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KONICA MINOLTA SENSING EUROPE B.V.

NIEUWEGEIN

ANNUAL REPORT

FOR THE YEAR ENDED

MARCH 31, 2008



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KONICA MINOLTA SENSING EUROPE B.V., NIEUWEGEIN

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All amounts are expressed in 1.000 Euro unless otherwise indicated.



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KONICA MINOLTA SENSING EUROPE B.V., NIEUWEGEIN

1. DIRECTORS' REPORT

The board of directors of Konica Minolta Sensing Europe B.V. hereby submits the financial statements for the year ended March 31, 2008.

General Information

Looking back at the world economy in the fiscal year ended March 31, 2008, the U.S. subprime loan crisis spurred a worldwide credit contraction that impacted the world economies which have maintained moderate recoveries. This elicited fears of economic deceleration during the latter half of the fiscal year and increased the perceived difficulty of forecasting trends in the global economy. In Europe, strong exports supported continued robust economic conditions in Germany and France, but indications of a regional deceleration were evident from fall 2007.

Amid these conditions, Konica Minolta Sensing Europe B.V. has launched three new generation of mainstay products in key strategic fields (light source color, object color, and 3D shapes) and taken measures to expand their sales and effectively implementing the "genre-top strategy", which calls for concentrating management resources in specified business fields and markets that are projected to grow to establish the top brand in those fields and markets. As a result, it was able to increase the competitiveness of its product lineup by commercializing such products as the "CS-2000" spectroradiometer, the "CM-700d/600d" spectrophotometers, and the "RANGE7" noncontact digitizer in the forth quarter of fiscal year 2007.

The net operating loss after taxes over the fiscal year 2007 amounts to EUR 1,951K. The negative result is mainly due to cautious investment attitude and sluggish market demands triggered by fears of economic deceleration in the second half of the year.

Sales in the fiscal year 2007 struggled compared to the last year, mainly as a result of negative economic down-turn and extra-ordinary provision for VAT recording in the fiscal year 2006.

Net sales amounted to EUR17.220K, the total Selling, General and Administrative expenses in Europe. amount to EUR11.818K. The operating loss amounts to EUR 1,951K negative.

The company maintained a credit line with the Bank of Tokyo - Mitsubishi UFJ (Holland) N.V. , at the end of the fiscal year short term borrowing amounted to EUR 4.080K. The credit line was used to finance inventory and accounts receivables.

Other Information

The company made successful sales in the first of fiscal year 2007 but struggled in the second half for C&A instruments in quality control markets. L&D instruments business category struggled in the first half of fiscal year 2007 due to slow down in FPD production investment, however incident meter category lead to record a fair growth in the second half versus last year the same period thanks to new product launching and strong demands in this category. 3D business category remained weak due to wait and see attitude for new product launch (product delivery starts in the 1st quarter of fiscal year 2008.).

The company will strongly encourage sales of new spectrophotometers in C&A business, L&D instrument with more focused marketing efforts throughout entire Europe. For 3D instruments in the industrial market, new product should contribute to gain market share in key segment. The company will focus on service to distinguish from competition. Management expects that service will lead to increased customer satisfaction in the new financial year.

Outlook

For the next financial year Konica Minolta Sensing Europe expects a recovery of sales and improving operating result. Management expects EUR 17.2 M in sales and EUR 172 K in operating profit.

For the next financial year, 3 new products in C&A, L&D and 3D each segment will contribute increase of sales and shareholders' equity will be recovered. The company has plan to maintain their staff at 86.


Managing Director
S. Tsujimoto

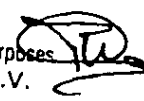

Managing Director
K. Yamaguchi



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Nieuwegein, February 11, 2009

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2. BALANCE SHEET AS AT MARCH 31, 2008

(All amounts in 1.000 Euro; after proposed result appropriation)

	March 31, 2008	March 31, 2007
Intangible fixed assets (see note 6.3)	2.356	3.325
Tangible fixed assets (see note 6.4)	898	855
Total fixed assets	3.254	4.180
Current assets (see note 6.5)	8.158	9.952
Current liabilities (see note 6.8)	10.555	11.423
Current assets less current liabilities	(2.397)	(1.471)
Assets less current liabilities	857	2.709
Provisions (see note 6.7)	(503)	(503)
Long term liabilities	(503)	(503)
Shareholder's equity (see note 6.6)	354	2.206

See accompanying notes.

