5. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

Fiscal year ended March 31, 2014 and 2015

[Millions of yen]

	March 31, 2014	March 31, 2015
Assets		
Current assets		
Cash and deposits	95,490	95,444
Notes and accounts receivable - trade	220,120	226,899
Lease receivables and investment assets	21,211	23,010
Securities	92,999	82,006
Inventories	115,275	121,067
Deferred tax assets	18,806	22,795
Accounts receivable - other	14,636	10,425
Other	16,435	18,680
Allowance for doubtful accounts	(5,643)	(6,057)
Total current assets	589,331	594,271
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	61,441	67,919
Machinery, equipment and vehicles, net	23,542	29,437
Tools, furniture and fixtures, net	27,058	27,917
Land	34,310	31,991
Leased assets, net	521	440
Construction in progress	13,819	4,153
Assets for rent, net	12,668	13,240
Total property, plant and equipment	173,362	175,100
Intangible assets		
Goodwill	65,734	61,563
Other	45,627	48,289
Total intangible assets	111,362	109,852
Investments and other assets		
Investment securities	29,256	33,806
Long-term loans receivable	83	74
Long-term prepaid expenses	3,230	4,646
Deferred tax assets	48,040	39,887
Other	12,277	13,699
Allowance for doubtful accounts	(883)	(853)
Total investments and other assets	92,003	91,260
Total non-current assets	376,729	376,213
Total assets	966,060	970,485

[Millions of yen]

	March 31, 2014	March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	96,240	98,152
Short-term loans payable	37,078	25,844
Current portion of bonds	-	20,000
Current portion of long-term loans payable	27,003	5,001
Accounts payable - other	39,824	39,202
Accrued expenses	34,509	39,476
Income taxes payable	5,652	6,957
Provision for bonuses	13,007	13,402
Provision for directors' bonuses	244	256
Provision for product warranties	1,441	1,770
Provision for discontinued operations	195	-
Notes payable - facilities	1,185	1,451
Asset retirement obligations	256	164
Other	28,580	31,724
Total current liabilities	285,220	283,404
Non-current liabilities		
Bonds payable	70,000	50,000
Long-term loans payable	62,042	58,696
Deferred tax liabilities for land revaluation	3,269	2,907
Provision for directors' retirement benefits	237	139
Net defined benefit liability	53,563	61,749
Asset retirement obligations	1,012	976
Other	10,658	10,925
Total non-current liabilities	200,785	185,395
Total liabilities	486,005	468,800
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	242,460	238,558
Treasury shares	(17,322)	(10,727)
Total shareholders' equity	466,797	469,490
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,086	8,497
Deferred gains or losses on hedges	(38)	40
Foreign currency translation adjustment	15,055	30,303
Remeasurements of defined benefit plans	(8,497)	(8,735)
Total accumulated other comprehensive income	11,607	30,105
Subscription rights to shares	910	1,016
Minority interests	740	1,071
Total net assets	480,055	501,684
Total liabilities and net assets	966,060	970,485

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

Consolidated Statements of Income
Fiscal year ended March 31, 2014 and 2015

[Millions of yen]

	March 31, 2014	March 31, 2015
Net sales	943,759	1,011,774
Cost of sales	492,269	513,982
Gross profit	451,490	497,791
Selling, general and administrative expenses	393,346	431,591
Operating income	58,144	66,200
Non-operating income		
Interest income	1,641	1,689
Dividend income	480	844
Share of profit of entities accounted for using equity method	-	35
Other	3,437	3,340
Total non-operating income	5,559	5,910
Non-operating expenses		
Interest expenses	2,852	2,398
Foreign exchange losses	126	449
Share of loss of entities accounted for using equity method	1,163	-
Loss on disposal of mass-produced trial products	-	1,646
Other	4,940	7,749
Total non-operating expenses	9,083	12,243
Ordinary income	54,621	59,867
Extraordinary income		
Gain on sales of non-current assets	639	3,525
Gain on sales of investment securities	75	1,065
License-related income	809	-
Total extraordinary income	1,524	4,590
Extraordinary losses		
Loss on sales and retirement of non-current assets	2,639	2,314
Loss on sales of shares of subsidiaries and associates	-	1,064
Loss on valuation of investment securities	49	0
Impairment loss	5,524	3,789
Business structure improvement expenses	3,532	2,067
Loss on business withdrawal	16,122	-
Group restructuring expenses	118	-
Special extra retirement payments	4,655	-
Total extraordinary losses	32,642	9,236
Income before income taxes and minority interests	23,503	55,221
Income taxes - current	11,624	14,466
Income taxes - deferred	(10,060)	8,012
Total income taxes	1,564	22,479
Income before minority interests	21,939	32,741
Minority interests in income	77	35
Net income	21,861	32,706

