January 28, 2011

Fiscal Year ending March 31, 2011
Third Quarter Consolidated Financial Results

Three months: October 1, 2010 – December 31, 2010
Nine months: April 1, 2010 – December 31, 2010

Konica Minolta Holdings, Inc.

Stock exchange listings: Tokyo, Osaka (First Sections)
Local securities code number: 4902
URL: http://konicaminolta.com
Listed company name: Konica Minolta Holdings, Inc.
Representative: Masatoshi Matsuzaki, President and CEO
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Scheduled date for submission of securities report: February 10, 2011
Scheduled date for dividends payment: -
Availability of supplementary information: Yes
Organization of financial result briefing: Yes (for institutional investors)

(Units of less than 1 million yen have been omitted.)

1. Overview of the 3Q performance (From April 1, 2010 to December 31, 2010)

(1) Business performance

Percentage figures represent the change from the same period of the previous year.

[Millions of yen]

	Net sales		Operating income		Ordinary income		Net income	
3Q Mar/2011	575,280	-2.3%	28,251	33.2%	22,274	16.4%	10,790	19.8%
3Q Mar/2010	588,731	-21.1%	21,203	-66.5%	19,135	-64.6%	9,007	-67.1%

	Net income per share	Net income per share (after full dilution)
3Q Mar/2011	20.35 yen	19.70 yen
3Q Mar/2010	16.99 yen	16.00 yen

(2) Financial position

[Millions of yen]

	Total assets	Net assets	Equity ratio (%)	Net assets per share
December 31, 2010	857,930	408,198	47.4%	767.43 yen
March 31, 2010	865,797	420,775	48.5%	791.28 yen

Notes: Shareholders' equity
As of December 31, 2010 : ¥406,913 million
As of March 31, 2010: ¥419,535 million

2. Dividends per share

[yen]

	1Q	2Q	3Q	Year-end	Total annual
FY Mar/2010	-	7.50	-	7.50	15.00
FY Mar/2011	-	7.50	-		
FY Mar/2011（forecast）				7.50	15.00

Note: Change to dividend forecast: None

3. Consolidated results forecast for fiscal year ending March 31, 2011 (From April 1, 2010 to March 31, 2011)

Percentage figures for the full year represent the change from the previous fiscal year.

[Millions of yen]

	Net sales		Operating income		Ordinary income		Net income	
Full-year	780,000	-3.0%	45,000	2.3%	38,000	-6.9%	20,000	18.1%

	Net income per share
Full-year	37.72 yen

Note: Change to consolidated results forecast: Yes

4. Other

Note: For more detailed information, please see the "4. Others" on page 14.

(1) Changes in state of material subsidiaries during the quarter under review: None

(2) Adoption of simplified accounting methods and application of special accounting methods for the preparation of quarterly consolidated financial statements: Yes

(3) Changes to consolidated financial statement principles, preparation processes, disclosure methods, etc. (Description of changes to important items fundamental to financial statement preparation)

a. Changes accompanying amendment of accounting principles: Yes
b. Changes other than "a.": None

(4) Number of outstanding shares（common stock）

a. Outstanding shares at period-end（including treasury stock）

Third quarter of fiscal year ending March 31, 2011:	531,664,337 shares
Fiscal year ended March 31, 2010:	531,664,337 shares

b. Treasury stock at period-end

Third quarter of fiscal year ending March 31, 2011:	1,436,886 shares
Fiscal year ended March 31, 2010:	1,464,883 shares

c. Average number of outstanding shares

Third quarter of fiscal year ending March 31, 2011:	530,221,078 shares
Third quarter of fiscal year ended March 31, 2010:	530,279,272 shares

Presentation of Present Status of Quarterly Review Procedures

This “Third Quarter Consolidated Financial Results” is not subject to quarterly review procedures in accordance with the Financial Instruments and Exchange Law and, as of the date of publication of these quarterly consolidated financial results, the quarterly review procedures for the consolidated quarterly financial statements are currently in progress.

Explanation of Appropriate Use of Performance Projections and Other Special Items

This document contains projections of performance and other projections that were made based on information currently available and certain assumptions judged to be reasonable. There is a possibility that diverse factors may cause actual performance, etc., to differ materially from the projections. Please see the “3. Outlook for the Fiscal Year Ending March 31, 2011” on page 13 for more information on points to be remembered in connection with the use of projections.

Supplementary Information

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1. Consolidated Operating Results

(1) Overview of Performance

Nine months ended December 31, 2010 (From April 1, 2010 to December 31, 2010)

Nine months (Apr–Dec)

		Year-on-Year	[Billions of yen]	
	Apr-Dec 2010	Apr-Dec 2009	Increase (Decrease)	
Net sales	575.2	588.7	(13.4)	-2.3%
Gross profit	264.5	258.6	5.9	2.3%
Operating income	28.2	21.2	7.0	33.2%
Ordinary income	22.2	19.1	3.1	16.4%
Income before income taxes and minority interests	16.2	17.5	(1.2)	-7.4%
Net income	10.7	9.0	1.7	19.8%
Net income per share [yen]	20.35	16.99	3.36	19.8%
Capital expenditure	33.1	24.4	8.7	35.8%
Depreciation	41.1	46.0	(4.9)	-10.7%
R & D expenses	54.1	51.9	2.1	4.1%
Free cash flow	5.7	57.7	(51.9)	-90.0%
Number of employees [persons]	35,714	36,509	(795)	-2.2%
Exchange rates [yen]				
US dollar	86.84	93.56	(6.72)	-7.2%
Euro	113.30	133.00	(19.70)	-14.8%

