

B

Business Technologies



bizhub C350



magicolor 2300DL



8050

In the fiscal year under review, Konica Minolta accelerated efforts to implement its genre top strategies to secure a leading position in specific regions and business fields such as color MFPs, high-speed MFPs, and color LBPs. At the same time, we continued to shift the Company's focus toward high-profit segments and to expand sales of value-added products based on our industry-leading polymerized toner technology. In color MFPs, a market experiencing considerable growth, we focused on the office sector and implemented measures to expand sales.

Regarding the high-profit potential field of high-speed MFPs, in addition to its own sales channels, the Company worked to expand sales through proactively pursuing strategic alliances with the world's top IT companies, including Hewlett-Packard Development Company, L.P. (United States) and Peking University Founder Group Corp. (China). In October 2003, Konica Minolta enhanced its product line-up with the addition of 8050, a 51-page-per-minute high-speed color MFP.

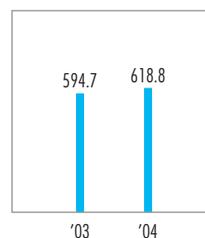
In conjunction with the transition to the Konica Minolta brand, in February 2004, the Company introduced the new bizhub brand of

MFPs around the world.

In LBP operations, Konica Minolta continued to concentrate energies on sales expansion in low-speed LBPs with a focus on the European and North American markets, in which it secured a solid position. In particular, the four-page-per-minute color output magicolor 2300 garnered widespread popularity in the SOHO market. Moreover, we saw good sales in our consumables business, which has evolved into a consistent contributor to the Company's profits.

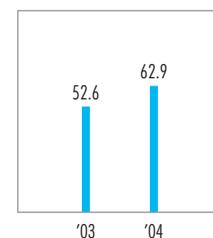
Net sales

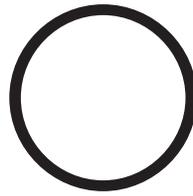
(Billions of yen)



Operating income

(Billions of yen)





Optics



Optical Pickup Lenses

Using our world-class optical technologies, we supply aspherical plastic lenses that are used in optical pickup mechanisms for a variety of optical disk drives and players.

Konica Minolta continued to maintain a strong performance in its core optical pickup lens operations on the strength of unparalleled technological capabilities, market position, and the wide range of its products. In addition, the Company's strategic components business, which is driven by optics technologies, a field in which we excel, and includes such products as lens units for digital cameras and microlenses for camera-equipped mobile phones, benefited from vigorous market growth and expanded sales.

Furthermore, Konica Minolta worked to expand sales of TAC film and other high-value-added products to capitalize on the strong growth in LCD-related markets, including large-scale monitors and LCD television sets, and achieved substantial sales growth.



Blue Laser Spot Image Analysis System

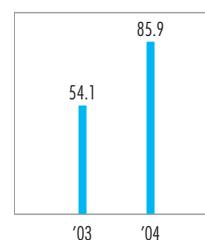
An optimal analysis system for optical pickup lenses used with next-generation, high-density optical discs, capable of measuring and analyzing a spot image's characteristics with a high degree of precision.



Lens Units for Digital Cameras and Camcorders

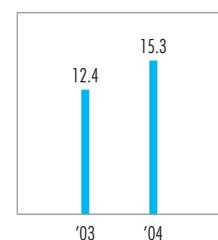
Net sales

(Billions of yen)



Operating income

(Billions of yen)



P

Photo Imaging



DiMAGE A2



DiMAGE X50



Inkjet Photo Paper



Dynax 7



CENTURIA Super 400



R2 Super Digital Minilab System

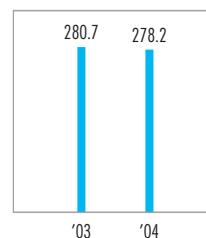
In photographic materials, Konica Minolta worked diligently to capitalize on strong sales in overseas markets of its R1 SUPER minilab system, to maintain and expand sales and profit in photographic paper operations, by proactively expanding the uptake of storefront digital prints. However, the Company's color film operations were substantially affected by the decline in demand in industrialized nations (Japan, North America, Europe), driven by growth in the digital camera market. Although the non-silver halide photography business, which included inkjet media and ID photo systems produced solid results, the business has yet to attain a scale sufficient to compensate for the decline in color film operations.

