolidated results - Segment



Net sales

	[a]	[b]	[a] / [b]	[c]	[a] / [c]
	1Q / Mar07 Actual	1Q / Mar06 Actual	Y-O-Y %	1H / Mar07 Plan	1Q / 1H Plan %
BusinessTechnologies	150.8	137.2	110%	304.0	50%
Optics	32.1	24.7	130%	61.0	53%
Medical & Graphic	36.4	30.7	119%	74.0	49%
Other	3.4	2.1	157%	7.0	48%
Sub total (excluding PI)	222.7	194.8	114%	446.0	50%
Photo Imaging	17.1	48.2	35%	30.0	57%
HD and eliminations	1.4	1.0	144%	4.0	36%
Group total	241.3	244.0	99%	480.0	50%

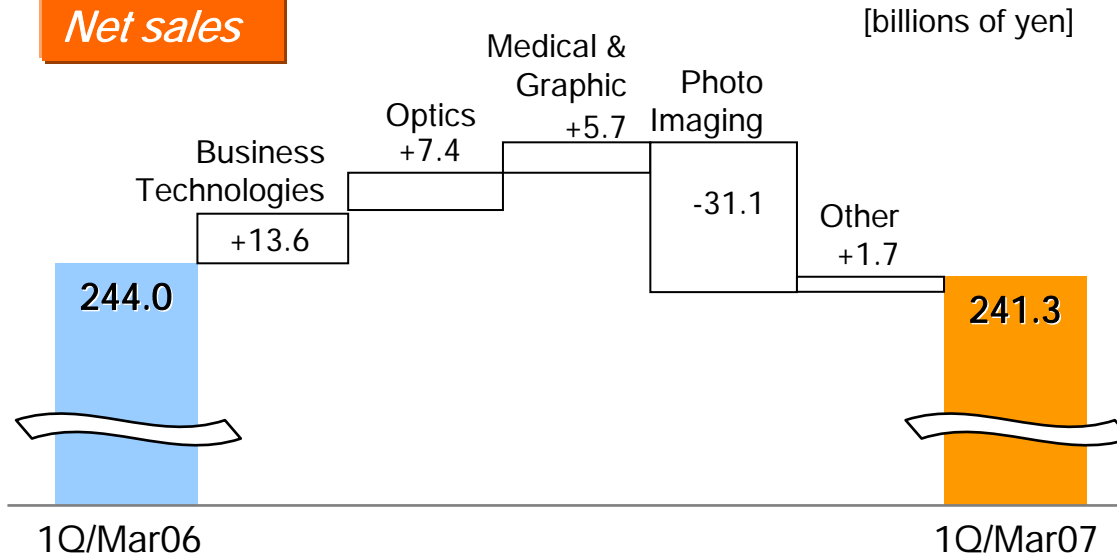
Operating income

	[a]	[b]	[a] / [b]	[c]	[a] / [c]
	1Q / Mar07 Actual	1Q / Mar06 Actual	Y-O-Y %	1H / Mar07 Plan	1Q / 1H Plan %
BusinessTechnologies	16.1	14.3	112%	29.0	56%
Optics	5.2	3.6	143%	8.5	61%
Medical & Graphic	2.7	1.9	144%	3.5	78%
Other	0.4	0.5	79%	1.0	38%
Sub total (excluding PI)	24.4	20.3	120%	42.0	58%
Photo Imaging	-0.3	-0.7	---	-4.5	---
HD and eliminations	-1.9	-1.4	---	-7.5	---
Group total	22.2	18.2	122%	30.0	74%

