1. CONSOLIDATED OPERATING RESULTS

（1） Qualitative Information of Consolidated Performance

1. Overview of Performance

Six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)

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

	1H / Mar 2013	1H / Mar 2012	Increase (Decrease)	
Net sales	383.8	378.3	5.4	1.5%
Gross profit	180.0	173.6	6.3	3.7%
Operating income	20.2	15.6	4.6	30.0%
Ordinary income	18.2	11.6	6.6	57.3%
Income before income taxes and minority interests	15.1	8.4	6.6	79.1%
Net income	7.6	3.7	3.8	102.8%
Net income per share [yen]	14.35	7.08	7.27	102.8%
Capital expenditure	17.1	13.7	3.3	24.7%
Depreciation	21.7	23.6	(1.8)	-8.0%
R & D expenses	34.6	36.7	(2.1)	-5.9%
Free cash flow	(9.5)	15.9	(25.5)	-%
Number of employees [persons]	40,271	37,007	3,264	8.8%
Exchange rates [yen]				
US dollar	79.41	79.80	(0.39)	-0.5%
Euro	100.64	113.78	(13.14)	-11.5%

Looking at the main businesses of the Konica Minolta Group during the first half of the consolidated fiscal year under review (April 1, 2012 to September 30, 2012), in the Business Technologies Business, sales volumes for both color and monochrome MFPs (Multi-functional peripherals) were up year on year in the office field, thanks in part to the new A3 color MFPs. In the production print field, amidst concerns over a business downturn and intensified competition in the market, sales volumes of color production printing systems and monochrome systems were up year on year.

In the Industrial Business, although performance was sluggish for glass substrates for HDDs and micro-camera modules for cell phones with cameras during the second quarter due to adjustments made by customers, thin plain TAC films for LCD polarizers ("TAC films for LCD polarizers" hereinafter referred to as "TAC films") and VA-TAC films for increasing viewing angles (hereinafter referred to as "VA-TAC films") remained strong throughout the period under review. In addition, sales of high value-added products such as replacement lenses for DSLR cameras, and light meters were also strong.

In the Healthcare Business, sales volumes were up year on year due in part to strong sales of new products such as digital X-ray diagnostic imaging systems.

As a result, the Konica Minolta Group recorded net sales of ¥383.8 billion, an increase of 1.5% year on year, on a consolidated basis for the first half of the fiscal year under review. Income rose year on year as a result of the increases in sales of main products in each business category, despite the posting of foreign exchange losses of ¥12.1 billion, reflecting the significant appreciation of the yen, especially against the euro, with the yen rising nearly ¥13 against the euro compared with the exchange rates in the same period of the previous fiscal year.

Operating income was ¥20.2 billion, an increase of 30.0% from the previous fiscal year. Although profits decreased in the Business Technologies Business due to increased sales of main products and cost reduction measures not being sufficient to offset the impact of yen appreciation against the euro, increased sales volumes and measures taken to improve profitability in the Industrial Business and Healthcare Business contributed to profit growth. Ordinary income was ¥18.2 billion, an increase of 57.3% year on year, mainly reflecting the posting of non-operating expenses of ¥2.0 billion stemming from foreign exchange losses of ¥0.9 billion due to the appreciation of the yen. Income before income taxes and minority interests was ¥15.1 billion, an increase of 79.1%, primarily attributable to a loss on sales and retirement of noncurrent assets and impairment of ¥1.4 billion associated with a portion of production equipment. Net income of ¥7.6 billion was recorded, an increase of 102.8% year on year. In this manner, profits were up year on year at all levels (operating, ordinary, and net).

The fiscal year ending March 31, 2013 is the middle year of "G PLAN 2013," our mid-term business plan. Despite persistent yen appreciation and a macro-economic environment marked by increasing uncertainty, the Group is making progress towards achieving full-year performance targets due to initiatives in each business aimed at strengthening sales and securing profits.

2. Overview by Segment

Six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)

	Year-on-Year			[Billions of yen]
	1H / Mar 2013	1H / Mar 2012	Increase (Decrease)	
Business Technologies				
Net sales - external	264.9	268.9	(4.0)	-1.5%
Operating income	13.0	15.2	(2.2)	-14.7%
Industrial Business				
Net sales - external	79.4	63.3	-	-%
Operating income	15.6	7.2	-	-%
Healthcare				
Net sales - external	33.8	34.6	(0.7)	-2.2%
Operating loss	1.1	(0.3)	1.5	-%

Note: Figures in Industrial Business for 1H/Mar 2012 are the figures of former Optics Business.

