

3. CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS

(1) Consolidated Quarterly Balance Sheets

June 30, 2014 and March 31, 2014

[Millions of yen]

	March 31, 2014	June 30, 2014
Assets		
Current assets		
Cash and deposits	95,490	91,212
Notes and accounts receivable - trade	220,120	200,082
Lease receivables and investment assets	21,211	21,384
Securities	92,999	76,514
Inventories	115,275	120,223
Deferred tax assets	18,806	19,193
Accounts receivable - other	14,636	12,102
Other	16,435	16,705
Allowance for doubtful accounts	(5,643)	(5,588)
Total current assets	589,331	551,830
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	61,441	68,409
Machinery, equipment and vehicles, net	23,542	22,729
Tools, furniture and fixtures, net	27,058	25,274
Land	34,310	33,795
Leased assets, net	521	466
Construction in progress	13,819	12,047
Assets for rent, net	12,668	12,856
Total property, plant and equipment	173,362	175,579
Intangible assets		
Goodwill	65,734	65,342
Other	45,627	45,719
Total intangible assets	111,362	111,062
Investments and other assets		
Investment securities	29,256	30,136
Long-term loans receivable	83	96
Long-term prepaid expenses	3,230	3,923
Deferred tax assets	48,040	51,616
Other	12,277	12,486
Allowance for doubtful accounts	(883)	(853)
Total investments and other assets	92,003	97,406
Total non-current assets	376,729	384,047
Total assets	966,060	935,878

[Millions of yen]

March 31, 2014

June 30, 2014

Liabilities

	March 31, 2014	June 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	96,240	84,941
Short-term loans payable	37,078	35,255
Current portion of long-term loans payable	27,003	22,002
Accounts payable - other	39,824	38,317
Accrued expenses	34,509	31,766
Income taxes payable	5,652	7,412
Provision for bonuses	13,007	6,821
Provision for directors' bonuses	244	62
Provision for product warranties	1,441	1,435
Provision for discontinued operations	195	107
Notes payable - facilities	1,185	1,430
Asset retirement obligations	256	260
Other	28,580	26,926
Total current liabilities	285,220	256,739
Non-current liabilities		
Bonds payable	70,000	70,000
Long-term loans payable	62,042	61,995
Deferred tax liabilities for land revaluation	3,269	3,214
Provision for directors' retirement benefits	237	137
Net defined benefit liability	53,563	64,485
Asset retirement obligations	1,012	1,013
Other	10,658	10,754
Total non-current liabilities	200,785	211,600
Total liabilities	486,005	468,340
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	242,460	237,253
Treasury shares	(17,322)	(21,507)
Total shareholders' equity	466,797	457,407
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,086	5,409
Deferred gains or losses on hedges	(38)	13
Foreign currency translation adjustment	15,055	11,346
Remeasurements of defined benefit plans	(8,497)	(8,294)
Total accumulated other comprehensive income	11,607	8,476
Subscription rights to shares	910	924
Minority interests	740	730
Total net assets	480,055	467,538
Total liabilities and net assets	966,060	935,878

**(2) Consolidated Quarterly Statements of Income
and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Three months ended June 30, 2013 and 2014**

[Millions of yen]

	April-June 2013	April-June 2014
Net sales	218,543	228,284
Cost of sales	116,206	113,883
Gross profit	102,336	114,400
Selling, general and administrative expenses	94,517	102,738
Operating income	7,818	11,661
Non-operating income		
Interest income	335	460
Dividend income	244	285
Share of profit of entities accounted for using equity method	—	1
Other	803	770
Total non-operating income	1,383	1,518
Non-operating expenses		
Interest expenses	666	584
Share of loss of entities accounted for using equity method	42	—
Foreign exchange losses	367	78
Other	1,074	2,066
Total non-operating expenses	2,151	2,729
Ordinary income	7,050	10,449
Extraordinary income		
Gain on sales of non-current assets	22	1,515
Gain on sales of investment securities	58	2
Total extraordinary income	80	1,517
Extraordinary losses		
Loss on sales and retirement of non-current assets	298	167
Loss on valuation of investment securities	47	0
Impairment loss	35	9
Business structure improvement expenses	607	—
Group restructuring expenses	101	—
Total extraordinary losses	1,091	177
Income before income taxes and minority interests	6,039	11,789
Income taxes	(3,717)	6,207
Income before minority interests	9,757	5,582
Minority interests in loss	(16)	(20)
Net income	9,774	5,603