Changes in net sales and operating income Y-O-Y

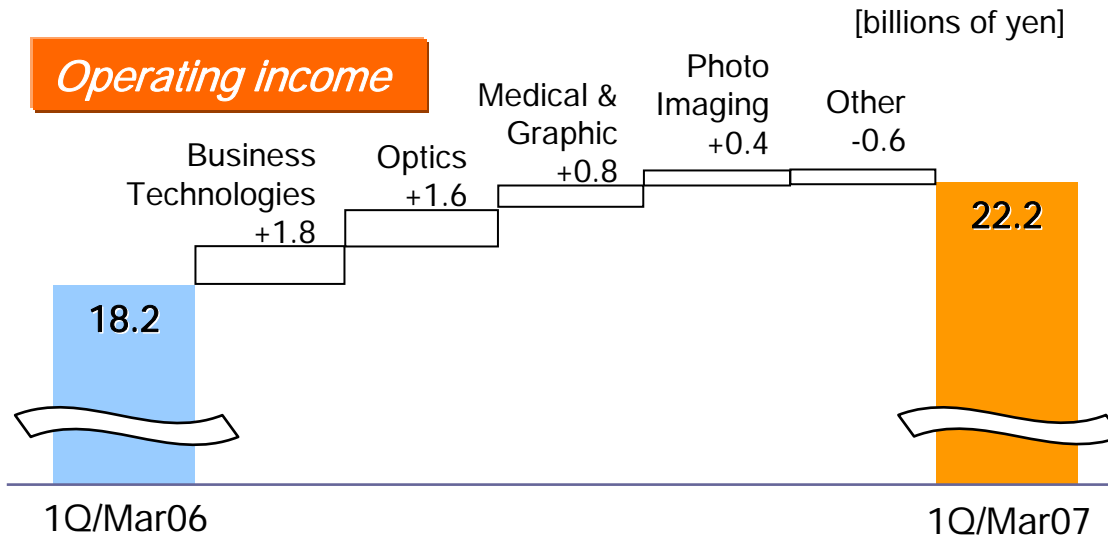


Net sales



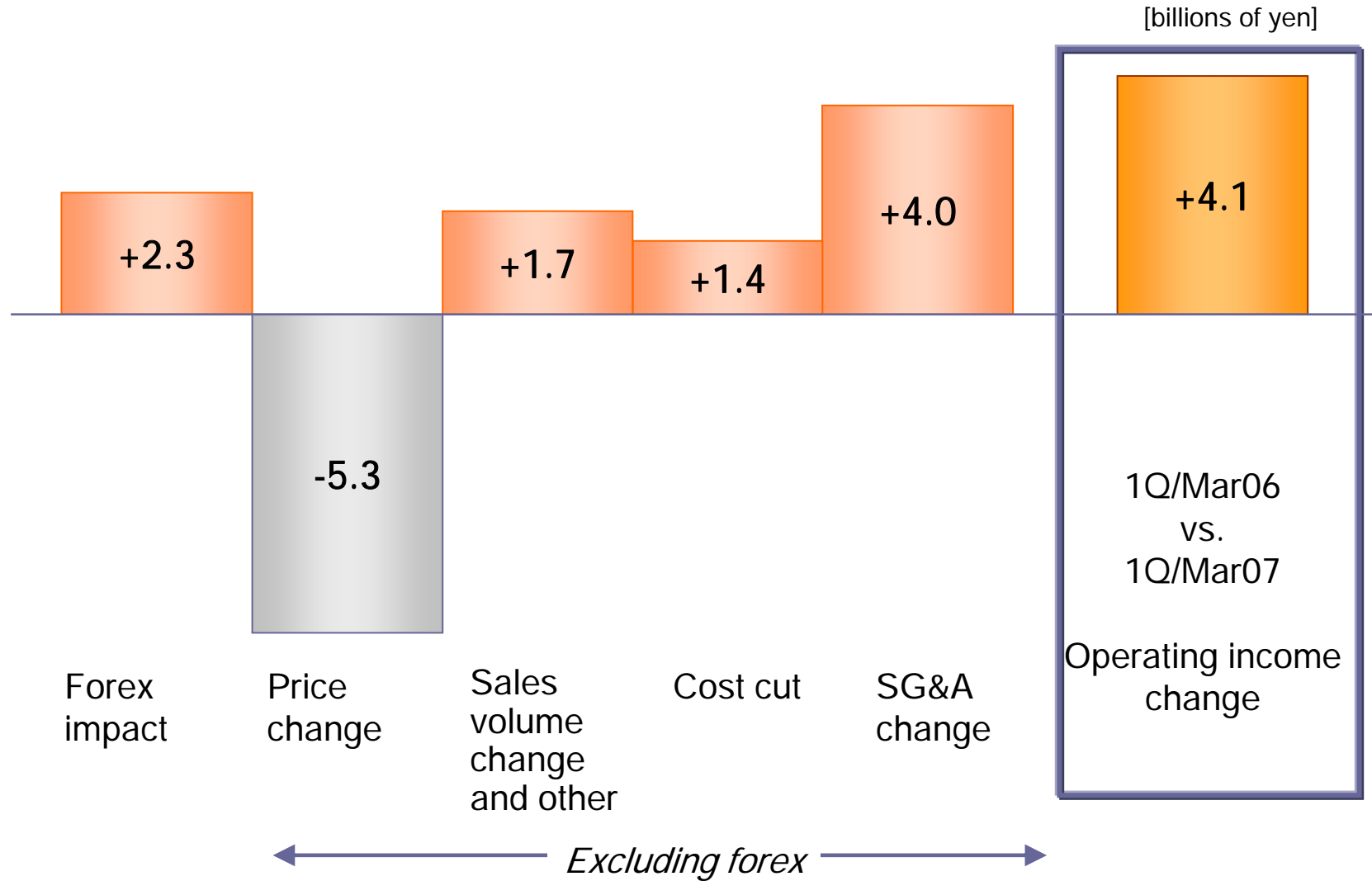
- Business Technologies:
MFP sales (color and B/W) → Strong
- Optics:
Sales → Up, especially TAC film and microcamera units for mobile phones
- Medical:
Sales → Strong due to favorable film sales
- Photo Imaging:
Sales → Down due to the impact of exiting the business.

