Konica Minolta Group
3rd Quarter/March 2012 Consolidated Financial Results

Three months: October 1, 2011- December 31, 2011
Nine months: April 1, 2011 – December 31, 2011

- Announced on January 31, 2012 -

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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.

My Message for Today

KONICA MINOLTA

3Q/March 2012 Results

- **With the strong performance from the Business Technologies Business and the Optics Business, the Group has charted a course for higher earnings.**
  Despite the effects from the strong yen and flooding in Thailand, it exceeded its recent earnings forecasts.
- The negative effects from flooding in Thailand on net sales and operating income were about ¥3.0 billion and about ¥1.5 billion respectively.
- In the Business Technologies Business, the production print field continued to perform steadily.
  Color MFPs for office also maintained strong sales.
  With the development of OPS, the Company continued to steadily acquire global major accounts (GMA).
- In the Optics Business, following the launch of new VA-TAC products, TAC films maintained strong sales momentum from the beginning of the year. .

4Q/March 2012 Forecasts

- **Given the strong yen and debt crisis in Europe, the operating environment remains uncertain. However, considering the operating performance for the first nine months, and, in particular, recent business momentum, the Group has kept its previous forecasts unchanged with net sales of ¥780.0 billion and an operating income of ¥40.0 billion.**
- In light of recent trends, the assumed exchange rates are ¥78 against the US dollar, and ¥100 against the euro, which was raised by ¥5 from the previous assumed rates.
- Despite concerns over the fiscal problems in Europe dampening demand for office equipment, the Group's results for the current term are not likely to change significantly.

Giving Shape to Ideas 1

We've summarized our latest financial results into two points.

Operating income for the third quarter of the fiscal year under review amounted to ¥7.7 billion, up ¥2.0 billion or 36% year on year. The first quarter of the fiscal year began at a slow pace, due to the effects of the Great East Japan Earthquake. However, earnings momentum started to recover from the second quarter, and returned to a year-on-year growth trend in the third quarter. Ultimately our earnings level was better than we had anticipated, despite the substantial effect of the strong yen and the flooding in Thailand. This was mainly thanks to our strong performance in the production print field and office color MFPs (Multi-functional peripherals), and higher sales, reflecting our efforts since the previous year to bolster our OPS (Optimized Print Services) structure as well as our active approach to global major accounts in the Business Technologies Business. Continued sales momentum of new VA-TAC for increasing viewing angle (hereinafter referred to as "VA-TAC") products in the Optics Business since the beginning of the fiscal year also contributed to higher income.

We did not include the impact from the flooding in Thailand in the operating performance forecasts for the second half we announced previously. We understand the impact for the third quarter was approximately ¥3.0 billion in terms of net sales, and approximately ¥1.5 billion in terms of operating income. Excluding these impacts, the result for the third quarter exceeded our forecasts.

Looking ahead to the fourth quarter of the current fiscal year, operating conditions remain highly uncertain, mainly because of the persistent strength of the yen since last year and concerns about the European economy stemming from the sovereign debt crisis. Nevertheless, in light of our results for the first nine months, and the rising earnings momentum posted in the second and third quarter, we have decided to keep our forecast net sales at ¥780.0 billion, with operating income of ¥40.0 billion and net income of ¥19.0 billion, as we announced on October 28, 2011.

Compared to our previous forecasts, we have raised the assumed exchange rates for the euro by ¥5 for the fourth quarter. As a result, the assumed exchange rates are ¥78 against the US dollar and ¥100 against the euro. In addition, we need to carefully monitor an anticipated slowdown in sales of office equipment, given uncertainty about the European economy. Still, our Group recorded steady sales in Europe for the third quarter, and for now we expect that the market situation in the forth quarter will not change significantly.

3Q/March 2012 financial results - Group

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[Billions of yen]

	3Q Mar12	3Q Mar11	YoY	9M Mar12	9M Mar11	YoY
Net sales(a)	182.0	183.5	△ 1.4	560.4	575.3	△ 14.9
Gross income	86.4	83.7	2.7	260.0	264.6	△ 4.5
Gross income ratio	*47.5%*	*45.6%*		*46.4%*	*46.0%*	
Operating income	7.7	5.6	2.0	23.3	28.3	△ 5.0
Operating income ratio	*4.2%*	*3.1%*		*4.2%*	*4.9%*	
Goodwill amortization	2.2	2.0	0.1	6.6	6.3	0.3
Operating income before amortization of Goodwill(b)	9.9	7.7	2.2	29.9	34.6	△ 4.7
(b)/(a)	*5.4%*	*4.2%*		*5.3%*	*6.0%*	
Ordinary income	7.3	4.4	2.9	18.9	22.3	△ 3.4
Net income	1.6	2.2	△ 0.5	5.4	10.8	△ 5.4
Net income ratio	*0.9%*	*1.2%*		*1.0%*	*1.9%*	
EPS [Yen]	3.11	4.06	△ 0.95	10.18	20.35	△ 10.17
CAPEX	8.6	8.5	0.1	22.4	33.1	△ 10.8
Depreciation	12.4	13.7	△ 1.3	36.0	41.1	△ 5.1
R&D expenses	18.7	18.8	△ 0.1	55.5	54.1	1.4
FCF	1.8	△ 6.8	8.6	17.7	5.8	12.0
FOREX [Yen] USD	77.38	82.64	△ 5.26	78.99	86.84	△ 7.85
Euro	104.29	112.23	△ 7.94	110.61	113.30	△ 2.69

Giving Shape to Ideas

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Operating results for three months between October and December are presented on the left side of the table. The results for the first nine months between April through December are shown on the right side. Today, I would like to focus mainly on results for the latest three months.

Net sales fell ¥1.4 billion from the previous fiscal year, to ¥182.0 billion. The yen was approximately ¥5 stronger against the US dollar and ¥8 stronger against the euro during the period under review, compared with the levels in the year-ago period. The negative impact of this appreciation for us was ¥8.4 billion. Excluding the impact from the strong yen, net sales rose 4% on a local currency basis.

