October 31, 2014

Fiscal Year ending March 31, 2015
Second Quarter Consolidated Financial Results
[Japanese GAAP]

Six months: April 1, 2014 – September 30, 2014

Konica Minolta, Inc.

Stock exchange listings:	Tokyo (First Section)
Local securities code number:	4902
URL:	http://konicaminolta.com
Listed company name:	Konica Minolta, Inc.
Representative:	Shoei Yamana, President and CEO, Representative Executive Officer
Inquiries:	Mami Iwamoto, General Manager, CSR, Corporate Communications & Branding Div.
Telephone number:	(81) 3-6250-2100
Scheduled date for submission of securities report:	November 7, 2014
Scheduled date for dividends payment:	November 27, 2014
Availability of supplementary information:	Yes
Organization of financial results briefing:	Yes (for institutional investors)

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

1. Overview of the 2Q performance (From April 1, 2014 to September 30, 2014)

(1) Business performance

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

[Millions of yen]

	Net sales		Operating income		Ordinary income		Net income	
Six months ended September 30, 2014	478,564	6.2%	29,173	20.7%	28,669	33.4%	14,682	164.2%
Six months ended September 30, 2013	450,454	17.4%	24,180	19.2%	21,498	17.8%	5,558	-27.0%

Note: Comprehensive income

Six months ended September 30, 2014: ¥23,199 million 25.1 %

Six months ended September 30, 2013: ¥18,540 million –

	Net income per share	Net income per share (after full dilution)
Six months ended September 30, 2014	28.86 yen	28.79 yen
Six months ended September 30, 2013	10.48 yen	10.46 yen

(2) Financial position

[Millions of yen]

	Total assets	Net assets	Equity ratio (%)
As of September 30, 2014	957,218	480,721	50.0
As of March 31, 2014	966,060	480,055	49.5

Note: Shareholders' equity
As of September 30, 2014: ¥479,047 million
As of March 31, 2014: ¥478,404 million

2. Dividends per share

[yen]

	1Q	2Q	3Q	Year-end	Total annual
Fiscal year ended March 31, 2014	—	10.00	—	7.50	17.50
Fiscal year ending March 31, 2015	—	10.00			
Fiscal year ending March 31, 2015 (forecast)			—	10.00	20.00

Notes: Change to the latest dividend forecast announced: None

3. Consolidated results forecast for fiscal year ending March 31, 2015
(From April 1, 2014 to March 31, 2015)

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

[Millions of yen]

	Net sales	%	Operating income	%	Ordinary income	%	Net income	%	Net income per share
Full-year	1,010,000	7.0	65,000	11.8	61,000	11.7	30,000	37.2	59.37 yen

Note: Change to the latest consolidated results forecast announced: Yes
At the Board of Directors meeting held on July 30, 2014, the Company approved the acquisition of its 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 a result of the acquisition, net income per share in the consolidated results forecasts for the year ending March 31, 2015 has been stated after factoring in the impact of the Company's acquisition of its own shares.

■ Notes

(1) Changes in status of material subsidiaries during the quarter under review (Changes to specified subsidiaries accompanying the additional consolidation or removal from consolidation of companies): Yes
Included one subsidiary: Konica Minolta Business Technologies (Malaysia) Sdn.Bhd.

(2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements: Yes
Note: For more detailed information, please see "(1) Adoption of Special Accounting Treatment Used in Preparation of the Consolidated Quarterly Financial Statements" in section 2. SUMMARY INFORMATION (NOTES) on page 13.

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

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

Note: For more detailed information, please see "(2) Changes in Accounting Policy, Changes in Accounting Estimates, or Restatement Due to Correction Changes in Accounting Policy" in section 2. SUMMARY INFORMATION (NOTES) on page 13.

(4) Number of shares (common stock)

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

Second quarter of fiscal year ending March 31, 2015:	511,664,337 shares
Fiscal year ended March 31, 2014:	531,664,337 shares

b. Treasury shares at period-end

Second quarter of fiscal year ending March 31, 2015:	7,670,140 shares
Fiscal year ended March 31, 2014:	16,720,688 shares

c. Average number of outstanding shares

Second quarter of fiscal year ending March 31, 2015:	508,716,076 shares
Second quarter of fiscal year ended March 31, 2014:	530,319,495 shares

■ Presentation of Present Status of Quarterly Review Procedures

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

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

(Note on forward-looking statements)
This document contains projections of performance and other projections that were made based on information currently available and certain assumptions judged to be reasonable. The Konica Minolta Group makes no warranty as to the achievability of the projections. There is a possibility that diverse factors may cause actual performance, etc. to differ materially from the projections. Please see "(3) Outlook for the Fiscal Year Ending March 31, 2015" in section 1. CONSOLIDATED OPERATING RESULTS on page 12 for more information on points to be remembered in connection with assumptions for projections and the use of projections.