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3. PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

(All amounts in 1.000 Euro)

	Year ended March 31, 2008	Year ended March 31, 2007
Net sales (see note 6.11)	17.220	17.965
Cost of sales	7.143	7.949
Gross profit	10.077	10.016
Selling expenses	989	727
General and administrative expenses (see 6.12)	10.829	9.915
	11.818	10.642
Operating profit	1.741-	626-
Interest income	-	5
Interest expense	241-	171-
Results on currency translation	387-	34-
Net financial expense	628-	200-
Profit on ordinary activities before taxes	2.369-	826-
Taxes on income on ordinary activities (see note 6.13)	418	32
Net result after taxes	1.951-	794-

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4. CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

(All amounts in 1.000 Euro)

	Year ended March 31, 2008	Year ended March 31, 2007
Net result after taxes	1.951-	794-
Adjustments for:		
Depreciation (see notes 6.3 + 6.4)	1.223	1.065
Changes in working capital:		
(In)/decrease in receivables	1.702	7.224-
(In)/decrease in inventories	38-	102
In/(decrease) in provisions	-	300
In/(decrease) in payables	378-	118-
	1.286	6.940-
Cash Flow from operational Activities	558	6.669-
Investment in intangible fixed assets (see note 6.3)	18-	464-
Investment in tangible fixed assets (see note 6.4)	345-	108-
Transfer of tangible fixed assets (see note 6.4)	66	209
Cash Flow from Investment Activities	297-	363-
Increase issued capital	-	2.982
Translation adjustment on equity	99	
Movements in short term borrowings	490-	4.550
Cash Flow from Financial Activities	391-	7.532
In- (de-)creased Cash for the year	130-	500



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5. STATEMENT OF RECOGNIZED INCOME AND EXPENSES FOR THE PERIOD
ENDED MARCH 31, 2008

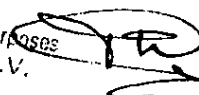
	Year ended March 31, 2008	Year ended March 31, 2007
- Net result after taxes attributable to the company	1.951-	794-
Total result of the company	1.951-	794-

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NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR THEN ENDED

6.1. GENERAL

Konica Minolta Sensing Europe B.V. (the "Company") has its statutory seat in Nieuwegein, The Netherlands and keeps its offices at Edisonbaan 14E, Nieuwegein, The Netherlands.

The company was established on January 12, 2006 with a share capital of EUR 3.000k of which EUR 18k was fully paid-in for on the date of incorporation.

As at March 31, 2006 the company purchased through an asset and liabilities deal the activities included the related balance sheet positions for the from Konica Minolta Photo Imaging and Konica Minolta Business Solutions.

Branches

The Company established 9 branches across Europe. All financial figures include the financial figures of these branches.

The branches are based in:

Italy	Germany	Austria
Belgium	Poland	
France	Sweden	
Great Britain	Switzerland	

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The Company is engaged in the sales of measuring products and instrument systems throughout Europe, the Middle East and Africa.

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The Company's parent is Konica Minolta Sensing, Inc., Osaka, Japan, with its ultimate parent Konica Minolta Holdings, Inc., Japan.

6.2. SIGNIFICANT ACCOUNTING POLICIES

Principles of valuation of assets and liabilities

The financial statements have been prepared in accordance with the requirements of the Netherlands Civil Code and accounting principles generally accepted in the Netherlands. The accounting principles have been applied consistently throughout the year

The assets and liabilities are stated at nominal value unless otherwise mentioned.

Tangible and intangible fixed assets are stated at cost, less accumulated depreciation.
Tangible and intangible are annually reviewed for impairment.

On the balance sheet date, the Company tests whether there are any indications of an asset which could be subject to impairment. If there are such indications, the recoverable amount of the asset concerned is estimated. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is identified. An asset is subject to impairment if its book value is higher than its recoverable value; the recoverable value is the higher of the realizable value and the value to the business.

Inventories are stated at the lower of cost or market price. Excessive and obsolete items are provided for and the provision is determined on an individual basis.
Cost is determined based on first in first out method. Market value is based on replacement cost or net realizable value, whichever is the lower.

Accounts receivable are stated at nominal values net of allowances, if necessary, for doubtful accounts and discounts.

