October 31, 2013

Fiscal Year ending March 31, 2014
Second Quarter Consolidated Financial Results

Six months: April 1, 2013 – September 30, 2013

Konica Minolta, Inc.

Stock exchange listings:	Tokyo (First Section)
Local securities code number:	4902
URL:	http://konicaminolta.com
Listed company name:	Konica Minolta, Inc.
Representative:	Masatoshi Matsuzaki, President and CEO, Representative Executive Officer
Inquiries:	Yuki Kobayashi, General Manager, CSR, Corporate Communications & Branding Div.
Telephone number:	(81) 3-6250-2100
Scheduled date for submission of securities report:	November 12, 2013
Scheduled date for dividends payment:	November 27, 2013
Availability of supplementary information:	Yes
Organization of financial results briefing:	Yes (for institutional investors)

(Units of less than 1 million yen have been omitted.)

1. Overview of the 2Q performance (From April 1, 2013 to September 30, 2013)

(1) Business performance

Percentage figures represent the change from the same period of the previous year.

[Millions of yen]

	Net sales		Operating income		Ordinary income		Net income	
2Q Mar/2014	450,454	17.4%	24,180	19.2%	21,498	17.8%	5,558	-27.0%
2Q Mar/2013	383,818	1.5%	20,279	30.0%	18,250	57.3%	7,609	102.8%

Note: Comprehensive income
2Q Mar/2014: ¥18,540 million (– %)
2Q Mar/2013: ¥(3,371) million (– %)

	Net income per share	Net income per share (after full dilution)
2Q Mar/2014	10.48 yen	10.46 yen
2Q Mar/2013	14.35 yen	13.89 yen

(2) Financial position

[Millions of yen]

	Total assets	Net assets	Equity ratio (%)	Net assets per share
September 30, 2013	960,926	481,211	49.9%	904.31 yen
March 31, 2013	940,553	466,416	49.4%	876.65 yen

Note: Shareholders' equity
As of September 30, 2013: ¥479,581 million
As of March 31, 2013: ¥464,904 million

2. Dividends per share

[yen]

	1Q	2Q	3Q	Year-end	Total annual
FY Mar/2013	-	7.50	-	7.50	15.00
FY Mar/2014	-	10.00			
FY Mar/2014 (forecast)			-	7.50	17.50

Notes: Change to the latest dividend forecast announced: None
Breakdown for dividends of 2Q Mar/2014
Common dividend: ¥ 7.50
Commemorative dividend: ¥ 2.50

3. Consolidated results forecast for fiscal year ending March 31, 2014 (From April 1, 2013 to March 31, 2014)

Percentage figures for the full year represent the change from the previous fiscal year.

[Millions of yen]

	Net sales	%	Operating income	%	Ordinary income	%	Net income	%	Net assets per share
Full-year	930,000	14.4	58,000	42.6	54,000	38.8	18,000	19.0	33.94 yen

Note: Change to the latest consolidated results forecast announced: Yes

■ Notes

(1) Changes in status of material subsidiaries during the quarter under review (Changes to specified subsidiaries accompanying the additional consolidation or removal from consolidation of companies):
Yes - excluded three subsidiaries: Konica Minolta Business Technologies, Inc.
Konica Minolta Advanced Layers, Inc.
Konica Minolta Technology Center, Inc.

Note: For more detailed information, please see "(1) Changes in Status of Material Subsidiaries during the Quarter under Review" in section 2. SUMMARY INFORMATION (NOTES) on page 13.

(2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements: Yes

Note: For more detailed information, please see "(2) Adoption of Special Accounting Treatment Used in Preparation of the Consolidated Quarterly Financial Statements" in section 2. SUMMARY INFORMATION (NOTES) on page 13.

(3) Changes in accounting policy, changes in accounting estimates, or restatement due to correction

a. Changes in accounting policy accompanying amendment of accounting principles: None
b. Changes in accounting policy other than “a.”: None
c. Changes in accounting estimates: None
d. Restatement due to correction: None

(4) Number of outstanding shares (common stock)

a. Outstanding shares at period-end (including treasury stock)

Second quarter of fiscal year ending March 31, 2014:	531,664,337 shares
Fiscal year ended March 31, 2013:	531,664,337 shares

b. Treasury stock at period-end

Second quarter of fiscal year ending March 31, 2014:	1,337,508 shares
Fiscal year ended March 31, 2013:	1,346,048 shares

c. Average number of outstanding shares

Second quarter of fiscal year ending March 31, 2014:	530,319,495 shares
Second quarter of fiscal year ended March 31, 2013:	530,283,496 shares

■ Presentation of Present Status of Quarterly Review Procedures

This “Second Quarter Consolidated Financial Results” is not subject to quarterly review procedures in accordance with the Financial Instruments and Exchange Law and, as of the date of publication of these quarterly consolidated financial results, the quarterly review procedures for the consolidated quarterly financial statements are currently in progress.

■ Explanation of Appropriate Use of Performance Projections and Other Special Items

(Note on forward-looking statements)
This document contains projections of performance and other projections that were made based on information currently available and certain assumptions judged to be reasonable. The Group makes no warranty as to the achievability of the projections. There is a possibility that diverse factors may cause actual performance, etc. to differ materially from the projections. Please see “(3) Outlook for the Fiscal Year Ending March 31, 2014” in section 1. CONSOLIDATED OPERATING RESULTS on page 12 for more information on points to be remembered in connection with assumptions for projections and the use of projections.