The gross margin improved approximately 2 percentage points year on year. Gross income increased ¥2.7 billion, given an improvement in the profitability in the Business Technologies Business, the Optics Business, and the Sensing Business, offsetting the effects of lower sales.

Operating income rose ¥2.0 billion, or 36%, from the same period in the previous fiscal year. Excluding a negative impact of ¥2.6 billion from fluctuations in foreign exchange rates, income effectively rose more than 80%. The operating margin also improved 1 percentage point.

Net income declined ¥0.5 billion, to ¥1.6 billion. The main reason for this was the recording of extraordinary losses of approximately ¥1.2 billion in expenses related to the structural reforms carried out in the domestic sales division of the Business Technologies Business, and an increase in the tax burden, with approximately ¥1.5 billion mainly from the reversal of deferred tax assets, as a result of the revision to the income tax system.

3Q/March 2012 financial results - Segment

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Net sales	3Q Mar11	3Q Mar10	YoY	9M Mar11	9M Mar10	YoY
Business Technologies	131.9	130.3	1.6	400.9	396.3	4.5
Optics	27.7	30.2	△ 2.5	91.1	99.4	△ 8.3
Healthcare	17.3	17.6	△ 0.3	51.9	62.5	△ 10.6
Other businesses	3.4	3.6	△ 0.2	11.3	11.6	△ 0.3
HD and eliminations	1.8	1.7	0.1	5.2	5.5	△ 0.3
Group total	182.0	183.5	△ 1.4	560.4	575.3	△ 14.9

Operating income	3Q Mar11	3Q Mar10	YoY	9M Mar11	9M Mar10	YoY
Business Technologies	9.4	6.4	3.0	24.6	26.0	△ 1.3
Optics	2.5	2.1	0.4	9.7	10.0	△ 0.3
Healthcare	△ 0.2	0.0	△ 0.2	△ 0.6	0.6	△ 1.2
Other businesses	0.3	0.5	△ 0.2	1.5	1.6	△ 0.1
HD and eliminations	△ 4.2	△ 3.3	△ 1.0	△ 11.9	△ 10.0	△ 2.0
Group total	7.7	5.6	2.0	23.3	28.3	△ 5.0

※The results of the Graphic Imaging section were included in this segment from 1H/Mar 2011.
(from 3Q/Mar 2011 it was integrated into the Business Technologies Business)

Giving Shape to Ideas

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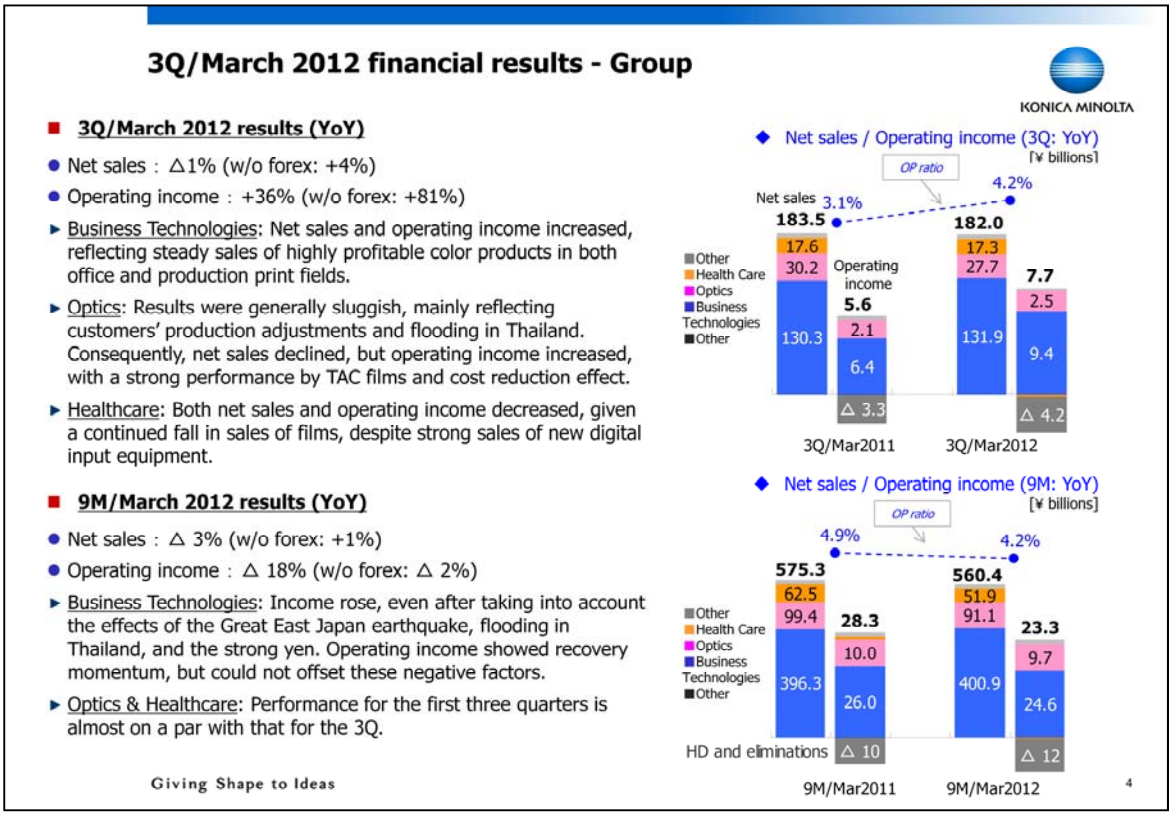
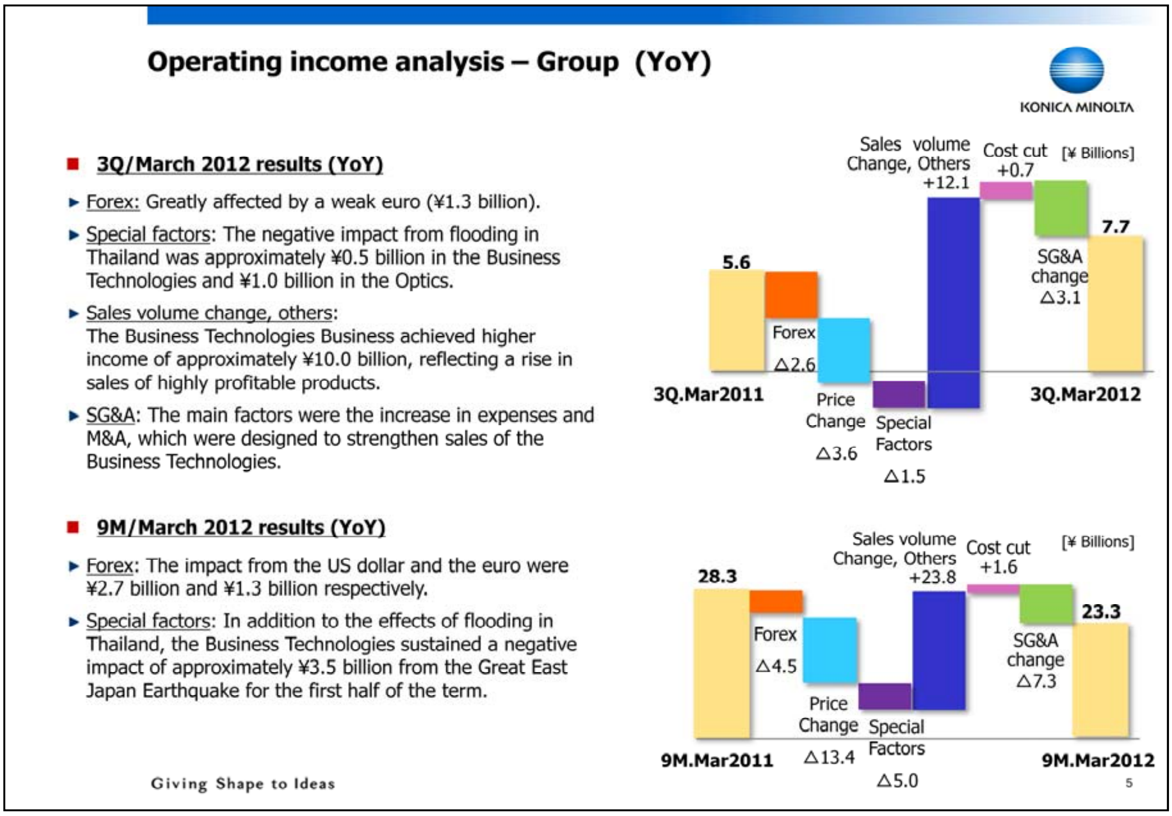
(None)