(How to obtain supplementary information and information on a financial results briefing)
The Group will hold a financial results briefing for institutional investors on Friday, October 31, 2014. Descriptions at the briefing and presentation slides to be used at the briefing will be posted on the website of the Group immediately after the briefing.

Supplementary Information

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1. CONSOLIDATED OPERATING RESULTS

(1) Qualitative Information of Consolidated Performance

1. Overview of Consolidated Performance

Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

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

	Six months ended September 30, 2014	Six months ended September 30, 2013	Increase (Decrease)	
Net sales	478.5	450.4	28.1	6.2%
Gross profit	236.9	214.0	22.9	10.7%
Operating income	29.1	24.1	4.9	20.7%
Ordinary income	28.6	21.4	7.1	33.4%
Income before income taxes and minority interests	27.4	0	27.3	—
Net income	14.6	5.5	9.1	164.2%
Net income per share [yen]	28.86	10.48	18.38	175.4%
Capital expenditure	25.6	19.4	6.1	31.6%
Depreciation	23.6	23.5	0	0.4%
R & D expenses	36.6	34.5	2.1	6.1%
Free cash flow	15.4	26.3	(10.9)	-41.5%
Number of employees [persons]	41,713	41,851	(138)	-0.3%
Exchange rates [yen]				
US dollar	103.04	98.85	4.19	4.2%
euro	138.92	130.00	8.92	6.9%

Reviewing the main businesses of Konica Minolta Group (the "Group") during the first half of the consolidated fiscal year under review (April 1, 2014 to September 30, 2014), in the Business Technologies Business, A3 color MFPs (Multi-functional peripherals) in the office services field posted solid results, with sales volume expanding over the same period of the previous fiscal year. In Europe and the United States, hybrid-type sales that combine MFPs with IT services produced good results, and in particular, the number of successful cases is increasing in the United States, where the Company is pressing ahead with the proposal-based sales by business. In the commercial/industrial print field, the effect of new products made a contribution to results and sales volume of digital printing systems grew year on year. Strong sales continued in the inkjet business, particularly inkjet print heads for industrial use.

In the Healthcare Business, although sales expanded overseas, mainly in digital products, a revision of medical treatment fees continued to have an impact in Japan, where tough conditions persisted, including for mainstay cassette-type digital X-ray diagnostic imaging systems. In addition, we introduced new products that we developed in-house in diagnostic ultrasound systems, a new business domain, and strengthened this business.

In the Industrial Business, the industrial optical systems field posted sales growth on the back of consistently solid results in the sensing field, especially in the light source color measuring instrument field. Moreover, sales of lenses for industrial and professional use in the optical products field were solid on the whole. In the performance materials field, demand for large LCD TVs as well as small- and medium-size panels was robust, driving year-on-year gains in sales volumes for TAC films for LCD polarizers and VA-TAC films for increasing viewing angle.

As a result, the Group recorded consolidated net sales of ¥478.5 billion, an increase of 6.2% year on year for the first half. Sales growth in the Business Technologies Business drove momentum for the entire Group.

Operating income amounted to ¥29.1 billion, an increase of 20.7% year on year, due to increased profit in the Business Technologies Business, the contribution from a positive momentum in profit for the Industrial Business and the effect of the weaker yen.

Ordinary income was ¥28.6 billion, an increase of 33.4% year on year, attributable to the increase in operating income.

Income before income taxes and minority interests was ¥27.4 billion. Income increased significantly due to the recording of loss on withdrawal of the glass substrates for HDDs business in the previous fiscal year in the amount of ¥16.8 billion.

Net income totaled ¥14.6 billion, an increase of 164.2% year on year. Net income was up significantly due to the effect of an improvement in income before income taxes and minority interests, despite recording tax effects in the amount of ¥9.2 billion resulting from a review of deferred tax assets in line with reorganization of the Group's management system in the previous fiscal year.

2. Overview by Segment

Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

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

	Six months ended September 30, 2014	Six months ended September 30, 2013	Increase (Decrease)	
Business Technologies				
Net sales - external	381.1	349.4	31.7	9.1%
Operating income	30.2	27.0	3.2	12. 0%
Healthcare				
Net sales - external	36.4	35.9	0.4	1.3%
Operating income	1.0	1.9	(0.8)	-46.4%
Industrial Business				
Net sales - external	59.4	62.4	(2.9)	-4.8%
Operating income	12.1	8.9	3.1	35.6%

Note: The reporting classification for the Industrial Inkjet Business has been changed from the Other segment to the Business Technologies Business segment from the first quarter of the current fiscal year. In line with this change, segment information for the same period of the previous fiscal year has been disclosed in accordance with the new reporting classification.

