Konica Minolta Group
Consolidated Financial Results
1Q/March 2010 [April – June 2009]

August 6, 2009

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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.

1Q/March 2010 financial results

KONICA MINOLTA

[Ref.] [Billions of yen]

	1Q Mar/2010	1Q Mar/2009	YoY	4Q Mar/2009	QoQ
Net sales	189.4	255.1	-65.7	201.2	-11.8
Gross income	79.7	119.9	-40.3	80.6	-1.0
Gross income ratio	*42.1%*	*47.0%*		*40.1%*	
Operating income	-0.6	24.5	-25.1	-7.1	6.5
Operating income ratio	*-0.3%*	*9.6%*		*-3.5%*	
Ordinary income	0.6	27.9	-27.3	-8.7	9.3
Net income before taxes	0.4	30.8	-30.4	-17.4	17.8
Net income	0.3	17.6	-17.3	-12.2	12.5
Net income ratio	*0.2%*	*6.9%*		*-6.0%*	
EPS [Yen]	0.56	33.22		-22.95	
CAPEX	7.5	13.7	-6.2	13.9	-6.4
Depreciation	15.4	16.2	-0.8	18.5	-3.1
R&D expenses	17.7	20.9	-3.2	19.0	-1.4
FCF	5.1	-9.3	14.4	11.0	-5.9
FOREX [Yen] USD	97.32	104.55	-7.23	93.61	3.71
Euro	132.57	163.43	-30.86	121.81	10.76

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Slide 2:

In the FY/March 2009, particularly from the third quarter, we saw severe change in our operating environment, including a marked weakening of the markets in which the Konica Minolta Group operates, and a much stronger yen. Accordingly, in addition to comparing the results of the first quarter under review with the first quarter of the previous fiscal year, we would also like to explain changes over the preceding fourth quarter of the last fiscal year.

The Konica Minolta Group's net sales for the first quarter under review stood at ¥189.4 billion, down 26% (or ¥65.7 billion) year on year and down 6% (or ¥11.8 billion) over the preceding quarter. The Group posted an operating loss of ¥600 million, deteriorating ¥25.1 billion year on year and improving ¥6.5 billion over the preceding quarter. Net income was ¥300 million, falling ¥17.3 billion year on year and rising ¥12.5 billion over the preceding quarter.

On a year-on-year basis, the Konica Minolta Group reported declines in sales and profits as a result of the deterioration in market conditions and the appreciation of the yen, but the Group achieved considerable profit improvements over the preceding quarter when it posted an operating loss.

The Group also generated free cash flow of ¥5.1 billion, up ¥14.4 billion year on year thanks to efforts to reduce R&D expenses, capital expenditure and depreciation expense.

1Q/March 2010 financial results - Comments

YoY: 1Q/March 2010 vs. 1Q/March 2009

- **Net sales**
  Actual change: -45.8 billion yen or -18%, Forex impact: -19.9 billion yen
- **Operating profit (loss)**
  Actual change: -16.8 billion yen or -69%, Forex impact: -8.2 billion yen

QoQ: 1Q/March 2010 vs. 4Q/March 2009

- **Net sales decreased by 11.8 billion yen**
  Optics sales increased, but sales of all other remaining businesses, including Business Technologies, decreased.
- **Gross profit ratio improved by 2 percentage points**
  Owing to increased sales in Optics although Business Technologies profit decreased.
- **SGA decreased by 7.5 billion yen (excluding forex: -9.7 billion yen)**
  Cost reduction efforts were successful.

As a result……

Operating profit improved by 6.5 billion yen.
Ordinary income, income before income taxes, and net income turned profitable.

Slide 3:

On a year-on-year basis, foreign exchange translations (forex) had a negative impact on net sales of ¥19.9 billion, and the actual change in net sales was a decrease of ¥45.8 billion year on year. Similarly, forex had a negative impact on operating income of ¥8.2 billion, and the actual change in operating income was a decline of ¥16.8 billion year on year.

On a quarter-on-quarter basis, while the Optics Business, which was affected by rapid production adjustments by customers from the third quarter of last fiscal year, reported sales growth of ¥7.1 billion thanks to a recovery of supply and demand, the Group’s mainstay Business Technologies Business posted a fall in sales of ¥10.2 billion, the result of reluctance to invest in offices and the credit crunch, and overall net sales decreased by ¥11.8 billion over the preceding quarter.