(How to obtain supplementary information and information on a financial results briefing)
The Group will hold a financial results briefing for institutional investors on Thursday, October 31, 2013. Descriptions at the briefing and presentation slides to be used at the briefing will be posted on the website of the Group immediately after the briefing.

Supplementary Information

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1. CONSOLIDATED OPERATING RESULTS

(1) Qualitative Information of Consolidated Performance

1. Overview of Performance

Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)

Six months (Apr–Sep)
Year-on-Year [Billions of yen]

	Apr-Sep / Mar 2014	Apr-Sep / Mar 2013	Increase (Decrease)	
Net sales	450.4	383.8	66.6	17.4%
Gross profit	214.0	180.0	34.0	18.9%
Operating income	24.1	20.2	3.9	19.2%
Ordinary income	21.4	18.2	3.2	17.8%
Income before income taxes and minority interests	0.0	15.1	(15.0)	-99.6%
Net income	5.5	7.6	(2.0)	-27.0%
Net income per share [yen]	10.48	14.35	(3.86)	-27.0%
Capital expenditure	19.4	17.1	2.3	13.6%
Depreciation	23.5	21.7	1.8	8.4%
R & D expenses	34.5	34.6	(0.0)	-0.1%
Free cash flow	26.3	(9.5)	35.8	-%
Number of employees [persons]	41,851	40,271	1,580	3.9%
Exchange rates [yen]				
US dollar	98.85	79.41	19.44	24.5%
euro	130.00	100.64	29.36	29.2%

Reviewing the main business of the Konica Minolta Group during the first half of the consolidated fiscal year under review (April 1, 2013 to September 30, 2013), in the Business Technologies Business, sales were strong for A3 color MFPs (Multi-functional peripherals) in the office field, exceeding the same period of the previous fiscal year in all regions including Japan, the United States and Europe, which offset a decline in sales volumes of monochrome units. As a result, sales volumes of A3 MFPs overall exceeded the same period of the previous fiscal year. In addition, Konica Minolta has witnessed steady growth in its sales model that combines IT service and consulting service together with MFPs on the back of tie-ups with IT service providers acquired mainly through M&As over the past few years, predominantly in Europe and the United States. In the production print field, sales of color units were solid and overall sales volumes surpassed the same period of the previous fiscal year.

In the Industrial Business, sales volumes of TAC films for LCD polarizers and VA-TAC films for increasing the viewing angle were down on the same period of the previous fiscal year in the display materials field on account of deterioration in market conditions for notebook PCs and diversification in components and materials used for TVs. However, this progress was within the scope of expectation and in line with plans on the whole. Sales expanded steadily in the sensing field due to the successful effects of M&As conducted in the previous year. In the optical products field, lenses for cameras and lenses for projectors progressed in line with plans on the whole. In contrast, tough conditions persisted for glass substrates for HDDs owing to deterioration in the notebook PC market caused predominantly by the advent of tablet PCs.

In the Healthcare Business, sales were strong for digital X-ray diagnostic imaging systems such as cassette-type Digital Radiography (DR) systems. In addition to sales growth in Japan, successful sales alliances with partner companies overseas led to a significant increase in sales volumes for the period compared with the same period of the previous fiscal year.

As a result, the Konica Minolta Group recorded consolidated net sales of ¥450.4 billion, an increase of 17.4% year on year, for the first half of the fiscal year under review. In addition to increased earnings from foreign exchange rates in line with corrections to the high yen, the significant increase in earnings in the Business Technologies Business owing to strong product appeal for color MFPs and the effects of M&As had a positive impact on the segment overall.

Operating income was ¥24.1 billion, an increase of 19.2% year on year, despite a decrease in profit in the Industrial Business, due to a considerable increase in profit in the Business Technologies Business following sales growth and steady progress in cost reduction plans.

Ordinary income was ¥21.4 billion, an increase of 17.8% year on year. Income before income taxes and minority interests was ¥60 million, a decrease of 99.6% year on year, due to the recording of ¥16.8 billion as loss on business withdrawal in line with the decision to withdraw from the glass substrates for HDDs business. Net income amounted to ¥5.5 billion, down 27.0% year on year due primarily to tax effects related to a review of deferred tax assets in line with the Group reorganization implemented in April this year.