Business Technologies Business

Office service field:

Results for A3 color MFPs remained solid, with sales volume expanding year on year in all regions. Hybrid-type sales produced good results on the back of continued marketing efforts mainly in Europe and the United States. In particular, we made progress in integrating the sales team for MFPs, which we reorganized by business type, and the sales team from an IT service company we acquired. This has led to an increasing number of successful cases that include cultivating major new customers by leveraging solutions and services as well as securing major contracts in IT services.

Commercial/industrial print field:

Sales volume expanded, particularly in color units, due to the high acclaim received in the commercial/industrial print market for new products such as “bizhub PRESS C1100” and “bizhub PRESS C1085” top-of-the-line color digital printing systems. In MPM (Marketing Print Management) services, where we are focusing on strengthening our business, we reinforced our Asia-Pacific organization through the acquisition of Ergo Asia Pty Ltd. (headquartered in Australia) in June of this year, following the acquisition of Charterhouse PM Ltd. (headquartered in the UK) in Europe, and we are making further progress in enhancing services and establishing a system for business expansion in North America, Japan and on a global scale. Sales of components such as industrial inkjet printheads also posted high growth on a year-on-year basis. In inkjet textile print systems, the Company acquired Verga IT S.r.l. (headquartered in Italy) to strengthen sales and service networks in the European market, which is the driving force behind the global printing market, thereby establishing its first sales company in this field. (Contract concluded with Verga IT S.r.l. and sales company established on October 1, 2014).

As a result of these factors, net sales of the Business Technologies Business to outside customers stood at ¥381.1 billion, up 9.1% year on year and operating income was at ¥30.2 billion, up 12.0% year on year. The increase in sales of color units centering on the service provision capabilities, an increase in gross profit in line with this and the impact of the weak yen contributed to higher sales and profit in this segment.

Healthcare Business

Although sales of the mainstay cassette-type Digital Radiography system “AeroDR” increased only slightly in Japan due to the impact of stagnation in willingness to invest on the part of medical institutions, sales volume expanded overseas due in part to business collaborations with key partners in Europe and the United States. In diagnostic ultrasound systems, we released “SONIMAGE HS1,” a new product developed in conjunction with the ultrasound business of Panasonic Healthcare Co., Ltd. that we merged into our operations. The new product has been well received by the hospital market and has started to make contributions to business. Demand for film products continues to grow in emerging countries, with sales volume and sales amount posting gains in year-on-year terms.

As a result of these factors, net sales of the Healthcare Business to outside customers increased by 1.3% year on year to ¥36.4 billion, while operating income decreased 46.4% year on year to ¥1.0 billion due in part to an increase in business costs associated with the launch of the diagnostic ultrasound systems business.

Industrial Business

Industrial optical systems field:

In the sensing field, sales at Instrument Systems GmbH (headquartered in Germany) continued to be strong and profit expanded. Sales of lenses for industrial and professional use in the optical products field remained on par with the same period of the previous fiscal year and sales of pickup lenses for Blu-ray Discs™ were solid in the home video game console sector.

Performance materials field:

In the performance materials field, demand for large LCD TVs remained solid and the trend toward larger screen size continued. In addition, demand for small- and medium-size panels remained robust particularly for smartphones and tablets. Amid these market conditions, sales volumes of thin plain TAC films for LCD polarizers and VA-TAC films for increasing viewing angle, which are areas of comparative strength for the Group, increased year on year.

As a result of these factors, net sales of the Industrial Business to outside customers were ¥59.4 billion, down 4.8% year on year, and operating income was ¥12.1 billion, up 35.6% year on year. Sales decreased due to a reduction in demand for lenses used in compact cameras, downsizing of the lens business for mobile phone cameras and withdrawal of the glass substrates for HDDs business. Profit increased significantly due to the positive effects of an increase in sales of TAC films and sensing equipment and a series of structural reforms in the industrial optical systems field.

Note: Blu-ray Disc™ is a trademark of Blu-ray Disc Association.

<Reference>

Overview of Performance

Three months ended September 30, 2014 (From July 1, 2014 to September 30, 2014)

Year-on-Year [Billions of yen]

	Three months ended September 30, 2014	Three months ended September 30, 2013	Increase (Decrease)	
Net sales	250.2	231.9	18.3	7.9%
Gross profit	122.5	111.6	10.9	9.8%
Operating income	17.5	16.3	1.1	7.0%
Ordinary income	18.2	14.4	3.7	26.1%
Income before income taxes and minority interests	15.6	(5.9)	21.6	—
Net income	9.0	(4.2)	13.2	—
Net income per share [yen]	17.91	(7.95)	25.86	—
Capital expenditure	11.4	7.9	3.5	44.7%
Depreciation	12.0	11.9	0	0.6%
R & D expenses	18.3	17.3	1.0	6.3%
Free cash flow	22.0	22.9	(0.8)	-3.8%
Exchange rates [yen]				
US dollar	103.92	98.95	4.97	5.0%
euro	137.76	131.05	6.71	5.1%