Provisions are formed for legally enforceable or constructive obligations existing on the balance sheet date, the settlement of which is likely to require an outflow of resources whose extent can be reliably estimated.

Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations as at the balance sheet date. Provisions are stated at nominal value.

If the expenditure to settle obligations is expected to be recovered from third parties, the recovery is carried as an asset on the balance sheet if it is likely to be received upon settlement of the obligation.



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6.2. SIGNIFICANT ACCOUNTING POLICIES (continued 1)

Pension plans

The Company has a number of **pension schemes** that depend on branches and individuals.

For its pension schemes, the Company pays contributions to pension funds and insurance companies on a compulsory, contractual or voluntary basis. Contributions are recognized as personnel costs when incurred. Prepaid contributions are accounted for under prepayments and accrued income if these leads to a repayment or reduction in future payments.

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Defined contribution plans

Obligations for contributions to defined contribution pension plans of the branches in Belgium, France, United Kingdom Switzerland, Poland, Italy and Austria are recognised as an expense in the profit and loss account as incurred.

Defined benefit plans

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past-service costs and the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on AAA credit rated bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit and loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss. Actuarial gains and losses arising from the defined benefit plan, are recognised when the cumulative unrecognised actuarial gain or loss exceeds the corridor. The corridor is 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets at the beginning of the period. The net cumulative unrecognised actuarial gain or loss at the beginning of the year in excess of the corridor is amortised on a straight-line basis over the expected average remaining working lives of employees in the plan.

When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are included in respect of the timing differences in valuation of assets and liabilities for annual account purposes and tax purposes. The deferred tax assets and liabilities are calculated based on tax rates prevailing at the year end or applicable future tax rates, insofar as already decreed by law. Deferred tax assets, including those resulting from loss carry-forwards, are valued if it can be reasonable assumed that these will be realised. The deferred tax assets and liabilities are accounted for at nominal value.

Principles of determination of result

Revenue recognition: Income from the supply of goods is recognized as soon as all rights and risks relating to the title to the goods are transferred to the customer.

Sales are determined as income from the supply of goods, less discounts and such like, exclusive of turnover taxes.

Cost of sales represents direct and indirect expenses attributable to sales, including goods and consumables, freight costs and other related expenses.

Other income, costs and expenses are allocated to the year to which they relate.

Losses are accounted for in the year in which they are identified.

Taxation on result

The taxation on result is calculated by applying the applicable rates of taxation in each country (see overview branches) to the result for the financial year, taking into account exempted elements of the result and after inclusion of non-deductible costs.

KONICA MINOLTA SENSING EUROPE B.V., NIEUWEGEIN

6.2. SIGNIFICANT ACCOUNTING POLICIES (continued 2)

Foreign currency translation

Balance sheet items recorded in foreign currencies have been translated at the applicable rate at year-end. Transactions have been translated at the rate in effect on the transaction date.

The following average rates for the most important foreign currencies are:

	<u>Year ended</u> <u>March 31, 2008</u>	<u>Year ended</u> <u>March 31, 2007</u>
GBP	0,7954	0,6793
SEK	9,3950	9,3450
CHF	1,5717	1,6241
PLN	3,5220	3,8700

Exchange gains and losses are recorded in the profit and loss account.

The financial position and results of operations of the foreign branches are measured using their local currency as functional currency. Assets and liabilities of such branches are translated using exchange rates prevailing at March 31, 2008 respectively March 31, 2007. Revenues and expenses of the branches have been translated at average exchange rates. The related translation adjustments are included as a component of Shareholder's Equity

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash consists of current (including short term deposits) with banks and cash in hand, but does not include short term borrowings.



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6.3. INTANGIBLE FIXED ASSETS

Intangible fixed assets can be specified as follows:

	Goodwill	Software	Total
<u>Balance as at April 1, 2007</u>	3.662	483	4.145
Investments	-	60	60
Translation adjustment	58-	-	58-
<u>Balance as at March 31, 2008</u>	3.604	543	4.147
<u>Depreciation</u>			
<u>Balance as at April 1, 2007</u>	736	84	820
Depreciation	728	259	987
Transfer			
Translation adjustment	16-	-	16-
<u>Balance as at March 31, 2008</u>	1.448	343	1.791
<u>Bookvalue as at 31 March 31, 2008</u>	2.156	200	2.356
<u>Bookvalue as at 31 March 31, 2007</u>	2.926	399	3.325