2. Overview by Segment

Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)

Six months (Apr–Sep)
Year-on-Year [Billions of yen]

	Apr-Sep / Mar 2014	Apr-Sep / Mar 2013	Increase (Decrease)	
Business Technologies				
Net sales - external	344.8	264.9	79.8	30.1%
Operating income	26.0	13.0	13.0	99.7%
Industrial Business				
Net sales - external	62.4	79.4	(16.9)	-21.3%
Operating income	8.9	15.6	(6.6)	-42.5%
Healthcare				
Net sales - external	35.9	33.8	2.1	6.2%
Operating income	1.9	1.1	0.7	64.5%

Business Technologies Business

Office Field:

Sales of A3 color MFPs, an area of focus, continued to be strong and sales volumes increased significantly in all regions including Japan, the United States and Europe. Although sales of monochrome units decreased, sales volumes of A3 MFPs overall exceeded the same period of the previous fiscal year. In addition to sales growth in color units, sales of high-segment models in the product mix increased markedly year on year, which contributed to an increase in net sales. In Europe and the United States, we pushed ahead with collaborations with IT service providers that we acquired and with existing sales subsidiaries; the combination of document solutions in MFPs and IT service led to the provision of new value and helped us penetrate a new customer base, which contributed to sales expansion. Also, we expanded sales of OPS (Optimized Print Services), where we are strengthening systems on a global scale and pursuing differentiation on a service front.

Production Print Field:

Sales of color units were strong and sales volumes of color units and monochrome units combined for the period exceeded the same period of the previous fiscal year. In addition, signs of recovery in printing demand started to emerge and sales of non-hardware increased year on year. In Japan, we increased orders for the Centralized Reprographic Department market through the Group company Kinko's Japan Co., Ltd. (headquartered in Tokyo), which we acquired in the previous year. This acquisition has also enabled us to make our own unique proposals that combine print services from Kinko's Japan with our office equipment products and services, which is contributing to sales. In Europe, we expanded business domains to print management services related to optimization of printing costs developed by Charterhouse PM Limited (headquartered in the UK), which we acquired in the previous year. We are pushing ahead with transforming our business portfolio worldwide.

As a result of these factors, net sales of the Business Technologies Business to outside customers stood at ¥344.8 billion, up 30.1% year on year. This was due to sales growth of main products, particularly color units, and the effects of M&As conducted in the previous year coupled with the impact of foreign exchange rates in line with corrections to the high yen.

Operating income amounted to ¥26.0 billion, up 99.7% year on year. This marked a significant year-on-year gain due to an increase in gross profit in line with sales expansion and the effect of foreign exchange rates combined with steady progress in cost reduction plans that included reducing fixed costs in the production division and reducing variable costs through centralized purchasing of electronic components.

Industrial Business

Display Materials Field:

Sales volumes of TAC films for LCD polarizers and VA-TAC films for increasing the viewing angle both decreased compared with the same period of the previous fiscal year due to deterioration in the market for notebook PCs and the impact of diversification in components and materials used for TVs. Despite this, the decline fell within the scope of expectation; in part due to an increase in share in protective thin TAC films for TVs.

Optical Products Field:

Sales of lens products such as pickup lenses for optical disks, lenses for cameras, lenses for projectors and camera units for mobile phones progressed in line with plans on the whole. In contrast, orders of glass substrates for HDDs did not recover owing to deterioration in the notebook PC market caused predominantly by the advent of tablet PCs, with difficult conditions persisting.

Sensing Field:

Sales at Instrument Systems GmbH (headquartered in Germany), which was acquired in the previous year, were solid and contributed to business expansion.

As a result of these factors, net sales of the Industrial Business to outside customers were ¥62.4 billion, down 21.3% year on year, and operating income was ¥8.9 billion, down 42.5% year on year.

Healthcare Business

In the Healthcare Business, sales of the cassette-type Digital Radiography system "AeroDR" were strong and sales volumes increased significantly in the key regions of Japan, the United States and Europe. Sales collaborations with promising partners such as GE Healthcare are also building up results steadily. We worked to expand sales of the desktop Computed Radiography (CR) system "REGIUS Σ," particularly overseas, and results exceeded the same period of the previous fiscal year.

In film products, we improved profitability by switching to consignment production and actively expanded sales volumes, mainly in emerging countries.

As a result of these factors, net sales of the Healthcare Business to outside customers stood at ¥35.9 billion, up 6.2% year on year, and operating income was ¥1.9 billion, up 64.5% year on year.

<Reference>

Overview of Performance

Three months ended September 30, 2013 (From July 1, 2013 to September 30, 2013)

Year-on-Year [Billions of yen]

	Jul-Sep / Mar 2014	Jul-Sep / Mar 2013	Increase (Decrease)	
Net sales	231.9	194.4	37.4	19.3%
Gross profit	111.6	93.7	17.9	19.1%
Operating income	16.3	13.9	2.4	17.4%
Ordinary income	14.4	13.4	0.9	7.3%
Income before income taxes and minority interests	(5.9)	11.1	(17.0)	-%
Net income	(4.2)	7.4	(11.6)	-%
Net income per share [yen]	(7.95)	14.06	(22.00)	-%
Capital expenditure	7.9	9.3	(1.4)	-15.5%
Depreciation	11.9	11.0	0.9	8.4%
R & D expenses	17.3	17.0	0.3	1.8%
Free cash flow	22.9	6.7	16.2	240.3%
Exchange rates [yen]				
US dollar	98.95	78.62	20.33	25.9%
euro	131.05	98.36	32.69	33.2%

Three Months Business Performance by Segment

Year-on-Year [Billions of yen]