Business Technologies Business

Office field:

Three models of new A3 color MFPs were launched in June 2012, the "bizhub C364/C284/C224"; while two additional models were launched in July, the "bizhub C554/C454." Due in part to these new products that cater to new customer working styles in the cloud mobile age, sales of color MFPs were up year on year in all regions worldwide: Japan, the United States, Europe, and Other regions including Asia. Sales of monochrome MFPs also grew year on year, contributing to the strong performance enjoyed by A3 MFPs during the period under review. In addition, in sales towards major clients on a global level that are being strengthened as a growth field, the number of client accounts steadily expanded during the period under review as a global OPS (Optimized Print Services) contract with a major European pharmaceutical manufacturer was acquired.

Production print field:

Meanwhile, in the production print field, amidst macro-economic environmental factors such as concerns over business downturn and intensified competition in the market, sales volumes were up year on year for the period under review due to stronger sales in the second quarter. Sales volumes of monochrome systems were up year on year stemming from an increase in competitive strength following introduction of new monochrome digital printing systems, the "bizhub PRO 951" and "bizhub PRESS 1250" (introduced in May and August, respectively).

In the Business Technologies Business, the Company has been actively promoting M&As for the purpose of expanding sales of digital equipment and solution services and preparing for the transformation of our business portfolio. In June, in the office field, the Company acquired Serians S.A.S. (headquartered in France), an IT service provider, to bolster its IT services, which is the key to the global development of OPS, and prepare for emerging changes in the nature of its business. In the production print field, in May the Company acquired FedEx Kinko's Japan Co., Ltd. (headquartered in Tokyo), one of Japan's largest on-demand printing providers, to enhance sales capabilities in Japan's in-house printing market.

As a result, net sales of the Business Technologies Business to outside customers and operating income stood at ¥264.9 billion and ¥13.0 billion, respectively, flat year on year. Although profits recovered significantly from the first quarter due to an increase in sales volumes, mostly for new products, this recovery was not sufficient to offset the negative effect caused by exchange rate fluctuations of ¥11.6 billion and ¥6.3 billion caused to net sales and operating income, respectively.

Industrial Business

Display materials field:

Thin plain TAC films, which are strengths of the Company, were supported by major customers in South Korea and Taiwan. Sales were strong throughout the period under review, for both plain TAC films and VA-TAC films. Sales volumes for TAC films overall were up year on year during the period under review.

Memory devices field:

Although sales volumes of glass substrates for HDDs began to climb during the first quarter thanks to the full-scale shipments of products for 500 GB HDDs, due to a sudden decrease in shipments as a result of production adjustment by customers during the second quarter, sales volumes were down year on year during the period under review. In pickup lenses for optical disks, sales were flat year on year, due to the continual weak market for pickup lenses for Blu-ray Discs offsetting stable sales of pickup lenses for DVDs.

Image input/output components field:

Although performance was somewhat flat for micro-camera modules for cell phones with cameras during the second quarter due to adjustments made by customers, performance was strong and sales volumes were up year on year for replacement lenses for DSLR cameras, zoom lens units for compact digital cameras, and projector lenses for digital cinemas.

Sensing field:

The large orders were acquired for light meters, including the "CL-200A Chroma Meter" and the "T-10 Illuminance Meter," which are used for quality control by consumer electronics manufacturers and machinery manufacturers for smartphone displays and LED lighting.

As a result, net sales of the Industrial Business to outside customers and operating income stood at ¥79.4 billion and ¥15. 6 billion, respectively.

The reportable segments were changed in the first quarter of the consolidated fiscal year under review. For more detailed information, please see the "3. Matters associated with changes in reportable segments" in the section [2] Six months ended September 30, 2012 (from April 1, 2012 to September 30, 2012) in the "(6) Segment Information, 3. CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS."

Healthcare Business

In the Healthcare Business, the Company focused on increasing sales of digital X-ray diagnostic imaging systems to medical facilities in Japan and abroad. While sales of standard Computed Radiography (CR) products such as "REGIUS Σ" were flat year on year, there was especially significant growth in the sales of high-end products such as "AeroDR," the cassette digital X-ray detector, and Digital Radiography (DR) for nursing carts. As a result, sales were up year on year for these medical digital input devices. In film products, while sales increased overseas, particularly in the emerging nations, sales in Japan continued to decline.