The Group overall posted a 1% decline in net sales and a 36% increase in operating income year on year. The Business Technologies Business made the biggest contribution to stronger earnings. Robust sales of profitable color products in both the office field and the production print field acted as the main earnings driver. As a result, this business recorded higher sales and income year on year.

In the Optics Business, given the effects from production adjustments of customers, which started last summer, and the flooding in Thailand, the business remained generally sluggish. However, with the continued strength of TAC films for LCD polarizers (hereinafter referred to as “TAC films”), and the effects of comprehensive cost cutting in the overall field, earnings increased despite the lower sales.

The Healthcare Business continued to post lower sales and income. Sales volumes of our digital medical input equipment, CR (Computed Radiography) and DR (Digital Radiography), were higher on a year-on-year basis, boosted by the launch of new products, but sales volumes of films for medical use declined in Japan and other developed countries.



Among the negative factors, the appreciation of the yen had a ¥2.6 billion effect on income. This included the impact from the euro, against which the yen rose ¥8, which had the biggest effect on income at ¥1.3 billion. There was also a negative impact of ¥0.7 billion from the pound and other European currencies, as well as ¥0.5 billion from the US dollar.

Price changes meanwhile produced a negative impact of ¥3.6 billion. This figure was an improvement on the ¥4.8 billion in the second quarter, reflecting an improvement in price changes in both the Business Technologies Business and the Optics Business. We believe that this was because we held firm on prices in the environment of the strong yen.

SG&A increased ¥3.1 billion. This was mainly attributable to an increase in fixed costs in the Business Technologies Business, which strengthened its sales structure and made strategic acquisitions to expand its service businesses.

The flooding in Thailand, a special factor in the third quarter of the current fiscal year, had a negative impact on income of ¥1.5 billion. This was mainly because the Business Technologies Business recorded higher costs, as it had to use substitute components after interruptions to shipments of key components from suppliers affected by the flooding. The Optics Business also suffered from sluggish orders, as flooding damaged the operations of its customers and other suppliers.

“Sales volume change, and other” was a positive factor worth ¥12.1 billion. While this reflected higher sales volumes, changes in the makeup of product mix, and other factors, the Business Technologies Business contributed most effectively to the results with ¥10.7 billion, thanks to growth in sales of profitable products. The Optics Business meanwhile contributed ¥1.6 billion, reflecting strong sales in the TAC business.

Business Technologies - Overview

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■ 3Q/March 2012 results (YoY)

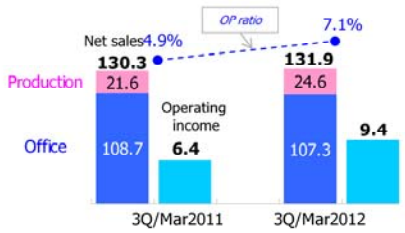
- Net sales : +1% (w/o forex: +7%)
- Operating income : +46% (w/o forex: +79%)
- ▶ Office: Sales of color MFPs remained steady in Japan, the U.S., Europe, and Other regions.
- ▶ Production: Net sales rose significantly, driven by new color products. The segment achieved significant growth in China, as well as in developed markets in Japan, the U.S., and Europe.