Depreciation is calculated according the straight line method using the following periods for the determination of the depreciation:

Goodwill	5 years
Software	2 years



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6.4. TANGIBLE FIXED ASSETS

Tangible fixed assets consist of the following:

	Other Fixed assets	Leasehold Improve- ments	Total
<u>Balance as at April 1, 2007</u>	1.085	3	1.088
Investments	348	-	348
Transfer	66-	-	66-
Translation adjustment	3-	-	3-
<u>Balance as at March 31, 2008</u>	1.364	3	1.367
<u>Depreciation</u>			
<u>Balance as at April 1, 2007</u>	233	-	233
Depreciation	236	-	236
<u>Balance as at March 31, 2008</u>	469	-	469
<u>Bookvalue as at 31 March 31, 2008</u>	895	3	898
<u>Bookvalue as at 31 March 31, 2007</u>	852	3	855

Depreciation is calculated according the straight line method using the following estimated useful lives:

Leasehold improvements	- 5 years
Demo and training equipment	- 8 years
Other fixed assets	- ranging from 2 up to 5 years

Main part of the Other Fixed Assets is demo and training equipment as well as IT-equipment and hardware.

The Leasehold Improvement includes partitionings and other office building assets.



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6.5. CURRENT ASSETS

Current assets can be specified as follows:

	March 31, 2008	March 31, 2007
Inventories (Finished goods)	1.502	1.464
Accounts receivable	5.234	6.518
Accounts receivable from affiliated companies	73	17
VAT receivable	-	1.021
Other receivables	300	170
Deferred tax asset	661	244
Total receivables	6.268	7.970
Cash at hand and in banks	388	518
Total current assets	8.158	9.952
Provision for Excess and Obsolete Inventories	159-	246-
Provision for Bad Debts	199-	36-

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The cash at banks can be specified as follows:

	March 31, 2008	March 31, 2007
Cash at banks	303	433
Short term deposits	85	85
	388	518

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Cash at banks is available on demand with exception of the short term deposits. The average duration of the short term deposits is 1 month.

6.6. EQUITY

	Common stock issued	Additional Stock issued	Unappropriated result	Total
Opening balance per April 1, 2006	18	-	-	18
Other	-	2.982	-	2.982
Net result	-	-	794-	794-
Closing balance per March 31, 2007	18	2.982	794-	2.206
	Common stock issued	Additional Stock issued	Unappropriated result	Total
Opening balance per April 1, 2007	18	2.982	794-	2.206
Net result	-	-	1.951-	1.951-
Translation adjustment	-	-	99	99
Closing balance per March 31, 2008	18	2.982	2.646-	354

The authorized share capital consists of 30.000 shares with a nominal value of Euro 100 each, totaling Euro 15.000k. The Company issued 180 shares.

During the previous bookyear Euro 2.982k. of stock was issued and paid in by Konica Minolta Sensing, Inc., Japan.

KONICA MINOLTA SENSING EUROPE B.V., NIEUWEGEIN

6.7. PROVISIONS

The provisions as at March 31, 2008 consists of a provision for VAT claims in France and a provision for defined benefit pension schemes.

	VAT provision	Pension provision	Total
Balance as at March 31, 2007	336	167	503
Movement in provisions			
Net movement	-	-	-
Balance as of March 31, 2008	336	167	503

	March 31, 2008	March 31, 2007
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Present value of funded obligations	630	650
Fair value of plan assets	464-	483-
Present value of net obligations	167	167
Unrecognised actuarial gains and losses	20-	7
Pension liability at March 31	147	174

As at March 31, 2008 the pension obligation amounted to EUR 167k as at March 31, 2007 net pension asset amounting to EUR 174k.

Liability for defined benefit obligations

The Group makes contributions to four defined benefit plans that provide pension benefits for employees upon retirement. Movements in the net liability for defined benefit obligations recognised in the balance sheet.

