1. CONSOLIDATED OPERATING RESULTS

(1) Qualitative Information of Consolidated Performance

1. Overview of Performance

Nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)

Nine months
Year-on-Year [Billions of yen]

	Apr-Dec / Mar 2013	Apr-Dec / Mar 2012	Increase (Decrease)	
Net sales	577.7	560.3	17.3	3.1%
Gross profit	269.7	260.0	9.7	3.7%
Operating income	27.0	23.2	3.8	16.3%
Ordinary income	26.1	18.8	7.2	38.2%
Income before income taxes and minority interests	22.9	14.0	8.8	63.0%
Net income	10.3	5.3	4.9	91.1%
Net income per share [yen]	19.46	10.18	9.27	91.1%
Capital expenditure	24.9	22.3	2.5	11.3%
Depreciation	33.2	36.0	(2.7)	-7.7%
R & D expenses	53.3	55.4	(2.1)	-3.8%
Free cash flow	(13.7)	17.7	(31.4)	-%
Number of employees [persons]	41,476	37,531	3,945	10.5%
Exchange rates [yen]				
US dollar	80.00	78.99	1.01	1.3%
Euro	102.17	110.61	(8.44)	-7.6%

Looking at the main businesses of the Konica Minolta Group during the first three quarters of the consolidated fiscal year under review (April 1, 2012 to December 31, 2012), in the Business Technologies Business, despite the lack of significant growth overall in market demand in the office field, sales volumes were up slightly year on year thanks to the introduction of new products in the A3 color MFPs "bizhub" Series and successful efforts to strengthen IT service capabilities. The production print field faced a challenging market environment that was typified by increased concerns over a business downturn and intensified competition in the market since the middle of last year. Nonetheless, sales volumes grew year on year due to the introduction of new products and initiatives to strengthen sales capabilities.

In the Industrial Business, while sales were soft for glass substrates for HDDs and optical pickup lenses due to a deterioration in market conditions and the impact of inventory adjustments, sales for thin plain TAC films for LCD polarizers ("TAC films for LCD polarizers" hereinafter referred to as "TAC films") and VA-TAC films for increasing the viewing angles (hereinafter referred to as "VA-TAC films") remained strong throughout the period under review, and sales volumes were up year on year for projector lenses for digital cinemas and replacement lenses for DSLR cameras. In addition, sales were strong for light meters throughout the period, thanks to initiatives that were launched to strengthen competitiveness.

In the Healthcare Business, sales were strong for digital X-ray diagnostic imaging systems such as the "AeroDR" the cassette digital X-ray detector.

As a result, the Konica Minolta Group recorded net sales of ¥577.7 billion, an increase of 3.1% year on year, on a consolidated basis for the first three quarters of the fiscal year under review. Despite some adjustments in the high yen, the yen rose nearly ¥8 against the euro, and the impact of foreign exchange rates acted to reduce earnings by ¥7.4 billion. In spite of this, sales were up year on year due to sales strengthening initiatives focused on main products that were implemented in each business.

Operating income was ¥27.0 billion, an increase of 16.3% from the same period of the previous fiscal year. Profits were down year on year in the Business Technologies Business due to the impact of the high yen, failure to achieve cost reduction plans for some products, and an increase in advanced investments relating to sales reinforcement measures. On the other hand, in the Industrial Business and the Healthcare Business, profits increased due to increased sales and initiatives to improve profitability. Ordinary income was ¥26.1 billion, an increase of 38.2% year on year, due to a ¥3.4 billion year-on-year increase in non-operating income as a result of factors including a significant improvement in foreign exchange losses. Income before income taxes and minority interests was ¥22.9 billion, an increase of 63.0% year on year, primarily attributable to a loss on sales and retirement of noncurrent assets and impairment of ¥2.9 billion associated with a portion of production equipment. Net income of ¥10.3 billion was recorded, an increase of 91.1% year on year.