The net sales of the Konica Minolta Group for the consolidated first three quarters of the fiscal year under review (April 1, 2010 to December 31, 2010) stood at ¥575.2 billion, down slightly from a year ago. This fall reflected the negative foreign exchange impact of ¥40.3 billion, attributable to the significant appreciation of the yen against both the U.S. dollar and euro, continuing form the beginning of the year. Excluding this negative impact of the exchange rate, net sales climbed 4.6% year on year. The Business Technologies Business, in which overseas sales account for more than 80% of total sales, despite its performance being most seriously affected by the appreciation of the yen throughout the period under review, recorded sales on a par with the results of the same period in the previous year, reflecting a gradual recovery in demand for multi-functional peripherals (MFPs) for offices, and higher sales volumes, exceeded those of the previous year, aided by strong sales of both the new color and monochrome products. In the Optics Business, net sales fell slightly year on year, given the sluggish sales of the Company’s mainstay products, such as TAC films (protective films for polarizing plates), glass HD substrates, and optical pickup lenses for Blu-ray Discs, reflecting the effects of continued production adjustments, which started last summer, by customers. In the Healthcare Business, net sales fell, given a decline in sales of film products and the impact of the appreciation of the yen.

Operating income for the first three quarters of the fiscal year under review reached ¥28.2 billion, up 33.2% from the previous fiscal year. In the Business Technologies Business, income grew year on year, reflecting a recovery in demand for MFPs from the beginning of the period under review. In the Optics Business, income remained almost unchanged from the previous year, given sluggish sales volumes, impacted by production adjustment and other factors that affected demand. In the Healthcare Business, income fell on lower sales of film products. Meanwhile, the impact of fluctuations in foreign exchange rates stood at a loss of ¥16.8 billion year on year.

Ordinary income was ¥22.2 billion, rising 16.4% from a year ago, reflecting a cost overrun of ¥5.9 billion in non-operating expenses, mainly reflecting foreign exchange losses as a result of the appreciation of the yen.

Income before income taxes and minority interests for the first three quarters of the fiscal year under review was ¥16.2 billion, down 7.4% year on year, reflecting the posting of extraordinary losses of ¥6.0 billion mainly associated with business structure improvement expenses as a result of the sale of the Computer-to-Plate (CTP) business of Konica Minolta Graphic Imaging U.S.A. Inc., and a loss on the valuation of securities.

Consequently, net income rose 19.8% from the previous fiscal year, to ¥10.7 billion.

(2) Overview by Segment

Nine months ended December 31, 2010 (From April 1, 2010 to December 31, 2010)

	Nine months (Apr – Dec)			
		Year-on-Year	[Billions of yen]	
	Apr-Dec 2010	Apr-Dec 2009	Increase (Decrease)	
Business Technologies				
Net sales - external	396.3	393.9	2.4	0.6%
Operating income	25.9	18.0	7.9	43.8%
Optics				
Net sales - external	99.4	102.6	(3.1)	-3.1%
Operating income	10.0	10.2	(0.2)	-2.4%
Healthcare				
Net sales - external	62.5	76.4	(13.9)	-18.2%
Operating income	0.5	1.5	(0.9)	-61.6%

Business Technologies Business

Office MFPs field:

As demand for MFPs for offices continued to gradually recover, sales of the color MFPs of the bizhub series, which focused on facilitating customers' efforts to cut the total cost of ownership (TCO), remained strong in Japan and major overseas markets. As a result, sales volumes for the period under review rose significantly from the previous year. In particular, sales volumes of monochrome MFPs increased in emerging markets, benefiting from the introduction of products specially designed for those markets.

Production printing field:

By launching a lineup of three new color product series of bizhub PRESS C8000/C7000/C6000, the Company started to develop a digital commercial printing field in earnest.

Overall, our Business Technologies Business sought to boost sales of new products, in line with our "genre-top" strategy. It also started to provide optimized print services (OPS) on a global scale. In addition, to strengthen its IT services capability, the Company has established an alliance with Getronics N.V. (headquartered in the Netherlands) in Europe in November 2010. It also acquired All Covered Inc. of the United States in December 2010. As a result, net sales of the Business Technologies Business to outside customers reached ¥396.3 billion, almost matching the level of the previous year. Excluding the negative impact of ¥35.0 billion on sales from fluctuations in exchange rates, net sales in fact rose 9.5% year on year. Operating income jumped 43.8%, to ¥25.9 billion.

Optics Business

Display materials field:

Sales volumes of VA-TAC films (viewing angle expansion films) declined year on year, given the effects of continued production adjustments carried out by customers since last summer, while those of the extra-wide and thin plain TAC films rose from the previous year. As a result, overall sales volumes were almost level with the results of the previous year.

Memory related product field:

Although sales volumes of optical pickup lenses and glass HD substrates increased year on year, their growth was not as strong as was originally anticipated, given the effects of production adjustments seen in the overall digital home appliances industry since last summer. As a result, the impact of higher sales volumes on earnings was limited.

Image input/output component field:

Sales volumes of lens units for digital cameras and video cameras rose year on year, but those for cell phones with cameras fell significantly.

Overall, sales volumes of TAC films, optical pickup lenses and glass HD substrates generally remained sluggish, as a result of the production adjustment seen in the overall digital home appliances industry since last summer. As a consequence, net sales of the Optics Business to outside customers and its operating income remained on a par with those for the previous year, with net sales of ¥99.4 billion and operating income of ¥10.0 billion.

