

CONSOLIDATED BALANCE SHEETS

Konica Minolta, Inc. and Consolidated Subsidiaries
March 31, 2013 and 2012

Assets	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Current Assets:			
Cash on hand and in banks (Note 5).....	¥ 93,413	¥ 90,640	\$ 993,227
Notes and accounts receivable–trade (Notes 5 and 13).....	194,038	174,193	2,063,137
Lease receivables and investment assets (Note 13).....	16,007	13,775	170,197
Short-term investment securities (Notes 5 and 6).....	120,501	141,293	1,281,244
Inventories (Note 11).....	112,479	105,080	1,195,949
Deferred tax assets (Note 8).....	20,259	20,100	215,407
Other accounts receivable.....	12,602	13,467	133,993
Other current assets.....	14,860	11,759	158,001
Allowance for doubtful accounts.....	(4,568)	(4,385)	(48,570)
Total current assets.....	579,593	565,923	6,162,605
Property, Plant and Equipment (Note 17):			
Buildings and structures.....	178,848	169,648	1,901,627
Machinery and equipment.....	250,353	244,086	2,661,914
Tools and furniture.....	147,096	138,773	1,564,019
Land.....	34,043	33,631	361,967
Lease assets.....	1,072	818	11,398
Construction in progress.....	6,969	7,817	74,099
Rental business-use assets.....	41,224	37,373	438,320
Total.....	659,608	632,149	7,013,376
Accumulated depreciation.....	(479,704)	(453,150)	(5,100,521)
Net property, plant and equipment.....	179,903	178,999	1,912,844
Intangible Fixed Assets:			
Goodwill.....	69,465	59,727	738,596
Other intangible fixed assets.....	41,472	27,613	440,957
Total intangible fixed assets.....	110,937	87,341	1,179,553
Investments and Other Assets (Note 17):			
Investment securities (Notes 5 and 6).....	23,236	19,073	247,060
Long-term loans.....	126	133	1,340
Long-term prepaid expenses.....	2,387	2,650	25,380
Deferred tax assets (Note 8).....	33,000	38,281	350,877
Other.....	12,735	10,355	135,407
Allowance for doubtful accounts.....	(1,366)	(706)	(14,524)
Total investments and other assets.....	70,118	69,788	745,540
Total assets.....	¥940,553	¥902,052	\$10,000,564

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Current Liabilities:			
Short-term debt (Notes 5, 7 and 13).....	¥ 67,398	¥ 32,913	\$ 716,619
Current portion of long-term debt (Note 7).....	23,990	11,994	255,077
Notes and accounts payable—trade (Note 5).....	85,424	88,129	908,283
Accrued expenses.....	40,064	36,335	425,986
Accrued income taxes (Note 8).....	7,376	6,908	78,426
Other current liabilities (Note 7).....	58,416	52,678	621,116
Total current liabilities.....	282,671	228,958	3,005,540
Long-Term Liabilities:			
Long-term debt (Notes 5 and 7).....	133,507	183,025	1,419,532
Accrued retirement benefits (Note 23).....	43,754	44,545	465,221
Accrued retirement benefits for directors and statutory auditors.....	282	341	2,998
Deferred tax liabilities on land revaluation (Note 8).....	3,269	3,269	34,758
Asset retirement obligations.....	981	931	10,431
Other long-term liabilities (Note 7).....	9,669	5,992	102,807
Total long-term liabilities.....	191,465	238,105	2,035,779
Total liabilities.....	474,136	467,064	5,041,318
Contingent Liabilities (Note 12)			
Net Assets (Notes 10 and 28):			
Common stock:			
Authorized—1,200,000,000 shares in 2013 and 2012			
Issued—531,664,337 shares in 2013 and 2012.....	37,519	37,519	398,926
Capital surplus.....	204,140	204,142	2,170,548
Retained earnings.....	229,713	222,848	2,442,456
Less: Treasury stock, at cost; Common stock, 1,346,048 shares in 2013 and 1,381,591 shares in 2012.....	(1,548)	(1,597)	(16,459)
Unrealized gains on securities, net of taxes.....	3,345	1,183	35,566
Unrealized gains (losses) on hedging derivatives, net of taxes.....	2	(228)	21
Foreign currency translation adjustments.....	(8,268)	(30,199)	(87,911)
Share subscription rights (Notes 7 and 25).....	764	682	8,123
Minority interests.....	747	635	7,943
Total net assets.....	466,416	434,987	4,959,234
Total liabilities and net assets.....	¥940,553	¥902,052	\$10,000,564

CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Konica Minolta, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2013 and 2012

Consolidated Statements of Income

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Net Sales	¥813,073	¥767,879	\$8,645,114
Cost of Sales (Note 14).....	437,487	412,562	4,651,643
Gross profit.....	375,585	355,317	3,993,461
Selling, General and Administrative Expenses (Note 15).....	334,926	314,971	3,561,148
Operating income.....	40,659	40,346	432,313
Other Income (Expenses):			
Interest and dividend income	1,476	1,563	15,694
Interest expenses	(2,499)	(2,519)	(26,571)
Foreign exchange gain (loss), net	1,508	(2,567)	16,034
Loss on sales and disposals of property, plant and equipment, net.....	(1,661)	(1,693)	(17,661)
Write-down of investment securities.....	(2)	(2,700)	(21)
Gain on sales of investment securities, net	55	2	585
Gain on sales of investments in capital.....	—	604	—
Loss on impairment of fixed assets (Note 17).....	(2,902)	(893)	(30,856)
Gain on discontinued operations.....	—	19	—
Equity in income of unconsolidated subsidiaries and affiliates, net.....	61	67	649
Gain on reversal of foreign currency translation adjustment.....	—	3,730	—
Other extraordinary gain of overseas subsidiaries (Note 16)	95	241	1,010
Business structure improvement expenses (Note 18).....	(379)	(1,198)	(4,030)
Group restructuring expenses.....	(296)	—	(3,147)
Loss on disaster	—	(57)	—
Other, net.....	(2,278)	(2,132)	(24,221)
Total.....	(6,823)	(7,531)	(72,547)
Income before income taxes and minority interests.....	33,836	32,815	359,766
Income Taxes (Note 8):			
Current.....	11,745	9,553	124,880
Deferred.....	6,934	2,776	73,727
Total.....	18,680	12,330	198,618
Income before minority interests	15,155	20,484	161,138
Minority Interests in Net Income of Consolidated Subsidiaries	30	60	319
Net Income	¥ 15,124	¥ 20,424	\$ 160,808

	Yen		U.S. dollars (Note 3)
	2013	2012	2013
Per Share Data (Notes 10 and 28):			
Net income — Basic.....	¥28.52	¥38.52	\$0.30
— Diluted.....	27.86	37.28	0.30
Cash dividends	15	15	0.16

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Income before minority interests	¥15,155	¥20,484	\$161,138
Other comprehensive income			
Unrealized gains on securities, net of taxes.....	2,156	716	22,924
Unrealized gains (losses) on hedging derivatives, net of taxes.....	230	(133)	2,446
Foreign currency translation adjustments.....	21,939	(6,112)	233,270
Share of other comprehensive income of associates accounted for using equity method.....	13	(12)	138
Total other comprehensive income (Note 20).....	24,340	(5,541)	258,799
Comprehensive income.....	¥39,495	¥14,943	\$419,936
Comprehensive income attributable to			
Owners of the parent.....	39,448	14,990	419,436
Minority interests	47	(46)	500

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Konica Minolta, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2013 and 2012

Millions of yen											
	Shares of issued common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains on securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total
(From April 1, 2011 to March 31, 2012)											
Net Assets at April 1, 2011	531,664,337	¥37,519	¥204,140	¥211,467	¥(1,670)	¥ 478	¥ (94)	¥(24,193)	¥658	¥682	¥428,987
Dividends paid from retained earnings..				(7,953)							(7,953)
Net income				20,424							20,424
Change in the scope of consolidation..				(38)							(38)
Purchase of treasury stock					(11)						(11)
Re-issuance of treasury stock			1		84						86
Pension liabilities adjustment of overseas subsidiaries (Note 21)				(1,050)							(1,050)
Net changes during the period						704	(133)	(6,005)	24	(46)	(5,456)
Total changes during the period		—	1	11,381	73	704	(133)	(6,005)	24	(46)	5,999
Balance at March 31, 2012	531,664,337	¥37,519	¥204,142	¥222,848	¥(1,597)	¥1,183	¥(228)	¥(30,199)	¥682	¥635	¥434,987
(From April 1, 2012 to March 31, 2013)											
Net Assets at April 1, 2012	531,664,337	¥37,519	¥204,142	¥222,848	¥(1,597)	¥1,183	¥(228)	¥(30,199)	¥682	¥635	¥434,987
Dividends paid from retained earnings..				(7,954)							(7,954)
Net income				15,124							15,124
Purchase of treasury stock					(9)						(9)
Re-issuance of treasury stock			(1)	(4)	58						52
Pension liabilities adjustment of overseas subsidiaries (Note 21)				(301)							(301)
Net changes during the period						2,162	230	21,930	82	111	24,517
Total changes during the period		—	(1)	6,865	48	2,162	230	21,930	82	111	31,429
Balance at March 31, 2013	531,664,337	¥37,519	¥204,140	¥229,713	¥(1,548)	¥3,345	¥ 2	¥ (8,268)	¥764	¥747	¥466,416

Thousands of U.S. dollars (Note 3)											
	Shares of issued common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains on securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total
(From April 1, 2012 to March 31, 2013)											
Net Assets at April 1, 2012	531,664,337	\$398,926	\$2,170,569	\$2,369,463	\$(16,980)	\$12,578	\$(2,424)	\$(321,095)	\$7,251	\$6,752	\$4,625,061
Dividends paid from retained earnings..				(84,572)							(84,572)
Net income				160,808							160,808
Purchase of treasury stock					(96)						(96)
Re-issuance of treasury stock			(11)	(43)	617						553
Pension liabilities adjustment of overseas subsidiaries (Note 21)				(3,200)							(3,200)
Net changes during the period						22,988	2,446	233,174	872	1,180	260,680
Total changes during the period		—	(11)	72,993	510	22,988	2,446	233,174	872	1,180	334,173
Balance at March 31, 2013	531,664,337	\$398,926	\$2,170,548	\$2,442,456	\$(16,459)	\$35,566	\$ 21	\$(87,911)	\$8,123	\$7,943	\$4,959,234