Three Months Business Performance by Segment

Year-on-Year [Billions of yen]

	Three months ended September 30, 2014	Three months ended September 30, 2013	Increase (Decrease)	
Business Technologies				
Net sales - external	199.7	179.6	20.1	11.2%
Operating income	18.4	16.9	1.5	9.0%
Healthcare				
Net sales - external	20.3	19.7	0.6	3.3%
Operating income	1.0	1.8	(0.8)	-43.9%
Industrial Business				
Net sales - external	29.4	31.4	(2.0)	-6.5%
Operating loss	5.6	4.6	0.9	19.3%

Note: The reporting classification for the Industrial Inkjet Business has been changed from the Other segment to the Business Technologies Business segment from the first quarter of the current fiscal year. In line with this change, segment information for the same period of the previous fiscal year has been disclosed in accordance with the new reporting classification.

(2) Financial Position

1. Analysis of Financial Position

		As of September 30, 2014	As of March 31, 2014	Increase (Decrease)
Total assets	[Billions of yen]	957.2	966.0	(8.8)
Total liabilities	[Billions of yen]	476.4	486.0	(9.5)
Net assets	[Billions of yen]	480.7	480.0	0.6
Equity ratio	[%]	50.0	49.5	0.5

Total assets at the end of the second quarter of the consolidated fiscal year under review were down ¥8.8 billion (0.9%) from the previous fiscal year-end, to ¥957.2 billion. Current assets were down ¥22.3 billion (3.8%) to ¥566.9 billion (59.2% to total assets) and noncurrent assets were up ¥13.5 billion (3.6%) to ¥390.2 billion (40.8% to total assets).

With respect to current assets, cash and deposits decreased ¥8.0 billion from the previous fiscal year-end, to ¥87.4 billion. In addition, securities decreased ¥10.9 billion, and as a result, cash and cash equivalents decreased ¥19.0 billion to ¥169.4 billion. Notes and accounts receivable–trade decreased ¥8.0 billion to ¥212.1 billion. Inventories increased ¥5.8 billion to ¥121.1 billion.

With respect to non-current assets, property, plant and equipment increased ¥6.5 billion from the previous fiscal year-end to ¥179.9 billion, due primarily to construction of a new R&D building and capital investment in the Business Technologies Business as well as investment related to new businesses in the Industrial Business. Investments and other assets increased ¥6.9 billion from the previous fiscal year-end to ¥98.9 billion, due mainly to increases in investment securities and deferred tax assets.

Total liabilities decreased ¥9.5 billion (2.0%) from the previous fiscal year-end to ¥476.4 billion. Notes and accounts payable–trade decreased ¥7.4 billion to ¥88.7 billion, income taxes payable increased ¥4.9 billion to ¥10.5 billion and net defined benefit liability increased ¥11.4 billion to ¥65.0 billion. Interest-bearing debt (the sum of short-term loans payable, long-term loans payable and bonds payable) decreased ¥17.5 billion to ¥178.5 billion.

Net assets were up ¥0.6 billion (0.1%) from the previous fiscal year-end to ¥480.7 billion. Retained earnings decreased ¥16.8 billion to ¥225.5 billion. This was due to the recording of ¥14.6 billion in net income, a decrease of ¥3.8 billion due to dividend payments from year-end surplus, a decrease of ¥20.7 billion due to the cancellation of treasury shares and a decrease of ¥7.0 billion due to the application of accounting standards related to retirement benefits. Treasury shares decreased ¥9.0 billion due mainly to an increase based on acquisition of the Company's own shares in the amount of ¥11.8 billion and a decrease based on the cancellation of treasury shares in the amount of ¥20.7 billion. On the other hand, accumulated other comprehensive income increased ¥8.5 billion to ¥20.1 billion due mainly to an increase of ¥6.7 billion in foreign currency translation adjustment and an increase of ¥1.2 billion in valuation difference on available-for-sale securities.

As a result, the shareholders' equity ratio at the end of the second quarter increased 0.5 percentage points from the end of the previous fiscal year to 50.0%.

2. Cash Flows

[Billions of yen]

	Six months ended September 30, 2014	Six months ended September 30, 2013	Increase (Decrease)
Cash flows from operating activities	44.4	46.0	(1.5)
Cash flows from investing activities	(29.0)	(19.6)	(9.4)
Total (Free cash flow)	15.4	26.3	(10.9)
Cash flows from financing activities	(33.4)	(8.1)	(25.2)

During the first half of the consolidated fiscal year under review, net cash provided by operating activities was ¥44.4 billion, while net cash used in investing activities, mainly associated with capital investment, totaled ¥29.0 billion. As a result, free cash flow (the sum of operating and investing activities) was an inflow of ¥15.4 billion.

Net cash used in financing activities was ¥33.4 billion.