Healthcare Business

The Konica Minolta Group has restructured its operations by integrating the businesses associated with commercial printing and digital printing, included in Medical & Graphic Imaging Business, into the Business Technologies Business in the third quarter of the consolidated fiscal year under review. Consequently, the title of the reportable segment has changed from the Medical & Graphic Imaging Business to the Healthcare Business.

In the digital X-ray diagnostic imaging area, the mainstay business area of the Healthcare Business, the Company continued to take steps to boost sales of digital input equipment and systems, such as the REGIUS MODEL 110, a compact computed radiography device, and the service solution business. As a result, unit sales of digital input equipment for the period under review exceeded the results for the year-ago period, both in Japan and overseas markets. In contrast, sales of film products declined from a year ago, given a continued rise in the use of filmless equipment, as well as the effects of the appreciation of the yen. As a consequence, net sales of the Healthcare Business to outside customers were ¥62.5 billion, and operating income stood at ¥0.5 billion. Net sales and the operating loss of the graphic imaging section for the third quarter of the previous fiscal year, ¥4.3 billion and ¥0.5 billion respectively, were included into the Company's results for that period.

(3) Three months ended December 31, 2010

(From October 1, 2010 to December 31, 2010)

Year-on-Year [Billions of yen]

	3Q Mar/2011	3Q Mar/2010	Increase (Decrease)	
Net sales	183.4	195.3	(11.9)	-6.1%
Gross profit	83.6	89.7	(6.0)	-6.8%
Operating income	5.6	12.0	(6.3)	-53.1%
Ordinary income	4.3	10.4	(6.0)	-58.0%
Income before income taxes and minority interests	4.6	10.6	(5.9)	-56.2%
Net income	2.1	5.4	(3.3)	-60.6%
Net income per share [yen]	4.06	10.32	-6.26	-60.7
Capital expenditure	8.5	6.9	1.5	21.9%
Depreciation	13.6	15.1	(1.4)	9.7%
R & D expenses	18.7	16.6	2.0	12.6%
Free cash flow	-6.8	25.6	(32.4)	-
Exchange rates [yen]				
US dollar	82.64	89.72	(7.08)	-7.9%
Euro	112.23	132.68	(20.45)	-15.4%

Three months Business Performance by Segment

Year-on-Year [Billions of yen]

	3Q Mar/2011	3Q Mar/2010	Increase (Decrease)	
Business Technologies				
Net sales - external	130.2	133.9	(3.6)	-2.8%
Operating income	6.3	10.1	(3.7)	-37.2%
Optics				
Net sales - external	30.2	32.1	(1.8)	-5.8%
Operating income	2.0	4.1	(2.1)	-50.9%
Healthcare				
Net sales - external	17.5	23.4	(5.9)	-25.1%
Operating income	0.0	(0.2)	0.2	-

With respect to the operating results of the Konica Minolta Group for the consolidated third quarter of the fiscal year under review (October 1, 2010 to December 31, 2010), net sales declined 6.1% year on year, to ¥183.4 billion, while operating income decreased 53.1% year on year, to ¥5.6 billion. These results reflected negative factors such as sluggish growth in sales volume associated with fluctuations in demand, changes in the sales mix, and fluctuations in sales prices, as well as the strong adverse impact of the appreciation of the yen. This negative impact on net sales and operating income from exchange rates was ¥14.1 billion and ¥5.3 billion, respectively.

Reflecting the lower operating income, the Group recorded reduced income in other income levels, with ordinary income standing at ¥4.3 billion, income before income taxes and minority interests amounting to

¥4.6 billion, and net income reaching ¥2.1 billion.

In the Business Technologies Business, sales volumes of both color and monochrome MFPs for offices exceeded the results for the same period of the previous fiscal year. In the production printing field, sales volumes of color products increased year on year, while sales of monochrome products were weaker. Consequently, overall sales volumes were almost unchanged from the previous year. As new, high-margin products had only a limited effect on sales in both the offices and production printing fields, the adverse effect of fluctuations of foreign exchange rates and prices could not be offset. As a result, net sales of this business segment declined slightly from a year ago, to ¥130.2 billion, while operating income was ¥6.3 billion, a fall of 37.2% year on year. The negative impact on net sales and operating income from the fluctuations of foreign exchange rates was ¥12.3 billion and ¥4.2 billion, respectively.

In the Optics Business, although sales volume of plain TAC films did not reach the year-ago level, influenced by the production adjustments carried out by customers, overall sales achieved higher volumes than the previous quarter and maintained upward momentum with October as its bottom, backed by the start of shipments of new VA-TAC films in the third quarter under review. Meanwhile, sales volumes of glass HD substrates were up year on year, but failed to show expected growth because of the prolonged production adjustment phase seen in the overall digital home appliances industry. Sales volumes of optical pickup lenses and lens units for mobile phones with cameras remained generally sluggish. As a result, net sales of this business segment for the third quarter under review declined 5.8% year on year, to ¥30.2 billion, and operating income fell 50.9% from a year ago, to ¥2.0 billion.

In the Healthcare Business, sales volumes of film products declined year on year, reflecting continued setback in demand, but sales of digital input equipment increased. Meanwhile, the graphic imaging section was integrated into the Business Technologies Business in the third quarter under review, associated with the organizational restructuring in the Konica Minolta Group. As a result, net sales of this business segment for the third quarter under review were ¥17.5 billion, down 25.1% year on year, while operating income was ¥0.0 billion, returning to profitability from an operating loss in the same period of the previous fiscal year.