Consolidated Quarterly Statements of Comprehensive Income
June 30, 2014 and March 31, 2014

[Millions of yen]

	April-June 2013	April-June 2014
Income before minority interests	9,757	5,582
Other comprehensive income		
Valuation difference on available-for-sale securities	(124)	322
Deferred gains or losses on hedges	0	51
Foreign currency translation adjustment	9,810	(3,698)
Remeasurements of defined benefit plans, net of tax	—	203
Share of other comprehensive income of entities accounted for using equity method	1	(0)
Total other comprehensive income	9,687	(3,120)
Comprehensive income	19,445	2,461
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,397	2,471
Comprehensive income attributable to minority interests	47	(10)

(3) Consolidated Quarterly Statements of Cash Flow
Three months ended June 30, 2013 and 2014

[Millions of yen]

	April-June 2013	April-June 2014
Cash flows from operating activities		
Income before income taxes and minority interests	6,039	11,789
Depreciation	11,615	11,640
Impairment loss	35	9
Amortization of goodwill	2,852	2,312
Interest and dividend income	(579)	(746)
Interest expenses	666	584
Loss (gain) on sales and retirement of non-current assets	276	(1,347)
Loss (gain) on sales and valuation of investment securities	(10)	(1)
Increase (decrease) in provision for bonuses	(4,897)	(6,157)
Increase (decrease) in provision for retirement benefits	727	—
Increase (decrease) in net defined benefit liability	—	87
Decrease (increase) in notes and accounts receivable - trade	15,383	17,199
Decrease (increase) in inventories	4,905	(5,827)
Increase (decrease) in notes and accounts payable - trade	(10,633)	(9,747)
Transfer of assets for rent	(1,127)	(1,012)
Decrease (increase) in prepaid expenses	(2,336)	(1,574)
Decrease (increase) in accounts receivable - other	854	1,949
Increase (decrease) in accounts payable - other and accrued expenses	(2,663)	(6,952)
Increase (decrease) in deposits received	2,703	3,182
Decrease/increase in consumption taxes receivable/payable	952	(354)
Other, net	(4,095)	(3,180)
Subtotal	20,670	11,851
Interest and dividend income received	538	745
Interest expenses paid	(726)	(726)
Income taxes (paid) refund	(5,563)	(5,145)
Net cash provided by (used in) operating activities	14,919	6,725
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,501)	(8,856)
Proceeds from sales of property, plant and equipment	99	4,049
Purchase of intangible assets	(1,978)	(1,558)
Payments for transfer of business	(872)	(4,778)
Payments of loans receivable	(36)	(19)
Collection of loans receivable	68	231
Purchase of investment securities	(761)	(1)
Proceeds from sales of investment securities	337	2
Purchase of shares of subsidiaries	—	(900)
Payments of valuation of other investments	(1,032)	(1,353)
Other, net	137	(228)
Net cash provided by (used in) investing activities	(11,539)	(13,413)

[Millions of yen]

	April-June 2013	April-June 2014
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(9,607)	(1,016)
Proceeds from long-term loans payable	10,547	-
Repayments of long-term loans payable	(28)	(5,000)
Repayments of lease obligations	(491)	(445)
Proceeds from sales of treasury shares	0	0
Purchase of treasury shares	(4)	(3,501)
Cash dividends paid	(3,847)	(3,773)
Net cash provided by (used in) financing activities	(3,432)	(13,736)
Effect of exchange rate change on cash and cash equivalents	1,052	(494)
Net increase (decrease) in cash and cash equivalents	1,000	(20,918)
Cash and cash equivalents at beginning of period	213,914	188,489
Increase in cash and cash equivalents from newly consolidated subsidiary	657	146
Cash and cash equivalents at end of period	215,572	167,716

(4) Notes Regarding Going Concern Assumptions

None.