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Konica Minolta, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2013	2012	2013
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 33,836	¥ 32,815	\$ 359,766
Depreciation and amortization	45,999	49,239	489,091
Loss on impairment of fixed assets	2,902	893	30,856
Amortization of goodwill	9,863	8,804	104,870
Interest and dividend income	(1,476)	(1,563)	(15,694)
Interest expense	2,499	2,519	26,571
Loss on sales and disposals of property, plant and equipment	1,661	1,693	17,661
Loss (Gain) on sales and valuation of investment securities	(53)	2,698	(564)
Gain on sales of investments in capital	—	(604)	—
Gain on reversal of foreign currency translation adjustment	—	(3,730)	—
Decrease in provision for bonuses	(178)	(85)	(1,893)
Increase (Decrease) in accrued retirement benefits	(1,789)	359	(19,022)
Decrease in reserve for discontinued operations	—	(26)	—
Decrease (Increase) in notes and accounts receivable—trade	4,958	(13,442)	52,717
Decrease (Increase) in inventories	4,963	(6,268)	52,770
Increase (Decrease) in notes and accounts payable—trade	(21,095)	14,715	(224,296)
Transfer of rental business-use assets	(6,169)	(4,700)	(65,593)
Decrease (Increase) in accounts receivable—other	1,749	(4,449)	18,596
Increase in accounts payable—other and accrued expenses	855	866	9,091
Decrease/increase in consumption taxes receivable/payable	(473)	1,249	(5,029)
Other	2,986	(1,543)	31,749
Subtotal	81,040	79,439	861,669
Interest and dividend income received	1,530	1,534	16,268
Interest paid	(2,597)	(2,414)	(27,613)
Income taxes paid	(13,506)	(6,192)	(143,604)
Net cash provided by operating activities	66,467	72,367	706,720
Cash Flows from Investing Activities:			
Payment for acquisition of property, plant and equipment	(31,015)	(29,104)	(329,771)
Proceeds from sales of property, plant and equipment	987	504	10,494
Payment for acquisition of intangible fixed assets	(8,092)	(5,862)	(86,039)
Payment for transfer of business	(2,199)	(2,393)	(23,381)
Purchase of investments in subsidiaries resulting in change of scope of consolidation (Note 4)	(9,974)	(5,506)	(106,050)
Purchase of investments in capital of subsidiaries resulting in change of scope of consolidation (Note 4)	(10,336)	—	(109,899)
Payment for loans receivable	(301)	(248)	(3,200)
Proceeds from collection of loans receivable	96	138	1,021
Payment for acquisition of investment securities	(744)	(6)	(7,911)
Proceeds from sales of investment securities	298	2	3,169
Proceeds from sales of investments in capital	0	1,315	0
Purchase of investments in subsidiaries	(607)	—	(6,454)
Payment for acquisition of other investments	(2,347)	(1,773)	(24,955)
Other	795	177	8,453
Net cash used in investing activities	(63,442)	(42,757)	(674,556)
Cash Flows from Financing Activities:			
Increase (Decrease) in short-term loans payable	22,701	(16,439)	241,372
Proceeds from long-term loans payable	14,504	38,304	154,216
Repayment of long-term loans payable	(12,174)	(25,805)	(129,442)
Proceeds from issuance of bonds	—	40,000	—
Payment for redemption of bonds	(40,000)	—	(425,306)
Repayments of lease obligations	(1,661)	(1,715)	(17,661)
Proceeds from disposal of treasury stock	1	3	11
Payment for purchase of treasury stock	(9)	(11)	(96)
Dividend payments	(7,957)	(7,945)	(84,604)
Net cash provided by (used in) financing activities	(24,596)	26,390	(261,520)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	3,552	785	37,767
Increase (Decrease) in Cash and Cash Equivalents	(18,018)	56,785	(191,579)
Cash and Cash Equivalents at the Beginning of the Year (Note 4)	231,933	175,148	2,466,061
Cash and Cash Equivalents at the End of the Year (Note 4)	¥213,914	¥231,933	\$2,274,471

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Konica Minolta Holdings, Inc. and Consolidated Subsidiaries
For the fiscal years ended March 31, 2013 and 2012

1. Basis of Presenting Financial Statements

The accompanying consolidated financial statements of Konica Minolta Holdings, Inc., (the "Company") and its consolidated subsidiaries (the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects regarding application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan. Accounting principles generally accepted in Japan allow consolidation of foreign subsidiaries based on their financial statements in conformity with International Financial Reporting Standards and accounting principles generally accepted in the United States.

The accompanying consolidated financial statements incorporate certain reclassifications in order to present them in a format that is more appropriate to readers outside Japan. In addition, the notes to the consolidated financial statements include information that is not required under generally accepted accounting principles in Japan, but is provided herein as additional information.

As permitted under the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in dollars) do not necessarily agree with the sums of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and, with certain exceptions which are not material, those of its 112 subsidiaries (92 subsidiaries for 2012) for which it retains control. All significant intercompany transactions, balances and unrealized profits among the Companies are eliminated on consolidation.

Investments in 2 unconsolidated subsidiaries (3 unconsolidated subsidiaries for 2012) and 2 significant affiliates (2 significant affiliates for 2012) are accounted for using the equity method of accounting. Investments in the other unconsolidated subsidiaries and affiliates are stated at cost, since they have no material effect on the consolidated financial statements.

(b) Translation of Foreign Currencies

Translation of Foreign Currency Transactions and Balances

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. The resulting exchange gains and losses are charged or credited to income.

Translation of Foreign Currency Financial Statements

The translation of foreign currency financial statements of overseas consolidated subsidiaries into Japanese yen is done by applying the exchange rates prevailing at the balance sheet dates for items in balance sheets, except common stock, additional paid-in capital and retained earnings accounts, which are translated at the historical rates, and the average exchange rates prevailing during the periods for items in the statements of income.

(c) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows comprise cash on hand and short-term investments that are due for redemption in one year or less and are easily converted into cash with little risk to change in value.

(d) Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided for possible losses from uncollectible receivables based on specific doubtful accounts and historical loss experience.

(e) Inventories

Inventories held by domestic consolidated subsidiaries are mainly stated using the cost price method (carrying amount in the balance sheet is calculated with consideration of write-down due to decreased profitability) determined using the total average method. Inventories held by overseas consolidated subsidiaries are mainly stated at the lower of cost or market value or net realizable value, where cost is determined using the first-in, first-out method.

(f) Property, Plant and Equipment

Depreciation of property, plant and equipment (excluding lease assets) for the Company and domestic consolidated subsidiaries is calculated using the declining balance method, except for depreciation of buildings acquired after April 1, 1998, which are depreciated using the straight-line method over their estimated useful lives. Depreciation of property, plant and equipment (excluding lease assets) for overseas consolidated subsidiaries is calculated using the straight-line method.

For finance leases where ownership is not transferred, depreciation is calculated using the straight-line method over the lease period utilizing a residual value of zero. For finance leases held by the Company and its domestic consolidated subsidiaries that do not transfer ownership and for which the starting date for the lease transaction is prior to March 31, 2008, lease payments are recognized as an expense.

(g) Intangible Assets

Intangible assets (excluding lease assets) are depreciated using the straight-line method. In addition, software is depreciated using the straight-line method over its estimated useful life (5 years).

(h) Goodwill

Goodwill is amortized on a straight-line basis over a period not exceeding 20 years.

(i) Income Taxes

Deferred income taxes are recognized based on temporary differences between the tax basis of assets and liabilities and those as reported in the consolidated financial statements.

(j) Research and Development Costs

Research and development costs are expensed as incurred.

(k) Financial Instruments

Derivatives

All derivatives are stated at fair value, with changes in fair value included in net income for the period in which they arise, except for derivatives that are designated as "hedging instruments" (see Hedge Accounting below).

Securities

Investments in equity securities issued by unconsolidated subsidiaries and affiliates are accounted for using the equity method of accounting; however, investments in certain unconsolidated subsidiaries and affiliates are stated at cost due to the immaterial effect of the application of the equity method of accounting.

Held-to-maturity securities are recognized using the amortized cost method (straight-line method).

Other securities for which market quotes are available are stated at fair value. Net unrealized gains or losses on these securities are reported, net of tax, as a separate component of net assets.

Other securities for which market quotes are unavailable are stated at cost, except in cases where the fair value of equity securities issued by unconsolidated subsidiaries and affiliates or other securities has declined significantly and such decrease in value is deemed other than temporary. In these instances, securities are written down to the fair value and the resulting losses are charged to income during the period.

Hedge Accounting

Gains or losses arising from changes in fair value of derivatives designated as hedging instruments are deferred as an asset or a liability and charged or credited to income in the same period that the gains and losses on the hedged items or transactions are recognized.

Derivatives designated as hedging instruments are primarily interest rate swaps, currency options, currency swaps and forward foreign currency exchange contracts. The related hedged items are trade accounts receivable, trade accounts payable and long-term bank loans.

The Companies' policy is to utilize the above hedging instruments in order to reduce exposure to the risks of interest rate and exchange rate fluctuations. As such, the Companies' purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Companies evaluate the effectiveness of their hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items on the date of commencement of the hedges.

(l) Retirement Benefit Plans

Retirement Benefits for Employees

The Company, domestic consolidated subsidiaries and certain overseas consolidated subsidiaries have obligations to make defined benefit retirement payments to their employees and, therefore, provide for accrued retirement benefits based on the estimated amount of projected benefit obligations and the fair value of plan assets.

For the Company and its domestic consolidated subsidiaries, unrecognized prior service cost is amortized using the straight-line method over a 10-year period, which is shorter than the average remaining years of service of the eligible employees. Unrecognized net actuarial gains or losses are primarily amortized in the following year using the straight-line method over a 10-year period, which is shorter than the average remaining years of service of the eligible employees.

Accrued Retirement Benefits for Directors and Statutory Auditors

Domestic consolidated subsidiaries recognize a reserve for retirement benefits for directors and statutory auditors based on the amount payable at the end of the period in accordance with their internal regulations.

(m) Per Share Data

Net income per share of common stock is calculated based on the weighted-average number of shares outstanding during the year.

Cash dividends per share for each year as disclosed in the accompanying consolidated financial statements are dividends declared for the respective year.

(n) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective from the year ended March 31, 2009, the Company applied the "Practical Solution on Unification of Accounting Policies Applied to

Foreign Subsidiaries for Consolidated Financial Statements"

(Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 18, issued by the ASBJ on May 17, 2006).

The Company has made necessary adjustments upon consolidation to unify accounting standards for foreign subsidiaries to be consistent with the Company.

(o) Changes in Accounting Policies

Changes in Depreciation Method

Beginning the fiscal year ended March 31, 2013 with the revision of the Corporation Tax Law, the Company and its domestic consolidated subsidiaries have changed their depreciation method for property, plant and equipment. Assets acquired on or after April 1, 2012 are depreciated using the method prescribed in the amended Corporate Tax Law.

Because of the change, operating income increased ¥646 million while income before income taxes and minority interests increased ¥647 million for the fiscal year ended March 31, 2013 compared with the amount calculated under the previous method.

(p) Accounting Standards Issued but Not Yet Applied

Accounting Standard for Retirement Benefits

ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits", issued by the ASBJ on May 17, 2012 and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits", issued by the ASBJ on May 17, 2012

(1) Summary

The treatment of unrecognized actuarial differences and unrecognized prior service costs, calculation of accrued retirement benefits and service costs were amended.