Movements in the net liability for defined benefit obligations recognised in the balance sheet

	FY 2007/2008	FY 2006/2007
Net liability as at April 1	174	203
Contributions received	70-	68-
Expense recognised in the income statement (see below)	43	39
Net liability as at March 31	147	174

Expense recognised in the income statement

	FY 2007/2008	FY 2006/2007
Current service costs	22	23
Amortisation of unrecognised actuarial losses (transitional liability)	-	-
Interest on obligation	35	29
Expected return on plan assets	27-	21-
Other	13	8
Amortisation unrecognised gains	-	-
Expenses from defined pension plans	43	39
Total expenses from defined benefit pension plans	43	39
Total expenses from defined contribution plans	329	210
Total pension costs	372	249



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6.7. PROVISIONS (continued)

Developments on assets during the year

	<u>FY 2007/2008</u>	<u>FY 2006/2007</u>
Fair value of assets at start of the year	483	411
Actual employee contributions during the year	8	7
Expected return on plan assets	27	21
Benefit payments	-	-
Actual employer contributions during the year	71	68
Actual (loss)/profit during the year 2007	-	-
on plan assets above actuarial assumptions	117-	16-
Other charges	8-	8-
Fair value of assets at the end of the year	<u>464</u>	<u>483</u>

Developments on obligations during the year

	<u>FY 2007/2008</u>	<u>FY 2006/2007</u>
Present value at the start of the year	650	614
Benefit earned during the year	22	23
Actual employee contributions during the year	8	7
Interest cost	36	29
Actuarial (gains)/losses during the year	88-	23-
Benefit payments	3	-
Present value at the end of the year	<u>631</u>	<u>650</u>
	167	167

Liability for defined benefit obligations

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	<u>March 31, 2008</u>	<u>March 31, 2007</u>
- Discount rate	5,75%	4,60%
- Expected return on plan assets	5,75%	5,80%
- Future salary increases	0%-3,50%	0%-3,50%
- Medical cost trend rate	1,50%	1,50%
- Future pension increases	1,50%	1,50%

Dutch and German mortality tables have been applied.



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6.8. CURRENT LIABILITIES

Current liabilities can be specified as follows:

	March 31, 2008	March 31, 2007
Short term borrowings	4.060	4.550
Accounts payable	459	384
Accounts payable KM Sensing, Inc., Japan	3.783	4.258
Accounts payable affiliated company	-	114
VAT payable	32	-
Accrued expenses	1.827	1.585
Accrued taxes and other social charges	394	532
	<u>10.555</u>	<u>11.423</u>

A Japanese bank has supplied the Company with short term borrowings .

Short term borrowing has an average interest rate of 4.85 % and mature all on April 29, 2008.

The loans are roll forward loans to be used when extra liquidity is needed.

Payables to parent company result from purchases of finished goods and are not interest bearing.

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6.9. FINANCIAL INSTRUMENTS

During the normal course of its business, the Company makes use of several financial instruments that expose the Company to market, credit, interest and exchange rate risks. These concern financial instruments that are included in the balance sheet.

The fair value of most of the financial instruments stated on the balance sheet, including accounts receivable, cash at bank and current liabilities, is close to its book value.

6.10. CONTINGENT LIABILITIES

VAT exposure

The company has evaluated possible VAT exposures in Europe. As a result of the best estimate of management, based the evaluation of the likelihood of a cash outflow and the possibility that an amount can be reliable estimated the Company has recorded a provision amounting to EUR 336k relating to VAT exposures of the French Branch. For the other countries no provision was recorded although a risk exist relating to the incorrect treatment of the VAT.

Rental commitments

Rental commitments relate to the rent of offices and premises in the different countries. The total commitment amounts to EUR 796k, the short term portion of these are EUR 142k.

	Within 1 year	1 - 4 year	5 year -	Total
Rental commitments				
Rental building	142	480	174	796

Other commitments

Total lease commitments for lease car amount to EUR 124k, the short term portion of these commitments amount to 48k.

	Within 1 year	1 - 4 year	5 year -	Total
Other commitments				
Car	48	76	-	124
Total amount	48	76	-	124

KONICA MINOLTA SENSING EUROPE B.V., NIEUWEGEIN

COMPANY PROFIT AND LOSS ACCOUNT

6.11. NET TURNOVER

Sales by branch in Euro are as follows:

	Year ended March 31, 2008	Year ended March 31, 2007
The Netherlands	736	1.063
Germany	3.844	3.813
Austria	217	236
Swiss	567	629
France	4.659	4.760
United Kingdom	1.576	2.215
Sweden	875	1.049
Belgium	413	223
Poland	1.536	1.198
Italy	2.797	2.779
Total sales	17.220	17.965

Of the total sales EUR 16.779k have been realized within Europe. The remaining EUR 441k in sales were realized outside of Europe.