2. Financial Position

(1) Analysis of Financial Position

		As of December 31, 2010	As of March 31, 2010	Increase (Decrease)
Total assets	[Billions of yen]	857.9	865.7	(7.8)
Total liabilities	[Billions of yen]	449.7	445.0	4.7
Net assets	[Billions of yen]	408.1	420.7	(12.5)
Net assets per share	[yen]	767.43	791.28	(23.85)
Equity ratio	[%]	47.4	48.5	(1.0)

Total assets at the end of the third quarter of the consolidated fiscal year under review were down ¥7.8 billion (0.9%) from the previous fiscal year-end, to ¥857.9 billion. Current assets rose ¥16.2 billion (3.3%) to ¥505.5 billion (58.9% to total assets), while noncurrent assets fell ¥24.1 billion (6.4%), to ¥352.4 billion (41.1% to total assets).

With respect to current assets, cash and deposits increased ¥3.3 billion from the previous fiscal year-end, to ¥88.9 billion. Cash and cash equivalents including investment securities rose ¥28.3 billion, to ¥192.4 billion. Inventories were up ¥7.0 billion from the previous fiscal year-end, to ¥105.3 billion, and deferred tax assets and accounts receivable-other also rose ¥3.1 billion and ¥1.1 billion, respectively. Meanwhile, notes and accounts receivable-trade declined ¥24.6 billion from the previous fiscal year-end, to ¥153.1 billion.

With respect to noncurrent assets, property, plant and equipment decreased ¥11.7 billion from the previous fiscal year-end, to ¥193.3 billion, as the result of overall progress in depreciation, which offset an increase resulting from the acquisition of buildings, machinery, and equipment in the Optics Business. Also, intangible assets were down ¥8.9 billion from the previous fiscal year-end, to ¥90.1 billion, primarily because of the amortization of goodwill and other intangible assets. Investments and other assets declined ¥3.4 billion from the previous fiscal year-end, to ¥68.9 billion, mainly because of a decrease of ¥1.0 billion in the mark-to-market evaluation of investment securities as a result of stock price decline, in addition to a decline of ¥2.2 billion in deferred tax assets.

Liabilities at the end of the third quarter of the consolidated fiscal year under review increased ¥4.7 billion (1.1%) from the previous fiscal year-end, to ¥449.7 billion (52.4% to total assets). Notes and accounts payable-trade, provision for bonuses and accrued expenses declined ¥7.4 billion, ¥5.4 billion and ¥2.0 billion, respectively, from the previous fiscal year-end. Provision for retirement benefits also fell ¥4.4 billion from the previous fiscal year-end, partly because of the exceptional contribution recorded in the first quarter of the fiscal year under review. Interest-bearing debt (a sum of short-term loans payable, long-term loans payable and bonds payable) rose ¥26.4 billion to ¥223.8 billion, reflecting the issuance of bonds in the third quarter of the consolidated fiscal year under review.

Net assets at the end of the third quarter of the consolidated fiscal year under review were down ¥12.5 billion (3.0%) from the previous fiscal year-end, to ¥408.1 billion (47.6% to total assets). Retained earnings increased ¥2.7 billion from the previous fiscal year-end, to ¥196.5 billion, as net income of ¥10.7 billion posted for the first three quarters of the fiscal year under review outweighed ¥7.9 billion for dividends. Valuation and translation adjustments declined ¥15.4 billion from the previous fiscal year-end, attributable to a decrease in the foreign currency translation adjustment, reflecting a stronger yen, mainly against the U.S. dollar and the euro.

As a result, net assets per share at the end of the third quarter of the consolidated fiscal year under review stood at ¥767.43. The equity ratio fell 1.0 points from the previous fiscal year-end, to 47.4%.

(2) Cash Flows

[Billions of yen]

	3Q Mar/2011	3Q Mar/2010	Increase (Decrease)
Cash flows from operating activities	39.4	88.5	(49.0)
Cash flows from investing activities	(33.7)	(30.7)	(2.9)
Total (Free cash flow)	5.7	57.7	(51.9)
Cash flows from financing activities	22.0	(37.1)	59.1

During the first three quarters of the consolidated fiscal year under review, net cash provided by operating activities was ¥39.4 billion, while net cash used in investing activities, mainly associated with capital investment, totaled ¥33.7 billion. As a result, free cash flow (the sum of operating and investing activities) was an inflow of ¥5.7 billion.

Net cash provided by financing activities was ¥22.0 billion.

In addition, exchange rate changes had an effect of ¥0.5 billion on cash and cash equivalents. As a result, cash and cash equivalents at the end of the third quarter of the consolidated fiscal year under review stood at ¥192.4 billion, up ¥28.3 billion from the previous fiscal year-end.

The details of cash flows associated with each activity during the consolidated first three quarters of the fiscal year under review are as follows.

Cash flows from operating activities

Net cash provided by operating activities reached ¥39.4 billion (compared with ¥88.5 billion in the same period in the previous consolidated fiscal year). Although the Group reported income before income taxes and minority interests of ¥16.2 billion, and depreciation and amortization of ¥41.1 billion, these amounts were partly offset by a fall of ¥5.3 billion in the provision for bonuses, a decline of ¥4.5 billion in the provision for retirement benefits, reflecting the exceptional contribution recorded in the first quarter of the fiscal year under review, a decrease of ¥3.4 billion in working capital, and the payment of ¥6.3 billion in income taxes.

Cash flows from investing activities

Net cash used in investing activities was ¥33.7 billion (compared with ¥30.7 billion in the same period in the previous consolidated fiscal year). Cash of ¥28.0 billion was used for investments in molding for new products in the Business Technologies Business and in the acquisition of property, plant and equipment relating to the reinforcement of production capacities in the Optics Business, our strategic business. Other cash outflow includes ¥2.1 billion for the acquisition of the shares of subsidiaries for the acquisition of All Covered Inc. in the Business Technologies Business.