The gross profit ratio improved by around 2 percentage points, bolstered by the recovery of Optics sales, and the Group achieved cuts of ¥9.7 billion in SG&A expense in real terms, excluding the negative impact of foreign exchange translations, given ongoing efforts to reduce costs, primarily in the Business Technologies Business.

As a result, operating income improved by ¥6.5 billion. Ordinary income improved by ¥9.3 billion. Net income improved by ¥12.5 billion. Those incomes moved into the black.

1Q/March 2010 consolidated results – Segment

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Net sales

[Ref.] [Billions of yen]

	1Q Mar/2010	1Q Mar/2009	YoY	4Q Mar/2009	QoQ
Business Technologies	127.2	166.7	-39.5	137.4	-10.2
Optics	34.0	51.1	-17.1	26.9	7.1
Medical & Graphic	23.7	31.3	-7.6	31.3	-7.5
Other businesses	2.8	4.0	-1.2	3.2	-0.4
HD and eliminations	1.7	2.1	-0.4	2.4	-0.7
Group total	189.4	255.1	-65.7	201.2	-11.8

Operating income

[Ref.] [Billions of yen]

	1Q Mar/2010	1Q Mar/2009	YoY	4Q Mar/2009	QoQ
Business Technologies	0.2	17.1	-16.9	4.8	-4.6
Operating income ratio	*0.2%*	*10.3%*		*3.5%*	
Optics	1.7	8.8	-7.2	-6.9	8.6
Operating income ratio	*4.9%*	*17.3%*		*-25.6%*	
Medical & Graphic	0.8	1.4	-0.6	-1.1	1.9
Operating income ratio	*3.5%*	*4.5%*		*-3.5%*	
Other businesses	-0.2	0.3	-0.5	-0.0	-0.2
HD and eliminations	-3.1	-3.3	0.1	-4.0	0.8
Group total	-0.6	24.5	-25.1	-7.1	6.5
Operating income ratio	*-0.3%*	*9.6%*		*-3.5%*	

Other businesses: Sensing and Industrial Inkjet businesses

Slide 4:

I will not talk about net sales and operating income by segment as I will be giving an analysis of the change in operating income and explaining cost reductions later.

1Q/March 2010 consolidated results – Comments

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Business Technologies

Unit sales of MFPs for both offices and production printing continued to lag, reflecting weaker market conditions stemming from corporations' scaling-back of capital investments and credit contractions.

Optics

Since the 3Q / Mar2009, sales of our products partially recovered after falling in the phase of a rapid production adjustment by makers of digital electric appliances. But harder cost competition is anticipated.