In addition, cash and cash equivalents at the end of the second quarter of the consolidated fiscal year under review stood at ¥169.4 billion, down ¥19.0 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 amounted to ¥44.4 billion (compared with net cash provided of ¥46.0 billion in the same period of the previous fiscal year). The Group reported income before income taxes of ¥27.4 billion, depreciation of ¥23.6 billion, and amortization of goodwill of ¥4.7 billion, which were partially offset by the payment of ¥6.3 billion for income taxes, decrease in accounts payable–other and accrued expenses of ¥3.2 billion and a decrease of ¥200 million due to an increase in working capital.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥29.0 billion (compared with net cash used of ¥19.6 billion in the same period of the previous fiscal year). Cash of ¥18.0 billion was used for the purchase of property, plant and equipment as a result of construction of a new R&D building, capital investment in the Business Technologies Business and investment for new business in the Industrial Business. Other cash outflows included ¥8.2 billion for the payment for transfer of business and the purchase of shares of subsidiaries in the Business Technologies Business and ¥3.5 billion for the purchase of intangible assets.

As a result, free cash flow (the sum of operating and investing activities) was an inflow of ¥15.4 billion (an inflow of ¥26.3 billion in the same period of the previous fiscal year).

Cash Flows from Financing Activities

Net cash used in financing activities was ¥33.4 billion (compared with net cash used of ¥8.1 billion in the same period of the previous fiscal year), mainly reflecting a net decrease of ¥17.4 billion in interest-bearing debt, payment of ¥11.0 billion for the purchase of treasury shares and payment of ¥3.8 billion in dividends.

(3) Outlook for the Fiscal Year Ending March 31, 2015

Looking at the global economic conditions surrounding the Konica Minolta Group from the third quarter, the U.S. economy is showing signs of recovery while foundations for economic recovery in Europe are weak and sluggish growth is expected to continue in emerging countries. With regard to the Japanese economy, corporate results are forecast to be solid on the back of the weak yen while personal consumption is expected to stagnate.

In terms of the outlook for demand in markets related to the Company, we forecast a continued business expansion trend in the Business Technologies Business as a result of moderate business recovery in the office service field and commercial/industrial print field. In the Healthcare Business, we expect favorable conditions to continue overseas as well as moderate recovery in willingness to invest on the part of medical institutions following stagnation in Japan.

In the Industrial Business, the sensing field within the industrial optical systems field is expected to be impacted by a decline in demand for new products in the mobile equipment market, especially smartphones and tablets, while lenses for industrial and professional use are expected to be affected by the tough market conditions. In the performance materials field, the business environment for TAC films is forecast to be robust until year-end on the back of solid demand in the TV market, but demand is expected to decrease after the new year due primarily to seasonal factors.

In light of the forecast of the business environment and the progress in performance during the first half, we have revised financial forecasts for the year ending March 31, 2015 as follows. Assumed exchange rates for the basis of the forecasts are ¥105 to the U.S. dollar, marking depreciation of ¥5 from the initial projection, and ¥135 to the euro (US$: ¥100, EUR: ¥135 at the time of the announcement on May 9, 2014).

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income Per Share
	[Billions of yen]	[Billions of yen]	[Billions of yen]	[Billions of yen]	[Yen]
Forecast previously announced (A)	1,000.0	62.0	57.0	26.0	51.51
Revised forecast (B)	1,010.0	65.0	61.0	30.0	59.37
Increase (decrease) (B - A)	10.0	3.0	4.0	4.0	7.85
Rate of change (%)	1.0	4.8	7.0	15.4	15.3
(Ref.) Results for the fiscal year ended March 31, 2014	943.7	58.1	54.6	21.8	41.38

Notes:

The forecast previously announced for net income per share states the revised figure provided at the first quarter results announcement on July 30.

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 taxes 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 Changes in Accounting Policy

Application of accounting standards, etc. related to retirement benefits

From the first quarter of the current fiscal year under review, the Group applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012) with regard to provisions set forth in the text of paragraph 35 of the Accounting Standard for Retirement Benefits and paragraph 67 of the Guideline on Accounting Standard for Retirement Benefits. As a result, the Group revised its calculation method for retirement benefit obligation and service cost and switched from a straight-line basis to a benefit formula basis for attribution of expected retirement benefit payments. Along with this, the method of determining discount rates was changed.

At the application of the Accounting Standard for Retirement Benefits, the Group recognized the effect of this change to the calculation method for retirement benefit obligation and service cost in retained earnings at the beginning of the first half of the current fiscal year in accordance with transitional provisions set forth in paragraph 37 of the Accounting Standard for Retirement Benefits.

As a result, net defined benefit liability increased by ¥10,957 million and retained earnings decreased by ¥7,052 million at the beginning of the first half. In addition, operating income, ordinary income and income before income taxes and minority interests for the first half each increased by ¥152 million.

3. CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS

(1) Consolidated Quarterly Balance Sheets

September 30, 2014 and March 31, 2014

[Millions of yen]

	March 31, 2014	September 30, 2014
Assets		
Current assets		
Cash and deposits	95,490	87,473
Notes and accounts receivable - trade	220,120	212,108
Lease receivables and investment assets	21,211	22,471
Securities	92,999	82,012
Inventories	115,275	121,108
Deferred tax assets	18,806	19,304
Accounts receivable - other	14,636	11,513
Other	16,435	16,854
Allowance for doubtful accounts	(5,643)	(5,880)
Total current assets	589,331	566,967
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	61,441	69,593
Machinery, equipment and vehicles, net	23,542	22,973
Tools, furniture and fixtures, net	27,058	26,947
Land	34,310	33,990
Leased assets, net	521	422
Construction in progress	13,819	12,311
Assets for rent, net	12,668	13,685
Total property, plant and equipment	173,362	179,923
Intangible assets		
Goodwill	65,734	65,357
Other	45,627	46,065
Total intangible assets	111,362	111,423
Investments and other assets		
Investment securities	29,256	31,663
Long-term loans receivable	83	93
Long-term prepaid expenses	3,230	4,170
Deferred tax assets	48,040	50,614
Other	12,277	13,227
Allowance for doubtful accounts	(883)	(865)
Total investments and other assets	92,003	98,904
Total non-current assets	376,729	390,250
Total assets	966,060	957,218

[Millions of yen]

	March 31, 2014	September 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	96,240	88,799
Short-term loans payable	37,078	24,306
Current portion of long-term loans payable	27,003	22,001
Accounts payable - other	39,824	40,503
Accrued expenses	34,509	34,014
Income taxes payable	5,652	10,558
Provision for bonuses	13,007	13,138
Provision for directors' bonuses	244	123
Provision for product warranties	1,441	1,616
Provision for discontinued operations	195	0
Notes payable - facilities	1,185	1,214
Asset retirement obligations	256	197
Other	28,580	27,493
Total current liabilities	285,220	263,971
Non-current liabilities		
Bonds payable	70,000	70,000
Long-term loans payable	62,042	62,238
Deferred tax liabilities for land revaluation	3,269	3,214
Provision for directors' retirement benefits	237	122
Net defined benefit liability	53,563	65,040
Asset retirement obligations	1,012	1,001
Other	10,658	10,908
Total non-current liabilities	200,785	212,525
Total liabilities	486,005	476,496
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	242,460	225,573
Treasury shares	(17,322)	(8,318)
Total shareholders' equity	466,797	458,914
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,086	6,341
Deferred gains or losses on hedges	(38)	(9)
Foreign currency translation adjustment	15,055	21,847
Remeasurements of defined benefit plans	(8,497)	(8,047)
Total accumulated other comprehensive income	11,607	20,132
Subscription rights to shares	910	942
Minority interests	740	732
Total net assets	480,055	480,721
Total liabilities and net assets	966,060	957,218

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

Consolidated Quarterly Statements of Income
Six months ended September 30, 2013 and 2014

[Millions of yen]

	April-September, 2013	April-September, 2014
Net sales	450,454	478,564
Cost of sales	236,428	241,564
Gross profit	214,026	236,999
Selling, general and administrative expenses	189,845	207,825
Operating income	24,180	29,173
Non-operating income		
Interest income	689	786
Dividend income	269	595
Foreign exchange gains	—	770
Other	1,669	2,035
Total non-operating income	2,628	4,187
Non-operating expenses		
Interest expenses	1,392	1,206
Share of loss of entities accounted for using equity method	1,076	3
Foreign exchange losses	549	—
Other	2,291	3,482
Total non-operating expenses	5,309	4,692
Ordinary income	21,498	28,669
Extraordinary income		
Gain on sales of non-current assets	134	1,556
Gain on sales of investment securities	69	2
Total extraordinary income	203	1,558
Extraordinary losses		
Loss on sales and retirement of non-current assets	714	581
Loss on valuation of investment securities	44	0
Impairment loss	129	2,062
Business structure improvement expenses	801	123
Loss on business withdrawal	16,809	—
Special extra retirement payments	3,018	—
Group restructuring expenses	118	—
Total extraordinary losses	21,637	2,767
Income before income taxes and minority interests	65	27,460
Income taxes	(5,524)	12,803
Income before minority interests	5,590	14,657
Minority interests in income (loss)	32	(25)
Net income	5,558	14,682

Consolidated Quarterly Statements of Comprehensive Income
Six months ended September 30, 2013 and 2014

[Millions of yen]