Operating income

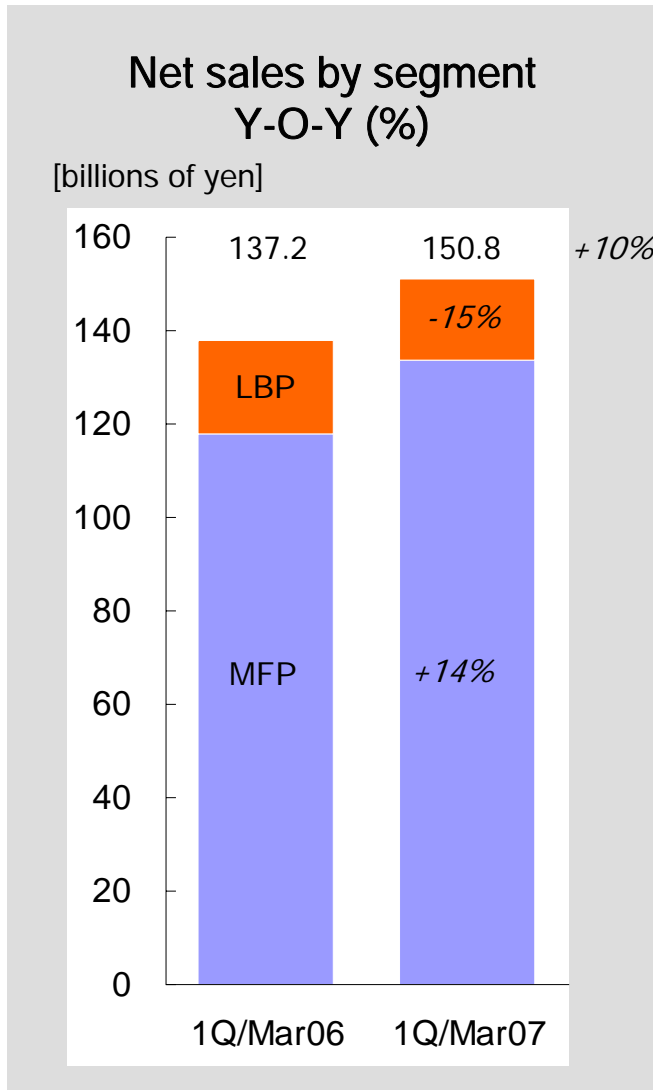


- Business Technologies:
Operating profit → Up due to favorable MFP sales
- Optics:
Operating profit → Up due to increased TAC film sales
- Medical:
Operating profit → Up due to increased film sales resulting from a steady increase in equipment installations since last fiscal year.

Operating income analysis Y-O-Y



Business Technologies



MFP

- Color: New release of 2 models (bizhub C352 and C300). Unit sales increased worldwide, mainly in Europe.
- B/W: Strong sales in mid- to high-speed segments and in US and Asian regions thanks to the renewed product line.
- Production printing: Solid sales, especially in US.

Unit sale Y-O-Y:	+21%

Color:	+75%
B/W:	+10%
(of which, production print:	+11%)

LBP

- Color: Shift of marketing focus from 4-cycle engine models to tandem engine models. Particular focus on high-speed and high-print volume segments.

Unit sale Y-O-Y:	-40%

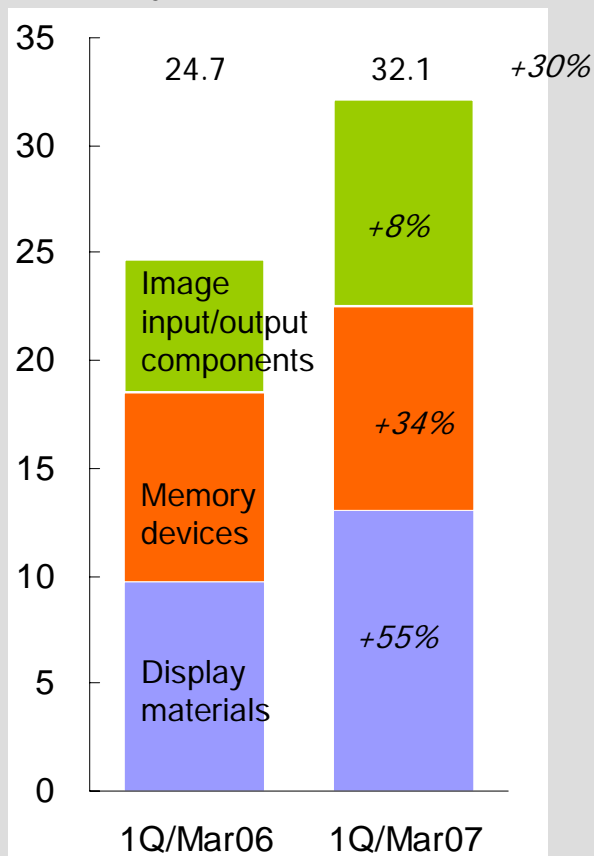
Color:	-14%
(of which, tandem engine-	+24%)
models:	
B/W:	-47%

Optics



Net sales by segment Y-O-Y (%)

[billions of yen]



■ LCD materials

- TAC film sales: Strong both standard and high-function products due to the full-fledged operation of the 3rd production line.

Unit sale Y-O-Y: **+58%**

Standard: +63%

High-function: +56%

■ Memory devices

- Optical pickup lenses: A marginal increase in DVD-use object pickup lenses sales. Other pickup lenses sales declined.
- Glass substrates for HD: Strong sales thanks to increasing demand in 2.5 inch items.

Unit sale Y-O-Y: **-6%**

DVD objective: +6%

CD objective: -24%

Other: -17%

■ Image input/output components

- For mobile phones: Full swing shipments in microcamera units.
- Lens units : Strong sales in VCR-use lens units. DSC-use lens units sales significantly declined.

Unit sale Y-O-Y

Glass substrates for HD: +41%

Unit sale Y-O-Y

For Mobile phones

Lens units: +44%

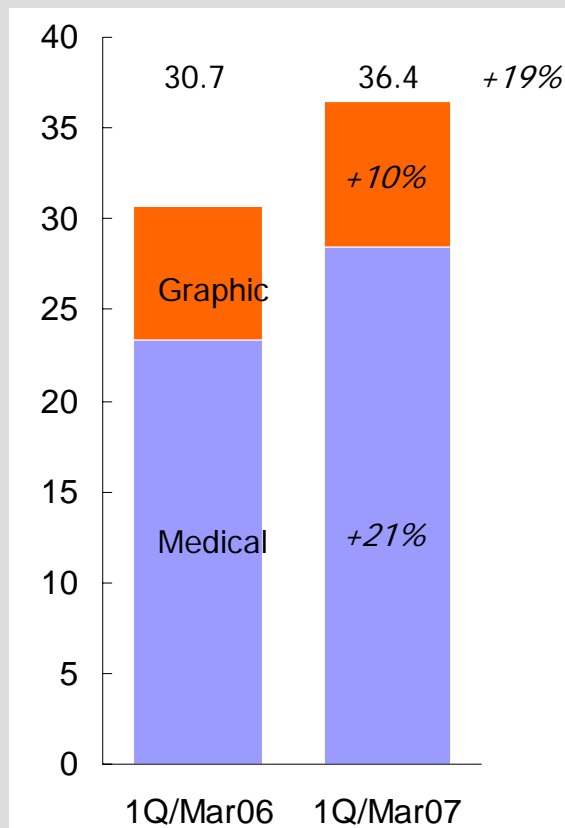
Microcamera units: +404%

Lens units for DSC/VCR: -18%

Medical & Graphic Imaging

Net sales by segment Y-O-Y (%)