(2) Effective dates

The Company expects to apply the revised accounting standard from the end of the fiscal year ending March 31, 2014. However, the amendment of the calculation method for the present value of defined benefit obligations and current service costs will be adopted from the beginning of the fiscal year ending March 31, 2015.

(3) Effect of adoption

The effect of adopting this revised accounting standard is under assessment at the time of preparation of these accompanying consolidated financial statements.

3. U.S. Dollar Amounts

The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the prevailing exchange rate at March 31, 2013, of ¥94.05 to U.S.\$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other exchange rate.

4. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2013 and 2012, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Cash on hand and in banks	¥ 93,413	¥ 90,640	\$ 993,227
Short-term investments.....	120,501	141,293	1,281,244
Cash and cash equivalents.....	¥213,914	¥231,933	\$2,274,471

Assets and liabilities of newly consolidated subsidiaries through acquisition of shares

The Company acquired 100% of the shares of several companies during the year ended March 31, 2013. The assets and liabilities at the acquisition date and reconciliation from acquisition cost to net cash used in the acquisition are as follows. Assets and liabilities that are not material have been omitted.

Charterhouse PM Limited

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Current assets.....	¥ 3,635	\$ 38,650
Fixed assets.....	3,013	32,036
Goodwill.....	4,878	51,866
Current liabilities.....	(6,891)	(73,270)
Long-term liabilities.....	(676)	(7,188)
Acquisition cost of shares of Charterhouse PM Limited.....	3,959	42,095
Cash and cash equivalents of Charterhouse PM Limited.....	(1,320)	(14,035)
Effect of exchange rate fluctuation.....	(48)	(510)
Net cash used in the acquisition.....	¥ 2,590	\$ 27,539

Assets and liabilities of newly consolidated subsidiaries through acquisition of investments in capital

The Company acquired 100% of the investments in capital of several companies during the year ended March 31, 2013. The assets and liabilities at the acquisition date and reconciliation from acquisition cost to net cash used in the acquisition are as follows. Assets and liabilities that are not material have been omitted.

Instrument Systems GmbH

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Current assets.....	¥ 2,329	\$ 24,763
Fixed assets.....	3,710	39,447
Goodwill.....	4,415	46,943
Current liabilities.....	(1,153)	(12,259)
Long-term liabilities.....	(1,182)	(12,568)
Acquisition cost of investments in capital of Instrument Systems GmbH.....	8,120	86,337
Cash and cash equivalents of Instrument Systems GmbH.....	(839)	(8,921)
Net cash used in the acquisition.....	¥ 7,281	\$ 77,416

5. Financial Instruments

Conditions of Financial Instruments

The Companies raise short-term working capital mainly through bank borrowings and invest temporary surplus funds in financial instruments deemed to have low risk. The Companies enter into derivative transactions based on the need for these transactions in accordance with their internal regulations.

In principle, the risk of currency fluctuations relating to receivables and payables denominated in foreign currencies are hedged using forward exchange contracts and currency options. With respect to the interest rate volatility risk and cost fluctuation risk for future capital procurement arising on certain long-term debt, the Companies lock in interest expenses using currency swaps and interest-rate swaps.

Investment securities comprise mainly stocks, and the market values of listed stocks are determined on a quarterly basis.

The Companies try to reduce the credit risk of customers arising on notes and accounts receivable-trade through regular monitoring and comprehensive management of aging balances.

Fair Values of Financial Instruments

The book value on the consolidated balance sheets, fair value, and difference as of March 31, 2013 and 2012 are as follows:

	Millions of yen						Thousands of U.S. dollars		
	2013			2012			2013		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
Assets									
(1) Cash on hand and in banks...	¥ 93,413	¥ 93,413	¥ —	¥ 90,640	¥ 90,640	¥ —	\$ 993,227	\$ 993,227	\$ —
(2) Notes and accounts receivable-trade	194,038	194,038	—	174,193	174,193	—	2,063,137	2,063,137	—
(3) Short-term investment securities and investment securities									
(i) Held-to-maturity securities...	10	10	—	10	10	—	106	106	—
(ii) Other securities.....	139,411	139,411	—	156,977	156,977	—	1,482,307	1,482,307	—
Total	¥426,872	¥426,872	¥ —	¥421,820	¥421,820	¥ —	\$4,538,777	\$4,538,777	\$ —
Liabilities									
(1) Notes and accounts payable-trade.....	¥ 85,424	¥ 85,424	—	88,129	88,129	—	908,283	908,283	—
(2) Short-term debt	67,398	67,398	—	32,913	32,913	—	716,619	716,619	—
(3) Current portion of long-term debt.....	23,990	24,094	104	11,994	11,994	—	255,077	256,183	1,106
(4) Bonds	70,000	71,309	1,309	110,000	110,278	278	744,285	758,203	13,918
(5) Long-term debt.....	63,507	63,346	(161)	73,025	73,366	341	675,247	673,535	(1,712)
Total	¥310,321	¥311,573	¥1,251	¥316,062	¥316,681	¥619	\$3,299,532	\$3,312,844	\$13,301
Derivatives (*).....	¥ (1,058)	¥ (1,058)	¥ —	¥ (2,032)	¥ (2,032)	¥ —	\$ (11,249)	\$ (11,249)	\$ —

Notes: Derivative assets and liabilities are presented on a net basis, and the net liability position is enclosed in parentheses.

(i) Methods of calculating the fair value of financial instruments and securities and derivative transactions

Assets

(1) Cash on hand and in banks and (2) Notes and accounts receivable-trade

The fair value equates to the book value due to the short-term nature of these instruments.

(3) Short-term investment securities and Investment securities

(i) Held-to-maturity securities

The fair value approximates the book value as the securities are entirely school bonds and credit risk of the issuers has not changed significantly since the date of acquisition.

(ii) Other securities

The fair value of equity securities is determined based on the prevailing market price. The fair value of bonds is based on the prevailing market price or the price provided by third-party financial institutions. These other securities are described further in Note 6. INVESTMENT SECURITIES.

Liabilities

(1) Notes and accounts payable–trade and (2) Short-term debt

The fair value equates to the book value due to the short-term nature of these instruments.

(3) Current portion of long-term debt and (5) Long-term debt

Fair value of long-term debt with fixed interest rates is based on the present value of future cash flows discounted using the current borrowing rate for similar debt of a comparable maturity.

Fair value of long-term debt with variable interest rates approximates book value as the Company's credit risk has not significantly changed since the date of commencement of the borrowing.

For debt subject to the special treatment of interest-rate swaps (Please see 'Derivatives' below), the total amount of the principal and interest that were accounted for as a single item with the relevant interest-rate swap is discounted with a rate that is assumed to be applied when a new, similar debt is issued.

(4) Bonds

The fair value of bonds payable is based on the value provided by third-party financial institutions.

Derivatives

Derivatives are described further in Note 24. DERIVATIVES.

(ii) Financial instruments for which the fair value is extremely difficult to measure

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
	Book value	Book value	Book value
Unlisted equity securities.....	¥1,010	¥ 560	\$10,739
Investments in unconsolidated subsidiaries and affiliated companies.....	3,306	2,819	35,152

Above are not included in '(3)(ii) Other securities' because there is no market value and it is difficult to measure the fair value.

(iii) Redemption schedule for money claims and securities with maturity dates subsequent to the consolidated balance sheet date

	Millions of yen				Thousands of U.S. dollars	
	2013		2012		2013	
	Within one year	More than one year, within five years	Within one year	More than one year, within five years	Within one year	More than one year, within five years
Cash on hand and in banks	¥ 93,413	¥—	¥ 90,640	¥—	\$ 993,227	\$ —
Notes and accounts receivable–trade	194,038	—	174,193	—	2,063,137	—
Short-term investment securities and investment securities						
Held-to-maturity securities.....	—	10	—	10	—	106
Other securities						
(1) Bonds.....	9,001	—	7,593	—	95,704	—
(2) Other.....	111,500	—	133,700	—	1,185,540	—
Total.....	¥407,952	¥10	¥406,126	¥10	\$4,337,608	\$106

(iv) Redemption schedule for bonds, long-term debt and other debt subsequent to the consolidated balance sheet date

Fiscal year	Millions of yen								Thousands of U.S. dollars			
	2013				2012				2013			
	Short-term debt	Bonds	Long-term debt	Total	Short-term debt	Bonds	Long-term debt	Total	Short-term debt	Bonds	Long-term debt	Total
2013.....	¥67,398	¥ —	¥23,990	¥91,389	¥32,913	¥ —	¥11,994	¥44,907	\$716,619	\$ —	\$255,077	\$971,707
2014.....	—	—	27,004	27,004	—	—	23,021	23,021	—	—	287,124	287,124
2015.....	—	20,000	5,000	25,000	—	—	27,001	27,001	—	212,653	53,163	265,816
2016.....	—	20,000	4,000	24,000	—	20,000	5,000	25,000	—	212,653	42,531	255,183
2017.....	—	10,000	9,000	19,000	—	60,000	4,000	64,000	—	106,326	95,694	202,020
2018 and thereafter ..	—	20,000	18,501	38,501	—	30,000	14,001	44,001	—	212,653	196,715	409,367

6. Investment Securities

(1) Other Securities with Quoted Market Values

	Millions of yen						Thousands of U.S. dollars		
	2013			2012			2013		
	Market value at the consolidated balance sheet date	Original purchase value	Unrealized gains (losses)	Market value at the consolidated balance sheet date	Original purchase value	Unrealized gains (losses)	Market value at the consolidated balance sheet date	Original purchase value	Unrealized gains (losses)
Securities for which the amounts in the consolidated balance sheet exceed the original purchase value									
(1) Shares.....	¥ 15,259	¥ 9,556	¥5,703	¥ 9,348	¥ 6,357	¥ 2,990	\$ 162,243	\$ 101,606	\$ 60,638
(2) Bonds.....	6,001	6,000	1	—	—	—	63,806	63,796	11
(3) Other									
(i) Short-term investment securities... (Negotiable deposits)	—	—	—	—	—	—	—	—	—
(ii) Other.....	15	10	4	11	10	0	159	106	43
Subtotal	¥ 21,276	¥ 15,566	¥5,709	¥ 9,359	¥ 6,368	¥ 2,991	\$ 226,220	\$ 165,508	\$ 60,702
Securities for which the amounts in the consolidated balance sheet do not exceed the original purchase value									
(1) Shares.....	¥ 3,629	¥ 4,572	¥ (942)	¥ 6,319	¥ 7,708	¥(1,389)	\$ 38,586	\$ 48,612	\$(10,016)
(2) Bonds.....	2,999	3,000	(0)	7,593	7,616	(23)	31,887	31,898	(0)
(3) Other									
(i) Short-term investment securities... (Negotiable deposits)	111,500	111,500	—	133,700	133,700	—	1,185,540	1,185,540	—
(ii) Other.....	4	5	(0)	4	5	(0)	43	53	(0)
Subtotal.....	¥118,134	¥119,077	¥ (943)	¥147,617	¥149,030	¥(1,413)	\$1,256,077	\$1,266,103	\$(10,027)
Total.....	¥139,411	¥134,644	¥4,766	¥156,977	¥155,399	¥ 1,578	\$1,482,307	\$1,431,621	\$ 50,675

(2) Other Securities Sold during the Years Ended March 31, 2013 and 2012

	Millions of yen						Thousands of U.S. dollars		
	2013			2012			2013		
	Sale value	Total profit	Total loss	Sale value	Total profit	Total loss	Sale value	Total profit	Total loss
Shares.....	¥298	¥55	¥—	¥2	¥2	¥—	\$3,169	\$585	\$ —

(3) Securities for Which Loss on Impairment is Recognized

The Companies have recognized loss on impairment for securities of ¥2 million (\$21 thousand) and ¥2,700 million for the years ended March 31, 2013 and 2012, respectively.