	Jul-Sep / Mar 2014	Jul-Sep / Mar 2013	Increase (Decrease)	
Business Technologies				
Net sales - external	177.2	134.6	42.6	31.7%
Operating income	16.3	10.0	6.3	63.9%
Industrial Business				
Net sales - external	31.4	38.8	(7.3)	-18.9%
Operating income	4.6	7.4	(2.7)	-36.8%
Healthcare				
Net sales - external	19.7	18.0	1.6	9.2%
Operating loss	1.8	1.3	0.5	39.8%

(2) Financial Position

1. Analysis of Financial Position

		As of September 30, 2013	As of March 31, 2013	Increase (Decrease)
Total assets	[Billions of yen]	960.9	940.5	20.3
Total liabilities	[Billions of yen]	479.7	474.1	5.5
Net assets	[Billions of yen]	481.2	466.4	14.7
Equity ratio	[%]	49.9	49.4	0.5

Total assets at the end of the second quarter of the consolidated fiscal year under review were up ¥20.3 billion (2.2%) from the previous fiscal year-end, to ¥960.9 billion. Current assets were up ¥16.9 billion (2.9%) to ¥596.5 billion (62.1% to total assets) and noncurrent assets were up ¥3.4 billion (0.9%) to ¥364.3 billion (37.9% to total assets).

With respect to current assets, cash and deposits decreased ¥3.3 billion from the previous fiscal year-end, to ¥90.0 billion. Meanwhile, securities increased ¥23.5 billion, and as a result, cash and cash equivalents increased ¥20.1 billion to ¥234.0 billion. Notes and accounts receivable-trade decreased ¥4.5 billion to ¥189.4 billion. Lease receivables and investment assets increased ¥2.7 billion to ¥18.7 billion. Inventories decreased ¥1.2 billion to ¥111.2 billion.

With respect to noncurrent assets, property, plant and equipment increased ¥15.5 billion from the previous fiscal year-end due primarily to capital expenditure in the Business Technologies Business and Industrial Business as well as construction of a new R&D building. Meanwhile, depreciation continued to advance on the whole and we recorded impairment loss following a decision to withdraw from the glass substrates for HDDs business. As a result, property, plant and equipment decreased ¥9.0 billion to ¥170.8 billion. Intangible assets decreased ¥2.1 billion to ¥108.7 billion due to advancing amortization on the whole.

In investments and other assets, investment securities increased ¥1.6 billion from the previous fiscal year-end to ¥24.8 billion. Deferred tax assets increased ¥13.9 billion to ¥46.9 billion due primarily to a review of recoverability in light of the reorganization of the group management system in April this year.

Total liabilities increased ¥5.5 billion (1.2%) from the previous fiscal year-end to ¥479.7 billion. Notes and accounts payable-trade decreased ¥4.7 billion to ¥80.6 billion. Accounts payable-other, accrued expenses and income taxes payable increased by ¥6.3 billion, ¥1.2 billion and ¥2.4 billion, respectively. Interest-bearing debt (the sum of short-term loans payable, long-term loans payable and bonds payable) decreased ¥0.5 billion to ¥224.3 billion.

Net assets were up ¥14.7 billion (3.2%) from the previous fiscal year-end to ¥481.2 billion. Retained earnings increased ¥1.7 billion to ¥231.4 billion, given net income of ¥5.5 billion and dividends paid of ¥3.9 billion. In accumulated other comprehensive income, foreign currency translation adjustment increased ¥11.3 billion in line with corrections to the high yen, mainly against the U.S. dollar and euro, and valuation difference on available-for-sale securities rose by ¥1.5 billion in line with a buoyant share market.

As a result, the shareholders’ equity ratio at the end of the second quarter increased 0.5 percentage points to 49.9%.

2. Cash Flows

[Billions of yen]

	Apr-Sep / Mar 2014	Apr-Sep / Mar 2013	Increase (Decrease)
Cash flows from operating activities	46.0	17.4	28.5
Cash flows from investing activities	(19.6)	(26.9)	7.3
Total (Free cash flow)	26.3	(9.5)	35.8
Cash flows from financing activities	(8.1)	6.3	(14.5)

During the first half of the consolidated fiscal year under review, net cash provided by operating activities was ¥46.0 billion, while net cash used in investing activities, mainly associated with capital investment, totaled ¥19.6 billion. As a result, free cash flow (the sum of operating and investing activities) was an inflow of ¥26.3 billion.

Net cash used in financing activities was ¥8.1 billion.

In addition, cash and cash equivalents at the end of the second quarter of the consolidated fiscal year under review stood at ¥234.0 billion, up ¥20.1 billion from the previous fiscal year-end, reflecting the effect of changes in exchange rates on cash and cash equivalents.

The details of cash flows associated with each activity during the first half of the consolidated fiscal year under review are as follows.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥46.0 billion (compared with net cash provided of ¥17.4 billion in the same period of the previous fiscal year). The Group reported income before income taxes of ¥60 million, depreciation of ¥23.5 billion, loss on the decision to withdrawal from the glass substrates for HDDs business, etc. of ¥12.6 billion, an increase of ¥9.7 billion in working capital and amortization of goodwill of ¥4.9 billion, which were partially offset by the payment of ¥5.4 billion for income taxes.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥19.6 billion (compared with net cash use of ¥26.9 billion in the same period of the previous fiscal year). Cash of ¥13.6 billion was used for capital investment in the Business Technologies Business and investment for new business in the Industrial Business as well as construction of a new R&D building. Other cash outflows included ¥4.2 billion for the purchase of intangible assets.