<Growth rate of net sales by regions (on a local currency basis)>

	Japan	U.S.	Europe	China
Office:	+0%	+10%	+3%	+4%
PP:	+5%	+15%	+32%	+65%

◆ Net sales / Operating income (3Q: YoY)

[¥ billions]



■ 9M/March 2012 results (YoY)

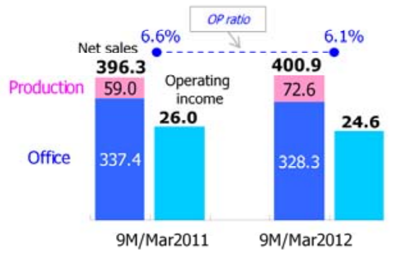
- Net sales : +1% (w/o forex: +5%)
- Operating income : △5% (w/o forex: +3%)
- ▶ Office: The segment sustained a recovery in 2Q and 3Q, despite the adverse effects of the Great East Japan earthquake.
- ▶ Production: Net sales of both color and monochrome products remained steady throughout the term.

<Growth rate of net sales by regions (on a local currency basis)>

	Japan	U.S.	Europe	China
Office:	△1%	+6%	+4%	+12%
PP:	+52%	+17%	+36%	+48%

◆ Net sales / Operating income (9M: YoY)

[¥ billions]



Giving Shape to Ideas

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In the Business Technologies Business, net sales for the third quarter of the current fiscal year reached ¥131.9 billion, rising ¥1.6 billion year on year. Excluding the effects of the strong yen, sales rose 7%, and both the office field and the production field maintained steady momentum.

In the office field, sales of color products remained strong in all regions. Net sales fell ¥1.4 billion on a yen basis, but actually increased 4% on a local currency basis, excluding the effects of exchange rates. In the production print field, sales of color equipment also remained steady. As a result, net sales increased ¥3.0 billion, or 14% on a yen basis. Excluding the exchange effects, sales rose 20%.

For reference, the sales growth rates in the four markets of Japan, the United States, Europe, and China are presented on a local currency basis. Sales in both the office and the production print fields rose in all markets. Although not shown in the slide, sales growth rates by market in the overall Business Technologies Business including the two fields were 1% in Japan, 11% in the United States, 7% in Europe, and 9% in China. The rate in Japan was flat ahead of the fourth quarter period of peak demand, but sales in mainstay Western markets remained steady.

I'd like to touch on concerns over a slowdown in sales of office equipment in Europe. As far as the Company's sales are concerned, despite the appreciation of the yen continuing toward the end of the year, the Company maintained higher sales in October, November, and December even on a yen basis, with steady year-on-year growth of 5%, 9%, and 7%, respectively. While the sales growth in the production print field contributed significantly to these results, the office field also achieved what were effectively higher year-on-year sales each month. In southern and certain other European markets, given the effects of the debt problems, there are some cases of large projects being suspended or cancelled in both the public and private sectors. Yet despite this difficult environment, the Company achieved strong results, notably because of higher sales of color products, by taking advantage of the strong sales foundation it possesses in Europe.

Business Technologies – Sales performance

■ **A3 MFP for office (Unit sales)**

▸ Sales rose year on year, reflecting strong sales of color MFPs throughout the term.

<Growth rate of color units by regions (YoY)>

	Japan	U.S.	Europe	China
3Q:	+5%	+18%	+10%	+55%
9M:	+4%	+12%	+8%	+52%

■ **Production Print (Unit sales)**

▸ Unit sales of both color and monochrome equipment remained strong throughout the term.

<Growth rate of color units by regions (YoY)>

	Japan	U.S.	Europe	China
3Q:	+48%	+1%	+62%	+98%
9M:	+81%	+21%	+71%	+103%

■ **Non-hard sales (on local currency basis)**

▸ Production print led the growth.

<Growth rate of non-hard sales of production print by regions (YoY, on local currency basis)>

	Japan	U.S.	Europe	China
3Q:	+2%	+9%	+15%	+47%
9M:	+57%	+15%	+17%	+43%

Giving Shape to Ideas

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In the office field, sales volumes of monochrome MFPs declined 4% from the previous fiscal year, but sales of color MFPs rose 16%, giving overall growth of 3%. This slide shows the rates of growth in sales volumes of color MFPs in four markets: Japan, the United States, Europe, and China. While sales volumes grew year on year in all the markets, all the overseas markets, in particular, posted the double-digit growth rates.

In the production print field, both color and monochrome equipment continued to perform strongly, achieving 31% and 24% year-on-year growth rates respectively. Sales volumes of color equipment jumped in all the regions, except for the United States. Sales volumes in the United States grew at just 1%. This is because in the year-ago period new products were introduced and sales volumes rose with sell off of old model products. Therefore, even if sales volumes were unchanged, profitability was very different.

Sales of non-hardware in the overall businesses continue to increase, with 3% year-on-year growth on a local currency basis, thanks to strong growth in the production print field.

Optics - Overview

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3Q/March 2012 results (YoY)

- Net sales : △8%
- Operating income : +22%
- TAC films: Net sales rose, thanks to a steady increase in sales from 1H.
- Glass substrates for HDDs: Net sales slowed down, given the effects from customers' production adjustments and flooding in Thailand.
- Optical pickup lens: Net sales remained sluggish, as sales of products for Blu-ray Discs failed to recover, although sales of products for DVDs picked up slightly.
- Lens units: Net sales for lens units for cell phones recovered slightly, but those for interchangeable lenses and zoom lenses for DSC were stagnant as customers and material manufacturers were affected by flooding in Thailand.

9M/March 2012 results (YoY)

- Net sales : △8%
- Operating income : △4%
- TAC films: Sales momentum remained steady throughout the term, reflecting strong sales of new VA-TAC products.
- The performance in other fields was sluggish, given customers' production adjustments and flooding in Thailand.

◆ Net sales / Operating income (3Q: YoY)

[¥ billions]

◆ Net sales / Operating income (9M: YoY)

[¥ billions]

Giving Shape to Ideas

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Net sales for the third quarter declined ¥2.5 billion from the same period of the previous fiscal year, to ¥27.7 billion, but operating income came to ¥2.5 billion, a ¥0.4 billion year-on-year increase. The negative impact of the flooding in Thailand was approximately ¥3.0 billion on net sales and approximately ¥1.0 billion on operating income.