For securities with quoted market values, if the market value has declined by more than 50% from the acquisition cost at the end of the period, or if the market value has declined by more than 30% but not more than 50% from the acquisition cost at the end of the period for two years in succession and has declined more than in the preceding year, the Companies record an impairment loss, taking into consideration recoverability and other factors, assuming that the market value has "significantly declined."

For securities without quoted market values, if the net assets per share have fallen by more than 50% from the acquisition cost, the Companies recognize an impairment loss, assuming that the market value has "significantly declined."

7. Short-Term Debt, Long-Term Debt and Lease Obligations

Short-term debt is primarily unsecured and generally represents bank overdrafts. The amounts as of March 31, 2013 and 2012 were ¥67,398 million (\$716,619 thousand) and ¥32,913 million, respectively, with weighted-average interest rates of approximately 0.8% and 1.2%, respectively.

Long-term debt as of March 31, 2013 and 2012, including the current portion, is as follows:

Bonds

	Millions of yen		Interest rate	Thousands of U.S. dollars
	2013	2012	2013	2013
Zero coupon convertible unsecured bonds due in 2016.....	¥ —	¥ 40,000	—	\$ —
1st Unsecured Bonds due in 2015.....	20,000	20,000	0.609%	212,653
2nd Unsecured Bonds due in 2017.....	10,000	10,000	0.956%	106,326
3rd Unsecured Bonds due in 2016.....	20,000	20,000	0.610%	212,653
4th Unsecured Bonds due in 2018.....	20,000	20,000	0.902%	212,653
	¥70,000	¥110,000		\$744,285
Less—Current portion included in current liabilities.....	—	—		—
Bonds, less current portion.....	¥70,000	¥110,000		\$744,285

The zero coupon convertible unsecured bonds due in 2016 are bonds with share subscription rights that were issued on December 7, 2006. Details of the share subscription rights are as follows:

	2016 bonds
Class of stock.....	Common stock
Issue price of shares (Yen).....	Zero
Initial conversion prices (Yen/per share).....	¥2,383
Total issue price (Millions of yen).....	¥40,000
Ratio of granted rights (%).....	100%
Period share subscription rights can be exercised.....	From December 21, 2006 to November 22, 2016

Long-term debt

	Millions of yen		Interest rate	Thousands of U.S. dollars
	2013	2012	2013	2013
Loans principally from banks, due through 2022.....	¥ 87,498	¥ 85,019		\$ 930,335
Less—Current portion included in current liabilities.....	(23,990)	(11,994)	1.6%	(255,077)
Long-term loans, less current portion.....	¥ 63,507	¥ 73,025	0.9%	\$ 675,247

The aggregate annual maturities of long-term loans at March 31, 2013 are as follows:

Fiscal year	Amount	
	Millions of yen	Thousands of U.S. dollars
2014.....	¥27,004	\$287,124
2015.....	5,000	53,163
2016.....	4,000	42,531
2017.....	9,000	95,694
2018 and thereafter.....	18,501	196,715

Lease obligations

Lease obligations are included in other liabilities.

	Millions of yen		Interest rate*	Thousands of U.S. dollars
	2013	2012	2013	2013
Lease obligations, due through 2026.....	¥ 5,340	¥ 4,756	—	\$ 56,778
Less—Current portion included in current liabilities.....	(1,609)	(1,417)	—	(17,108)
Lease obligations, less current portion.....	¥ 3,730	¥ 3,338	—	\$ 39,660

* Since the book value of lease obligations includes the equivalent of interest payable, interest rates of lease obligations are not represented in the table above.

The aggregate annual maturities of long-term lease obligations at March 31, 2013 are as follows:

Fiscal year	Amount	
	Millions of yen	Thousands of U.S. dollars
2014.....	¥1,393	\$14,811
2015.....	1,503	15,981
2016.....	497	5,284
2017.....	185	1,967
2018 and thereafter.....	149	1,584

8. Income Taxes

The income taxes of the Company and its domestic consolidated subsidiaries comprise corporate income taxes, local inhabitants' taxes and enterprise taxes.

The reconciliation of the Japanese statutory income tax rate to the effective income tax rate for the years ended March 31, 2013 and 2012 is as follows:

	2013	2012
Statutory income tax rate.....	38.0%	40.7%
Decrease in valuation allowance.....	(5.4)	(23.1)
Tax credits for research and development costs and others... ..	(0.8)	—
Non-taxable income.....	(0.9)	(0.3)
Difference in statutory tax rates of foreign subsidiaries... ..	(2.4)	(7.9)
Expenses not deductible for tax purposes.....	2.7	2.1
Amortization of goodwill.....	11.2	10.8
Retained earnings of overseas subsidiaries.....	2.7	(7.1)
Ineffective portion of unrealized gain/loss.....	3.3	0.4
Effect of liquidation of consolidated subsidiaries.....	—	14.6
Expiration of net loss carried forward.....	7.4	0.6
Effects of changes in corporate tax rates.....	—	10.1
Other, net.....	(0.6)	(3.3)
Effective income tax rate per consolidated statements of income.....	55.2%	37.6%

At March 31, 2013 and 2012, the significant components of deferred tax assets and liabilities in the consolidated financial statements are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred tax assets:			
Net operating tax loss carried forward.....	¥ 50,283	¥ 49,046	\$ 534,641
Accrued retirement benefits...	22,099	22,348	234,971
Depreciation and amortization.....	4,323	3,928	45,965
Write-down of assets.....	3,460	3,177	36,789
Accrued bonuses.....	3,405	3,614	36,204
Elimination of unrealized intercompany profits.....	3,009	3,018	31,994
Tax effects related to investments.....	1,866	1,905	19,841
Accrued enterprise taxes....	975	778	10,367
Allowance for doubtful accounts.....	966	992	10,271
Other.....	10,687	8,483	113,631
Gross deferred tax assets...	101,077	97,292	1,074,716
Valuation allowance.....	(37,682)	(31,036)	(400,659)
Total deferred tax assets....	¥ 63,395	¥ 66,255	\$ 674,056
Deferred tax liabilities:			
Retained earnings of overseas subsidiaries.....	(3,226)	(2,316)	(34,301)
Intangible assets recognized in business combinations...	(2,859)	—	(30,399)
Gains on securities contributed to employees' retirement benefit trust.....	(2,083)	(2,134)	(22,148)
Unrealized gains on securities.....	(1,413)	(381)	(15,024)
Special tax-purpose reserve for condensed booking of fixed assets....	(15)	(27)	(159)
Other.....	(3,948)	(3,741)	(41,978)
Total deferred tax liabilities..	¥ (13,546)	¥ (8,601)	\$ (144,030)
Net deferred tax assets.....	¥ 49,849	¥ 57,654	\$ 530,027
Deferred tax liabilities related to revaluation:			
Deferred tax liabilities on land revaluation.....	¥ (3,269)	¥ (3,269)	\$ (34,758)

Net deferred tax assets are included in the following items in the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Current assets—deferred tax assets.....	¥20,259	¥20,100	\$215,407
Fixed assets—deferred tax assets.....	33,000	38,281	350,877
Current liabilities—other current liabilities.....	(711)	(606)	(7,560)
Long-term liabilities—other long-term liabilities.....	(2,699)	(120)	(28,698)
Net deferred tax assets.....	¥49,849	¥57,654	\$530,027

9. Acquisitions

Charterhouse PM Limited

In December 2012, the Companies acquired a 100% stake of Charterhouse PM Limited (Charterhouse), a leading European marketing services production company, through Konica Minolta Business Solutions Europe GmbH, a wholly owned subsidiary of the Company. The acquisition provides the Companies with know-how in marketing and consulting for document management, as well as Charterhouse's European sales network. The Companies aim to strengthen their marketing capabilities to offer practical solutions to customers' challenges and expand new services. The Companies have recognized the acquisition cost of ¥3,959 million (\$42,095 thousand). The results of Charterhouse for the period from December 1, 2012 to March 31, 2013, are recognized in the consolidated financial statements.

The Companies have recognized goodwill of ¥4,878 million (\$51,866 thousand), which is amortized on a straight-line basis over its estimated useful life (14 years). The amounts recognized in the consolidated financial statements are provisional based on information currently available to the Companies and certain assumptions that the Companies consider to be reasonable, because the purchase price allocation is incomplete.

(1) Assets acquired and liabilities assumed at the date of business combination

	Millions of yen		Thousands of U.S. dollars
	2013	2013	2013
Current assets.....	¥ 3,635		\$ 38,650
Long-term assets.....	3,013		32,036
Total assets.....	¥ 6,649		\$ 70,696
Current liabilities.....	¥(6,891)		\$(73,270)
Long-term liabilities.....	(676)		(7,188)
Total liabilities.....	¥(7,567)		\$(80,457)

(2) Amounts and amortization period of major items allocated to intangibles recognized separately from goodwill

	Amounts		Amortization period weighted average
	Millions of yen	Thousands of U.S. dollars	
Major items allocated to intangibles recognized separately from goodwill	2013	2013	
Customer-related assets.....	¥2,819	\$29,973	11 years
Total intangible assets....	¥2,819	\$29,973	11 years

(3) Allocation of acquisition costs

Allocation of acquisition costs was not completed since the assessment of identifiable assets and liabilities was not finished at the end of the fiscal year.

(4) Approximate effects on the consolidated statements of income for the year ended March 31, 2013 assuming that the business combination was completed on April 1, 2012.

	Millions of yen		Thousands of U.S. dollars
	2013	2013	2013
Net sales.....	¥8,603		\$91,473
Operating profit.....	(239)		(2,541)
Net income for the year.....	(444)		(4,721)

Approximate effects correspond to the acquired company's net sales and income/loss recorded on its consolidated statements of income assuming that the business combination was completed April 1, 2012. The amortization cost was calculated based on the assumption that the intangible assets, such as goodwill, had been recognized at the beginning of the fiscal year ended March 31, 2013. These approximate effects have not been audited.