As a result, free cash flow (the sum of operating and investing activities) was an inflow of ¥26.3 billion (an outflow of ¥9.5 billion in the same period of the previous fiscal year).

Cash Flows from Financing Activities

Net cash used in financing activities was ¥8.1 billion (compared with net cash provided of ¥6.3 billion in the same period of the previous fiscal year), mainly reflecting a payment of ¥3.9 billion in dividends and a net decrease of ¥3.1 billion in interest-bearing debt.

(3) Outlook for the Fiscal Year Ending March 31, 2014

Looking at the global economic conditions surrounding the Konica Minolta Group from the second quarter, economic indicators have taken a favorable turn and signs that the global economy has bottomed out have emerged despite lingering uncertainties in the European economy, which is facing debt problems. In North America, corporate performance has been solid and the Japanese economy is on a growth track due in part to recovery in exports in line with corrections to the high yen. Although growth in emerging countries continues to slow, we expect the global economy to remain on a moderate recovery track.

In terms of the outlook for the core businesses of the Konica Minolta Group, demand is projected to continue growing for A3 color MFPs, a main product, in line with moderate economic recovery in the office field within the Business Technologies Business, which is expected to drive expansion in this business. In addition, we anticipate that demand will grow in developed countries for IT service solutions and for major accounts that operate globally in line with our OPS approach, and we will strive to continue increasing the scale of business in this core domain. In the production print field, we expect growth in demand particularly for the Commercial Printing business.

In the Industrial Business, deterioration in market conditions for notebook PCs is forecast to continue with a decline in demand in the TV market for the display materials field, while demand for mobile equipment such as smartphones and tablets is projected to keep expanding.

In the Healthcare Business, demand for digital X-ray diagnostic imaging systems, a core product, is projected to grow for each of cassette-type Digital Radiography (DR) systems in developed countries and desktop Computed Radiography (CR) systems in emerging countries which is expected to drive expansion in this business. In addition, ultrasound diagnostic imaging equipment is forecast to contribute to profit from January 2014 following the acquisition of the business from Panasonic Healthcare Co., Ltd.

In light of this business environment and the progress in performance during the first half, we have revised financial forecasts for the year ending March 31, 2014 as stated in the Notice of Revision of Consolidated Financial Results Forecast for the Year Ending March 31, 2014 announced today. The Group also changed the assumed exchange rates for the third quarter and beyond to ¥98 to the U.S. dollar and ¥128 to the euro, both depreciating ¥5 from initial projections (US$: ¥93, EUR: ¥123 at the time of the announcement on May 10, 2013).

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income Per Share
	[Billions of yen]	[Billions of yen]	[Billions of yen]	[Billions of yen]	[Yen]
Forecast previously announced (A)	900.0	55.0	53.0	26.0	49.03
Revised forecast (B)	930.0	58.0	54.0	18.0	33.94
Increase (decrease) (B - A)	30.0	3.0	1.0	(8.0)	—
Rate of change (%)	3.3	5.5	1.9	-30.8	—
(Ref.) Results for the fiscal year ended March 31, 2013	813.0	40.6	38.9	15.1	28.52

Note: The above operating performance forecasts are based on future-related assumptions, outlooks, and plans at the time this report was released, and they involve risks and uncertainties. It should be noted that actual results may differ significantly from these forecasts due to various important factors, such as changes in economic conditions, market trends, and currency exchange rates.

** Figures in qualitative information sections given as billions of yen have been rounded off by discarding figures less than one billion yen.*

2. SUMMARY INFORMATION（NOTES）

(1) Changes in Status of Material Subsidiaries during the Quarter under Review

Konica Minolta Inc. (Konica Minolta Holdings, Inc.) absorbed seven Group companies and became the surviving company on April 1, 2013. As a result, the specified subsidiaries Konica Minolta Business Technologies, Inc., Konica Minolta Advanced Layers, Inc. and Konica Minolta Technology Center, Inc. were terminated and have been removed from the scope of consolidation.

(2) Adoption of Special Accounting Treatment Used in Preparation of the Consolidated Quarterly Financial Statements

Calculation of Tax Expenses

The effective tax rate on income before income tax for the consolidated fiscal year after the application of tax effect accounting is reasonably estimated, and that estimated rate is applied to net income for the quarterly period to calculate estimated tax expenses.

3. CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS

(1) Consolidated Quarterly Balance Sheets

September 30, 2013 and March 31, 2013

[Millions of yen]

	March 31, 2013	September 30, 2013
Assets		
Current assets		
Cash and deposits	93,413	90,058
Notes and accounts receivable-trade	194,038	189,477
Lease receivables and investment assets	16,007	18,793
Securities	120,501	144,003
Inventories	112,479	111,272
Deferred tax assets	20,259	21,242
Accounts receivable-other	12,602	11,011
Other	14,860	15,464
Allowance for doubtful accounts	(4,568)	(4,758)
Total current assets	579,593	596,565
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	68,601	63,194
Machinery, equipment and vehicles, net	33,900	25,900
Tools, furniture and fixtures, net	24,584	25,898
Land	34,013	33,976
Lease assets, net	480	642
Construction in progress	6,969	9,617
Assets for rent, net	11,354	11,597
Total property, plant and equipment	179,903	170,826
Intangible assets		
Goodwill	69,465	66,329
Other	41,472	42,454
Total intangible assets	110,937	108,783
Investments and other assets		
Investment securities	23,236	24,882
Long-term loans receivable	126	102
Long-term prepaid expenses	2,387	2,270
Deferred tax assets	33,000	46,925
Other	12,735	11,955
Allowance for doubtful accounts	(1,366)	(1,385)
Total investments and other assets	70,118	84,750
Total noncurrent assets	360,960	364,361
Total assets	940,553	960,926

[Millions of yen]

	March 31, 2013	September 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	85,424	80,697
Short-term loans payable	67,398	56,329
Current portion of long-term loans payable	23,990	29,001
Accounts payable-other	32,462	38,814
Accrued expenses	28,993	30,213
Income taxes payable	7,376	9,802
Provision for bonuses	10,841	11,113
Provision for directors' bonuses	229	135
Provision for product warranties	1,199	1,241
Provision for discontinued operations	—	1,552
Notes payable-facilities	975	625
Asset retirement obligations	33	28
Other	23,745	21,897
Total current liabilities	282,671	281,454
Noncurrent liabilities		
Bonds payable	70,000	70,000
Long-term loans payable	63,507	68,981
Deferred tax liabilities for land revaluation	3,269	3,269
Provision for retirement benefits	43,754	44,407
Provision for directors' retirement benefits	282	238
Asset retirement obligations	981	1,010
Other	9,669	10,352
Total noncurrent liabilities	191,465	198,260
Total liabilities	474,136	479,714
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	229,713	231,460
Treasury stock	(1,548)	(1,533)
Total shareholders' equity	469,825	471,587
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,345	4,857
Deferred gains or losses on hedges	2	15
Foreign currency translation adjustment	(8,268)	3,120
Total accumulated other comprehensive income	(4,920)	7,993
Subscription rights to shares	764	818
Minority interests	747	811
Total net assets	466,416	481,211
Total liabilities and net assets	940,553	960,926

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income

Consolidated Quarterly Statements of Income

Six months ended September 30, 2012 and 2013

[Millions of yen]

	April-September 2012	April-September 2013
Net sales	383,818	450,454
Cost of sales	203,807	236,428
Gross profit	180,010	214,026
Selling, general and administrative expenses	159,731	189,845
Operating income	20,279	24,180
Non-operating income		
Interest income	525	689
Dividends income	236	269
Equity in earnings of affiliates	22	—
Other	1,882	1,669
Total non-operating income	2,667	2,628
Non-operating expenses		
Interest expenses	1,189	1,392
Equity in losses of affiliates	—	1,076
Foreign exchange losses	994	549
Other	2,513	2,291
Total non-operating expenses	4,697	5,309
Ordinary income	18,250	21,498
Extraordinary income		
Gain on sales of noncurrent assets	110	134
Gain on sales of investment securities	34	69
Other	25	—
Total extraordinary income	170	203
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,165	714
Loss on valuation of investment securities	310	44
Impairment loss	1,462	129
Business structure improvement expenses	379	801
Loss on business withdrawal	—	16,809
Special extra retirement payments	—	3,018
Group restructuring expenses	—	118
Total extraordinary losses	3,317	21,637
Income before income taxes and minority interests	15,102	65
Income taxes	7,486	(5,524)
Income before minority interests	7,615	5,590
Minority interests in income	6	32
Net income	7,609	5,558

Consolidated Quarterly Statements of Comprehensive Income
Six months ended September 30, 2012 and 2013

[Millions of yen]

	April-September 2012	April-September 2013
Income before minority interests	7,615	5,590
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,545)	1,511
Deferred gains or losses on hedges	377	12
Foreign currency translation adjustment	(9,820)	11,424
Share of other comprehensive income of associates accounted for using equity method	2	0
Total other comprehensive income	(10,987)	12,949
Comprehensive income	(3,371)	18,540
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(3,354)	18,472
Comprehensive income attributable to minority interests	(16)	67

Consolidated Quarterly Statements of Income
Three months ended September 30, 2012 and 2013

[Millions of yen]

	July-September 2012	July-September 2013
Net sales	194,444	231,911
Cost of sales	100,702	120,222
Gross profit	93,742	111,689
Selling, general and administrative expenses	79,802	95,327
Operating income	13,939	16,361
Non-operating income		
Interest income	282	354
Dividends income	13	25
Equity in earnings of affiliates	2	―
Foreign exchange gains	4	―
Other	1,042	866
Total non-operating income	1,345	1,245
Non-operating expenses		
Interest expenses	622	725
Equity in losses of affiliates	―	1,034
Foreign exchange losses	―	181
Other	1,199	1,217
Total non-operating expenses	1,822	3,158
Ordinary income	13,463	14,448
Extraordinary income		
Gain on sales of noncurrent assets	61	111
Gain on sales of investment securities	34	10
Other	34	3
Total extraordinary income	130	126
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	405	415
Loss on valuation of investment securities	254	0
Impairment loss	1,433	93
Business structure improvement expenses	379	194
Loss on business withdrawal	―	16,809
Special extra retirement payments	―	3,018
Group restructuring expenses	―	17
Total extraordinary losses	2,473	20,549
Income before income taxes and minority interests	11,119	(5,974)
Income taxes	3,651	(1,806)
Income before minority interests	7,468	(4,167)
Minority interests in income	13	48
Net income	7,454	(4,216)