Looking at overall results, net sales remained stagnant, given the effects of production adjustments by digital home appliance manufacturers and other customers since last summer and the flooding in Thailand. Still, TAC films performed steadily, with robust results from both VA-TAC and plain TAC, helped by the introduction of new products. The Company's market share has also been growing.

Optics – Sales performance

■ **TAC films (Sales volumes)**

► Sales volume of VA-TAC films remained robust throughout the term.
In the 3Q, sales volume of plain TAC films rose, mainly those of thin TAC films.

■ **Glass substrates for HDDs (Unit sales)**

► Sales volumes slowed down in the 3Q, reflecting production adjustments and flooding in Thailand.

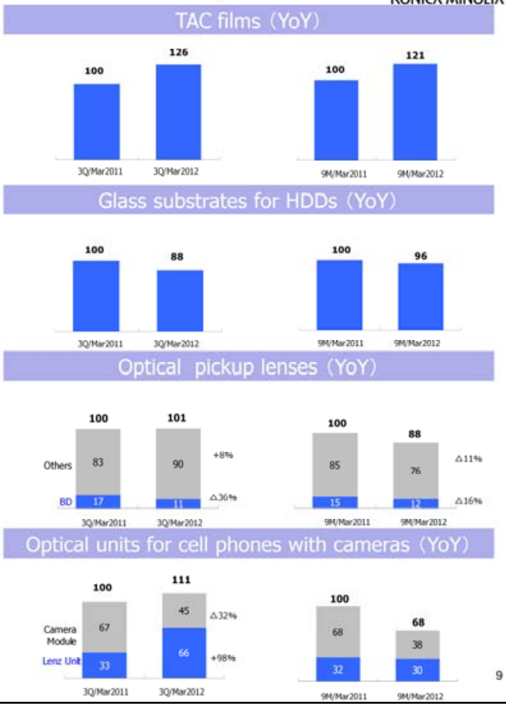
■ **Optical pickup lenses (Unit sales)**

► Sales volumes of products for DVD picked up in the 3Q, but those for products for Blu-ray Discs failed to recover.

■ **Optical units for cell phones with cameras (Unit sales)**

► Overall sales volumes remained stagnant in the 3Q, despite a recovery in lens units.

Sales units *Base index : "3Q/Mar 2011"= 100



Giving Shape to Ideas 9

Sales volumes of TAC films for the third quarter rose 26% year on year, with both VA-TAC and plain TAC films posting similar strong growth. In particular, the Company achieved record shipments in December.

Sales of glass substrates for HDDs were down 12% year on year, mainly reflecting the effects of the flooding in Thailand.

Sales of optical pickup lenses remained on a par with the results for the previous fiscal year.

Overall sales of optical units for cell phones with cameras remained sluggish because of weak demand for conventional cell phones, reflecting the effects of the rising popularity of smartphones, although sales of lens units for customers in Europe recovered.

Healthcare - Overview

KONICA MINOLTA

3Q/March 2012 results (YoY)

- Net sales : △ 2% (w/o forex: Flat)
- Operating income : ¥-0.2 billion (w/o forex: Flat)
  - Digital input/output equipment: Net sales rose, reflecting the launch of new CR and DR.
  - Dry films: Sales declined at a rate higher than expected, due to rapid progress in the use of filmless equipment in developed countries, particularly in Japan.
  - Earnings came under pressure, given the strong yen, the surge in silver prices, and a decline in sales prices, in addition to lower sales.

◆ Net sales / Operating income (3Q: YoY)

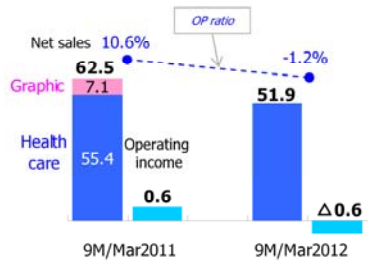
[¥ billions]

9M/March 2012 results (YoY)

- Net sales : △6% (w/o forex: △0.4%)
- Operating income : ¥-1.2 billion (w/o forex: △¥0.4 billion)
  - Figures for the first half of the previous year included net sales of ¥7.1 billion and operating income of ¥0.1 billion from the former Graphic segment.

◆ Net sales / Operating income (9M: YoY)

[¥ billions]