Instrument Systems GmbH

In November 2012, the Companies acquired a 100% stake of Instruments Systems Optische Messtechnik GmbH (Instrument Systems GmbH, IS), a major German lighting measurement equipment manufacturer, through Konica Minolta Optics, Inc. (KMOP), a wholly owned subsidiary of the Company. The acquisition provides KMOP an even broader product line up in the display measurement field, where IS has the top share, and further assists KMOP in maintaining its leading position in comprehensive light source measurement including not only the fast-growing LED light source but also in organic light emitting diode (OLED) lighting with great future growth potential. In addition, the Companies expect to create greater synergies between the light source measurement business and the equipment and component business for next-generation lighting, including OLED. The Companies have recognized the acquisition cost of ¥8,120 million (\$86,337 thousand) including acquisition related cost of ¥178 million (\$1,893 thousand) in accordance with J-GAAP. The results of IS for the period from December 1, 2012 to March 31, 2013 are recognized in the consolidated financial statements.

The Companies have recognized goodwill of ¥4,415 million (\$46,943 thousand), which is amortized on a straight-line basis over its estimated useful life (12 years).

(1) Assets acquired and liabilities assumed at the date of business combination

	Amounts	
	Millions of yen	Thousands of U.S. dollars
	2013	2013
Current assets.....	¥ 2,329	\$ 24,763
Long-term assets.....	3,710	39,447
Total assets.....	¥ 6,040	\$ 64,221
Current liabilities.....	¥(1,153)	\$(12,259)
Long-term liabilities.....	(1,182)	(12,568)
Total liabilities.....	¥(2,335)	\$(24,827)

(2) Contents of the contingent consideration stipulated in the business combination contract and its accounting treatment in the fiscal year ended March 31, 2013 and thereafter

As stipulated in the business combination contract, an additional payment shall be made if the performance of the merged company meets the agreed target in the future. If this target is met, the acquisition cost and goodwill and its amortization amount will be amended based on the assumption that this additional payment had been made at the business combination date.

(3) Amounts and amortization period of major items allocated to intangibles recognized separately from goodwill

Major items allocated to intangibles recognized separately from goodwill	Amounts		Amortization period weighted average
	Millions of yen	Thousands of U.S. dollars	
	2013	2013	
Technology-based assets.....	¥2,950	\$31,366	7 years
Customer-based assets.....	631	6,709	4 years
Total intangible assets....	¥3,582	\$38,086	6 years

(4) Approximate effects on the consolidated statements of income for the year ended March 31, 2013 assuming that the business combination was completed on April 1, 2012

	Amounts	
	Millions of yen	Thousands of U.S. dollars
	2013	2013
Net sales.....	¥4,536	\$48,230
Operating profit.....	1,647	17,512
Net income for the year.....	1,024	10,888

Approximate effects correspond to the acquired company's net sales and income/loss recorded on its consolidated statements of income assuming that the business combination was completed April 1, 2012. The amortization cost was calculated based on the assumption that the intangible assets, such as goodwill, had been recognized at the beginning of the fiscal year ended March 31, 2012. These approximate effects have not been audited.

10. Net Assets

The Japanese Corporate Law became effective on May 1, 2006, replacing the Commercial Code. Under Japanese laws and regulations, the entire amount paid for new shares must be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

The Japanese Corporate Law provides that an amount equal to 10% of distributions from retained earnings paid by the Company and its Japanese subsidiaries be appropriated as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets. No further appropriations are required when the total amount of the additional paid-in capital and the legal earnings reserve equals 25% of their respective stated capital. The Japanese Corporate Law also provides that additional paid-in capital and legal earnings reserve are available for appropriations by the resolution of the Board of Directors.

Cash dividends and appropriations to the additional paid-in capital or the legal earnings reserve charged to retained earnings for the years ended March 31, 2013 and 2012 represent dividends paid out during those years and the related appropriations to the additional paid-in capital or the legal earnings reserve.

Retained earnings at March 31, 2013 do not reflect current year-end dividends in the amount of ¥3,977 million (\$42,286 thousand) approved by the Board of Directors, which was already paid in May 2013.

The amount available for dividends under the Japanese Corporate Law is based on the amount recorded in the Company's nonconsolidated books of account in accordance with accounting principles generally accepted in Japan.

On October 31, 2012, the Board of Directors approved cash dividends to be paid to shareholders of record as of September 30, 2012, totaling ¥3,977 million (\$4,286 thousand), at a rate of ¥7.5 per share. On May 10, 2013, the Board of Directors approved cash dividends to be paid to shareholders of record as of March 31, 2013, totaling ¥3,977 million (\$4,286 thousand), at a rate of ¥7.5 per share.

11. Inventories

Inventories as of March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Merchandise and finished goods...	¥ 82,788	¥ 71,211	\$ 880,255
Work in process.....	10,610	13,482	112,812
Raw materials and supplies	19,080	20,386	202,871
Total.....	¥112,479	¥105,080	\$1,195,949

12. Contingent Liabilities

The Companies were contingently liable at March 31, 2013 for debt and lease guarantees of ¥456 million (\$4,848 thousand) and at March 31, 2012 for debt and lease guarantees of ¥652 million.

13. Collateral Assets

Assets pledged as collateral at March 31, 2013 for short-term debt of ¥31 million (\$330 thousand) are accounts receivable-trade and lease investment assets of ¥31 million (\$330 thousand). Assets pledged as collateral at March 31, 2012 for short-term debt of ¥54 million are accounts receivable-trade and lease investment assets of ¥54 million.

14. Cost of Sales

The Companies have recognized valuation losses associated with the writing down of inventories of ¥979 million (\$10,409 thousand) and ¥1,511 million for the years ended March 31, 2013 and 2012, respectively, due to the decline in profitability. These losses are included within the cost of sales.

15. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2013 and 2012 are ¥71,533 million (\$760,585 thousand) and ¥72,530 million, respectively.

16. Other Extraordinary Gain of Overseas Subsidiaries

Other extraordinary gain of overseas subsidiaries represents the reduction in refund obligation, etc. in accordance with U.S. state laws for the U.S. subsidiary.

17. Loss on Impairment of Fixed Assets

The Companies have recognized loss on impairment of ¥2,902 million (\$30,856 thousand) and ¥893 million for the following groups of assets for the years ended March 31, 2013 and 2012, respectively:

Description	Classification	Amount		Thousands of U.S. dollars
		Millions of yen	2012	2013
Manufacturing equipment of glass pickup lenses	Machinery and equipment, Tools and furniture, Others	¥ 365	¥ —	\$ 3,881
Manufacturing equipment of radiographic films	Machinery and equipment, Construction in progress, Others	1,058	—	11,249
Rental assets	Rental business-use assets	44	88	468
Idle assets	Machinery and equipment, Others	1,399	614	14,875
Others	—	34	190	362
Total		¥2,902	¥893	\$30,856

(1) Cash-generating units have been identified based on product lines and geographical areas as a group of assets. For rental assets, cash-generating units are identified based on rental contracts and each geographical area. Each idle asset is also identified as a cash-generating unit.

(2) Fixed assets have been written down to the recoverable amount and the corresponding impairment losses have been recognized due to discontinuation of production of glass pickup lenses and radiographic films, and the poor performance and profitability of rental and idle assets. In addition, the revaluation of the other assets category has contributed to the write down amount.

(3) Details of impairment of fixed assets
Details of impairment of fixed assets as of March 31, 2013 are as follows:

Machinery and equipment ¥2,626 million (\$27,921 thousand), Tools and furniture ¥125 million (\$1,329 thousand), Construction in progress ¥48 million (\$510 thousand), Others ¥101 million (\$1,074 thousand).

Details of impairment of fixed assets as of March 31, 2012 are as follows:

Buildings and structures ¥254 million, Machinery and equipment ¥346 million, Rental business-use assets ¥88 million, Others ¥203 million.

(4) Measurement of recoverable amount

The recoverable amount of a cash-generating unit is the fair value less costs to sell. The fair value is supported by an appraisal report for land and buildings and structures, or a management estimate for rental business-use assets.

18. Business Structure Improvement Expenses

Business structure improvement expenses refer to expenses associated with the discontinuation of production and sale of lenses and prisms using glass molds in the Industrial Business.

19. Group Restructuring Expenses

Group restructuring expenses refer to expenses associated with the reorganization of the Group's management system conducted on April 1, 2013.

20. Other Comprehensive Income

Recycling and Tax Effect Relating to Other Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Unrealized gains (losses) on securities			
Increase (decrease) during the year.....	¥ 3,241	¥ (247)	\$ 34,460
Reclassification adjustments.....	(53)	1,104	(564)
Sub-total, before tax.....	3,188	856	33,897
Tax (expense) or benefit.....	(1,031)	(140)	(10,962)
Sub-total, net of tax.....	2,156	716	22,924
Unrealized losses on hedging derivatives			
Increase (decrease) during the year.....	(1,297)	161	(13,791)
Reclassification adjustments.....	1,683	(369)	17,895
Sub-total, before tax.....	385	(207)	4,094
Tax (expense) or benefit.....	(155)	74	(1,648)
Sub-total, net of tax.....	230	(133)	2,446
Foreign currency translation adjustments			
Increase (decrease) during the year.....	21,939	(2,381)	233,270
Reclassification adjustments.....	—	(3,730)	—
Sub-total.....	21,939	(6,112)	233,270
Share of other comprehensive income of associates accounted for using the equity method			
Increase (decrease) during the year.....	13	(12)	138
Total other comprehensive income.....	¥24,340	¥(5,541)	\$258,799

21. Pension Liabilities Adjustment of Overseas Subsidiaries

The pension liabilities adjustment of overseas subsidiaries results from the accounting treatment of retirement benefits that affect a certain consolidated subsidiary in the United States.

22. Lease Transactions

Proforma information on the Company and its domestic consolidated subsidiaries' finance lease transactions (except for those which are deemed to transfer ownership of the leased assets to the lessee) and operating lease transactions is as follows:

As Lessee

(1) **Finance Leases** (not involving transfer of ownership commencing on or before March 31, 2008)

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Purchase cost:			
Buildings and structures.....	¥ 5,690	¥ 6,485	\$ 60,500
Machinery and equipment ..	24	112	255
Tools and furniture.....	236	560	2,509
	5,951	7,157	63,275
Less: Accumulated depreciation.....	(5,341)	(6,304)	(56,789)
Loss on impairment of leased assets.....	(0)	(0)	(0)
Net book value.....	¥ 609	¥ 852	\$ 6,475

The scheduled maturities of future lease rental payments on such lease contracts at March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Due within one year.....	¥166	¥243	\$1,765
Due over one year.....	443	610	4,710
Total.....	¥610	¥853	\$6,486

Lease rental expenses and depreciation equivalents under the finance leases that are accounted for in the same manner as operating leases for the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Lease rental expenses for the period ..	¥238	¥438	\$2,531
Depreciation equivalents.....	238	438	2,531

Depreciation equivalents are calculated based on the straight-line method over the lease terms of the leased assets.