2. Overview by Segment

Nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)

[Billions of yen]

	Nine months Year-on-Year Apr-Dec / Mar 2013	Apr-Dec / Mar 2012	Increase (Decrease)	
Business Technologies				
Net sales - external	405.1	400.8	4.2	1.1%
Operating income	18.4	24.6	(6.2)	-25.3%
Industrial Business				
Net sales - external	114.4	91.1	-	-%
Operating income	21.5	9.6	-	-%
Healthcare				
Net sales - external	50.0	51.9	(1.8)	-3.6%
Operating income (loss)	1.1	(0.5)	1.7	-%

Note: Figures in Industrial Business for Apr-Dec/Mar 2012 are the figures of former Optics Business.

Business Technologies Business

Office field:

Sales were strong throughout the period under review for the A3 color MFPs "bizhub" Series, as five new models were gradually launched during the first half of the year. Sales volumes of A3 color MFPs were up year on year in regions worldwide, including Japan, the US, and Europe, and Other regions. Although sales were down year on year for A3 monochrome MFPs amidst concerns of an economic slowdown in Europe and China, sales volumes were up slightly overall for A3 MFPs. In sales towards major clients on a global level that are being strengthened as growth fields for this segment, the number of customers was expanded during the period under review as global contracts were acquired with a major European printer and pharmaceutical manufacturer.

Production print field:

Meanwhile, in the production print field, the challenging market environment typified by deterioration in business conditions and intensified competition was mitigated for color units by the contribution from increased sales in the US and Japan, while performance was solid for monochrome units thanks to the introduction of new digital printing systems from the first half of the year, such as the "bizhub PRO 951" and "bizhub PRESS 1250." As a result, sales volumes grew year on year for both color units and monochrome units.

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 the office field, the Company acquired IT service providers Serians S.A.S. (headquartered in France) in June and Raber+Märcker GmbH (headquartered in Germany) in December of last year (coming into effect on January 1, 2013), to develop OPS (Optimized Print Services) globally and to bolster IT services to serve as the focal point in preparations for emerging changes in the nature of our business. Furthermore, three companies were similarly acquired in the US through M&As. Meanwhile, in the production print field, the Company acquired FedEx Kinko's Japan Co., Ltd. (headquartered in Tokyo), one of Japan's largest on-demand printing providers, in May of last year and Charterhouse PM Limited (headquartered in the UK), a leading European marketing service production company, in December of last year to enhance sales and solution proposal capabilities in the in-house printing market.

As a result, net sales of the Business Technologies Business to outside customers and operating income stood at ¥405.1 billion and ¥18.4 billion, respectively. Net sales were up year on year as an increase in sales volumes for new office color MFPs and production print units and the effect of M&As offset the impact of yen appreciation against the euro. Operating income fell year on year due to the impact of the high yen, failure to achieve cost reduction plans for some products, and an increase in advanced investments relating to sales reinforcement measures.

Industrial Business

Display materials field:

Sales of our core thin film products such as TAC film with a thickness of 60μm and VA-TAC film with a thickness of 40μm were strong throughout the year, as sales volumes of these products grew year on year. Furthermore, the Company made the industry-pioneering move of commencing mass production of ultra-thin TAC film with a thickness of 25μm for the mobile market in November of last year.

Memory devices field:

In glass substrates for HDDs, despite the launch of full-scale production of products for 500 GB HDDs, sales were down significantly year on year as orders took a considerable dive as a result of production adjustments in response to the deterioration in market conditions from last summer onward. Sales of pickup lenses for optical disks were stagnant as a recovery in market conditions was not seen for products for either Blu-ray Discs or DVDs.

Image input/output components field:

The application of the Company's projector lenses for digital cinemas, replacement lenses for DSLR cameras, and zoom lens units for compact digital cameras has increased and shipping of lens units for smartphones commenced from the beginning of last year. As a result of these developments, sales volumes were up year on year for each of these products.

Sensing field:

Large orders were acquired for light meters, including the "CL-200A Chroma Meter" and the "CA-310 Color Analyzer," which are used for quality control in the manufacturing process for displays, such as those for smartphones, and LED lighting, and as a result sales volumes were up year on year. With the aim of strengthening competitiveness in this light measurement segment, Instrument Systems GmbH (headquartered in Germany), which has a particularly high market share of top segment products, was acquired in November of last year.