Giving Shape to Ideas

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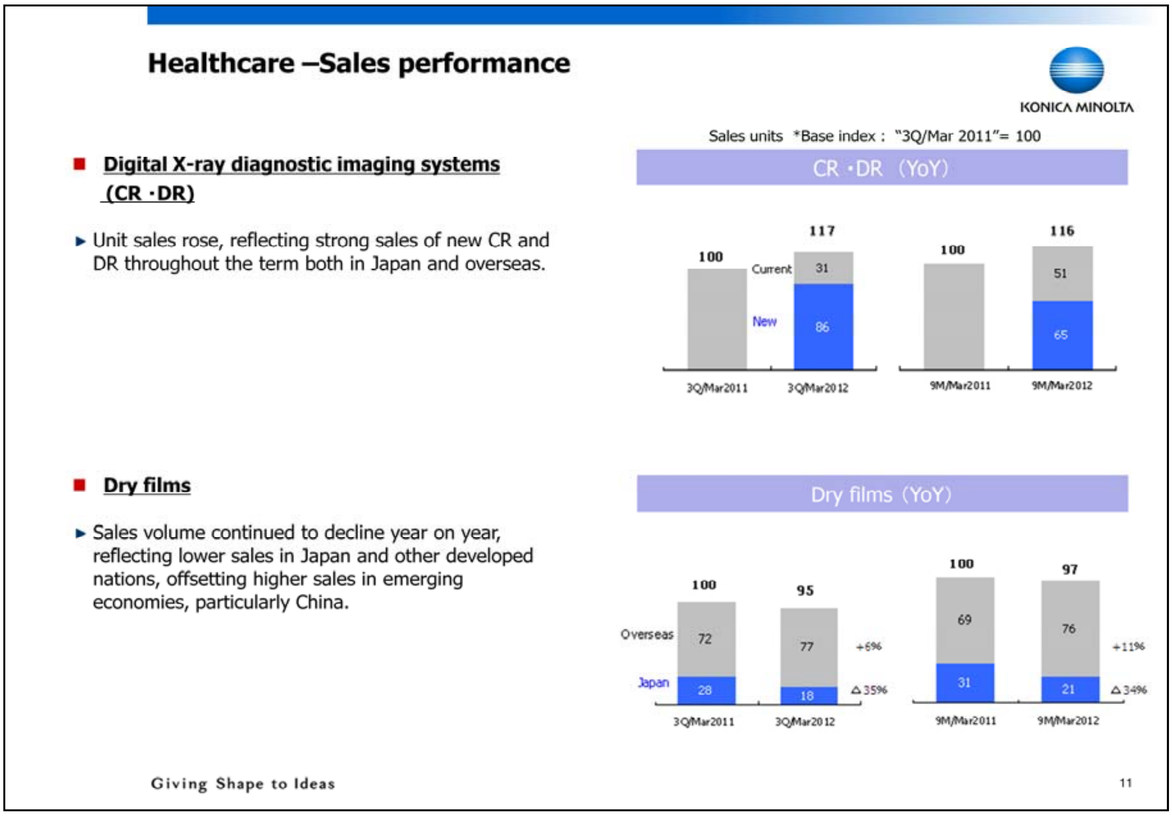
Net sales for the third quarter under review stood at ¥17.3 billion, almost on a par with those for the previous fiscal year. The operating loss came to ¥0.2 billion. Sales of digital input/output equipment rose year on year, given robust sales of new CR and DR which were launched in the first half of the term under review. In the overall business, however, both sales and income struggled with an accelerating decline in sales of films in markets in Japan and other developed countries.



Digital equipment performed strongly in Japan, the United States, Europe and Other regions, exceeding the year-ago level, chiefly because of the impact of new products. With sales areas for new products expanding steadily, new products accounted for more than 70% of sales in the third quarter. Overall sales of films for medical use were down year on year, given a contraction in sales in all developed markets, namely Japan, the United States, and Europe, which could not be offset by growth in China and other emerging economies.

Forecasts: March 2012 - Group

KONICA MINOLTA

[Billions of yen]

	Current Forecast	Previous Forecast	Change	FY Mar11
Net sales(a)	780.0	780.0	0.0	778.0
Operating income	40.0	40.0	0.0	40.0
Operating income ratio	*5.1%*	*5.1%*		*5.1%*
Goodwill amortization	9.0	9.0	0.0	8.4
Operating income before amortization of Goodwill(b)	49.0	49.0	0.0	48.4
(b)/(a)	*6.3%*	*6.3%*		*6.2%*
Ordinary income	35.0	35.0	0.0	33.2
Net income	19.0	19.0	0.0	25.9
Net income ratio	*2.4%*	*2.4%*		*3.3%*

<Reference> Forex sensitivity (Annual)	Net sales	Operating income
US$	2.9	0.4
Euro	1.4	0.8

	Current Forecast	Previous Forecast	Change	FY Mar11
FOREX [Yen] USD	78.00	78.00	0.00	85.71
Euro	100.00	105.00	-5.00	113.11
CAPEX	40.0	50.0		43.0
Depreciation	55.0	65.0		55.1
R&D expenses	76.0	78.0		72.6
FCF	18.0	8.0		23.2

Giving Shape to Ideas

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As explained at the beginning of this presentation, the Group has left its full-year operating performance forecasts for items from net sales to net income unchanged from the previous forecasts. I am now going to explain those points that have been revised.

The Group has set foreign exchange rates for the fourth quarter of the current fiscal year at ¥78 against the US dollar, and ¥100 against the euro. The exchange rate for the euro was previously assumed at ¥105.

The Group made minor revisions to capital expenditures, depreciation, and R&D expenses, in light of actual results over the first nine months and the expectation in the fourth quarter.

The Group also made a similar revision to free cash flows.

Forecasts: March 2012 - Segments

KONICA MINOLTA

[Billions of yen]

Net sales	Current * Forecast	FY Mar11	Change
Business Technologies	550.0	539.6	10.4
Optics	126.0	129.8	△ 3.8
Healthcare	79.0	85.0	△ 6.0
Other businesses	17.0	15.7	1.3
HD and eliminations	8.0	7.8	0.2
Group total	780.0	778.0	2.0

Operating income	Current * Forecast	FY Mar11	Change
Business Technologies	37.8	37.5	0.3
Optics	14.2	12.8	1.4
Healthcare	0.6	0.2	0.5
Other businesses	2.6	2.2	0.4
HD and eliminations	△ 15.3	△ 12.7	△ 2.6
Group total	40.0	40.0	0.0

*announced on October, 28, 2011

(None)

Initiatives to achieve forecasts for FY/March 2012

KONICA MINOLTA

Aim to optimize the Group's earnings in the final fourth quarter

- The Business Technologies will focus on mainly strengthening sales of production print products and office color MFPs that are performing strongly.
  The Group plans to improve its competitiveness and profitability by launching new color products in the 4Q.
- Moreover, the Group will carry out SCM to ensure that the placement of GMA the Group has acquired will contribute to earnings for the 4Q.
- In addition, the structural reform of domestic organizations that was carried out in the 3Q is expected to contribute to earnings for the 4Q.
- The Optics will focus on strengthening sales of VA-TAC and thin plain TAC films.

Responding to the strong yen (Revision to raise the assumed exchange rates of the euro by ¥5)

- The Business Technologies will raise product prices by taking into account market conditions by region.
- Take effective initiatives to thoroughly cutting costs and reducing expenses.