	April-September, 2013	April-September, 2014
Income before minority interests	5,590	14,657
Other comprehensive income		
Valuation difference on available-for-sale securities	1,511	1,255
Deferred gains or losses on hedges	12	28
Foreign currency translation adjustment	11,424	6,808
Remeasurements of defined benefit plans, net of tax	—	450
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	12,949	8,542
Comprehensive income	18,540	23,199
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,472	23,208
Comprehensive income attributable to minority interests	67	(8)

Consolidated Quarterly Statements of Income
Three months ended September 30, 2013 and 2014

[Millions of yen]

	July-September, 2013	July-September, 2014
Net sales	231,911	250,280
Cost of sales	120,222	127,681
Gross profit	111,689	122,599
Selling, general and administrative expenses	95,327	105,087
Operating income	16,361	17,512
Non-operating income		
Interest income	354	326
Dividend income	25	309
Foreign exchange gains	—	849
Other	866	1,265
Total non-operating income	1,245	2,750
Non-operating expenses		
Interest expenses	725	622
Share of loss of entities accounted for using equity method	1,034	4
Foreign exchange losses	181	—
Other	1,217	1,415
Total non-operating expenses	3,158	2,042
Ordinary income	14,448	18,219
Extraordinary income		
Gain on sales of non-current assets	111	41
Gain on sales of investment securities	10	—
Other	3	—
Total extraordinary income	126	41
Extraordinary losses		
Loss on sales and retirement of non-current assets	415	413
Loss on valuation of investment securities	0	—
Impairment loss	93	2,053
Business structure improvement expenses	194	123
Loss on business withdrawal	16,809	—
Special extra retirement payments	3,018	—
Group restructuring expenses	17	—
Total extraordinary losses	20,549	2,590
Income (loss) before income taxes and minority interests	(5,974)	15,670
Income taxes	(1,806)	6,595
Income (loss) before minority interests	(4,167)	9,074
Minority interests in income (loss)	48	(5)
Net income (loss)	(4,216)	9,079

Consolidated Quarterly Statements of Comprehensive Income
Three months ended September 30, 2013 and 2014

[Millions of yen]

	July-September, 2013	July-September, 2014
Income (loss) before minority interests	(4,167)	9,074
Other comprehensive income		
Valuation difference on available-for-sale securities	1,635	932
Deferred gains or losses on hedges	12	(22)
Foreign currency translation adjustment	1,614	10,507
Remeasurements of defined benefit plans, net of tax	—	246
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	3,262	11,663
Comprehensive income	(905)	20,738
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(924)	20,736
Comprehensive income attributable to minority interests	19	1

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

[Millions of yen]

	April-September, 2013	April-September, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	65	27,460
Depreciation	23,547	23,645
Impairment loss	12,661	2,062
Amortization of goodwill	4,995	4,738
Interest and dividend income	(959)	(1,381)
Interest expenses	1,392	1,206
Loss (gain) on sales and retirement of non-current assets	580	(974)
Loss (gain) on sales and valuation of investment securities	(24)	(1)
Increase (decrease) in provision for retirement benefits	1,051	—
Increase (decrease) in net defined benefit liability	—	639
Increase (decrease) in provision for discontinued operations	1,552	(195)
Decrease (increase) in notes and accounts receivable - trade	16,446	17,516
Decrease (increase) in inventories	7,077	(2,519)
Increase (decrease) in notes and accounts payable - trade	(13,747)	(15,259)
Transfer of assets for rent	(2,473)	(2,891)
Decrease (increase) in accounts receivable - other	538	508
Increase (decrease) in accounts payable - other and accrued expenses	3,439	(3,283)
Decrease/increase in consumption taxes receivable/payable	716	(7)
Other, net	(4,932)	(676)
Subtotal	51,925	50,586
Interest and dividend income received	924	1,369
Interest expenses paid	(1,404)	(1,192)
Income taxes (paid) refund	(5,445)	(6,302)
Net cash provided by (used in) operating activities	46,000	44,461
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,616)	(18,087)
Proceeds from sales of property, plant and equipment	421	4,294
Purchase of intangible assets	(4,243)	(3,589)
Payments for transfer of business	(960)	(5,350)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(2,563)
Purchase of additional investments in consolidated subsidiaries' equity	—	(293)
Payments of loans receivable	(68)	(83)
Collection of loans receivable	94	244
Purchase of investment securities	(763)	(3)
Proceeds from sales of investment securities	383	2
Purchase of shares of subsidiaries	(655)	(900)
Payments of valuation of other investments	(649)	(2,724)
Other, net	410	3
Net cash provided by (used in) investing activities	(19,647)	(29,052)

[Millions of yen]

	April-September, 2013	April-September, 2014
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(13,491)	(12,456)
Proceeds from long-term loans payable	10,420	—
Repayments of long-term loans payable	(33)	(5,001)
Repayments of lease obligations	(1,067)	(1,020)
Proceeds from sales of treasury shares	0	0
Purchase of treasury shares	(10)	(11,073)
Cash dividends paid	(3,977)	(3,867)
Net cash provided by (used in) financing activities	(8,159)	(33,418)
Effect of exchange rate change on cash and cash equivalents	1,284	(1,150)
Net increase (decrease) in cash and cash equivalents	19,477	(19,159)
Cash and cash equivalents at beginning of period	213,914	188,489
Increase in cash and cash equivalents from newly consolidated subsidiary	669	146
Cash and cash equivalents at end of period	234,061	169,476

(4) Notes Regarding Going Concern Assumptions

None.