As a result, net sales of the Industrial Business to outside customers and operating income stood at ¥114.4 billion and ¥21.5 billion, respectively. Both sales and profits grew year on year due to an increase in overall sales volumes for major products, excluding some products such as those in the memory field.

Note that the reportable segments have changed as of the first quarter accounting period. For details, refer to "3. CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS, (6) Segment Information, [2] Nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012), 3. Matters Associated with Changes in Reportable Segments."

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 overseas. Sales of "AeroDR," the cassette digital X-ray detector equipped with a high resolution scintillator developed and manufactured in-house, were strong for both general X-ray systems and nursing carts, while sales volumes of medical digital input devices increased year on year. Sales of film products continued to decline, particularly in developed countries.

As a result of the factors described above, net external sales stood at ¥50.0 billion. As a result of improved profitability triggered by increased sales of DR products and thorough cost management, operating income stood at ¥1.1 billion, up from an operating loss of ¥0.5 billion that was posted during the same period of the previous fiscal year.

<Reference>

Overview of Performance

Three months ended December 31, 2012 (From October 1, 2012 to December 31, 2012)

	Year-on-Year			[Billions of yen]
	3Q / Mar 2013	3Q / Mar 2012	Increase (Decrease)	
Net sales	193.9	182.0	11.8	6.5%
Gross profit	89.7	86.3	3.3	3.9%
Operating income	6.8	7.6	(0.8)	-11.3%
Ordinary income	7.8	7.3	0.5	7.8%
Income before income taxes and minority interests	7.8	5.6	2.1	39.0%
Net income	2.7	1.6	1.0	64.4%
Net income per share [yen]	5.11	3.11	2.00	64.4%
Capital expenditure	7.7	8.6	(0.8)	-9.9%
Depreciation	11.5	12.4	(0.8)	-7.0%
R & D expenses	18.7	18.7	0.0	0.3%
Free cash flow	(4.1)	1.7	(5.9)	-%
Exchange rates [yen]				
US dollar	81.17	77.38	3.79	4.9%
Euro	105.25	104.29	0.96	0.9%

Three months Business Performance by Segment

	Year-on-Year			[Billions of yen]
	3Q / Mar 2013	3Q / Mar 2012	Increase (Decrease)	
Business Technologies				
Net sales - external	140.2	131.9	8.3	6.3%
Operating income	5.3	9.3	(3.9)	-42.7%
Industrial Business				
Net sales - external	35.0	27.7	-	-%
Operating income	5.9	2.4	-	-%
Healthcare				
Net sales - external	16.1	17.2	(1.0)	-6.2%
Operating income (loss)	0.0	(0.2)	0.2	-%

Note: Figures in Industrial Business for 3Q/Mar 2012 are the figures of former Optics Business.

(2) Financial Position

1. Analysis of Financial Position

		As of December 31, 2012	As of March 31, 2012	Increase (Decrease)
Total assets	[Billions of yen]	898.6	902.0	(3.3)
Total liabilities	[Billions of yen]	454.0	467.0	(13.0)
Net assets	[Billions of yen]	444.6	434.9	9.6
Equity ratio	[%]	49.3	48.1	1.2

Total assets at the end of the third quarter of the consolidated fiscal year under review were down ¥3.3 billion (0.4%) from the previous fiscal year-end, to ¥898.6 billion. Current assets fell ¥20.6 billion (3.6%) to ¥545.2 billion (60.7% to total assets), while noncurrent assets rose ¥17.2 billion (5.1%) to ¥353.4 billion (39.3% to total assets).

With respect to current assets, cash and deposits increased ¥3.8 billion from the end of the previous fiscal year, to ¥94.4 billion, but securities decreased ¥44.2 billion. As a result of advanced redemption of bonds, cash and cash equivalents decreased ¥40.4 billion, to ¥191.4 billion. Meanwhile, notes and accounts receivable-trade increased ¥2.1 billion from the previous fiscal year-end, to ¥176.3 billion, while inventories increased ¥16.5 billion to ¥121.6 billion.