Medical & Graphic

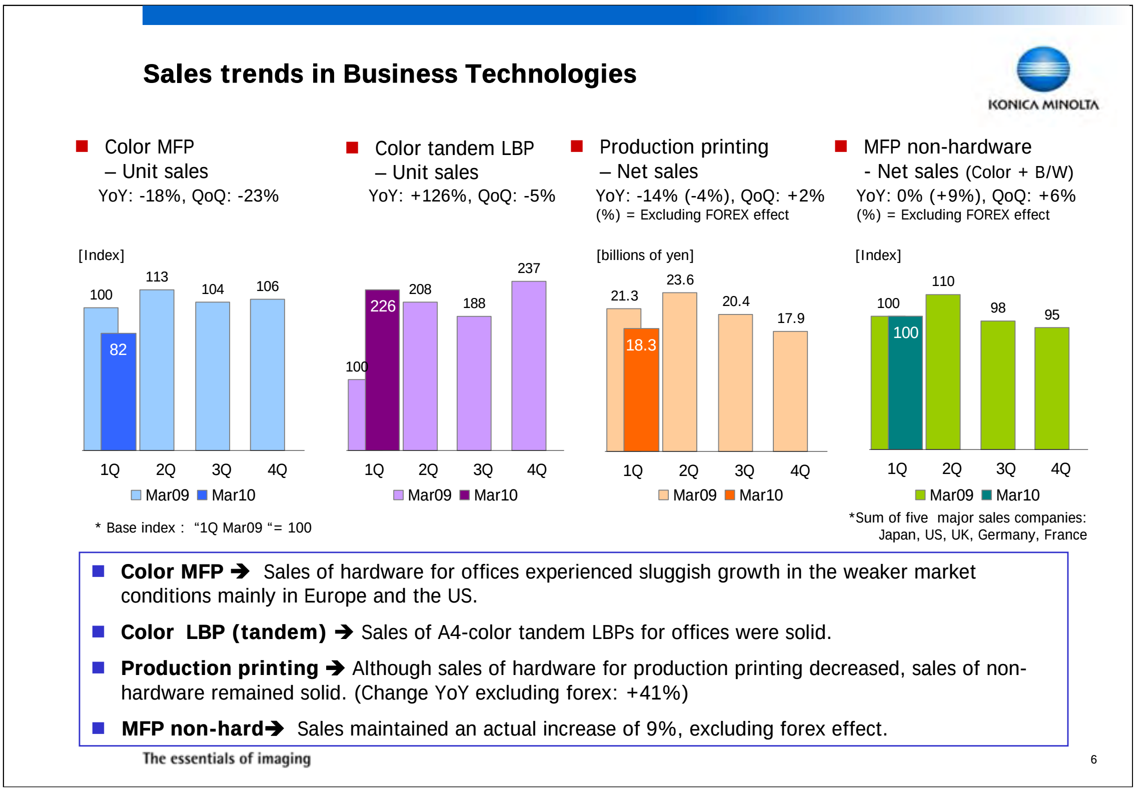
Sales of digital hardware for clinics in overseas were strong.

Slide 5:

In the Business Technologies Business, growth of new installations was slow both on a year-on-year basis and on a quarter-on-quarter basis and market conditions continued to deteriorate.

In the Optics Business, the negative impact of the rapid downward adjustment in production volumes from the third quarter of the last fiscal year more or less reached its peak and certain products such as TAC film entered a recovery phase. However, with the recovery in production volumes, price pressure is increasing.

Also, in the Medical & Graphic Business, although there was no change in the downward trend of film sales, sales of digital hardware for clinics overseas primarily in the United States were strong.



Slide 6:

While unit sales of color MFPs for offices fell almost 20% year on year and quarter on quarter due to weaker market conditions, sales of A4 color tandem LBPs for offices were solid.

Production printing net sales excluding the forex effect remained essentially at the year-ago level, driven by sales of non-hardware (change YoY excluding forex: up 41%), despite a decline in unit sales of hardware for production printing, which like office MFPs were sluggish.

The combined non-hardware sales of the Group's five major sales companies in Japan, the United States, the United Kingdom, Germany and France increased 9%, excluding the foreign exchange effect. While sales of production printing non-hardware contributed to this increase, even sales of MFP non-hardware for offices rose 4%, excluding the forex effect, indicating that growth of MFP non-hardware sales is still solid, albeit slowing.

Sales trends in Optics

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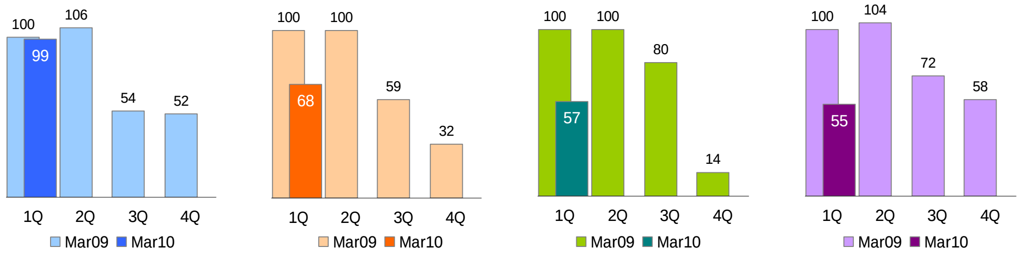
- TAC film – Unit sales
  YoY: -1%, QoQ: +89%
- Optical pickup lenses – Unit sales
  YoY: -32%, QoQ: +116%
- Glass HD substrates – Unit sales
  YoY: -43%, QoQ: +299%
- Mobile phone components – Unit sales
  YoY: -45%, QoQ: -4%