(5) Notes Regarding Significant Change in Shareholders' Equity

The Company acquired its own shares following a resolution at the Board of Directors meeting held on January 30, 2014. As a result of this, treasury shares increased by ¥4,227 million in the first quarter of the fiscal year currently under review. The acquisition was completed on April 14, 2014.

As a result, treasury shares amounted to ¥21,507 million in the first quarter of the fiscal year currently under review.

(6) Segment Information**[Segment Information]****1. Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)****1. Information about Segment Sales and Income (Loss)**

	Reportable Segment				Other	Total
	Business Technologies	Healthcare	Industrial Business	Total		
Sales						
External	169,812	16,257	31,002	217,073	1,469	218,543
Intersegment	483	15	1,335	1,833	6,518	8,352
Total	170,296	16,272	32,337	218,907	7,988	226,895
Segment income (loss)	10,110	65	4,275	14,451	(39)	14,412

[Millions of yen]

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

Item	Amount
Total operating income of reportable segments	14,451
Operating income categorized in "Other"	(39)
Intersegment – eliminations	(903)
Corporate expenses*	(5,690)
Operating income reported on quarterly statements of income	7,818

[Millions of yen]

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

2. Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)

1. Information about Segment Sales and Income (Loss)

	Reportable Segment				Other	Total
	Business Technologies	Healthcare	Industrial Business	Total		
Sales						
External	181,389	16,071	30,070	227,531	752	228,284
Intersegment	454	21	520	996	5,156	6,153
Total	181,844	16,093	30,590	228,528	5,909	234,437
Segment income (loss)	11,835	(10)	6,568	18,393	584	18,978

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

Item	Amount
Total operating income of reportable segments	18,393
Operating income categorized in "Other"	584
Intersegment – eliminations	(1,480)
Corporate expenses*	(5,836)
Operating income reported on quarterly statements of income	11,661

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

3. Item related to change in reporting segments

From the first quarter of the fiscal year currently under review, the Industrial Inkjet Business, which was previously included in the Other segment, is positioned as the commercial/industrial print field in the Business Technologies Business segment.

Segment information for the previous first quarter has been prepared based on reporting segment classifications following this change.

(7) Important Subsequent Events

At the Board of Directors meeting held on July 30, 2014, Konica Minolta, Inc. (the "Company") approved the item related to the acquisition of own shares based on Article 156 of the Company Law, which is applicable in accordance with Article 165, Paragraph 3 of the same law as well as the cancellation of treasury shares based on Article 178 of the same law. Details follow.

1. Reason for Acquisition of Own Shares and Cancellation of Treasury Shares

The Company decided to acquire its own shares and cancel its treasury shares with the aim of shareholders' benefit, improving capital efficiency and ensuring a flexible capital policy.

2. Details of the Acquisition of Own Shares

- (1) Type of shares to be acquired: Common shares
 (2) Number of shares to be acquired: Limited to 10 million
 (2.0% of the total number of outstanding shares (excluding treasury shares))
 (3) Total value of shares to be acquired: Limited to ¥10 billion
 (4) Acquisition period: July 31, 2014 to October 31, 2014
 (5) Method of acquisition: Discretionary trading by a securities company

3. Details of the Cancellation of Treasury Shares

- (1) Type of shares to be canceled: Common shares
 (2) Number of shares to be canceled: 20 million
 (3.8% of the total number of issued shares prior to cancellation (including treasury shares))
 (3) Number of issued shares after cancellation:
 511,664,337 shares
 (4) Planned date of cancellation: August 29, 2014

Note: Treasury shares as of June 30, 2014

Total number of issued shares:	531,664,337 shares
Total number of treasury shares:	21,097,704 shares
Total number of outstanding shares (excluding treasury shares):	510,566,633 shares