As a result, free cash flow (the sum of operating and investing activities) was an inflow of ¥5.7 billion (an inflow of ¥ 57.7 billion in the same period of the previous fiscal year).

Cash flows from financing activities

Net cash provided by financing activities was ¥22.0 billion (compared with an outflow of ¥37.1 billion in the same period of the previous fiscal year), mainly reflecting an inflow of ¥30.0 billion as a result of the issuance of bonds, offsetting ¥7.8 billion for dividends.

(Note) Amounts mentioned above do not include consumption taxes.

3. Outlook for the Fiscal Year Ending March 31, 2011

Taking into account operating results for the first three quarters of the consolidated fiscal year under review, the sales trend, impact of the fluctuations of prices in the recent months in the Business Technologies Business, the effects of customers' production adjustments in the Optics Business, and other changes in the business environment from the time the previous forecasts were made, the Company has reviewed the full-year forecasts it announced on October 28, 2010. Consequently, it has decided to revise the forecasts as follows.

With respect to the assumption of foreign exchange rates for the fourth quarter of the consolidated fiscal year under review, on which the above revision is based, the Company has assumed ¥85 against the U.S. dollar, and ¥110 against the euro.

Outlook for the Fiscal Year Ending March 31, 2011
(From April 1, 2010 to March 31, 2011)

[Billions of yen]

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income Per Share
Previous forecast (A)	800.0	50.0	43.0	20.0	37.72 yen
Revised forecast (B)	780.0	45.0	38.0	20.0	37.72 yen
Increase (Decrease) (B-A)	(20.0)	(5.0)	(5.0)	-	
Percent Change (%)	-2.5	-10.0	-11.6	-	
(Ref.) Fiscal year ended March 31, 2010	804.4	43.9	40.8	16.9	31.93 yen

Note: The above operating performance forecasts are based on future-related suppositions, outlooks, and plans at the time this report was released, and they involve risks and uncertainties. It should be noted that actual results may differ significantly from these forecasts due to various important factors, such as changes in economic conditions, market trends, and currency exchange rates.

▪ Figures in qualitative information sections given as billions of yen have been rounded off by discarding figures less than one billion yen.

4. Others

(1) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None

(2) Adoption of simplified accounting methods and/or special accounting treatment for the quarterly consolidated financial statements

I. Simplified accounting methods

Method for calculating the estimated reserve for general accounts receivable

In calculating the estimated reserve for general accounts receivable at the end of the third quarter, as noteworthy changes in the bad debt rate are not recognized, the rate at the end of the previous fiscal year is employed.

Method for assessing the value of inventories

In calculating the value of inventories at the end of the third quarter of the fiscal year under review, onsite stocktaking is omitted. Reasonable calculation methods based on the results of onsite stocktaking conducted at the end of the second quarter of the fiscal year under review are used. Only for those inventories that are clearly losing their capacity to contribute to profitability, the accounting method employed is to estimate their net sale value and reduce their book value to the net sale value level.

Method for calculating the deferred tax assets and liabilities

In judging the possibility of recovering deferred tax assets, as severe and major changes in the operating environment and major temporary differences following the close of the previous consolidated fiscal year are not recognized, the future business forecasts and tax planning documents that were used for making such judgments related to the previous fiscal year are used.

II. Special accounting treatment used in preparation of the quarterly consolidated financial statements

Calculation of Tax Expenses

The effective tax rate on income before income tax for the consolidated fiscal year after the application of tax effect accounting is rationally estimated, and that estimated rate is applied to net income for the quarterly period to calculate estimated tax expenses.

In addition, adjustments of income tax are included in "income taxes".

(3) Changes to principles, procedures, and methods of presentation, etc., in the preparation of the quarterly consolidated financial statements:

Changes to accounting principles

Application of Accounting Standards for Asset Retirement Obligations

Starting from the first quarter of the fiscal year under review, the Company adopted Accounting Standards for Asset Retirement Obligations (ASBJ Statement No. 18, March 31, 2008) and Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21, March 31, 2008).

This had the effect of reducing income before income taxes and minority interests for the consolidated first three quarters of the fiscal year under review by ¥983 million.

In addition, changes in asset retirement obligations resulting from the application of these accounting principles were ¥983 million.

Changes to methods of presentation

Quarterly Consolidated Statements of Income

As a result of application of the "Cabinet Office Ordinance for Amendments to the Regulations on the Terminology, Format, and Preparation of Financial Statements" (Cabinet Office Ordinance No. 5, March 24, 2009) as per Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008), "Income before minority interests" is shown in the statement of income for the consolidated first three quarters of the fiscal year under review.

5. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

December 31, 2010 and March 31, 2010

[Millions of yen]

	December 31, 2010	March 31, 2010
Assets		
Current assets		
Cash and deposits	88,916	85,533
Notes and accounts receivable-trade	153,113	177,720
Lease receivables and investment assets	12,657	13,993
Short-term investment securities	104,000	79,000
Inventories	105,353	98,263
Deferred tax assets	22,254	19,085
Accounts receivable-other	8,788	7,639
Other	14,441	12,720
Allowance for doubtful accounts	-4,006	-4,703
Total current assets	505,519	489,253
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	68,707	66,708
Machinery, equipment and vehicles, net	55,568	52,782
Tools, furniture and fixtures, net	20,755	22,026
Land	33,785	34,320
Lease assets, net	378	366
Construction in progress	5,403	16,901
Assets for rent, net	8,729	11,952
Total property, plant and equipment	193,328	205,057
Intangible assets		
Goodwill	65,901	71,936
Other	24,246	27,137
Total intangible assets	90,148	99,074
Investments and other assets		
Investment securities	20,937	22,029
Long-term loans receivable	159	164
Long-term prepaid expenses	3,138	3,353
Deferred tax assets	33,042	35,304
Other	12,501	12,375
Allowance for doubtful accounts	-844	-815
Total investments and other assets	68,934	72,411
Total noncurrent assets	352,411	376,544
Total assets	857,930	865,797

[Millions of yen]

	December 31, 2010	March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	75,703	83,118
Short-term loans payable	64,747	58,231
Current portion of long-term loans payable	28,508	27,501
Accounts payable-other	32,557	30,536
Accrued expenses	22,853	24,882
Income taxes payable	3,936	2,488
Provision for bonuses	5,711	11,173
Provision for directors' bonuses	114	149
Provision for product warranties	1,204	1,869
Provision for loss on business liquidation	3,607	4,714
Notes payable-facilities	1,084	562
Asset retirement obligations	17	—
Other	17,903	22,086
Total current liabilities	257,950	267,313
Noncurrent liabilities		
Bonds payable	70,000	40,000
Long-term loans payable	60,547	71,625
Deferred tax liabilities for land revaluation	3,733	3,733
Provision for retirement benefits	49,809	54,245
Provision for directors' retirement benefits	305	450
Asset retirement obligations	983	—
Other	6,402	7,654
Total noncurrent liabilities	191,781	177,708
Total liabilities	449,732	445,022
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	196,576	193,790
Treasury stock	-1,673	-1,743
Total shareholders' equity	436,562	433,707
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	672	741
Deferred gains or losses on hedges	25	33
Foreign currency translation adjustment	-30,347	-14,947
Total valuation and translation adjustments	-29,649	-14,172
Subscription rights to shares	628	617
Minority interests	655	622
Total net assets	408,198	420,775
Total liabilities and net assets	857,930	865,797

(2) Consolidated Quarterly Statements of Income

Nine months ended December 31, 2009 and 2010

[Millions of yen]

	Apr-Dec, 2009	Apr-Dec, 2010
Net sales	588,731	575,280
Cost of sales	330,093	310,714
Gross profit	258,638	264,566
Selling, general and administrative expenses	237,434	236,314
Operating income	21,203	28,251
Non-operating income		
Interest income	1,121	956
Dividends income	332	357
Equity in earnings of affiliates	—	73
Other	3,337	2,826
Total non-operating income	4,791	4,213
Non-operating expenses		
Interest expenses	2,765	2,295
Equity in losses of affiliates	3	—
Foreign exchange losses	243	3,909
Other	3,846	3,987
Total non-operating expenses	6,859	10,191
Ordinary income	19,135	22,274
Extraordinary income		
Gain on sales of noncurrent assets	668	183
Gain on sales of investment securities	699	0
Reversal of provision for loss on business liquidation	722	183
Other extraordinary income of foreign subsidiaries	598	368
Total extraordinary income	2,688	735
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,133	1,354
Loss on sales of investment securities	351	2
Loss on valuation of investment securities	400	1,024
Impairment loss	164	59
Business structure improvement expenses	1,216	3,326
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	983
Total extraordinary losses	4,264	6,750
Income before income taxes and minority interests	17,559	16,259
Income taxes	8,544	5,443
Income before minority interests	—	10,815
Minority interests in income	6	25
Net income	9,007	10,790

Three months ended December 31, 2009 and 2010

[Millions of yen]

	Oct-Dec, 2009	Oct-Dec, 2010
Net sales	195,390	183,455
Cost of sales	105,634	99,790
Gross profit	89,756	83,664
Selling, general and administrative expenses	77,712	78,018
Operating income	12,044	5,645
Non-operating income		
Interest income	363	337
Dividends income	127	146
Equity in earnings of affiliates	37	31
Other	733	781
Total non-operating income	1,261	1,296
Non-operating expenses		
Interest expenses	914	805
Foreign exchange losses	477	598
Other	1,507	1,167
Total non-operating expenses	2,898	2,571
Ordinary income	10,406	4,371
Extraordinary income		
Gain on sales of noncurrent assets	508	39
Gain on sales of investment securities	699	0
Gain on reversal of loss on valuation of investment securities	—	606
Reversal of provision for loss on business liquidation	25	9
Other	—	131
Total extraordinary income	1,234	787
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	481	361
Loss on sales of investment securities	337	2
Loss on valuation of investment securities	177	70
Impairment loss	—	5
Business structure improvement expenses	—	59
Total extraordinary losses	996	501
Income before income taxes and minority interests	10,645	4,657
Income taxes	5,163	2,500
Income before minority interests	—	2,157
Minority interests in income	8	3
Net income	5,472	2,153

(3) Consolidated Quarterly Statements of Cash Flows

Nine months ended December 31, 2009 and 2010

[Millions of yen]