Consolidated Quarterly Statements of Comprehensive Income
Three months ended September 30, 2012 and 2013

[Millions of yen]

	July-September 2012	July-September 2013
Income before minority interests	7,468	(4,167)
Other comprehensive income		
Valuation difference on available-for-sale securities	350	1,635
Deferred gains or losses on hedges	(60)	12
Foreign currency translation adjustment	(1,095)	1,614
Share of other comprehensive income of associates accounted for using equity method	(0)	(0)
Total other comprehensive income	(805)	3,262
Comprehensive income	6,662	(905)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,722	(924)
Comprehensive income attributable to minority interests	(59)	19

(3) Consolidated Quarterly Statements of Cash Flow

Six months ended September 30, 2012 and 2013

[Millions of yen]

	April-September 2012	April-September 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	15,102	65
Depreciation and amortization	21,726	23,547
Impairment loss	1,462	12,661
Amortization of goodwill	4,718	4,995
Interest and dividends income	(762)	(959)
Interest expenses	1,189	1,392
Loss (gain) on sales and retirement of noncurrent assets	1,054	580
Loss (gain) on sales and valuation of investment securities	275	(24)
Increase (decrease) in provision for retirement benefits	1,717	1,051
Increase (decrease) in provision for discontinued operations	—	1,552
Decrease (increase) in notes and accounts receivable-trade	(320)	16,446
Decrease (increase) in inventories	(10,110)	7,077
Increase (decrease) in notes and accounts payable-trade	(5,074)	(13,747)
Transfer of assets for rent	(3,015)	(2,473)
Decrease (increase) in accounts receivable-other	1,990	538
Increase (decrease) in accounts payable-other and accrued expenses	(2,350)	3,439
Decrease/increase in consumption taxes receivable/payable	(202)	716
Other, net	(3,402)	(4,932)
Subtotal	23,998	51,925
Interest and dividends income received	786	924
Interest expenses paid	(1,272)	(1,404)
Income taxes (paid) refund	(6,069)	(5,445)
Net cash provided by (used in) operating activities	17,441	46,000
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(14,824)	(13,616)
Proceeds from sales of property, plant and equipment	434	421
Purchase of intangible assets	(3,130)	(4,243)
Payments for transfer of business	(845)	(960)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(5,596)	—
Payments of loans receivable	(262)	(68)
Collection of loans receivable	20	94
Purchase of investment securities	(303)	(763)
Proceeds from sales of investment securities	176	383
Purchase of investments in subsidiaries	(1,296)	(655)
Payments of valuation of other investments	(1,565)	(649)
Other, net	208	410
Net cash provided by (used in) investing activities	(26,984)	(19,647)

[Millions of yen]

	April-September 2012	April-September 2013
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	22,153	(13,491)
Proceeds from long-term loans payable	4	10,420
Repayment of long-term loans payable	(11,004)	(33)
Repayments of lease obligations	(788)	(1,067)
Proceeds from sales of treasury stock	0	0
Purchase of treasury stock	(4)	(10)
Cash dividends paid	(3,978)	(3,977)
Net cash provided by (used in) financing activities	6,383	(8,159)
Effect of exchange rate change on cash and cash equivalents	63	1,284
Net increase (decrease) in cash and cash equivalents	(3,096)	19,477
Cash and cash equivalents at beginning of period	231,933	213,914
Increase in cash and cash equivalents from newly consolidated subsidiary	—	669
Cash and cash equivalents at end of period	228,836	234,061

(4) Notes regarding Going Concern Assumptions

None

(5) Notes regarding Significant Change in Shareholders' Equity

None

(6) Segment Information

[1] Six Months Ended September 30, 2012 (From April 1, 2012 to September 30, 2012)

1. Information about Segment Sales and Income (Loss)

[Millions of yen]

	Reportable Segment				Other*	Total
	Business Technologies	Industrial Business	Healthcare	Total		
Sales						
External	264,957	79,400	33,875	378,233	5,584	383,818
Intersegment	967	1,167	1,260	3,395	26,043	29,438
Total	265,925	80,568	35,135	381,629	31,627	413,257
Segment income	13,043	15,607	1,158	29,808	1,940	31,748

Note: "Other" consists of business segments such as Industrial Inkjet Business.

2. Difference between the Total of the Reportable Segments' Measures of Profit or Loss and Income According to Consolidated Quarterly Statements of Income, and the Main Components of the Difference (Matters Related to Adjustment of Difference)

[Millions of yen]

Item	Amount
Total operating income of reportable segments	29,808
Operating income categorized in "Other"	1,940
Intersegment – eliminations	(3,533)
Corporate expenses*	(7,935)
Operating income reported on quarterly statements of income	20,279

Note: Corporate expenses are mainly general administration expenses and basic research expenses that do not belong to any reporting segment.