[billions of yen]



■ Medical

- Systems: Strong sales in overseas. Domestic demand weakened resulting from the review of the national health insurance price .
- Film: Strong sales worldwide.

■ Graphic

- Digital color proofing hardware: Maintained the same level Y-O-Y.
- Digital production printing systems: Sales decreased significantly.
- Film: Strong sales in overseas.

Unit sale Y-O-Y

 Computed radiography (CR): +2%
 Imagers: -3%

Unit sale Y-O-Y: +25%

 Dry film: +18%
 Wet film: +32%

Unit sale Y-O-Y

 Digital color proofing hardware: 0%
 Digital production printing systems: -38%

Unit sale Y-O-Y

 Graphic-arts film: +4%

TOPICS-1 Transfer of Odawara Factory to Dai Nippon Printing Co., Ltd. (DNP)



(Odawara: A manufacturing base for silver halide color photo paper)

■ Overview

- Properties to be transferred:
Land , buildings, and color photo paper manufacturing business
- Site area: 41,120 m²
- Main facilities: Color photo paper plant, slitter, and packing machine
- Location: Odawara City, Kanagawa Prefecture, Japan

■ Objectives

- Effective utilization of Photo Imaging's assets
- Job security
- DNP to meet the needs of customers for color photo paper

■ Scheme

- JUL 2006: Agreement on transfer contract
- OCT 2006: A newly established company to take over the operation as a DNP's wholly-owned company.

TOPICS-2 White organic EL light-emitting device

-- World's highest emission efficiency--



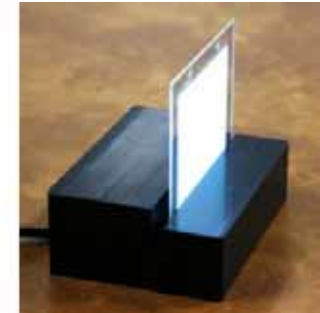
■ Characteristics

With an initial luminance of 1,000 candela /m²

Emission efficiency: 64 lumen / watt

Luminous half-life: 10,000 hours

} **World #1**



■ Breakthrough factors

- Development of a **blue phosphorus material** featuring long-life light emission
 - ✓ Leveraging molecular design and precision organic synthetic technologies based on the photosensitive materials development.
- Achievement of the world's highest emission efficiency as well as the longest luminous half-life for actual applications.
 - ✓ Leveraging unique layer design technologies utilizing the blue phosphorus material and revolutionary optical design technologies.
- Realization of the control of white color emission within the range from the bulb color to the fluorescent lamp color.
 - ✓ Coordinating blue, red, and green phosphorus materials
- Primary potential applications
 - LCD back light panels and general lighting equipment
 - ✓ Advantages: Thin, totally flat and uniform luminance , and chloride-free

Outlook - Summary



[Billions of yen]

	Mar07 Forecast				Mar06 Actual	
	1Q Actual	Current 1H Plan	Announced as of May 11 1H Plan	FY Plan	1H	FY
Net sales	241.3	490.0	480.0	980.0	517.6	1,068.4
Operating income	22.2	39.0	30.0	80.0	39.4	83.4
Operating income ratio [%]	9.2%	8.0%	6.3%	8.2%	7.6%	7.8%
Ordinary income	21.5	32.5	26.0	70.0	35.2	76.8
Net income	10.6	15.5	11.0	30.0	-3.5	-54.3
CAPEX	17.0	--	--	75.0	31.4	67.6
Depreciation	12.0	--	--	55.0	25.4	51.2
R&D	16.7	--	--	77.0	32.2	67.0
FCF	-8.2	--	--	-50.0	11.5	35.8
FOREX [P/L][Yen]						
USD	114.50		115.00	115.00	109.48	113.31
Euro	143.78		135.00	135.00	135.65	137.86

↑
FOREX for 2Q: 1USD = 115 yen, 1Euro = 140

Note1: The current 1H / Mar07 Plan has been revised by reflecting the 1Q / Mar07 results.

Note 2: Full-year forecast Mar07 will be reviewed according to the 2Q / Mar07 performance.

Outlook - Segment



[Billions of yen] KONICA MINOLTA

Net sales

	Mar07 Forecast				Mar06 Actual	
	1Q Actual	Current	Announced as of May 11		1H	FY
		1H Plan	1H Plan	FY Plan		
Business Technologies	150.8	310.0	304.0	640.0	283.5	606.7
Optics	32.1	70.0	61.0	130.0	51.5	110.4
Medical & Graphic	36.4	76.0	74.0	155.0	68.3	146.6
Other businesses	3.4	7.0	7.0	17.0	4.8	10.2
Sub total (excluding PI)	222.7	463.0	446.0	942.0	408.2	873.9
Photo Imaging	17.1	24.0	30.0	30.0	105.7	187.1
HD and eliminations	1.4	3.0	4.0	8.0	3.6	7.4
Group total	241.3	490.0	480.0	980.0	517.6	1,068.4

