



The concept “true growth is achieved through change” has been a recurring theme for me throughout fiscal 2003, the fiscal year ended March 31, 2004. In the fiscal year under review, Konica Minolta implemented a number of innovative initiatives in response to the challenges the Company faced and in an effort to become a highly respected corporate group to all stakeholders. We are among the first Japanese companies to simultaneously spin off operating companies, establish a holding company, and adopt a board-with-committees structure. We are proud of the speedy manner in which we have accomplished the integration of the Konica and Minolta managements. Driven by the concept of change, the Company has achieved these two major results in a very short span of time, and taken concrete steps toward attaining its goal.

Looking back at the last fiscal year with satisfaction, I am convinced that the engine for growth has been clearly established.

In the fiscal year ended March 31, 2004, consolidated net sales were ¥1,123.6 billion, operating income ¥73.2 billion, and net income ¥19.3 billion. The Group was quick to derive synergy benefits from management integration with significant contributions from the mainstay Business Technologies and Optics businesses.

The Konica Minolta Group commenced implementation of its medium-term management integration plan, which was designed to maximize the benefits of integration. For the duration of the plan, ending March 31, 2007, Konica Minolta has clarified objectives for each fiscal year. Fiscal 2003 was identified as a preparatory phase, a period in which we would promote the reorganization and integration of Group companies both in Japan and overseas. This phase is essentially complete. In fiscal 2004, we are directing Groupwide efforts toward reinforcing our business platform and shifting our focus in an effort to realize rationalization and synergy benefits created through management integration. In the final year of the program, fiscal 2006, we will leverage the benefits of the management integration and embark on a period of significant growth.

As key issues of the plan, we are stepping up efforts toward business portfolio management, working to more swiftly realize synergy and integration benefits, and fostering a corporate culture that will allow all employees to achieve their maximum potential. In the practice of business portfolio management, we are allocating management resources to those businesses earmarked for significant growth, including the core Business Technologies business and the strategic Optics business.

We have identified the Photo Imaging business segment as requiring fundamental restructuring. In the Photo Imaging business, addressing rapid changes in the market, we will promote rationalization to secure more stable earnings rather than promote the expansion of our business scale. As a part of this initiative, we consolidated the film and camera businesses in April 2004 and are accelerating efforts to establish a business capable of responding to the digitization and film-less era.

Based on a wealth of technology and expertise, the Konica Minolta Group strives to become an indispensable player in the field of imaging, and in an ever-evolving digital network society, to be recognized as essential to all stakeholders’ needs.

As a corporate citizen and member of the global community, we also place high priority on ethical and transparent management and compliance while promoting the goal of sustainable growth. To this end, we will make every effort to achieve the objectives of our medium-term management integration plan, drawing on maximum benefits derived through management integration, and will endeavor to enhance the Group’s corporate value.

August 2004



Fumio Iwai

President & CEO, Representative Executive Officer