3. Information Relating to Impairment Loss of Noncurrent Assets and Goodwill by Reportable Segment

Significant Impairment Loss on Noncurrent Assets

An impairment loss was posted because the recoverable amount for business assets in the Industrial Business segment and Healthcare Business segment fell below the book value. The impairment loss posted during the first half of the consolidated fiscal year under review was ¥365 million for the Industrial Business segment and ¥1,048 million for the Healthcare Business segment.

[2] Six Months Ended September 30, 2013 (From April 1, 2013 to September 30, 2013)

1. Information about Segment Sales and Income (Loss)

[Millions of yen]

	Reportable Segment				Other*	Total
	Business Technologies	Industrial Business	Healthcare	Total		
Sales						
External	344,834	62,482	35,984	443,300	7,154	450,454
Intersegment	980	2,013	55	3,049	10,855	13,904
Total	345,814	64,495	36,039	446,349	18,009	464,359
Segment income	26,051	8,973	1,906	36,931	1,094	38,025

Note: “Other” consists of business segments such as Industrial Inkjet Business.

2. Difference between the Total of the Reportable Segments’ Measures of Profit or Loss and Income According to Consolidated Quarterly Statements of Income, and the Main Components of the Difference (Matters Related to Adjustment of Difference)

[Millions of yen]

Item	Amount
Total operating income of reportable segments	36,931
Operating income categorized in “Other”	1,094
Intersegment – eliminations	(2,581)
Corporate expenses*	(11,263)
Operating income reported on quarterly statements of income	24,180

Note: Corporate expenses are mainly general administration expenses and basic research expenses that do not belong to any reporting segment.

3. Information Relating to Impairment Loss of Noncurrent Assets and Goodwill by Reportable Segment

Significant Impairment Loss on Noncurrent Assets

An impairment loss was posted because the recoverable amount for business assets in the Industrial Business segment fell below the book value. The impairment loss posted during the first half of the consolidated fiscal year under review was ¥12,531 million for the Industrial Business segment.

[3] Three Months Ended September 30, 2012 (From July 1, 2012 to September 30, 2012)

1. Information about Segment Sales and Income (Loss)

[Millions of yen]

	Reportable Segment				Other*	Total
	Business Technologies	Industrial Business	Healthcare	Total		
Sales						
External	134,608	38,816	18,068	191,493	2,951	194,444
Intersegment	489	580	532	1,601	12,628	14,230
Total	135,098	39,396	18,600	193,095	15,580	208,675
Segment income	10,004	7,438	1,316	18,759	1,129	19,889

Note: "Other" consists of business segments such as Industrial Inkjet Business.

2. Difference between the Total of the Reportable Segments' Measures of Profit or Loss and Income According to Consolidated Quarterly Statements of Income, and the Main Components of the Difference (Matters Related to Adjustment of Difference)

[Millions of yen]

Item	Amount
Total operating income of reportable segments	18,759
Operating income categorized in "Other"	1,129
Intersegment – eliminations	(2,079)
Corporate expenses*	(3,869)
Operating income reported on quarterly statements of income	13,939

Note: Corporate expenses are mainly general administration expenses and basic research expenses that do not belong to any reporting segment.

3. Information Relating to Impairment Loss of Noncurrent Assets and Goodwill by Reportable Segment

Significant Impairment Loss on Noncurrent Assets

An impairment loss was posted because the recoverable amount for business assets in the Industrial Business segment and Healthcare Business segment fell below the book value. The impairment loss posted during the first half of the consolidated fiscal year under review was ¥365 million for the Industrial Business segment and ¥1,048 million for the Healthcare Business segment.

[4] Three Months Ended September 30, 2013 (From July 1, 2013 to September 30, 2013)

1. Information about Segment Sales and Income (Loss)

[Millions of yen]

	Reportable Segment				Other*	Total
	Business Technologies	Industrial Business	Healthcare	Total		
Sales						
External	177,251	31,479	19,726	228,457	3,453	231,911
Intersegment	502	678	40	1,221	4,731	5,952
Total	177,754	32,158	19,766	229,678	8,184	237,863
Segment income	16,392	4,697	1,840	22,931	682	23,613

Note: “Other” consists of business segments such as Industrial Inkjet Business.

2. Difference between the Total of the Reportable Segments’ Measures of Profit or Loss and Income According to Consolidated Quarterly Statements of Income, and the Main Components of the Difference (Matters Related to Adjustment of Difference)

[Millions of yen]

Item	Amount
Total operating income of reportable segments	22,931
Operating income categorized in “Other”	682
Intersegment – eliminations	(1,678)
Corporate expenses*	(5,573)
Operating income reported on quarterly statements of income	16,361

Note: Corporate expenses are mainly general administration expenses and basic research expenses that do not belong to any reporting segment.

3. Information Relating to Impairment Loss of Noncurrent Assets and Goodwill by Reportable Segment

Significant Impairment Loss on Noncurrent Assets

An impairment loss was posted because the recoverable amount for business assets in the Industrial Business segment fell below the book value. The impairment loss posted during the second quarter of the consolidated fiscal year under review was ¥12,531 million for the Industrial Business segment.