Operating income

	Mar07 Forecast				Mar06 Actual	
	1Q Actual	Current	Announced as of May 11		1H	FY
		1H Plan	1H Plan	FY Plan		
Business Technologies	16.1	30.5	29.0	69.0	28.1	65.1
Optics	5.2	10.0	8.5	20.0	7.9	17.6
Medical & Graphic	2.7	4.5	3.5	8.5	6.3	11.7
Other businesses	0.4	1.0	1.0	3.0	1.3	2.7
Sub total (excluding PI)	24.4	46.0	42.0	100.5	43.6	97.1
Photo Imaging	-0.3	-2.0	-4.5	-6.0	-0.7	-7.1
HD and eliminations	-1.9	-5.0	-7.5	-14.5	-3.5	-6.6
Group total	22.2	39.0	30.0	80.0	39.4	83.4

Note1: The current 1H / Mar07 Plan has been revised by reflecting the 1Q / Mar07 results.

Note 2: Full-year forecast Mar07 will be reviewed according to the 2Q / Mar07 performance.

[Reference] SG&A



[Billions of yen]

	1Q / Mar07	1Q / Mar06	Y-O-Y
SG&A total	95.9	98.9	-3.1
Sales expenses	15.3	18.8	-3.5
Salaries and wages	38.4	38.7	-0.3
R&D	16.7	15.6	1.1
Other	25.4	25.7	-0.3

Forex impact: +2.5 billion yen (Actual -5.6 billion yen)

[Reference] Non operating profit/loss



[Billions of yen]

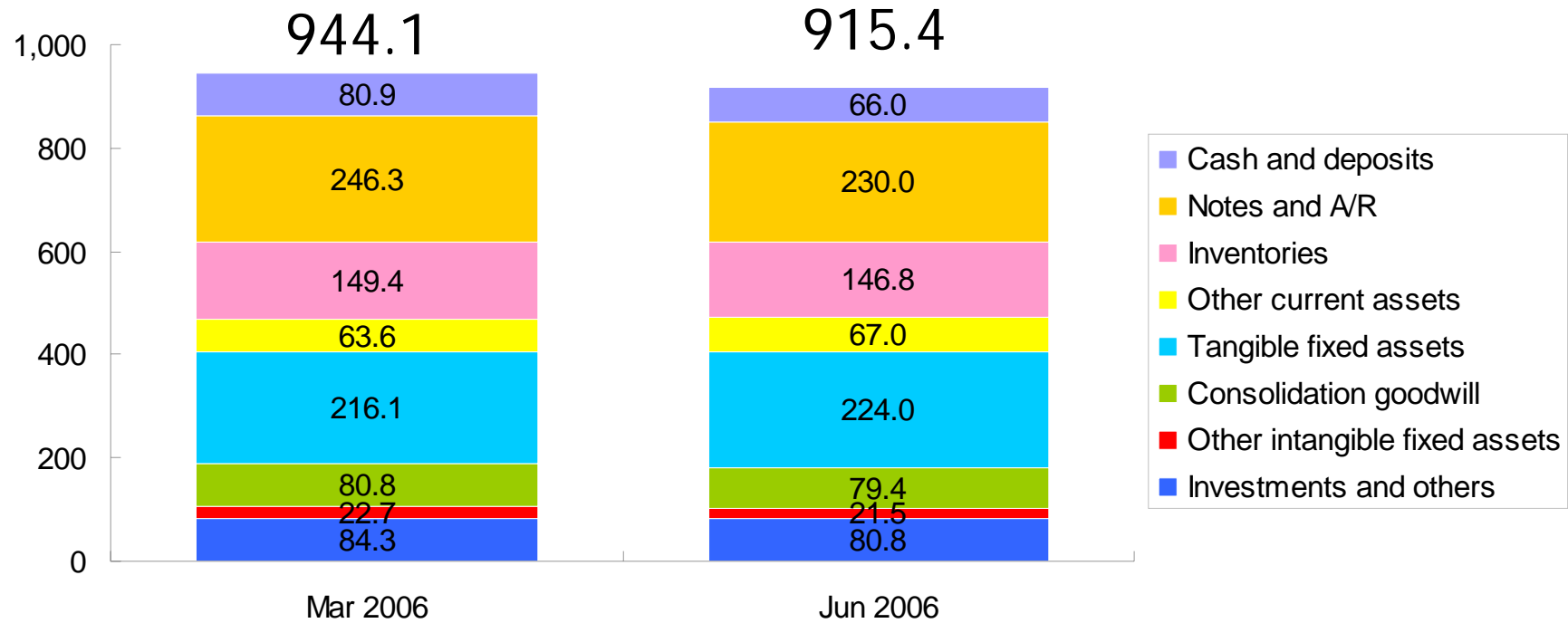
	1Q / Mar07	1Q / Mar06	Y-O-Y
Non-operating income/expenses	-0.8	-0.4	-0.3
Interest and dividend income	0.6	0.5	0.1
Other	1.6	1.8	-0.2
Non-operating income	2.2	2.3	-0.1
Interest expenses	1.3	1.4	-0.1
Foreign exchange loss	0.4	0.0	0.4
Loss on revaluation/disposal of inventories	0.6	0.5	0.1
Other	0.5	0.8	-0.3
Non-operating expenses	3.0	2.7	0.3

[Reference] B/S - Assets



Total assets decreased by 19 billion yen due to Photo Imaging's business termination.