As a result of the factors described above, net sales of the Healthcare Business to outside customers stood at ¥33.8 billion. Operating income was ¥1.1 billion, up from an operating loss of ¥0.3 billion that was posted during the same period of the previous fiscal year.

<Reference>

Overview of Performance

Three months ended September 30, 2012 (From July 1, 2012 to September 30, 2012)

Year-on-Year [Billions of yen]

	2Q / Mar 2013	2Q / Mar 2012	Increase (Decrease)	
Net sales	194.4	192.1	2.3	1.2%
Gross profit	93.7	90.0	3.7	4.1%
Operating income	13.9	12.3	1.6	13.0%
Ordinary income	13.4	9.0	4.3	48.5%
Income before income taxes and minority interests	11.1	8.0	3.0	38.2%
Net income	7.4	3.8	3.5	93.0%
Net income per share [yen]	14.06	7.28	6.77	93.0%
Capital expenditure	9.3	8.8	0.5	6.0%
Depreciation	11.0	11.9	(0.9)	-7.7%
R & D expenses	17.0	17.7	(0.7)	-4.2%
Free cash flow	6.7	15.3	(8.6)	-56.0%
Exchange rates [yen]				
US dollar	78.62	77.86	0.76	1.0%
Euro	98.36	110.15	(11.79)	-10.7%

Three months Business Performance by Segment

Year-on-Year [Billions of yen]

	2Q / Mar 2013	2Q / Mar 2012	Increase (Decrease)	
Business Technologies				
Net sales - external	134.6	134.9	(0.2)	-0.2%
Operating income	10.0	11.6	(1.6)	-14.2%
Industrial Business				
Net sales - external	38.8	32.2	-	-%
Operating income	7.4	3.7	-	-%
Healthcare				
Net sales - external	18.0	19.1	(1.0)	-5.6%
Operating loss	1.3	0.1	1.1	902.5%

Note: Figures in Industrial Business for 2Q/Mar 2012 are the figures of former Optics Business.

(2) Financial Position

1. Analysis of Financial Position

		As of September 30, 2012	As of March 31, 2012	Increase (Decrease)
Total assets	[Billions of yen]	885.3	902.0	(16.7)
Total liabilities	[Billions of yen]	457.6	467.0	(9.4)
Net assets	[Billions of yen]	427.6	434.9	(7.2)
Equity ratio	[%]	48.2	48.1	0.1

Total assets at the end of the second quarter of the consolidated fiscal year under review were down ¥16.7 billion (1.9%) from the previous fiscal year-end, to ¥885.3 billion. Current assets and noncurrent assets fell ¥8.5 billion (1.5%) to ¥557.3 billion (63% to total assets), and ¥8.1 billion (2.4%), to ¥327.9 billion (37% to total assets), respectively, from the previous fiscal year-end.

With respect to current assets, cash and deposits decreased ¥4.3 billion from the end of the previous fiscal year, to ¥86.3 billion, but securities increased ¥1.2 billion. As a result, cash and cash equivalents decreased ¥3.0 billion, to ¥228.8 billion. Notes and accounts receivable-trade decreased ¥7.8 billion from the end of the previous fiscal year, to ¥166.3 billion, while accounts receivable-other decreased ¥4.8 billion to ¥8.6 billion. Meanwhile, inventories increased ¥5.6 billion, to ¥110.7 billion, and deferred tax assets also increased, by ¥0.7 billion.

With respect to noncurrent assets, property, plant and equipment decreased ¥7.3 billion from the previous fiscal year-end, to ¥171.6 billion, the result of progress in depreciation. Meanwhile, intangible assets decreased ¥0.1 billion from the end of the previous fiscal year, to ¥87.2 billion, given the overall progress in amortization, offsetting the rise in goodwill resulting from corporate acquisition in the Business Technologies Business. Investments and other assets decreased ¥0.7 billion, to ¥69.0 billion, reflecting a decrease of ¥1.2 billion in the evaluation of investment securities as a result of a decline in stock prices.