*Base index : "1Q Mar09 "= 100

- **TAC film ➔** Production at panel makers recovered with solid TV sales, helped primarily by economic measures undertaken by the Chinese and Japanese governments. Production volumes returned to the same level of the 1Q / Mar2009, which was at record levels.
- **Optical pickup lenses ➔** Although sales for conventional products were recovering, the demand for BD for PCs was still weak.
- **Glass substrates for HD ➔** Demand gradually recovered late in the 1Q / Mar2010.
- **Components for camera equipped mobile phones ➔** The delivery volume continued to lag due to delay in recovery of volumes for end users.

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Slide 7:

Starting with TAC film, orders from customers recovered late in the fourth quarter of the last fiscal year, and in the first quarter under review production volumes returned to the same level of the first quarter of the last fiscal year.

Moving on to optical pickup lenses, like TAC film, from the fourth quarter of the last fiscal year orders recovered, and in the first quarter under review production volumes were double those of the preceding quarter, but this was largely attributable to a recovery in sales for conventional DVD products. With respect to Blu-ray Discs (BDs), although production volumes for audio, video and game applications recovered, production volumes for PC applications, which is the volume zone, was still in an adjustment phase.

Moreover, production volumes of glass HD substrates also recovered late in the first quarter under review.

Finally, shipments of mobile phone components were more or less the same in volume terms as in the preceding quarter, reflecting ongoing production adjustment by major customers overseas.

Operating profit analysis

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1Q/Mar10 vs. 1Q/Mar09

[Billions of yen]

	Business Technologie	Optics	Other	Total
[Factors]				
Forex impact	-7.5	-0.1	-0.5	-8.2
Depreciation of goodwill related to newly consolidated subsidiaries	-1.2	-	-	-1.2
Prince change	-3.1	-4.1	0.0	-7.2
Sales volume change, and other, net	-12.5	-7.0	-2.8	-22.3
Cost down	1.8	1.3	0.0	3.1
SG&A change, net	5.6	2.8	2.4	10.8
[Operating income]				
Change, YoY	-16.9	-7.2	-1.0	-25.1

Ref: 1Q/Mar09 vs. 4Q/ Mar09

[Billions of yen]

	Business Technologie	Optics	Other	Total
[Factors]				
Forex impact	2.3	0.1	0.2	2.7
Prince change	-1.5	-0.8	0.0	-2.3
Sales volume change, and other, net	-13.7	6.6	1.5	-5.5
Cost down	0.3	0.4	-0.4	0.3
SG&A change, net	7.9	2.2	1.2	11.3
[Operating income]				
Change, QoQ	-4.6	8.6	2.6	6.5

*Impact of exchange rate fluctuation if given 1 yen change (full-year base): USD➔ 50 million yen, Euro➔ 700 million yen

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Slide 8:

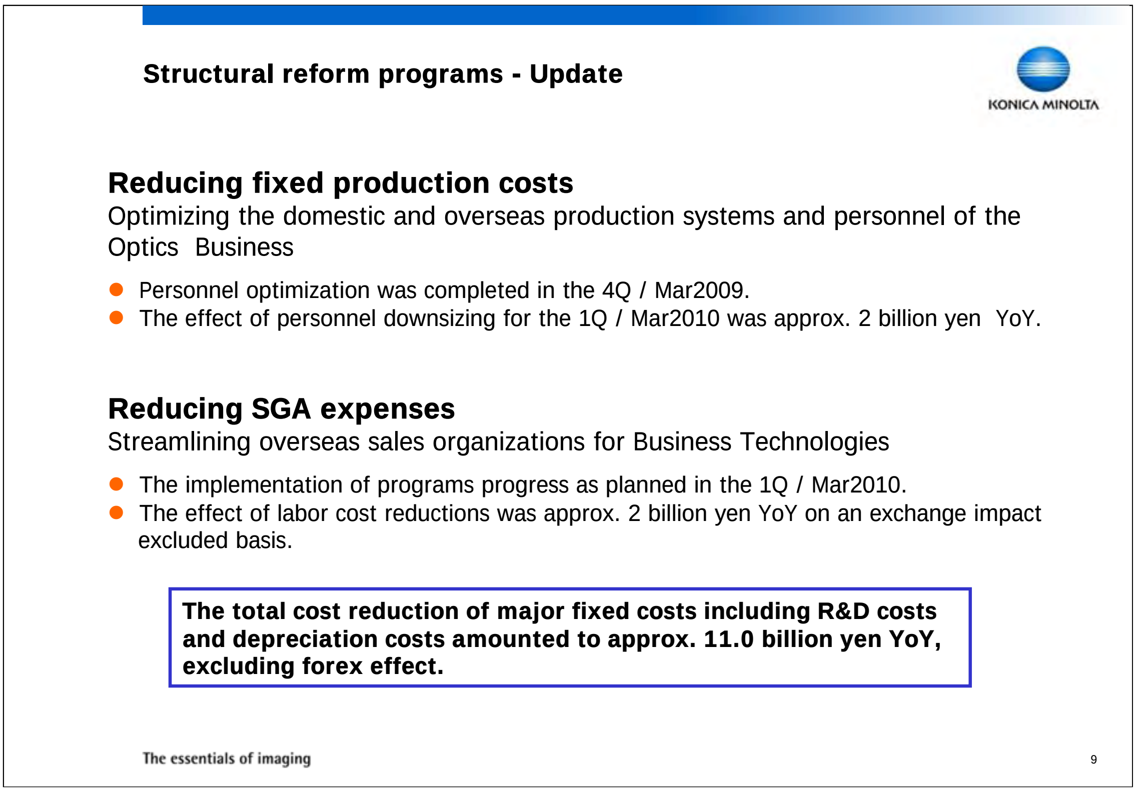
This slide shows the components of the change in the operating income of each segment both on a year-on-year basis and for reference on a quarter-on-quarter basis.

Starting with the year-on-year comparison of operating income in the Business Technologies Business, foreign exchange translations, especially the appreciation of the yen against the euro, had a negative impact of ¥7.5 billion. Also, the amortization of goodwill of subsidiaries had a negative impact of ¥1.2 billion, which includes a Dutch dealer that was consolidated in the third quarter of the previous fiscal year and *Danka Office Imaging Company* that was not included in the scope of consolidation in the first quarter of the last fiscal year. A breakdown of the actual change in income excluding these factors shows that price declined had a negative impact of ¥3.1 billion, while decreased sales volume because of sluggish MFP demand had a significant negative impact of ¥12.9 billion, and these factors could not be offset by the positive impact of cost and expenses reductions (¥7.4 billion).

Also, when compared with the preceding quarter, the first-quarter operating income of the Business Technologies Business declined. This decline is largely attributable to the negative impact of lower sales volumes of MFPs, which could not be offset by the positive impact of expenses cuts.

Moving on to the Optics Business, on a year-on-year basis, operating income fell, reflecting lower sales volumes of all products except for TAC film and the impact of falling prices, but on a quarter-on-quarter basis the Group achieved significant improvements in income given higher sales volumes.

As for the impact of exchange rate fluctuation on operating income, recently sensitivity to fluctuations in yen-euro rates has decreased and the impact of a one yen change fell to ¥700 million, down from ¥850 million in fiscal year ended March 2009. This is partly a reflection of the reduction in sales volumes of the Business Technologies Business.



Slide 9 :

Next, we would like to give an update on structural reform programs, for which the Group posted an extraordinary loss of around ¥10 billion in the last fiscal year.

Starting with the optimization of the domestic and overseas production systems and personnel of the Optics Business, reduction of personnel dispatch and contract jobs in Japan and overseas was completed as planned at the end of the fourth quarter of the last fiscal year.

The effect of personnel downsizing for the first quarter under review was approximately ¥2 billion year on year, despite a slight increase in personnel associated with increased product sales volumes.

Moving on to the streamlining of overseas sales organizations for Business Technologies, here too programs were initiated in the fourth quarter of the last fiscal year and are due for completion in the second quarter of this fiscal year. In the first quarter under review the programs progressed as planned, and the effect of labor cost reductions was approximately ¥2 billion year on year, excluding the forex effect.