[Billions of yen]

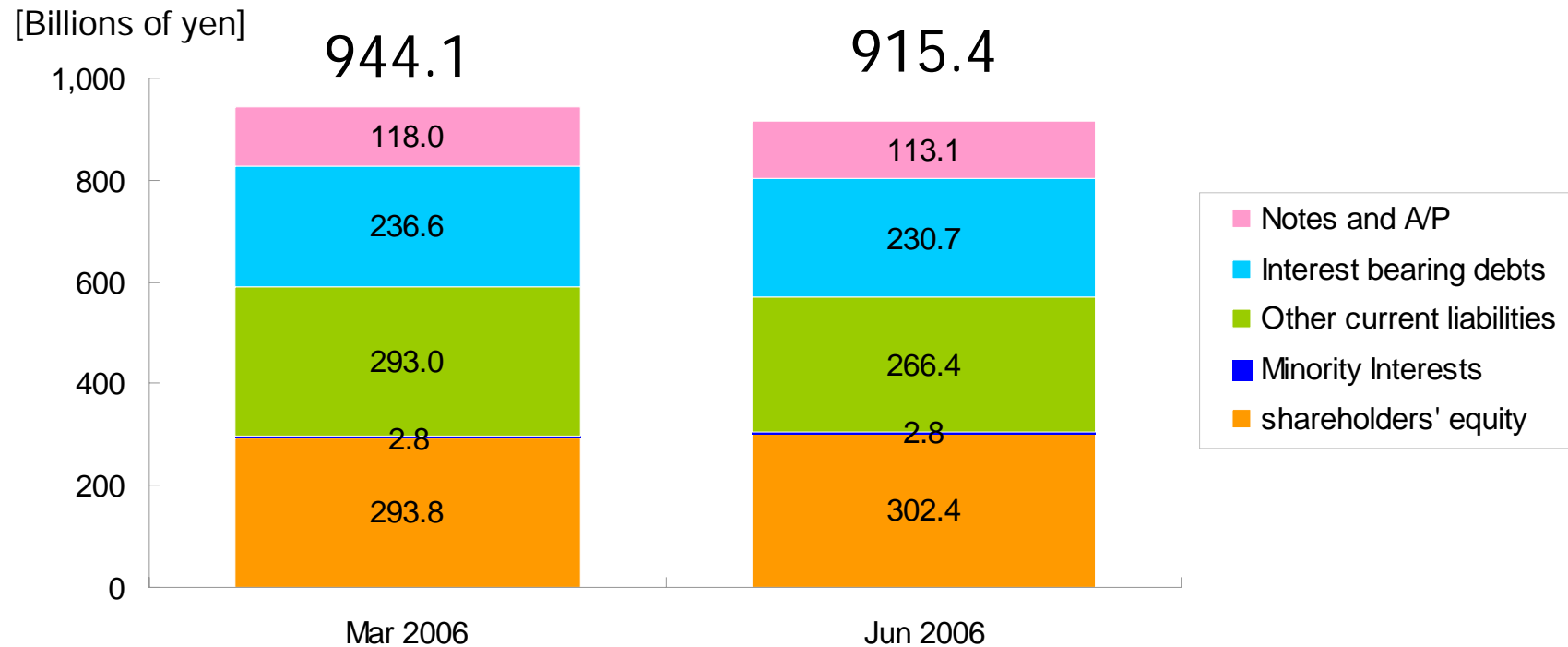


FOREX: US\$	117.47	115.24	(yen)
Euro	142.81	146.00	(yen)

[Reference] B/S - Liabilities and shareholders' equity



Shareholders' equity ratio: 31% → 33%

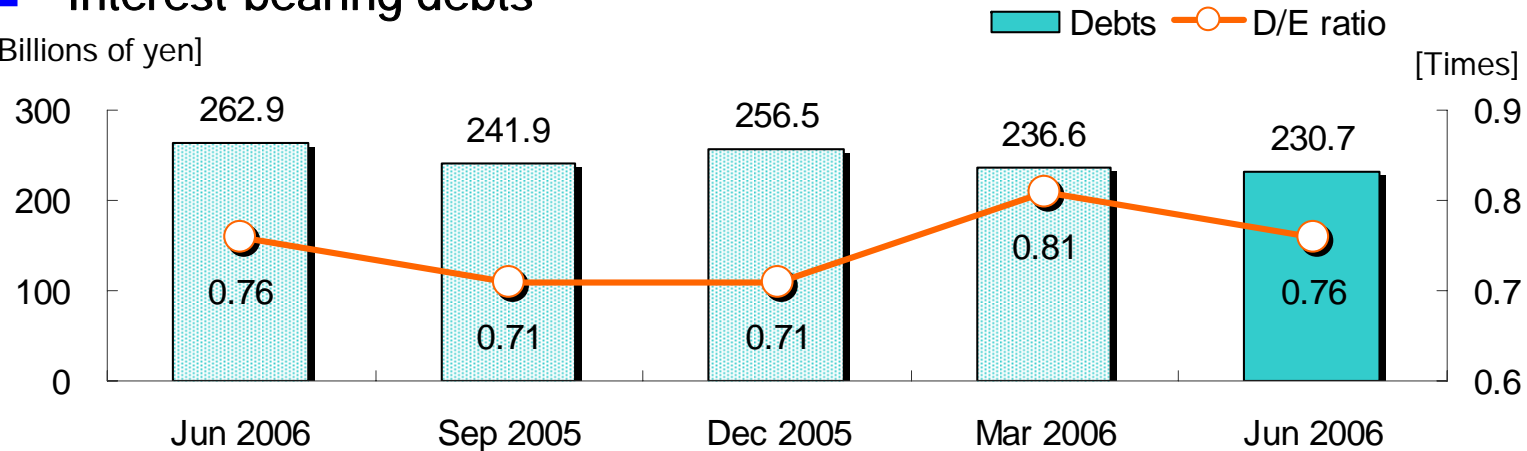


FOREX: US\$	117.47	115.24	(yen)
Euro	142.81	146.00	(yen)