	Apr-Dec, 2009	Apr-Dec, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	17,559	16,259
Depreciation and amortization	46,057	41,140
Impairment loss	164	59
Amortization of goodwill	6,987	6,327
Interest and dividends income	-1,453	-1,313
Interest expenses	2,765	2,295
Loss (gain) on sales and retirement of noncurrent assets	1,464	1,170
Loss (gain) on sales and valuation of investment securities	51	1,026
Increase (decrease) in provision for bonuses	-6,258	-5,349
Increase (decrease) in provision for retirement benefits	3,849	-4,552
Increase (decrease) in provision for loss on business liquidation	-1,809	-1,107
Decrease (increase) in notes and accounts receivable-trade	5,943	6,105
Decrease (increase) in inventories	24,648	-16,536
Increase (decrease) in notes and accounts payable-trade	-1,587	6,940
Transfer of assets for rent	-5,290	-3,931
Decrease (increase) in accounts receivable-other	2,503	-3,004
Increase (decrease) in accounts payable-other and accrued expenses	-7,526	2,618
Increase (decrease) in deposits received	2,153	1,406
Decrease/increase in consumption taxes receivable/payable	3,730	-481
Other, net	-4,686	-2,290
Subtotal	89,265	46,781
Interest and dividends income received	1,632	1,347
Interest expenses paid	-2,797	-2,280
Income taxes (paid) refund	402	-6,391
Net cash provided by (used in) operating activities	88,503	39,457
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-26,432	-28,067
Proceeds from sales of property, plant and equipment	1,029	700
Purchase of intangible assets	-3,337	-3,582
Proceeds from transfer of business	—	468
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	-2,114
Payments of loans receivable	-105	-457
Collection of loans receivable	145	117
Purchase of investment securities	-2,913	-94
Proceeds from sales of investment securities	1,197	11
Payments of valuation of other investments	-860	-957
Other, net	502	275
Net cash provided by (used in) investing activities	-30,774	-33,701

[Millions of yen]	Apr-Dec, 2009	Apr-Dec, 2010
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-127	11,091
Proceeds from long-term loans payable	16,097	―
Repayment of long-term loans payable	-12,293	-10,057
Proceeds from issuance of bonds	―	30,000
Redemption of bonds	-30,000	―
Repayments of lease obligations	-1,583	-1,130
Proceeds from sales of treasury stock	9	3
Purchase of treasury stock	-77	-71
Cash dividends paid	-9,128	-7,828
Proceeds from stock issuance to minority shareholders	―	51
Net cash provided by (used in) financing activities	-37,104	22,059
Effect of exchange rate change on cash and cash equivalents	1,876	512
Net increase (decrease) in cash and cash equivalents	22,500	28,326
Cash and cash equivalents at beginning of period	133,727	164,146
Cash and cash equivalents at end of period	156,228	192,472

(4) Notes Regarding Going Concern Assumptions

None.

(5) Segment Information

[1] Business Segment

Three months to December 31, 2009 (From October 1, 2009 to December 31, 2009)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Eliminations and Corporate	Consolidated
Sales								
External	133,975	32,127	23,498	1,681	4,108	195,390	-	195,390
Intersegment	945	262	253	222	11,353	13,038	(13,038)	-
Total	134,921	32,389	23,752	1,904	15,462	208,429	(13,038)	195,390
Operating expenses	124,734	28,214	24,005	1,943	14,293	193,192	(9,845)	183,346
Operating income (loss)	10,186	4,174	(253)	(39)	1,168	15,237	(3,192)	12,044

Nine months to December 31, 2009 (From April 1, 2009 to December 31, 2009)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Eliminations and Corporate	Consolidated
Sales								
External	393,915	102,601	76,426	4,725	11,062	588,731	-	588,731
Intersegment	2,545	612	1,182	672	33,812	38,825	(38,825)	-
Total	396,461	103,213	77,609	5,398	44,875	627,557	(38,825)	588,731
Operating expenses	378,385	92,919	76,069	5,813	42,416	595,604	(28,075)	567,528
Operating income (loss)	18,075	10,294	1,540	(415)	2,458	31,953	(10,749)	21,203

Notes:

1. Business classification is based on similarity of product type and market. The Group's operations are classified into the five segments of Business Technologies, Optics, Medical and Graphic Imaging, Sensing, and other businesses.

2. Principal products in business segments

Business Segment	Principal Products
Business Technologies	MFPs, printers, etc.
Optics	Optical devices, electronics materials, etc.
Medical and Graphic Imaging	Medical products, graphic imaging products, etc.
Sensing	Industrial-use and medical-use measuring instruments, etc
Other businesses	Products other than the above

3. Operating expenses not able to be properly allocated that are included in Eliminations and Corporate are principally R&D expenses incurred by the Company and expenses associated with head office functions. Such expenses amounted to ¥6,974 million and ¥21,916 million for the October-December and the April-December terms respectively.

[2] Geographical Segment

Three months to December 31, 2009 (From October 1, 2009 to December 31, 2009)

[Millions of yen]

	Japan	North America	Europe	Asia and Other	Total	Eliminations and Corporation	Consolidated
Sales							
External	87,453	41,111	53,865	12,959	195,390	-	195,390
Intersegment	64,524	496	500	42,219	107,741	(107,741)	-
Total	151,978	41,608	54,366	55,179	303,132	(107,741)	195,390
Operating expenses	138,582	40,626	52,691	52,048	283,949	(100,602)	183,346
Operating income (loss)	13,395	981	1,675	3,130	19,183	(7,139)	12,044

Nine months to December 31, 2009 (From April 1, 2009 to December 31, 2009)

[Millions of yen]

	Japan	North America	Europe	Asia and Other	Total	Eliminations and Corporation	Consolidated
Sales							
External	271,102	127,670	152,923	37,034	588,731	-	588,731
Intersegment	164,479	1,541	1,047	116,972	284,040	(284,040)	-
Total	435,581	129,212	153,970	154,007	872,772	(284,040)	588,731
Operating expenses	409,607	130,339	149,284	145,998	835,230	(267,701)	567,528
Operating income (loss)	25,973	(1,127)	4,686	8,008	37,541	(16,338)	21,203

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Major countries or areas other than Japan are as follows:
   North America .... U.S.A. and Canada
   Europe .... Germany, France and U.K.
   Asia and Other .... Australia, China and Singapore
3. Operating expenses not able to be properly allocated that are included in Eliminations and Corporate are principally R&D expenses incurred by the Company and expenses associated with head office functions. Such expenses amounted to ¥6,974 million and ¥21,916 million for the October-December and the April-December terms respectively.