The total cost reduction, including a more focused approached to R&D and capital expenditure and bonus cuts in addition to efforts to reduce fixed costs in the two businesses outlined above, amounted to approximately ¥11.0 billion year on year, excluding the forex effect, and the Group is steadily progressing towards its target cost reduction in FY March 2010 of ¥33 billion.

Recognitions based on 1Q

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Business Technologies

The downturn in MFP market conditions was initially sharper than had been expected, given continued tighter credit control for new leases and a scaling back of capital investment by corporate customers.

Group

Although the results of our fixed cost cutting programs surpassed the initial target, their effect on profit was offset by tougher price competition and sluggish sales growth.

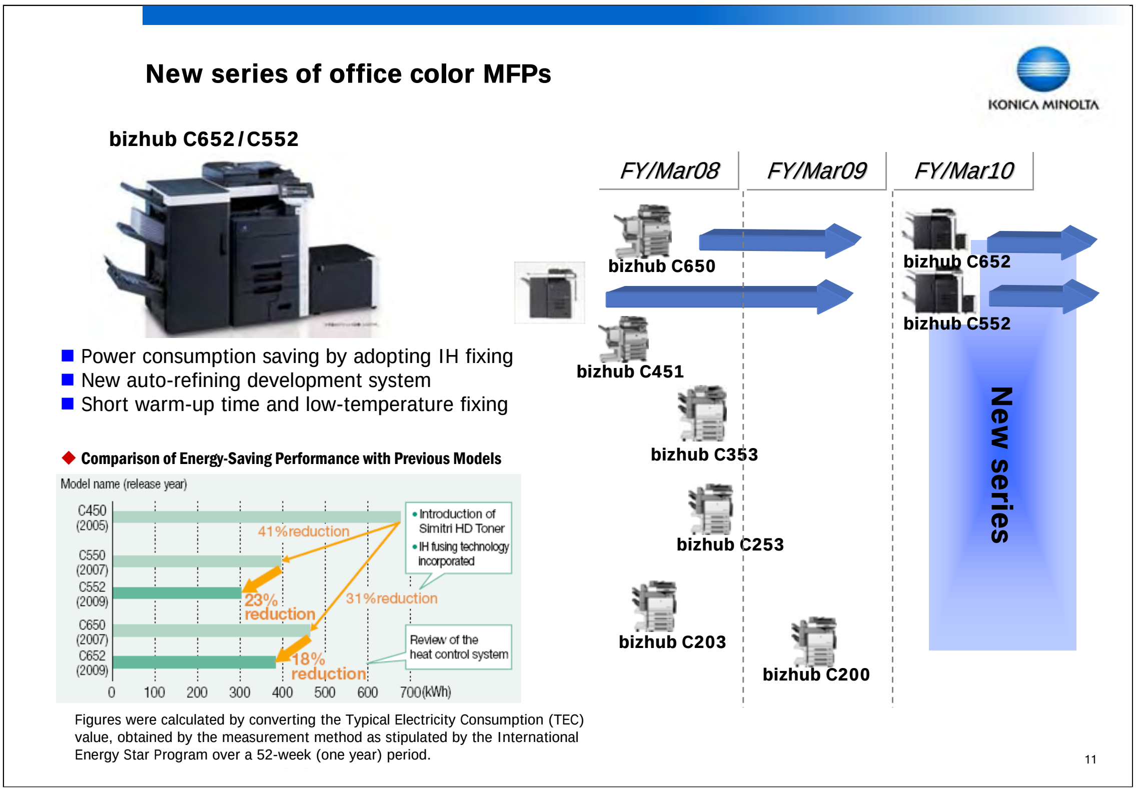
In Business Technologies, we will make every possible effort to maintain sales volume.
For the Group-wide action, we will rapidly improve profit, and create a solid structure that can constantly generate profit and withstand a severe business environment.

Slide 10 :

To sum up consolidated financial results in the first quarter under review in light of individual performances and the positive impact of structural reform programs, profits were higher than forecast thanks to a recovery in demand for a number of products in the Optics Business, and the results of Group-wide cost cutting programs achieved targets.

Given the greater than anticipated decline in MFP sales volume in the Business Technologies Business, however, the improvement in profitability was insufficient.