(5) Notes Regarding Significant Change in Shareholders' Equity

1. Acquisition of the Company's own shares

The Company acquired its own shares following the resolutions at the Board of Directors meetings held on January 30 and July 30, 2014. As a result, treasury shares increased by ¥11,797 million in the first half of the fiscal year currently under review.

The acquisitions of the Company's own shares were respectively completed on April 14 and October 16, 2014, following the resolutions at the above-mentioned Board of Directors meetings.

2. Cancellation of the Company's own shares

The Company cancelled its own shares on August 29, 2014 following a resolution at the Board of Directors meeting held on July 30, 2014. As a result, retained earnings and treasury shares each decreased by ¥20,765 million in the first half of the current fiscal year under review.

As a result of the acquisition and cancellation of the Company's own shares, treasury shares amounted to ¥8,318 million at the end of the second quarter of the current fiscal year under review.

(6) Segment Information

[Segment Information]

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

1. Information About Segment Sales and Income (Loss)

[Millions of yen]

	Reportable Segment				Other	Total
	Business Technologies	Healthcare	Industrial Business	Total		
Sales						
External	349,422	35,984	62,482	447,888	2,565	450,454
Intersegment	989	55	2,013	3,058	11,278	14,337
Total	350,412	36,039	64,495	450,947	13,844	464,792
Segment income	27,026	1,906	8,973	37,907	118	38,025

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

[Millions of yen]

Item	Amount
Total operating income of reportable segments	37,907
Operating income categorized in "Other"	118
Intersegment – eliminations	(2,581)
Corporate expenses*	(11,263)
Operating income reported on quarterly statements of income	24,180

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

3. Information Relating to Impairment Loss of Noncurrent Assets and Goodwill by Reportable Segment (Significant Impairment Loss on Noncurrent Assets)

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

2. Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

1. Information About Segment Sales and Income (Loss)

[Millions of yen]

	Reportable Segment				Other	Total
	Business Technologies	Healthcare	Industrial Business	Total		
Sales						
External	381,186	36,450	59,497	477,133	1,430	478,564
Intersegment	1,049	115	1,169	2,334	11,752	14,086
Total	382,235	36,565	60,666	479,468	13,183	492,651
Segment income	30,267	1,021	12,170	43,459	818	44,277

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

[Millions of yen]

Item	Amount
Total operating income of reportable segments	43,459
Operating income categorized in "Other"	818
Intersegment – eliminations	(3,750)
Corporate expenses*	(11,353)
Operating income reported on quarterly statements of income	29,173

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 half has been prepared based on reporting segment classifications following this change.

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

1. Information About Segment Sales and Income (Loss)

[Millions of yen]

	Reportable Segment				Other	Total
	Business Technologies	Healthcare	Industrial Business	Total		
Sales						
External	179,609	19,726	31,479	230,815	1,095	231,911
Intersegment	505	40	678	1,224	4,760	5,984
Total	180,115	19,766	32,158	232,040	5,855	237,896
Segment income	16,916	1,840	4,697	23,455	157	23,613

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

[Millions of yen]

Item	Amount
Total operating income of reportable segments	23,455
Operating income categorized in "Other"	157
Intersegment – eliminations	(1,678)
Corporate expenses*	(5,573)
Operating income reported on quarterly statements of income	16,361

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

3. Information Relating to Impairment Loss of Noncurrent Assets and Goodwill by Reportable Segment (Significant Impairment Loss on Noncurrent Assets)

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

4. Three months ended September 30, 2014 (From July 1, 2014 to September 30, 2014)

1. Information About Segment Sales and Income (Loss)

[Millions of yen]

	Reportable Segment				Other	Total
	Business Technologies	Healthcare	Industrial Business	Total		
Sales						
External	199,796	20,378	29,427	249,602	677	250,280
Intersegment	595	93	648	1,337	6,595	7,933
Total	200,391	20,472	30,076	250,940	7,273	258,213
Segment income	18,431	1,031	5,602	25,065	233	25,299

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

[Millions of yen]

Item	Amount
Total operating income of reportable segments	25,065
Operating income categorized in "Other"	233
Intersegment – eliminations	(2,269)
Corporate expenses*	(5,517)
Operating income reported on quarterly statements of income	17,512

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 second quarter has been prepared based on reporting segment classifications following this change.

(7) Important Subsequent Events

None.