[Reference] Interest bearing debts and inventories

■ Interest-bearing debts

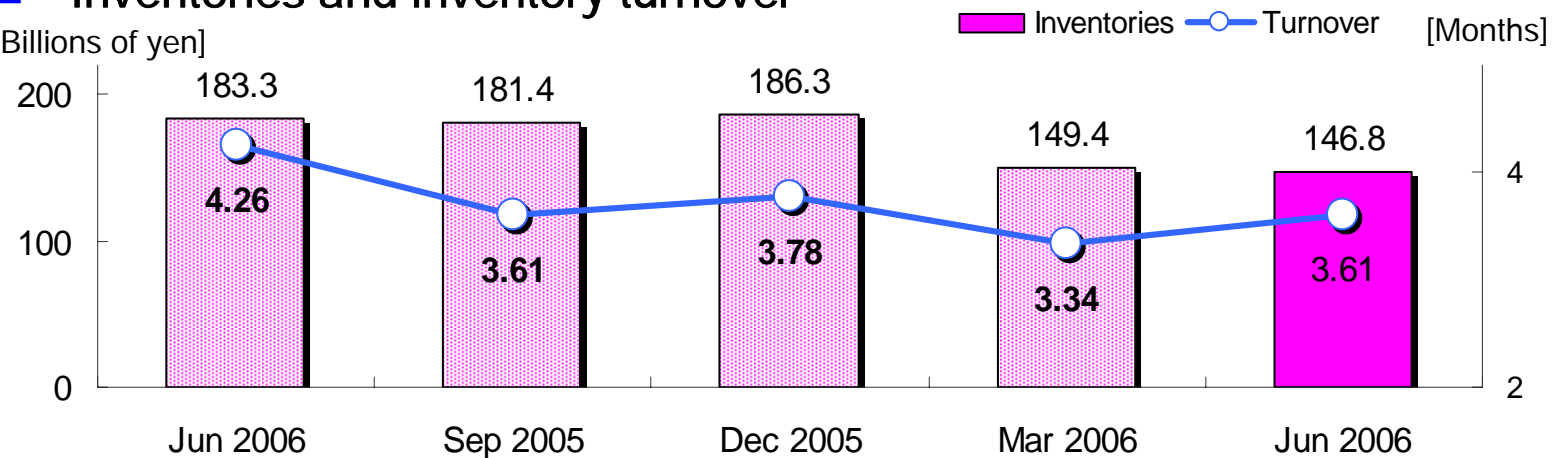
[Billions of yen]



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

■ Inventories and inventory turnover

[Billions of yen]



Inventory turnover (months) = Average inventories / Average cost of sales per month

[Reference] Cash Flows

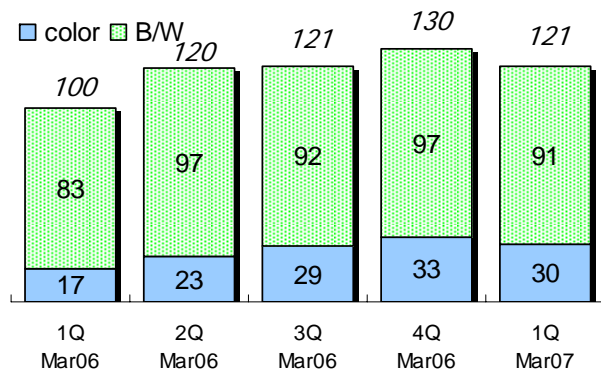


	[Billions of yen]		
	1Q / Mar07	1Q / Mar06	Y-O-Y
Income before income taxes	22.3	13.5	8.8
Depreciation and amortization	12.0	12.4	-0.4
Increase (decrease) of working capital, other	-31.5	-29.5	-2.0
I. Net cash provided by operating activities	2.8	-3.6	6.4
II. Net cash outflow from investing activities	-11.0	-12.0	1.0
I.+ II. Free cash flow	-8.2	-15.6	7.4
Increase (decrease) in debts and bonds	-6.9	17.9	-24.8
Dividends paid	-0.0	-2.7	2.6
Other	-0.0	-0.0	-0.0
III. Net cash outflow from financing activities	-7.0	15.2	-22.2

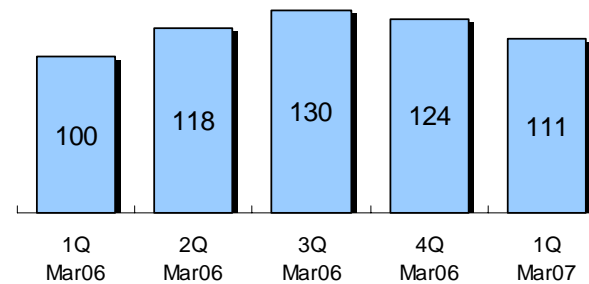
[Reference] Unit sales - Business Technologies