With respect to noncurrent assets, property, plant and equipment decreased ¥3.4 billion from the previous fiscal year-end, to ¥175.5 billion, as a result of progress in depreciation. Intangible assets increased ¥17.1 billion to ¥104.5 billion as a result of an increase in goodwill accompanying the M&As in the Business Technologies Business and Industrial Business. Investments and other assets also increased, by ¥3.5 billion to ¥73.3 billion.

Total liabilities decreased ¥13.0 billion (2.8%) from the previous fiscal year-end, to ¥454.0 billion. Notes and accounts payable-trade declined ¥7.3 billion, to ¥80.7 billion, while interest-bearing debt (a sum of short-term loans payable, long-term loans payable and bonds payable) decreased ¥10.2 billion to ¥217.7 billion.

Net assets increased ¥9.6 billion (2.2%) from the previous fiscal year-end, to ¥444.6 billion. In accumulated other comprehensive income, valuation difference on available-for-sale securities decreased ¥0.6 billion from the previous fiscal year-end due to the influence of the weak stock market. Meanwhile, the foreign currency translation adjustment rose by ¥8.3 billion due to fluctuations in foreign currency translation adjustments brought about by yen depreciation, mainly against the US dollar and the euro.

As a result, the shareholders' equity ratio increased 1.2 percentage points, to 49.3%.

2. Cash Flows

[Billions of yen]

	Apr-Dec / Mar 2013	Apr-Dec / Mar 2012	Increase (Decrease)
Cash flows from operating activities	35.5	49.0	(13.4)
Cash flows from investing activities	(49.3)	(31.2)	(18.0)
Total (Free cash flow)	(13.7)	17.7	(31.4)
Cash flows from financing activities	(27.8)	22.5	(50.4)

During the first three quarters of the consolidated fiscal year under review, net cash provided by operating activities was ¥35.5 billion, while net cash used in investing activities, mainly associated with capital investment and acquisitions, totaled ¥49.3 billion. As a result, free cash flow (the sum of operating and investing activities) was an outflow of ¥13.7 billion.

Net cash used in financing activities was ¥27.8 billion.

In addition, cash and cash equivalents at the end of the third quarter of the consolidated fiscal year under review stood at ¥191.4 billion, down ¥40.4 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 three quarters of the consolidated fiscal year under review are as follows.

Cash flows from operating activities

Net cash provided by operating activities stood at ¥35.5 billion (compared with net cash provided of ¥49.0 billion in the same period of the previous fiscal year). Although the Group reported a decrease in working capital of ¥17.0 billion and a payment of ¥10.2 billion for income taxes, these amounts were more than offset by income before income taxes and minority interests of ¥22.9 billion, depreciation of ¥33.2 billion, and amortization of goodwill of ¥7.0 billion.

Cash flows from investing activities

Net cash used in investing activities was ¥49.3 billion (compared with an outflow of ¥31.2 billion in the same period in the previous consolidated fiscal year). Cash of ¥21.1 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 of ¥17.7 billion includes the acquisition of shares in subsidiaries for the acquisition of companies in Japan, Europe, and the US to strengthen the production print business and IT services capabilities in the Business Technologies Business as well as investments in subsidiaries in the Industrial Business.

As a result, free cash flow (the sum of operating and investing activities) was an outflow of ¥13.7 billion (compared with an inflow of ¥17.7 billion in the same period of the previous fiscal year).

Cash flows from financing activities

Net cash used in financing activities was ¥27.8 billion (compared with ¥22.5 billion provided in the same period of the previous fiscal year), mainly reflecting an expenditure of ¥39.9 billion for the redemption of bonds, a payment of ¥7.8 billion in dividends, and a net increase of ¥21.0 billion in short and long-term loans.

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

The Konica Minolta Group understands that the outlook of the business environment that surrounds the Group will remain uncertain due to factors including the global economic slowdown triggered by the European debt crisis. However, in light of the performance during the first three quarters of the consolidated fiscal year, the Group maintains its results forecast unchanged from their initial announcement.

Note that the assumed exchange rates for the fourth quarter have been revised to 85 yen for the US dollar and 115 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 to the nearest hundred million.*

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 three quarters under review each increased ¥380 million compared to the amount calculated by previous method.