Accumulated loss on impairment of leased assets as of March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Reserve for loss.....	¥0	¥0	\$0

2) Operating Leases

The scheduled maturities of future rental payments of operating noncancelable leases as of March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Due within one year.....	¥ 6,051	¥ 4,439	\$ 64,338
Due over one year.....	15,545	11,314	165,284
Total.....	¥21,597	¥15,753	\$229,633

As Lessor

Operating Leases

The scheduled maturities of future rental incomes of operating noncancelable leases as of March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Due within one year	¥2,092	¥1,616	\$22,243
Due over one year	2,832	2,322	30,112
Total	¥4,924	¥3,938	\$52,355

23. Retirement Benefit Plans

The Companies have defined benefit retirement plans that include corporate defined benefit pensions plans, tax-qualified pension plans and lump-sum payment plans. In addition, the Companies have defined contributory pension plans. Certain overseas consolidated subsidiaries have defined benefit retirement plans and defined contribution retirement plans. The Companies may pay additional retirement benefits to employees at their discretion.

Additionally, the Company and certain domestic consolidated subsidiaries contribute to retirement benefit trusts.

The reserve for retirement benefits as of March 31, 2013 and 2012 is calculated as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
a. Retirement benefit obligations	¥(168,817)	¥(151,396)	\$(1,794,971)
b. Plan assets	109,085	97,614	1,159,862
c. Unfunded retirement benefit obligations (a+b)	(59,731)	(53,781)	(635,098)
d. Unrecognized actuarial differences	18,214	12,681	193,663
e. Unrecognized prior service costs	(987)	(2,203)	(10,494)
f. Net amount on consolidated balance sheets (c+d+e)	(42,504)	(43,303)	(451,930)
g. Prepaid pension costs	1,249	1,242	13,280
h. Accrued retirement benefits (f-g)	¥ (43,754)	¥ (44,545)	\$ (465,221)

Note: Certain subsidiaries use a simplified method for the calculation of benefit obligation.

Net retirement benefit costs for the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
a. Service costs	¥ 4,597	¥ 4,973	\$ 48,878
b. Interest costs	3,885	3,981	41,308
c. Expected return on plan assets	(2,196)	(2,084)	(23,349)
d. Amortization of actuarial differences	1,739	2,089	18,490
e. Amortization of prior service costs	(1,234)	(1,222)	(13,121)
f. Retirement benefit costs (a+b+c+d+e)	6,793	7,738	72,228
g. Gain/loss on changing to the defined contribution pension plan	0	—	0
h. Contributions to defined contribution pension plans	3,492	3,278	37,129
Total (f+g+h)	¥10,285	¥11,017	\$109,357

Note: Retirement benefit costs of consolidated subsidiaries using a simplified method are included in 'a. Service costs.'

Assumptions used in the calculation of the above information for the main schemes of the Company and its domestic consolidated subsidiaries are as follows:

	2013	2012
Method of attributing retirement benefits to periods of service	Periodic allocation method for projected benefit obligations	Periodic allocation method for projected benefit obligations
Discount rate	Mainly 1.7%	Mainly 2.5%
Expected rate of return on plan assets	Mainly 1.25%	Mainly 1.25%
Amortization of unrecognized prior service costs	Mainly 10 years	Mainly 10 years
Amortization of unrecognized actuarial differences	Mainly 10 years	Mainly 10 years

24. Derivatives

The Companies utilize derivative instruments, including foreign currency exchange forward contracts, currency options, currency swaps, and interest rate swaps, to hedge against the adverse effects of fluctuations in foreign currency exchange rates and interest rates. Additionally, the Companies have a policy of limiting the activity of such transactions to only hedge identified exposures and not to hold transactions for speculative or trading purposes.

Risks associated with derivative transactions

Although the Companies are exposed to credit-related risks and risks associated with the changes in interest rates and foreign exchange rates, such derivative instruments are limited to hedging purposes only and the risks associated with these transactions are limited. All derivative contracts entered into by the Companies are with selected major financial institutions based upon their credit ratings and other factors. Such credit-related risks are not anticipated to have a significant impact on the Companies' results.

Risk control system for derivative transactions

In order to manage market and credit risks, the Finance Division of the Company is responsible for setting or managing the position limits and credit limits under the Company's internal policies for derivative instruments. Resources are assigned to each function, including transaction execution, administration, and risk management, independently, in order to clarify the responsibility and the role of each function.

The principal policies on foreign currency exchange instruments and other derivative instruments of the Company and its major subsidiaries are approved by the Management Committee of the Company. Additionally, a Committee that consists of management from the Company and its major subsidiaries meets regularly to discuss the principal policies on foreign currency exchange instruments and to reaffirm and reassess other derivative instruments and market risks. All derivative instruments are reported monthly to the respective responsible officer. Market risks and credit risks for other subsidiaries are controlled and assessed based on internal rules. Derivative instruments are approved by the respective president or equivalent of each subsidiary.

Interest rate swap contracts and currency swap contracts are approved by the Finance Manager of the Company and the President or equivalent of other subsidiaries, respectively.

A summary of derivative instruments at March 31, 2013 and 2012 is as follows:

Derivative transactions to which hedge accounting is not applied

Currency-Related Derivatives

	Millions of yen						Thousands of U.S. dollars		
	2013			2012			2013		
	Contract value (notional principal amount)	Fair value	Unrealized gain (loss)	Contract value (notional principal amount)	Fair value	Unrealized gain (loss)	Contract value (notional principal amount)	Fair value	Unrealized gain (loss)
Forward foreign currency exchange contracts:									
To sell foreign currencies:									
US\$.....	¥ 5,246	¥ (65)	¥ (65)	¥ 7,817	¥ (273)	¥ (273)	¥ 55,779	\$ (691)	\$ (691)
EURO....	14,369	(939)	(939)	18,989	(1,247)	(1,247)	152,780	(9,984)	(9,984)
Other.....	3,617	(85)	(85)	3,310	(128)	(128)	38,458	(904)	(904)
To buy foreign currencies:									
US\$.....	109	(1)	(1)	—	—	—	1,159	(11)	(11)
EURO....	473	1	1	1,302	(26)	(26)	5,029	11	11
Other.....	—	—	—	707	11	11	—	—	—
Total....	¥23,815	¥(1,090)	¥(1,090)	¥32,127	¥(1,664)	¥(1,664)	\$253,216	\$(11,590)	\$(11,590)
Currency Swaps:									
Pay JPY, receive US\$.....	¥ 1,896	¥ 14	¥ 14	¥ —	¥ —	¥ —	\$ 20,159	\$ 149	\$ 149
Total....	¥ 1,896	¥ 14	¥ 14	¥ —	¥ —	¥ —	\$ 20,159	\$ 149	\$ 149

Note: Fair value of foreign currency forward exchange contracts is calculated based on the foreign currency forward exchange rates prevailing as of March 31, 2013 and 2012, respectively.

Derivative transactions to which hedge accounting is applied

(1) Currency-Related Derivatives

Method of hedge accounting: Forecast transactions such as forward exchange contracts

Type of derivatives transactions	Major hedged items	Millions of yen				Thousands of U.S. dollars	
		2013		2012		2013	
		Contract value (notional principal amount)	Fair value	Contract value (notional principal amount)	Fair value	Contract value (notional principal amount)	Fair value
Forward foreign currency exchange contracts:							
To sell foreign currencies:							
	EURO Accounts receivable-trade.....	¥5,789	¥103	¥20,565	¥(378)	\$61,552	\$1,095
	Total.....	¥5,789	¥103	¥20,565	¥(378)	\$61,552	\$1,095
Currency option transactions:							
To sell foreign currencies (Call):							
	EURO Accounts receivable-trade.....	¥ —	¥ —	¥ 2,200	¥ 2	\$ —	\$ —
To buy foreign currencies (Put):							
	EURO Accounts receivable-trade.....	—	—	2,200	8	—	—
	Total.....	¥ —	¥ —	¥ 4,400	¥ 10	\$ —	\$ —
Currency swaps:							
	Pay US\$, receive JPY Long-term debt.....	¥4,450	¥ (61)	¥ —	¥ —	\$47,315	\$ (649)
	Total.....	¥4,450	¥ (61)	¥ —	¥ —	\$47,315	\$ (649)

Notes: 1. Fair value is calculated based on the currency forward exchange rates prevailing as of March 31, 2013.

Fair value of currency options is provided by the financial institutions with whom the derivative contracts were entered into and agreed.

2. We do not pay / receive option premium in currency option transactions because of zero cost option.

3. Fair value of currency swaps is provided by the financial institutions with whom the derivative contracts were entered into and agreed.

(2) Interest Rate-Related Derivatives

Method of hedge accounting: Special treatment of interest rate swaps

Type of derivatives transactions	Major hedged items	Millions of yen				Thousands of U.S. dollars	
		2013		2012		2013	
		Contract value (notional principal amount)	Fair value	Contract value (notional principal amount)	Fair value	Contract value (notional principal amount)	Fair value
Interest rate swaps:							
	Pay fixed, receive floating Long-term debt	¥ 3,000	¥(23)	¥23,000	(*)	\$ 31,898	\$(245)
	Pay fixed, receive floating Short-term debt and Current portion of long-term debt	¥28,608	(*)	¥ —	¥ —	\$304,179	(*)

(*) As interest rate swaps used to hedge long-term debt, short-term debt and current portion of long-term debt are subject to special accounting treatment under accounting principles generally accepted in Japan, their fair values are included as a single line item with the hedged underlying liability, long-term debt, short-term debt, current portion of long-term debt and are not included in the above information.

25. Stock Option Plans

The following tables summarize details of stock option plans as of March 31, 2013.

Position and number of grantees	Directors and Executive Officers: 26
Class and number of stock	Common Stock: 194,500
Date of issue	August 23, 2005
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 23, 2005 to June 30, 2006
Period stock options can be exercised	From August 23, 2005 to June 30, 2025
Position and number of grantees	Directors and Executive Officers: 23
Class and number of stock	Common Stock: 105,500
Date of issue	September 1, 2006
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From September 1, 2006 to June 30, 2007
Period stock options can be exercised	From September 2, 2006 to June 30, 2026
Position and number of grantees	Directors and Executive Officers: 24
Class and number of stock	Common Stock: 113,000
Date of issue	August 22, 2007
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 22, 2007 to June 30, 2008
Period stock options can be exercised	From August 23, 2007 to June 30, 2027
Position and number of grantees	Directors and Executive Officers: 25
Class and number of stock	Common Stock: 128,000
Date of issue	August 18, 2008
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 18, 2008 to June 30, 2009
Period stock options can be exercised	From August 19, 2008 to June 30, 2028
Position and number of grantees	Directors and Executive Officers: 25
Class and number of stock	Common Stock: 199,500
Date of issue	August 19, 2009
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 19, 2009 to June 30, 2010
Period stock options can be exercised	From August 20, 2009 to June 30, 2029
Position and number of grantees	Directors and Executive Officers: 24
Class and number of stock	Common Stock: 188,000
Date of issue	August 27, 2010
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 27, 2010 to June 30, 2011
Period stock options can be exercised	From August 28, 2010 to June 30, 2030
Position and number of grantees	Directors and Executive Officers: 24
Class and number of stock	Common Stock: 239,500
Date of issue	August 23, 2011
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 23, 2011 to June 30, 2012
Period stock options can be exercised	From August 24, 2011 to June 30, 2031
Position and number of grantees	Directors and Executive Officers: 25
Class and number of stock	Common Stock: 285,500
Date of issue	August 22, 2012
Condition of settlement of rights	No provisions
Period grantees provide service in return for stock options	From August 22, 2012 to June 30, 2013
Period stock options can be exercised	From August 23, 2012 to June 30, 2032

The following table summarizes the movement of outstanding stock options for the years ended March 31, 2013 and 2012.