Risks to be noted while working for achieving targets for the 4Q

- Spread of investment restraint by companies and public offices, in anticipation of the economic downturn (which has already started in certain countries in Europe)
- The possibility of operations in the 4Q making up the negative impact (approximately ¥1.0 billion) of the flooding in Thailand.

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I will now explain the key points of the initiatives that the Group will take in the fourth quarter to achieve the full-year operating performance forecasts that have been left unchanged.

The first point is to aim to maximize the sales and profits of each business in the fourth quarter, the final quarter of the current fiscal year. In doing so, the performance of the Business Technologies Business and the Optics Business will of course be key.

In the Business Technologies Business, the decisive factor will be the extent to which higher sales volumes of color products, which have maintained strong momentum in both the production print field and the office field, can be added in the fourth quarter, a period when demand peaks for the year. Both the office and production print fields will have an advantage in that new color products with superior product and cost competitiveness compared with existing products will be introduced from the fourth quarter.

The Company has been producing consistently solid results from businesses for global major accounts using the proposal and service capabilities of OPS (Optimized Print Services). It needs to generate steady income from projects already won from these accounts and the related pipeline projects with which it is dealing at present. This will be another key point in the fourth quarter.

In the Optics Business, the Company will continue to bolster sales of VA-TAC films, thin films, and other products in which it excels.

Looking at issues related to the strong yen, as the assumed exchange rate of the euro has been raised by ¥5, the negative impact of foreign exchange rates on operating income comes to approximately ¥1.0 billion. In response, the Business Technologies Business will raise product prices by taking into account market conditions and other factors. I cannot provide details at the moment, but we will proceed with this when sales and profits for the fourth quarter have moved higher.

The Group will also cut costs and reduce expenses in an effective manner.

Finally, I would like to point out the downside risks that the Group needs to take into account in its effort to achieve its targets for the fourth quarter. The first of these risks is a potential rapid fall in demand, which is actually already taking place in certain markets in Europe, given sluggish corporate capital investment on concerns over the economic slowdown. This is similar to what happened after the Lehman Brothers collapse.

The second risk is the anticipated effects of flooding in Thailand in the fourth quarter of the current fiscal year. Flooding is expected to reduce net sales by approximately ¥2.0 billion and net income by approximately ¥1.0 billion. The point is the extent to which the Group can minimize these negative effects.

Color products will contribute to earnings in the fourth quarter. Both the office field and the production print field will launch new products, some of which began to generate sales in January.

I won't go into explanations about individual products. However, I will note that the Company excels in color products, which are the source of its growth. Consequently, we plan to continue to launch new color products in fiscal 2012.

KONICA MINOLTA

Supplementary Information

3Q/March 2012 Financial Results

Operating profit analysis

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[Billions of yen]

3Q/Mar 2012 vs. 3Q/Mar 2011

	Business Technologies	Optics	Other	Total
[Factors]				
Forex impact	-2.1	-0.2	-0.2	-2.6
Prince change	-1.3	-2.1	-0.1	-3.6
Special factors	-0.5	-1.0	0.0	-1.5
Sales volume change, and other, net	10.7	1.6	-0.2	12.1
Cost down	-0.3	0.9	0.1	0.7
SG&A change, net	-3.5	1.2	-0.8	-3.1
[Operating income]				
Change, YoY	3.0	0.4	-1.4	2.0

9M/Mar 2012 vs. 9M/Mar 2011

	Business Technologies	Optics	Other	Total
[Factors]				
Forex impact	-2.2	-1.2	-1.0	-4.5
Prince change	-6.1	-6.8	-0.5	-13.4
Special factors	-4.0	-1.0	0.0	-5.0
Sales volume change, and other, net	22.5	2.7	-1.5	23.8
Cost down	-1.2	2.5	0.3	1.6
SG&A change, net	-10.2	3.5	-0.6	-7.3
[Operating income]				
Change, YoY	-1.3	-0.3	-3.3	-5.0

SGA, non-operating and extraordinary income/loss

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[Billions of yen]

	3Q Mar11	3Q Mar10	YoY	9M Mar11	9M Mar10	YoY
SG&A:						
Selling expenses - variable	10.2	10.0	0.2	31.6	33.1	-1.4
R&D expenses	18.7	18.8	-0.1	55.5	54.1	1.4
Labor costs	29.6	28.7	0.9	88.7	86.0	2.7
Other	20.3	20.6	-0.3	60.9	63.1	-2.2
SGA total*	78.7	78.0	0.7	236.8	236.3	0.4
** Forex impact:*	*-¥2.4 bn. (Actual: ¥3.1 bn.)*			*-¥5.6 bn. (Actual: ¥6.0 bn.)*		
Non-operating income/loss:						
Interest and dividend income/loss, net	-0.1	-0.3	0.2	-0.6	-1.0	0.4
Foreign exchange gain, net	0.5	-0.6	1.1	-2.9	-3.9	1.0
Other	-0.8	-0.4	-0.5	-0.8	-1.1	0.3
Non-operating income/loss, net	-0.4	-1.3	0.9	-4.4	-6.0	1.6
Extraordinary income/loss:						
Sales of noncurrent assets, net	-0.5	-0.3	-0.2	-1.2	-1.2	-0.1
Sales of investment securities, and sales of subsidiaries and affiliates' stocks, net	-0.0	0.5	-0.6	-2.4	-1.0	-1.4
Imperament gain/loss	-0.1	-0.0	-0.0	-0.1	-0.1	-0.0
Business structure improvement expenses	-1.2	-0.1	-1.1	-1.2	-3.3	2.1
Other	0.1	0.1	-0.0	0.1	-0.4	0.5
Extraordinary income/loss, net	-1.7	0.3	-2.0	-4.8	-6.0	1.2

Cash flows

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[Billions of yen]