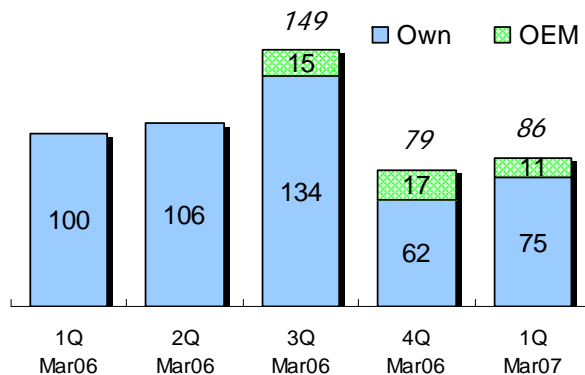
■ MFP



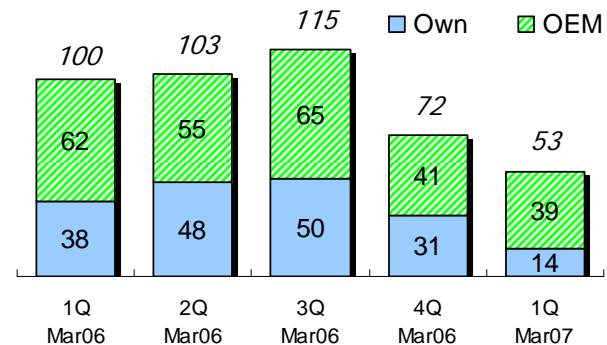
■ Production printing (Color and B/W)



■ Color LBP



■ B/W LBP

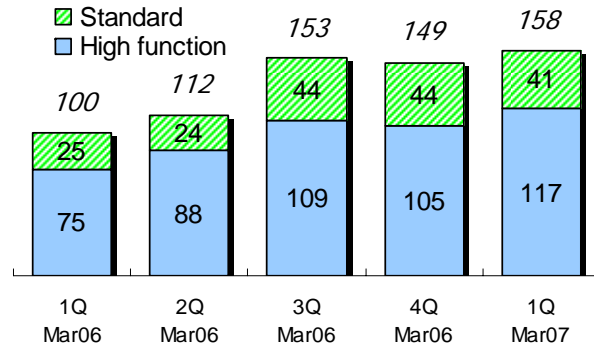


*Amount of "1Q Mar06" as 100

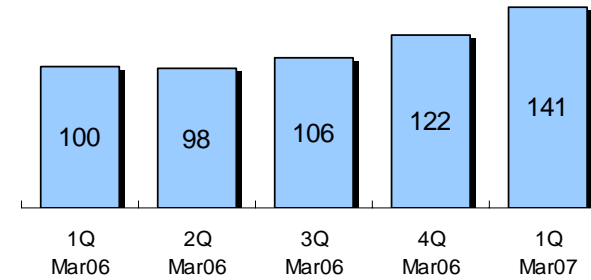
[Reference] Unit sales - Optics



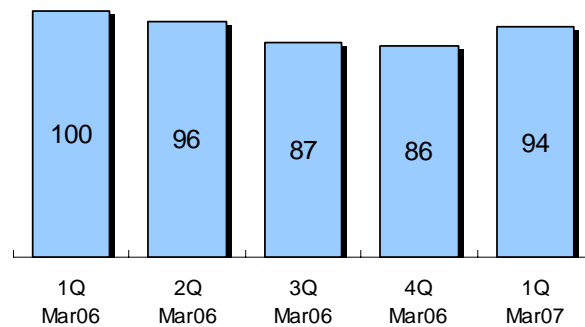
■ TAC film



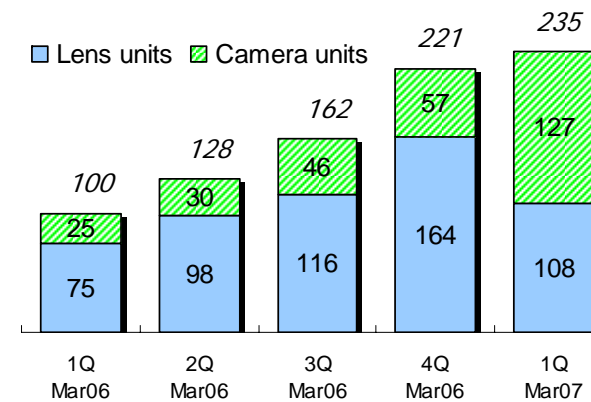
■ Glass HD



■ Optical pickup lens



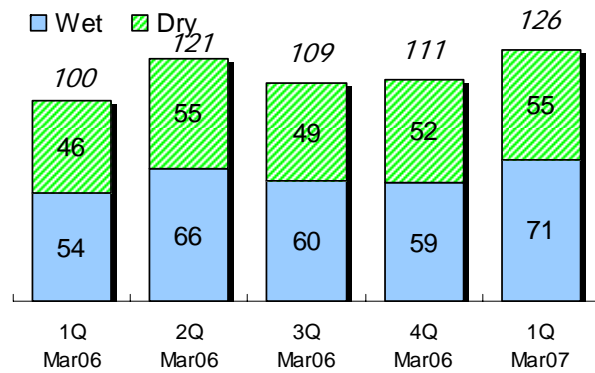
■ Lens/camera units for mobile phone



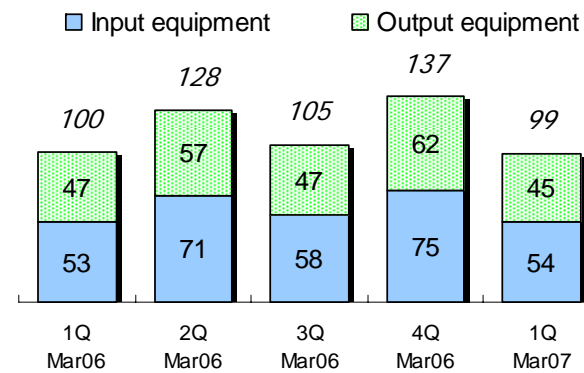
[Reference] Unit sales - Medical & Graphic



■ Medical film



■ Image input/output equipment



*Amount of "1Q Mar06 "as 100

The essentials of imaging