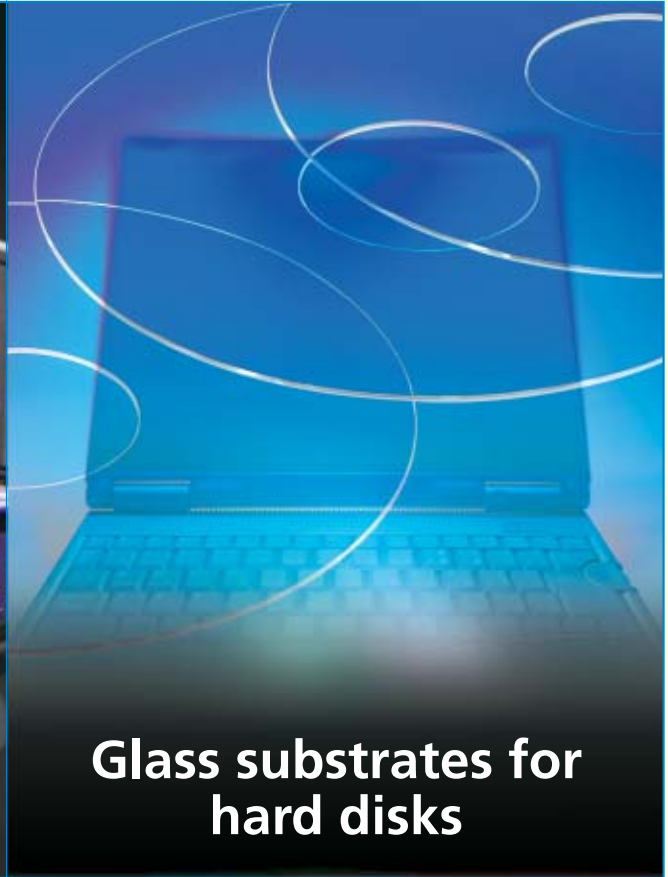


TAC, film a key material for LCD polarizing plates, realizes superior membrane uniformity and stable product quality.



TAC film

High density recording made possible through cutting edge materials development and precision fabrication technologies



Glass substrates for hard disks



Optical pickup lenses

A product of Konica Minolta's ultra precise technology, optical pickup lenses used in products such as CD, DVD, and MO drives command leading global market shares.



Microcamera units for mobile phones

Containing proprietary piezoelectric actuators, microcamera units are ideal for a wide range of miniaturization applications.

OPTICS



Takashi Matsumaru
President
Konica Minolta Opto, Inc.

Net sales and operating income for the Optics business increased over the previous fiscal year on sales growth of LCD-use TAC film, supported by diffusion of LCD TVs and growing demand for glass hard disk substrates.

For the fiscal year ended March 2006, the LCD-use TAC film business recorded high growth supported by expanding demand for LCD TVs. In particular, high performance products such as large LCD-use viewing angle expansion film, which the Group has been emphasizing as a growth area, helped to drive sales. In addition, in order to respond to the expansion in demand, the third production line was put into operation and construction began on the fourth production line.

In glass hard disk substrates, in addition to existing 2.5-inch substrates, favorable growth was seen in small diameter products for mobile equipment supported by growth in new applications such as notebook PCs and other portable digital home appliances with hard disk drives. As a result, sales recorded strong growth.

While the Group continued to maintain a high market share in the optical pickup market, sales were affected by customer inventory adjustments and unit price declines. Although sales volumes of lenses for recordable CD and DVD products increased, sales volumes of lenses other than object lenses decreased, which resulted in a decline in overall sales.

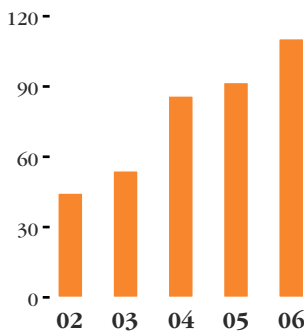
Going forward, in next-generation pickup lenses which are expected to be a major pillar of the optical pickup lens segment, technology development for both the Blu-ray disk (BD) and high definition (HD) DVD formats has been completed, and high-volume production lines for the new products will be in operation in the current fiscal year.

The expansion of sales for micro lens units for mobile phones with camera functions was supported by the provision of high value-added products such as the world's first lens unit with 5 mega pixel-compatible auto focus. In addition, microcamera module sales volume doubled from the previous fiscal year supported by full-fledged volume production mostly for overseas sales.

While sales of DSC-use lens units were flat with the previous year, sales of VCR-use lens units were strong especially for new products, stimulated by products compatible with high vision and hard disk drive-equipped VCR products.

Given the above, consolidated sales for the Optics business in the fiscal year ended March 2006 were ¥110.4 billion, while operating income was ¥17.6 billion.

Net Sales
(Billions of Yen)



Operating Income
(Billions of Yen)