	Number of Shares
Stock options outstanding at March 31, 2011	746,500
Granted	239,500
Exercised	68,000
Forfeited	2,000
Stock options outstanding at March 31, 2012	916,000
Granted	285,500
Exercised	47,500
Forfeited	6,000
Stock options outstanding at March 31, 2013....	1,148,000

The following table summarizes price information of stock options exercised during the period and outstanding stock options as of March 31, 2013.

Per unit information	Exercised	Outstanding at March 31, 2013
Exercise price of stock options.....	¥ 1	¥ 1
Average market price of the stock at the time of exercise.....	651	—
Fair value per unit (as of grant date).....	1,242	750

26. Investment and Rental Property

(1) Conditions and Fair Values of Investment and Rental Property

The Companies have office buildings for rent and idle assets, etc., in Japan and overseas.

The book value on the consolidated balance sheet, the changes and the fair value as of March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Book value			
Balance at the beginning.....	¥4,486	¥3,560	\$47,698
Increase (Decrease)—net.....	(558)	926	(5,933)
Balance at the end.....	¥3,928	¥4,486	\$41,765
Fair value at the end.....	¥4,457	¥5,042	\$47,390

- Notes: 1. Book value is calculated by subtracting accumulated depreciation and accumulated impairment losses from acquisition cost.
2. Fair value is recorded as follows:
- (1) Fair value of major domestic properties has been calculated by the Companies based on a method similar to the Real-estate Appraisal Standards.
- Latest appraisal reports are utilized, or in the case where there are no significant changes in the index reflected fair value, prior period reports may be used.
- Fair value of other domestic properties has been calculated based on certain appraisal or criteria, which appears to best reflect the fair value of the property.
- (2) Fair value of overseas properties has been primarily calculated by local real-estate appraisers.

(2) Income and Expenses on Investment and Rental Property

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Income	¥161	¥184	\$1,712
Expenses.....	89	92	946
Difference	72	92	766
Other losses on sales, etc.....	(94)	(164)	(999)

27. Segment Information

Information and Measurement of Segments

(1) Overview of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available and evaluated regularly by management in deciding how to allocate resources and assess performance.

The Company has business companies for different products and services within Japan. Each business company creates a comprehensive domestic and overseas strategy for their products and services, and conducts its business activities accordingly.

As such, the Company is comprised of three segments for different products and services with a business company at the center of each. The three reportable segments are: Business Technologies, Industrial and Healthcare.

Business Technologies manufactures and sells MFPs, printers, and equipment for production printing systems and graphic arts, and provides related solution services. The Industrial Business manufactures and sells electronic materials (TAC films, etc.), performance materials, optical products (pickup lenses, etc.), and measuring instruments for industrial and healthcare applications. The Healthcare Business manufactures and sells consumables and equipment for healthcare systems.

Upon reorganization of the Group during the fiscal year ended March 31, 2013, the reportable segments were changed from the Business Technologies Business, Optics Business, and Healthcare Business to the Business Technologies Business, Industrial Business and Healthcare Business beginning from the first quarter of the fiscal year ended March 31, 2013. The Optics business included the manufacturing and sale of optical products (pickup lenses, etc.) and electronic materials (TAC films, etc.) while the Industrial Business includes the manufacturing and sale of electronic materials (TAC films, etc.), performance materials, optical products (pickup lenses, etc.) and measuring instruments for industrial and healthcare applications. Meanwhile the main products and types of services both in Business Technologies Business and Healthcare Business were not changed. Segment information for the previous fiscal year in accordance with the revised reportable segments is not disclosed except for external sales, amortization of goodwill and investments in equity method affiliates because it is not practicable to accurately calculate cost of sales, selling, general and administrative expenses, assets and liabilities retroactively. Also, segment information for the fiscal year ended March 31, 2013 in accordance with the reportable segments used for the previous fiscal year is not disclosed because it is not practicable to obtain the necessary information and it is not reported to management in consideration of the usefulness of the information. If we prepared segment information for the previous year in accordance with the revised reportable segments, external sales are ¥135,117 million in the Industrial Business and ¥12,139 million in Other. Also, amortization of goodwill is ¥492 million in the Industrial Business and ¥0 in Other, and unamortized goodwill is ¥5,032 million in the Industrial Business and ¥0 in Other. In addition, investments in equity method affiliates is ¥0 in the Industrial Business.

<Change in depreciation method>

Beginning the fiscal year ended March 31, 2013, with the revision of the Corporation Tax Law, the Company and its domestic consolidated subsidiaries depreciate property, plant and equipment acquired on or after April 1, 2012 under the revised Corporation Tax Law. Because of the change, segment profit for the fiscal year increased ¥112 million in the Business Technologies Business, ¥386 million in the Industrial Business, ¥31 million in the Healthcare Business and ¥116 million in Other compared to the amounts calculated under the previous method.

(2) Methods of calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

Accounting methods for reportable segments are the same as the accounting methods described in Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Profit by reportable segment is operating income. Intersegment net sales are based on market values.

(3) Information on net sales, profit or loss, assets, liabilities and other items by reportable segment

Segment information of the Companies for the years ended March 31, 2013 and 2012 is presented as follows:

	Millions of yen							Total amounts in consolidated financial statements
	Business Technologies	Industrial	Healthcare	Subtotal	Other (Note 1)	Total	Adjustments (Note 2)	
2013								
Net sales								
External	¥581,639	¥146,792	¥72,753	¥801,184	¥11,889	¥813,073	¥ —	¥813,073
Intersegment	1,936	2,436	2,652	7,026	52,303	59,330	(59,330)	—
Total	583,576	149,229	75,406	808,211	64,192	872,404	(59,330)	813,073
Segment profit.....	31,658	23,667	3,348	58,675	4,475	63,151	(22,491)	40,659
Segment assets.....	465,389	150,007	66,081	681,479	51,590	733,069	207,484	940,553
Segment liabilities	239,068	83,172	41,933	364,174	22,275	386,449	87,688	474,136
Other items								
Depreciation and amortization.....	¥ 23,650	¥ 13,933	¥ 2,453	¥ 40,037	¥ 1,873	¥ 41,910	¥ 4,088	¥ 45,999
Amortization of goodwill	9,281	582	—	9,863	—	9,863	—	9,863
Investments in affiliated companies	3	—	499	503	—	503	990	1,494
Increases in property, plant and equipment and intangible fixed assets...	22,017	9,465	1,570	33,053	2,401	35,454	2,989	38,444

Notes: 1. 'Other' consists of business segments not included in reporting segments such as Sensing Business and Industrial Inkjet Business.

2. Adjustments are as follows:

- (1) Adjustments of segment profit represent the elimination of intersegment transactions and expenses relating to the corporate division of the Company, which totaled ¥(6,091) million and ¥(16,400) million, respectively. Corporate expenses are primarily general administration expenses and R&D expenses that can not be allocated to any reportable segment.
- (2) Adjustments of segment assets represent the elimination of intersegment assets and assets relating to the corporate division of the Company, which totaled ¥(63,201) million and ¥270,685 million, respectively. Corporate assets are primarily surplus funds of the holding company (cash on hand and in banks and short-term investment securities), long-term investment funds (investment securities), and assets owned by the holding company that can not be allocated to any reportable segment.
- (3) Adjustments of segment liabilities represent the elimination of intersegment liabilities and liabilities relating to the corporate division of the Company, which totaled ¥(32,960) million and ¥120,648 million, respectively. Corporate liabilities are primarily interest-bearing debts (loans payable and bonds payable), and liabilities owned by the holding company that can not be allocated to any reportable segment.
- (4) Adjustments of depreciation and amortization primarily represent depreciation of buildings of the holding company.
- (5) Adjustments of investments in affiliated companies primarily represent investments by the holding company in equity method affiliates.
- (6) Adjustments of increases in property, plant and equipment and intangible fixed assets primarily represent capital expenditure on buildings in relation to the holding company.

Millions of yen

2012	Business Technologies	Optics	Healthcare (Note 2)	Subtotal	Other (Note 1)	Total	Adjustments	Total amounts in consolidated financial statements
Net sales								
External	¥547,576	¥124,313	¥73,046	¥744,936	¥22,943	¥767,879	¥ —	¥767,879
Intersegment	1,853	755	1,930	4,539	48,206	52,745	(52,745)	—
Total	549,430	125,068	74,976	749,475	71,149	820,625	(52,745)	767,879
Segment profit	39,479	14,038	91	53,608	5,554	59,163	(18,817)	40,346
Segment assets	399,754	118,864	65,000	583,620	56,593	640,213	261,839	902,052
Segment liabilities	195,304	66,401	41,020	302,727	25,728	328,455	138,609	467,064
Other items								
Depreciation and amortization	¥ 21,377	¥ 16,657	¥ 3,105	¥ 41,140	¥ 3,846	¥ 44,987	¥ 4,252	¥ 49,239
Amortization of goodwill	8,312	347	—	8,659	145	8,804	—	8,804
Investments in affiliated companies	3	—	734	737	—	737	985	1,722
Increases in property, plant and equipment and intangible fixed assets	17,781	6,606	2,351	26,739	5,946	32,685	1,347	34,033

Notes: 1. 'Other' consists of business segments not included in reporting segments such as Sensing Business and Industrial Inkjet Business.

2. Adjustments are as follows:

- (1) Adjustments of segment profit represent the elimination of intersegment transactions and expenses relating to the corporate division of the Company, which totaled ¥(5,311) million and ¥(13,505) million, respectively. Corporate expenses are primarily general administration expenses and R&D expenses that can not be allocated to any reportable segment.
- (2) Adjustments of segment assets represent the elimination of intersegment assets and assets relating to the corporate division of the Company, which totaled ¥(48,363) million and ¥310,202 million, respectively. Corporate assets are primarily surplus funds of the holding company (cash on hand and in banks and short-term investment securities), long-term investment funds (investment securities), and assets owned by the holding company that can not be allocated to any reportable segment.
- (3) Adjustments of segment liabilities represent the elimination of intersegment liabilities and liabilities relating to the corporate division of the Company, which totaled ¥(27,425) million and ¥166,034 million, respectively. Corporate liabilities are primarily interest-bearing debts (loans payable and bonds payable), and liabilities owned by the holding company that can not be allocated to any reportable segment.
- (4) Adjustments of depreciation and amortization primarily represent depreciation of buildings of the holding company.
- (5) Adjustments of investments in affiliated companies primarily represent investments by the holding company in equity method affiliates.
- (6) Adjustments of increases in property, plant and equipment and intangible fixed assets primarily represent capital expenditure on buildings in relation to the holding company.