The Group understands that it has an urgent task to create a robust structure that can withstand a market slowdown, and from the second quarter it will improve net sales by maintaining sales volume in the Business Technologies Business. At the same time, we will proceed rapidly with cost cutting programs, starting with those that have an immediate effect.



Slide 11 :

As noted, to maintain sales in the Business Technologies Business, in the current fiscal year we plan to introduce a new series of office color MFPs. When launching products, we will carefully monitor sales of old models, inventories, etc. and quickly replace old products with new products with the aim of improving product competitiveness and profitability.

Given the difficult business environment, the “bizhub c652 and c552”, already launched in the first quarter, not only boast high image quality and impressive reliability, they also save the customer money, through power consumption savings and fewer parts for replacement at a time.

Also, from the third quarter the Group plans to launch products from low-to-medium speed, which will be the popularly priced models in the series. It will also aim to maintain sales by launching products that match customer needs.

Forecasts 1H and 2H / March 2010

Announced May 14, 2009

[Billions of yen]

	FORCAST FY/Mar10		
	1H	2H	FY
Net sales	404.0	476.0	880.0
Operating income	16.0	29.0	45.0
OP ratio	*4.0%*	*6.1%*	*5.1%*
Ordinary income	12.0	26.0	38.0
Net income before taxes	6.0	24.0	30.0
Net income	3.5	13.5	17.0
Net income ratio	*0.9%*	*2.8%*	*1.9%*
CAPEX			50.0
Depreciation			70.0
R&D expenses			75.0
FCF			30.0

Exchange rates: 1 USD ➔ 95 yen, 1 Euro ➔ 125 yen

Slides 12 and 13:

Turning to forecasts for the current fiscal year, in the Business Technologies Business, first quarter results were lackluster, the result of an unexpectedly significant decline in sales volume. Conditions look likely to remain challenging in the second quarter.

Meanwhile, in the Optics Business and in the Medical & Graphic Business, as were the case in the first quarter, in the second quarter results should beat projections.

In the Business Technologies Business, we will make every possible effort to maintain sales volume and will work to improve profit through cost-cutting initiatives.

At present, we are not making any change to our forecast announced in May, and we intend to monitor developments in the second quarter and take action as appropriate.

Forecasts 1H and 2H / March 2010 - Segment

Announced May 14, 2009

KONICA MINOLTA

[Billions of yen]

Net sales	FORECAST FY/Mar10		
	1H	2H	FY
Business Technologies	275.0	315.0	590.0
Optics	65.0	90.0	155.0
Medical & Graphic	52.0	58.0	110.0
Other businesses	7.0	8.0	15.0
HD and eliminations	5.0	5.0	10.0
Group total	404.0	476.0	880.0

Operating income	FORECAST FY/Mar10		
	1H	2H	FY
Business Technologies	19.5	21.5	41.0
Operating income ratio	*7.1%*	*6.8%*	*6.9%*
Optics	2.5	14.5	17.0
Operating income ratio	*3.8%*	*16.1%*	*11.0%*
Medical & Graphic	0.5	1.5	2.0
Operating income ratio	*1.0%*	*2.6%*	*1.8%*
Other businesses	0.5	0.5	1.0
HD and eliminations	-7.0	-9.0	-16.0
Group total	16.0	29.0	45.0
Operating income ratio	*4.0%*	*6.1%*	*5.1%*

Other businesses: Sensing and Industrial Inkjet businesses

(Please refer to Slide 12)

Supplementary Information

SGA, non-operating and extraordinary income/loss

[Billions of yen]

SGA	1Q/Mar10	1Q/Mar09	YoY
Selling expenses - variable	8.9	13.0	-4.0
R&D expenses	17.7	20.9	-3.2
Labor costs	31.0	36.1	-5.0
Other	22.7	25.6	-2.9
SGA total*	80.3	95.5	-15.2

** Forex impact: -6.0 billion yen (Actual: -9.2 billion yen)*

Non-operating income/loss:	1Q/Mar10	1Q/Mar09	YoY
Interest and dividend income/loss, net	-0.4	-0.1	-0.3
Foreign exchange gain, net	1.4	2.5	-1.1
Other	0.2	1.0	-0.8
Non-operating income/loss, net	1.2	3.5	-2.3