In the digital camera business, amid continuing strong market growth in Japan and overseas, Konica Minolta introduced such ambitious new products as the slim and compact DiMAGE X series digital cameras, and achieved substantial growth in sales volume. However, in the period from the summer of 2003 onward, as the life cycle of digital cameras became shorter, severe price competition in world markets caused increased losses in this business.

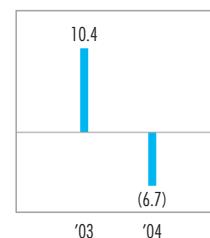
Against these tumultuous conditions, Konica Minolta is stepping up efforts to restructure its operations with the aim of better adapting to the

business environment, which continues to change at a dizzying pace. The Company continues to accelerate the comprehensive review of its strategies and policies from development through manufacturing and marketing. As part of this review, in April 2004, Konica Minolta consolidated its photographic materials and camera businesses into Konica Minolta Photo Imaging, Inc. By providing a comprehensive range of unique Konica Minolta-only digital photo imaging products and services, covering all needs from input to output, the Company will work to improve its competitiveness and raise its market position.

Net sales
(Billions of yen)



Operating income (loss)
(Billions of yen)



M

Medical and Graphic Imaging



REGIUS MODEL 170

The REGIUS MODEL 170 is a powerful, but compact high-resolution, high-speed X-ray imaging system.

In the field of medical imaging, Konica Minolta achieved prompt success in the industry in the commercialization of its REGIUS MODEL 170 digital X-ray imaging system, which it developed in response to the increasing use of digital and network technologies in hospitals, and commenced sales in the previous fiscal year. Highly regarded in the market for its sophistication, the system continued to attain strong sales growth. In addition, boosted by solid hardware sales, dry film sales were also strong.

In graphic imaging, Konica Minolta worked to expand film sales in overseas markets with a focus on Asia. In Japan, to respond to the ongoing market transition to filmless solutions, the Company is endeavoring to expand sales in the high-end market with its Digital Konsensus Pro digital color proofing system, which is highly acclaimed for its quality and sophistication.

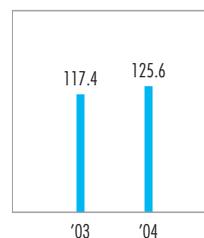


Digital Konsensus Pro

The Digital Konsensus Pro, a fundamental instrument in digital color proofing, has the powerful capability to preserve desired printing conditions, offering advanced reproducibility.

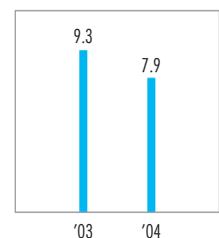
Net sales

(Billions of yen)



Operating income

(Billions of yen)



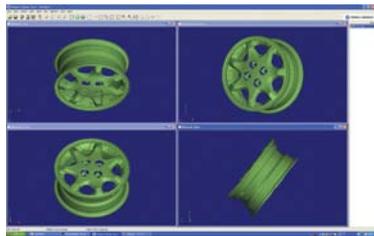
S

Sensing



VIVID 9i Non-contact 3-D digitizer

Capturing images in a camera-like way, the VIVID 9i is capable of processing image data from 3-D objects.



CR-400
Lightweight colorimeter

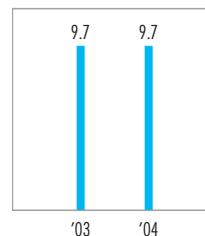


CA-210
Display color analyzer

Solid sales of the CA-210 display color analyzer, which is used to control PC monitor hue and other light-source color measuring systems, were achieved. At the same time, the Company worked to improve performance by concentrating sales and marketing on target industries and companies with a focus on Japan and other parts of Asia. On the production side, we strove to maintain and expand business profitability by implementing such structural optimization as reducing consolidated inventories by shortening lead times and developing production systems that are compatible with small-lot, multi-product range production.

Net sales

(Billions of yen)



Operating income

(Billions of yen)