Total liabilities decreased ¥9.4 billion (2%) from the previous fiscal year-end, to ¥457.6 billion. Notes and accounts payable-trade declined ¥11.7 billion, to ¥76.3 billion. Accounts payable-other and accrued expenses fell by ¥2.1 billion and ¥2.3 billion, respectively. Interest-bearing debt (a sum of short-term loans payable, long-term loans payable and bonds payable) rose ¥8.9 billion from the previous fiscal year-end, to ¥236.9 billion.

Net assets were down ¥7.2 billion (1.7%) from the previous fiscal year-end, to ¥427.6 billion. In accumulated other comprehensive income, valuation difference on available-for-sale securities decreased ¥1.5 billion from the previous fiscal year-end due to influence of the weak stock market condition, while foreign currency translation adjustment fell by ¥9.7 billion due to yen appreciation, mainly against the US dollar and the euro.

As a result, the shareholders' equity ratio increased 0.1 percentage points, to 48.2%.

2. Cash Flows

[Billions of yen]

	1H / Mar 2013	1H / Mar 2012	Increase (Decrease)
Cash flows from operating activities	17.4	38.1	(20.6)
Cash flows from investing activities	(26.9)	(22.1)	(4.8)
Total (Free cash flow)	(9.5)	15.9	(25.5)
Cash flows from financing activities	6.3	(8.3)	14.7

During the first half of the consolidated fiscal year under review, net cash provided by operating activities was ¥17.4 billion, while net cash used in investing activities, mainly associated with capital investment, totaled ¥26.9 billion. As a result, free cash flow (the sum of operating and investing activities) was an outflow of ¥9.5 billion.

Net cash provided by financing activities was ¥6.3 billion.

In addition, cash and cash equivalents at the end of the second quarter of the consolidated fiscal year under review stood at ¥228.8 billion, down ¥3.0 billion from the previous fiscal year-end, reflecting the effect of changes in exchange rates on cash and cash equivalents.

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

Cash flows from operating activities

Net cash provided by operating activities stood at ¥17.4 billion (compared with net cash provided of ¥38.1 billion in the same period of the previous fiscal year). Although the Group reported a decrease in working capital of ¥15.5 billion and a payment of ¥6.0 billion for income taxes, these amounts were more than offset by an increase in income before income taxes and minority interests of ¥15.1 billion, and depreciation and amortization of ¥21.7 billion, and other cash inflows.

Cash flows from investing activities

Net cash used in investing activities was ¥26.9 billion (compared with an outflow of ¥22.1 billion in the same period in the previous consolidated fiscal year). Cash of ¥14.8 billion was used for investments in molding for new products in the Business Technologies Business and in the acquisition of property, plant and equipment relating to the reinforcement of production capacities in the Industrial Business. Other cash outflow included ¥6.8 billion for the acquisition of shares in subsidiaries for the acquisition of companies in Japan and Europe to strengthen its production print business and IT services capabilities in the Business Technologies Business.

As a result, free cash flow (the sum of operating and investing activities) was an outflow of ¥9.5 billion (compared with an inflow of ¥15.9 billion in the same period of the previous fiscal year).

Cash flows from financing activities

Net cash provided by financing activities was ¥6.3 billion (compared with ¥8.3 billion used in the same period of the previous fiscal year), mainly reflecting a payment of ¥3.9 billion in dividends and a net increase of ¥11.1 billion in interest-bearing debt.

Note: Amounts mentioned above do not include consumption taxes.

(3) Outlook for the Fiscal Year Ending March 31, 2013

The business environment surrounding the Konica Minolta Group will remain in the balance in the foreseeable future, due to the increased concern about the global economic slowdown caused by the prolonged appreciation of the yen and the European debt crisis. However, reflecting the good performance during the first half of the consolidated fiscal year, the Group maintains its results forecast unchanged from their initial announcement on May 10, 2012.

Additionally, the assumed exchange rates from the third quarter will remain at 80 yen for the US dollar and 100 yen for the euro.

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

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

2. SUMMARY INFORMATION（NOTES）

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

Calculation of tax expenses

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

（2） Changes in Accounting Policy, Changes in Accounting Estimates, or Restatement Due to Correction

Change in depreciation method

Starting the first quarter under review, with the revision of the Corporation Tax Law, the Company and its domestic consolidated subsidiaries are depreciating property, plant and equipment acquired on or after April 1, 2012 under the revised Corporation Tax Law.

Because of the change, operating income, ordinary income, and income before income taxes and minority interests for the first half under review each increased ¥157 million compared to the amount calculated by previous method.