Related party sales included under the reported sales amount to EUR 35k.

6.12. GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses can be specified as follows:

	Year ended March 31, 2008	Year ended March 31, 2007
Wages and Salaries	5.289	5.003
Depreciation intangible and tangible assets	1.223	1.065
Communication and travel costs	891	873
Rent building and equipment and external services	2.106	1.815
Addition to VAT provision	-	336
Other	1.320	823
	10.829	9.915



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6.12. GENERAL AND ADMINISTRATIVE EXPENSES (continued)

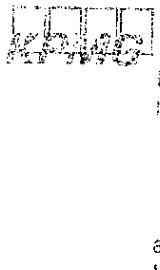
WAGES AND SALARIES

During the financial year 2007 the company employed on average 74 FTE.

Of the employees 7 were based in the Netherlands.

Total payroll expenses charged to income for the period amounted to:

	Year ended March 31, 2008	Year ended March 31, 2007
Wages and salaries	4.249	3.981
Other personnel expenses	350	407
Social security costs	318	366
Pension costs	372	249
	<u>5.289</u>	<u>5.003</u>


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 Document to which our report dated
 11 FEB 2009
 also refers.
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Remuneration of the Board

In accordance with the provisions of the Dutch civil code art 2:383 the remuneration of the board is not disclosed as these payments can be allocated to the sole statutory director.

6.13. TAXES

The taxation on result on ordinary activities amounting to EUR 418k can be specified as follows:

	Year ended March 31, 2008	Year ended March 31, 2007
Result from ordinary activities before taxation, gain/ (loss)	<u>2.369-</u>	<u>826-</u>
Actual tax charge based on average applicable tax rates, gain/ (loss)		164-
Movement in deferred tax asset:		
Recognition of carry forward losses	378	153
Temporary differences as a result of valuation differences	<u>40</u>	<u>43</u>
Tax gain (charge) in consolidated profit and loss account, gain (loss)	<u>418</u>	<u>32</u>
Effective tax rate, (gain)/ loss	-17,6%	-3,9%
Average applicable tax rate	23,7%	39,1%

The applicable tax rate is based on the relative proportion of the branches' contribution to the result and the tax rates ruling in the countries concerned.

KONICA MINOLTA SENSING EUROPE B.V., NIEUWEGEIN

6.14. RELATED PARTY TRANSACTIONS

The Company's direct parent is Konica Minolta Sensing, Inc., Osaka, Japan, Affiliated companies are group companies USA and Singapore. Affiliated companies in Europe are engaged as distributor in their countries.
All related party transactions are considered to at arms length.

Signing of the financial statements.



The Board of Managing Directors

S. Tsujimoto - Managing Director
K. Yamaguchi - Managing Director

Nieuwegein, February 11, 2009



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7. OTHER INFORMATION

Statutory stipulations on profit distribution

Article 20 of the Articles of Incorporation reads as follows:

1. The general meeting shall determine the allocation of the profit or loss of the year.
2. Dividends may be paid only up to an amount which does not exceed the amount of the distributable part of the net assets.
3. Dividends shall be paid after adoption of the annual accounts from which it appears that payment of dividends is permissible.

Proposal for distribution of result

Appropriation of the result 2007-2008:

The board of directors proposes to appropriate the loss over the financial year 2007-2008 to the general reserve.

The General Annual Meeting of shareholders will be held on February 20, 2009

For the Auditors' Report reference is made to the next page.



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A handwritten signature in black ink, likely belonging to a representative of KPMG Accountants N.V.



To: the Board of Directors of Konica Minolta Sensing Europe B.V.

AUDITORS' REPORT

Report on the financial statements

We have audited the accompanying financial statements for the period 1 April 2007 through 31 March 2008 of Konica Minolta Sensing Europe B.V., with its statutory seat in Nieuwegein, which comprise the balance sheet as at 31 March 2008, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Konica Minolta Sensing Europe B.V. as at 31 March 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, 11 February 2009

KPMG ACCOUNTANTS N.V.

A handwritten signature in black ink, consisting of a stylized 'H' and 'K' followed by a long horizontal line.

H.L. Kramer RA