	3Q Mar12	3Q Mar11	YoY	9M Mar12	9M Mar11	YoY
Income before income taxes and minority interests	5.6	4.7	1.0	14.1	16.3	-2.2
Depreciation and amortization	12.4	13.7	-1.3	36.0	41.1	-5.1
Income taxes paid	-3.1	-3.3	0.1	-4.3	-6.4	2.1
Change in working capital	-4.0	-7.4	3.4	3.2	-11.6	14.8
I. Net cash provided by operating activities	10.9	7.6	3.2	49.0	39.5	9.5
II. Net cash used in investing activities	-9.1	-14.5	5.4	-31.3	-33.7	2.4
I.+ II. Free cash flow	1.8	-6.8	8.6	17.7	5.8	12.0
Change in debts and bonds	35.3	34.1	1.2	31.6	31.0	0.6
Cash dividends paid	-3.8	-3.9	0.0	-7.8	-7.8	0.0
Other	-0.5	-0.4	-0.1	-1.3	-1.1	-0.1
III. Net cash used in financing activities	30.9	29.8	1.1	22.6	22.1	0.5

B/S

Assets:	Dec 2011	Mar 2011	[Billions of yen] Change
Cash and short-term investment securities	215.9	175.1	40.7
Notes and A/R-trade	151.4	163.4	-12.0
Inventories	104.0	100.2	3.8
Other	56.4	63.1	-6.7
Total current assets	527.7	501.9	25.8
Tangible assets	176.0	190.7	-14.7
Intangible assets	86.7	88.4	-1.7
Investments and other assets	63.9	64.5	-0.6
Total noncurrent assets	326.6	343.6	-17.0
Total assets	854.2	845.5	8.8
Liabilities and Net Assets:			
Notes and A/P-trade	76.2	74.6	1.6
Interest bearing debts	221.1	192.6	28.6
Other liabilities	143.4	149.3	-5.9
Total liabilities	440.7	416.5	24.3
Total shareholders' equity*	412.2	427.6	-15.5
Other	1.3	1.3	-0.0
Total net assets	413.5	429.0	-15.5
Total liabilities and net assets	854.2	845.5	8.8

*Equity = Shareholder's equity + Accumulated other comprehensive income

[yen]	Dec 2011	Mar 2011	YoY
US$	77.74	83.15	△ 5.41
Euro	100.71	117.57	△ 16.86

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Giving Shape to Ideas

B/S – Main indicators

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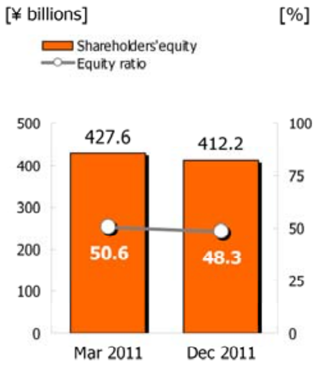
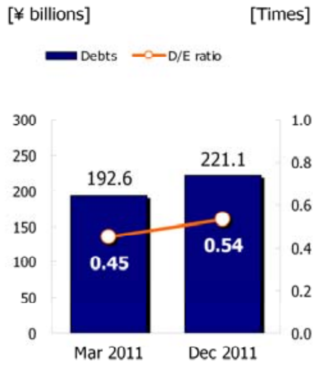
■ **Equity ratio**



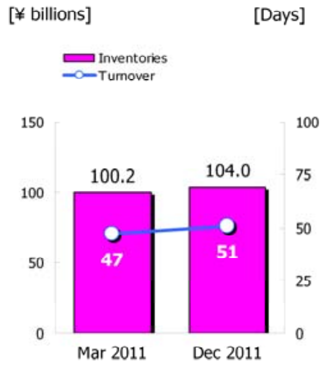
■ **Interest-bearing debts**



D/E ratio =

Interest-bearing debts at year-end / Shareholders' equity at year-end

■ **Inventories and inventory turnover**



Inventory turnover (days) =

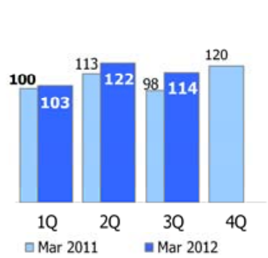
Inventories at period-end / Average sales per day

*Equity = Shareholder's equity + Accumulated other comprehensive income

Unit sales trend: Business Technologies

KONICA MINOLTA

■ A3 color MFP– Units



YoY: +16%

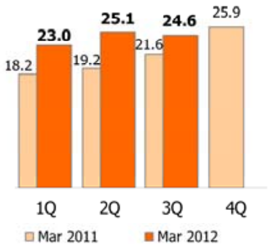
QoQ: △7%

■ Color Production Print– Units

YoY: +31%

QoQ: △8%

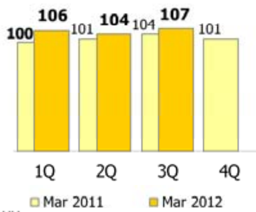
■ Production print – Value [¥ billions]



YoY: +14%

QoQ: △2%

■ MFP non-hardware * w/o forex effects



YoY: +3%

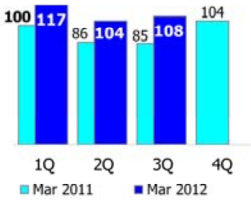
QoQ: +3%

* Base index : "1Q Mar2011"= 100

Unit sales trend: Optics

KONICA MINOLTA

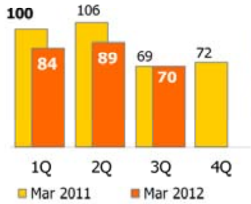
■ TAC film – Units



YoY: +26%

QoQ: +4%

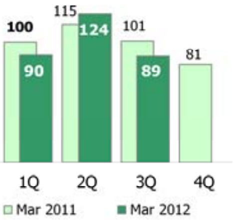
■ Optical pickup lenses - Units



YoY: +1%

QoQ: △22%

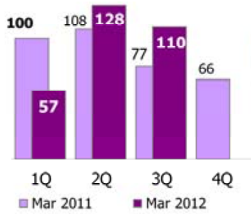
■ Glass HD substrates - Units



YoY: △12%

QoQ: △ 28%

■ Mobile phone components – Units



YoY: +43%

QoQ: △ 14%

* Base index : "1Q Mar2011"= 100

Giving Shape to Ideas