Thousands of U.S. dollars

2013	Business Technologies	Industrial	Healthcare	Subtotal	Other	Total	Adjustment	Total amounts in consolidated financial statements
Net sales								
External	\$6,184,359	\$1,560,787	\$773,557	\$8,518,703	\$126,411	\$8,645,114	\$ —	\$ 8,645,114
Intersegment	20,585	25,901	28,198	74,705	556,119	630,835	(630,835)	—
Total	6,204,955	1,586,699	801,765	8,593,418	682,531	9,275,960	(630,835)	8,645,114
Segment profit	336,608	251,643	35,598	623,870	47,581	671,462	(239,139)	432,313
Segment assets	4,948,315	1,594,971	702,616	7,245,922	548,538	7,794,460	2,206,103	10,000,564
Segment liabilities	2,541,925	884,338	445,859	3,872,132	236,842	4,108,974	932,355	5,041,318
Other items								
Depreciation and amortization	\$ 251,462	\$ 148,145	\$ 26,082	\$ 425,699	\$ 19,915	\$ 445,614	\$ 43,466	\$ 489,091
Amortization of goodwill	98,682	6,188	—	104,870	—	104,870	—	104,870
Investments in affiliated companies	32	—	5,306	5,348	—	5,348	10,526	15,885
Increases in property, plant and equipment and intangible fixed assets	234,099	100,638	16,693	351,441	25,529	376,970	31,781	408,761

Related Information

(1) Information by product and service

Since the segments of products and services are the same as the reportable segments, information by product and service is omitted.

(2) Information by geographical area

Information by geographical area for the year ended March 31, 2013 and 2012 is presented as follows:

i) Net sales

	Millions of yen					
2013	Japan	U.S.A.	Europe	Asia	Other	Total
Net sales.....	¥226,227	¥165,755	¥224,817	¥132,678	¥63,596	¥813,073

Note: Sales are divided into countries and regions based on the locations of customers.

	Millions of yen					
2012	Japan	U.S.A.	Europe	Asia	Other	Total
Net sales.....	¥214,776	¥149,540	¥211,272	¥129,531	¥62,757	¥767,879

Note: Sales are divided into countries and regions based on the locations of customers.

	Thousands of U.S. dollars					
2013	Japan	U.S.A.	Europe	Asia	Other	Total
Net sales.....	\$2,405,391	\$1,762,414	\$2,390,399	\$1,410,718	\$676,194	\$8,645,114

ii) Property, plant and equipment

	Millions of yen				
2013	Japan	China	Malaysia	Other	Total
Property, plant and equipment ...	¥115,569	¥19,286	¥16,708	¥28,340	¥179,903

	Millions of yen				
2012	Japan	China	Malaysia	Other	Total
Property, plant and equipment ...	¥121,757	¥18,013	¥17,767	¥21,460	¥178,999

	Thousands of U.S. dollars				
2013	Japan	China	Malaysia	Other	Total
Property, plant and equipment ...	\$1,228,804	\$205,061	\$177,650	\$301,329	\$1,912,844

(3) Information by major customer

Since there are no sales to customers that account for 10% or more of the net sales on the consolidated statements of income, information by major customer is omitted.

Information on Impairment Losses of Fixed Assets by Reportable Segment

Information on impairment losses of fixed assets for the year ended March 31, 2013 and 2012 is presented as follows:

	Millions of yen						
2013	Business Technologies	Industrial	Healthcare	Subtotal	Other	Eliminations and Corporate	Total
Loss on impairment of fixed assets	¥90	¥1,752	¥1,058	¥2,902	¥—	—	¥2,902

	Millions of yen						
2012	Business Technologies	Optics	Healthcare	Subtotal	Other	Eliminations and Corporate	Total
Loss on impairment of fixed assets	¥227	¥603	¥—	¥830	¥—	¥62	¥893

Note: Eliminations and Corporate of impairment losses of fixed assets is impairment losses of fixed assets owned by the holding company.

	Thousands of U.S. dollars						
2013	Business Technologies	Industrial	Healthcare	Subtotal	Other	Eliminations and Corporate	Total
Loss on impairment of fixed assets	\$957	\$18,628	\$—	\$30,856	\$—	—	\$30,856

Information on Amortization of Goodwill and Balance of Goodwill by Reportable Segment

Information on amortization of goodwill and balance of goodwill for the years ended March 31, 2013 and 2012 is presented as follows:

	Millions of yen						
2013	Business Technologies	Industrial	Healthcare	Subtotal	Other	Eliminations and Corporate	Total
Amortization of goodwill.....	¥ 9,281	¥ 582	¥—	¥ 9,863	¥—	¥—	¥ 9,863
Balance of goodwill	59,863	9,601	—	69,465	—	—	69,465

Note: 'Other' consists of business segments not included in reporting segments such as Sensing Business.

	Millions of yen						
2012	Business Technologies	Optics	Healthcare	Subtotal	Other	Eliminations and Corporate	Total
Amortization of goodwill.....	¥ 8,312	¥ 347	¥—	¥ 8,659	¥ 145	¥—	¥ 8,804
Balance of goodwill	54,694	3,355	—	58,050	1,677	—	59,727

Note: 'Other' consists of business segments not included in reporting segments such as Sensing Business.

	Thousands of U.S. dollars						
2013	Business Technologies	Optics	Healthcare	Subtotal	Other	Eliminations and Corporate	Total
Amortization of goodwill.....	\$ 98,682	\$ 6,188	\$—	\$104,870	\$—	\$—	\$104,870
Balance of goodwill	636,502	102,084	—	738,596	—	—	738,596

Information on Gain on Negative Goodwill by Reportable Segments

None.

28. Net Income per Share

Calculations of net income per share for the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Net income:			
Income attributable to common shares.....	¥15,124	¥20,424	\$160,808
Income available to common stockholders.....	15,124	20,424	160,808

	Thousands of shares	
	2013	2012
Weighted average number of common shares outstanding:		
Basic.....	530,292	530,254
Diluted.....	542,904	547,896

	Yen		U.S. dollars
	2013	2012	2013
Net income per common share:			
Basic.....	¥28.52	¥38.52	\$0.30
Diluted.....	27.86	37.28	0.30

Note: Possible share dilution stems from stock options and convertible bonds, which are euro yen zero-coupon convertible bonds due in 2016. A total of ¥39,950 million and ¥50 million worth of such bonds were redeemed prior to maturity on December 7, 2012 and January 31, 2013, respectively.

29. Significant Subsequent Events

(Reorganization in the Group's management system)

Konica Minolta Holdings, Inc. absorbed seven group companies, including Konica Minolta Business Technologies, Inc. on April 1, 2013.

(1) Purpose of Business Combination

This reorganization of the Group's management system will further speed up various initiatives to increase corporate value and is designed to achieve "innovative management capabilities in the Business Technologies Business," "strategic and agile utilization of management resources," and "systems to support efficient operation."

(2) Legal Form of the Business Combination

(i) Method of absorption-type merger

An absorption-type merger was conducted with the Company as the surviving entity and the seven group companies were terminated.

(ii) Contents of allocations and contracts related to the absorption-type merger

Because the seven Group companies are the Company's wholly owned subsidiaries, no issuance of new shares, capital increases, or delivery of money resulted from the merger.

(3) Overview of Merging Companies (Non-consolidated, Fiscal year ended March 31, 2013)

i) Trade name	Konica Minolta Business Technologies, Inc.
ii) Description of business	Manufacturing and sale of multi-functional peripherals (MFP), printers, and equipment for production printing systems and graphic arts, and providing related solution services
iii) Capital	¥400 million
iv) Net assets	¥140,744 million
v) Total assets	¥203,548 million

i) Trade name	Konica Minolta Advanced Layers, Inc. (Former trade name: Konica Minolta Opto, Inc.) (The trade name was changed on April 1, 2012.)
ii) Description of business	Manufacturing and sale of electronic materials (TAC films, etc.), lighting source panels, and performance materials (including heat insulating films) (On April 1, 2012, its optical products (including pickup lenses) business was split and transferred to Konica Minolta Optics, Inc.)
iii) Capital	¥400 million
iv) Net assets	¥37,922 million
v) Total assets	¥62,257 million

i) Trade name	Konica Minolta Optics, Inc. (Former trade name: Konica Minolta Sensing, Inc.) (The trade name was changed on April 1, 2012.)
ii) Description of business	Manufacturing and sale of optical products (including pickup lenses) and measuring instruments for industrial and healthcare applications (On April 1, 2012, optical products (including pickup lenses) was transferred from Konica Minolta Opto., Inc.)
iii) Capital	¥400 million
iv) Net assets	¥11,207 million
v) Total assets	¥51,430 million

i) Trade name	Konica Minolta Medical & Graphic, Inc.
ii) Description of business	Manufacturing and sale of consumables and equipment for healthcare systems
iii) Capital	¥400 million
iv) Net assets	¥21,726 million
v) Total assets	¥47,653 million

i) Trade name	Konica Minolta IJ Technologies, Inc.
ii) Description of business	Manufacturing and sale of inkjet printheads, inks and textile printers for industrial use
iii) Capital	¥10 million
iv) Net assets	¥5,582 million
v) Total assets	¥9,329 million

i) Trade name	Konica Minolta Technology Center, Inc.
ii) Description of business	R&D, customized product design, and management of intellectual property assets
iii) Capital	¥50 million
iv) Net assets	¥2,895 million
v) Total assets	¥9,161 million

i) Trade name	Konica Minolta Business Expert, Inc.
ii) Description of business	Provision of various shared services for the Group in the fields of engineering, logistics, environment, safety and others
iii) Capital	¥495 million
iv) Net assets	¥6,683 million
v) Total assets	¥9,498 million

(4) Status after the Merger**(i) Trade name**

Konica Minolta, Inc.

(ii) Location of head office

2-7-2, Marunouchi, Chiyoda-ku, Tokyo

(iii) Title and name of representative

Masatoshi Matsuzaki, President and CEO

(iv) Description of business

- Development, manufacture, and sales of products including MFPs, printers, equipment for production printing systems, equipment for healthcare systems, measuring instruments for industrial and healthcare applications, inkjet printheads and textile printers for industrial use, and providing related consumables and solution services, etc.
- Development, manufacture, and sales of electronic materials (TAC films, etc.), lighting source panels, functional films (thermal heat insulating films, etc.), and optical products (lens units, etc.)

(v) Capital

¥37,519 million

(5) Outline of Accounting Treatment

Accounting treatment is applied as transactions under common control based on the Accounting Standard for Business Combinations (ASBJ Statement No. 21, December 26, 2008) and the Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10, December 26, 2008).