Extraordinary income/loss:	1Q/Mar10	1Q/Mar09
Sales of noncurrent assets, net	-0.2	-0.4
Sales of investment securities, and sales of subsidiaries and affiliates' stocks, net	-0.2	2.8
Gain on transfer of business	-	3.1
Reversal of provision for loss on business liquidation (Photo Imaging)	0.5	0.0
Business structure improvement expenses	-0.8	-0.6
Loss on revision of retirement benefit plan	-	-2.0
Other	0.6	-0.0
Extraordinary income/loss, net	-0.2	2.8

B/S

[Billions of yen]

Assets:	Jun 2009	Mar 2009	Change
Cash and short-term investment securities	154.0	133.7	20.2
Notes and A/R-trade	162.7	171.8	-9.2
Inventories	116.9	129.2	-12.3
Other	68.4	70.2	-1.8
Total current assets	502.0	504.9	-2.9
Tangible assets	222.4	227.9	-5.4
Intangible assets	108.0	111.6	-3.6
Investments and other assets	74.6	73.7	0.9
Total noncurrent assets	405.0	413.1	-8.1
Total assets	907.0	918.1	-11.0
Liabilities and Net Assets:			
Notes and A/P-trade	67.0	87.1	-20.1
Interest bearing debts	253.0	230.4	22.6
Other liabilities	176.3	186.3	-9.9
Total liabilities	496.3	503.8	-7.4
Total shareholders' equity*	409.7	413.4	-3.7
** Shareholders' equiti + valuation and translation adjustments*			
Other	1.0	0.9	0.1
Total net assets	410.7	414.3	-3.6
Total liabilities and net assets	907.0	918.1	-11.0

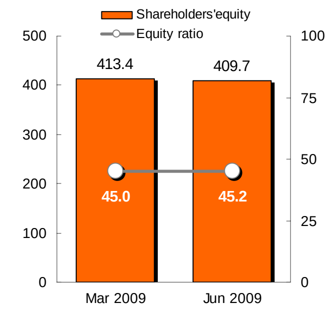
[Yen]

	Jun 2009	Mar 2009	YoY
US$	96.01	98.23	-2.22
Euro	135.53	129.84	5.69

B/S – Main indicators

■ Equity ratio

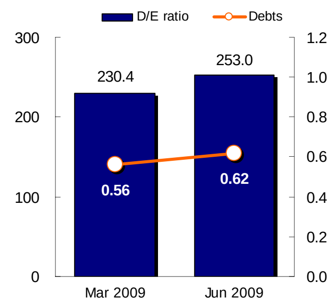
[Billions of yen] [%]



Equity ratio = Equity / Total assets
Equity = Shareholder's equity +
Total revaluation and translation adjustments

■ Interest-bearing debts

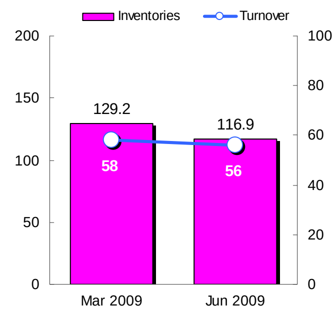
[Billions of yen] [Times]



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

■ Inventories and inventory turnover

[Billions of yen] [Days]



Inventory turnover (days) =
Inventories at year-end / Average
sales per day

Cash flows

[Billions of yen]

	1Q/Mar10	1Q/Mar09	YoY
Income before income taxes and minority interests	0.4	30.8	-30.4
Depreciation and amortization	15.4	16.2	-0.8
Income taxes paid	-0.9	-18.4	17.5
Change in working capital	-0.6	-6.3	5.8
I. Net cash provided by operating activities	14.3	22.2	-7.9
II. Net cash provided by investing activities	-9.1	-31.5	22.4
I.+ II. Free cash flow	5.1	-9.3	14.4
Change in debts and bonds	21.2	-16.2	37.4
Cash dividends paid	-5.3	-3.9	-1.4
Other	-0.5	-1.2	0.7
III. Net cash provided by financing activities	15.4	-21.3	36.7