[3] Overseas Sales

Three months to December 31, 2009 (From October 2009 to December 31, 2009)

[Millions of yen]

	North America	Europe	Asia and Other	Total
Overseas sales	42,674	60,203	40,808	143,685
Consolidated sales	-	-	-	195,390
Overseas sales as a percentage of consolidated sales	21.8 %	30.8 %	20.9 %	73.5 %

Nine months to December 31, 2009 (From April 1, 2009 to December 31, 2009)

[Millions of yen]

	North America	Europe	Asia and Other	Total
Overseas sales	128,993	169,751	123,166	421,911
Consolidated sales	-	-	-	588,731
Overseas sales as a percentage of consolidated sales	21.9 %	28.9 %	20.9 %	71.7 %

Notes:
1. Countries and territories are classified based on geographical proximity.
2. Major countries or areas are as follows:
   North America .... U.S.A. and Canada
   Europe .... Germany, France and U.K.
   Asia and Other .... Australia, China and Singapore
3. Overseas sales are the Company and consolidated subsidiary sales in countries or regions outside of Japan.

[4] Segment Information

I. Summary of Reporting Segments

Nine months from April 1, 2010 to December 31, 2010 and three months from October 1, 2010 to December 31, 2010

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

The Company has business companies for different products and services in Japan, and each business company draws up comprehensive domestic and overseas strategies for their products and services, and conduct business activities accordingly.

Consequently, the Company is made up of segments for different products and services with a business company at the center of each and has three reportable segments: Business Technologies, Optics and Healthcare.

Products in the Business Technologies segment include MFPs, printers, production printing equipment and related supplies, products in the Optics segment include optical devices and electronic materials, while products in the Healthcare segment include medical products.

In addition, the changes of the reportable segments and significant changes in the main products and the types of services of the reportable segments are presented in "Ⅳ. Matters associated with changes in reportable segments".

II. Information about Segment Sales and Income

Nine months to December 31, 2010 (From April 1, 2010 to December 31, 2010)

[Millions of yen]

	Reportable segments				Other*1	Total
	Business Technologies	Optics	Healthcare*2	Total		
Sales						
External	396,340	99,407	62,514	558,262	17,017	575,280
Intersegment	2,542	650	1,087	4,280	37,736	42,016
Total	398,883	100,058	63,601	562,543	54,754	617,297
Operating income	25,988	109043	592	36,625	3,699	40,324

Three months to December 31, 2010 (From October 1, 2010 to December 31, 2010)

[Millions of yen]

	Reportable segments				Other*	Total
	Business Technologies	Optics	Healthcare*2	Total		
Sales						
External	130,289	30,249	17,598	178,137	5,317	183,455
Intersegment	528	289	388	1,205	10,900	12,105
Total	130,817	30,538	17,986	179,343	16,217	195,561
Operating income	6,393	2,051	11	8,456	1,217	9,673

Note:

1. "Other" consists of business segments not included in reporting segments such as Sensing Business and Industrial Inkjet Business.
2. In the consolidated fiscal year under review, the segment title of the Medical & Graphic Imaging Business that was used until the first half has been changed to the Healthcare Business from the third quarter. The results of the Healthcare Business for the first three quarters include those of the Medical & Graphic Imaging Business for the first half.

III. Difference between the total of the reporting segments' measures of profit or loss and income according to quarterly consolidated statements of income, and the main components of the difference (matters related to adjustment of difference)

Nine months to December 31, 2010 (From April 1, 2010 to December 31, 2010)

[Millions of yen]

Item	Amount
Total operating income of reporting segments	36,625
Operating income categorized in "Other"	3,699
Intersegment - eliminations	(3,923)
Corporate expenses	(8,149)
Operating income reported on quarterly statements of income	28,251

Three months to December 31, 2010 (From October 1, 2010 to December 31, 2010)

[Millions of yen]

Item	Amount
Total operating income of reporting segments	8,456
Operating income categorized in "Other"	1,217
Intersegment - eliminations	(1,230)
Corporate expenses	(2,797)
Operating income reported on quarterly statements of income	5,645

Note: Corporate expenses are mainly general administration expenses and R&D expenses that do not belong to any reporting segment.

Ⅳ. Matters associated with changes in reportable segments

To further strengthen the competitiveness and operations of the production printing field, since the third quarter of the consolidated fiscal year under review, the Group has restructured its operations by integrating the businesses associated with commercial printing and digital printing into the Business Technologies Business. As a result, it has changed the method by which it categorizes its reportable segments, and integrated the Graphic Imaging Business in the Medical & Graphic Imaging Business into the Business Technologies Business.

As a result of restructuring as described above, the main products and the types of services of the Medical & Graphic Imaging Business have changed from the production and sale of medical, printing, and other related products to the production and sale of medical and other related products.

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

Additional Information

Starting from the first quarter of the fiscal year under review, the Company adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Statement No. 17, March 27, 2009) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Guidance No. 20, March 21, 2008).

(6) Notes to any Significant Changes in Shareholders' Equity

None.