Consolidated Statements of Comprehensive Income
Fiscal year ended March 31, 2014 and 2015

[Millions of yen]

	March 31, 2014	March 31, 2015
Income before minority interests	21,939	32,741
Other comprehensive income		
Valuation difference on available-for-sale securities	1,738	3,404
Deferred gains or losses on hedges	(40)	78
Foreign currency translation adjustment	23,376	15,252
Remeasurements of defined benefit plans	−	(237)
Share of other comprehensive income of entities accounted for using equity method	2	5
Total other comprehensive income	25,077	18,503
Comprehensive income	47,016	51,245
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	46,887	51,203
Comprehensive income attributable to minority interests	129	42

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2014

[Millions of yen]

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	37,519	204,140	229,713	(1,548)	469,825
Cumulative effects of changes in accounting policies					—
Restated balance	37,519	204,140	229,713	(1,548)	469,825
Changes of items during period					
Dividends of surplus			(9,280)		(9,280)
Net income			21,861		21,861
Change in scope of consolidation			176		176
Purchase of treasury shares				(15,806)	(15,806)
Disposal of treasury shares			(11)	32	20
Retirement of treasury shares					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	12,746	(15,774)	(3,028)
Balance at end of current period	37,519	204,140	242,460	(17,322)	466,797

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	3,345	2	(8,268)	—	(4,920)	764	747	466,416
Cumulative effects of changes in accounting policies								—
Restated balance	3,345	2	(8,268)	—	(4,920)	764	747	466,416
Changes of items during period								
Dividends of surplus								(9,280)
Net income								21,861
Change in scope of consolidation								176
Purchase of treasury shares								(15,806)
Disposal of treasury shares								20
Retirement of treasury shares								—
Net changes of items other than shareholders' equity	1,741	(40)	23,324	(8,497)	16,527	145	(6)	16,666
Total changes of items during period	1,741	(40)	23,324	(8,497)	16,527	145	(6)	13,638
Balance at end of current period	5,086	(38)	15,055	(8,497)	11,607	910	740	480,055

Fiscal year ended March 31, 2015

[Millions of yen]

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	37,519	204,140	242,460	(17,322)	466,797
Cumulative effects of changes in accounting policies			(7,052)		(7,052)
Restated balance	37,519	204,140	235,407	(17,322)	459,745
Changes of items during period					
Dividends of surplus			(8,902)		(8,902)
Net income			32,706		32,706
Change in scope of consolidation			124		124
Purchase of treasury shares				(14,236)	(14,236)
Disposal of treasury shares			(13)	66	53
Retirement of treasury shares			(20,765)	20,765	―
Net changes of items other than shareholders' equity					
Total changes of items during period	―	―	3,150	6,595	9,745
Balance at end of current period	37,519	204,140	238,558	(10,727)	469,490

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	5,086	(38)	15,055	(8,497)	11,607	910	740	480,055
Cumulative effects of changes in accounting policies								(7,052)
Restated balance	5,086	(38)	15,055	(8,497)	11,607	910	740	473,003
Changes of items during period								
Dividends of surplus								(8,902)
Net income								32,706
Change in scope of consolidation								124
Purchase of treasury shares								(14,236)
Disposal of treasury shares								53
Retirement of treasury shares								―
Net changes of items other than shareholders' equity	3,410	78	15,247	(237)	18,498	106	331	18,935
Total changes of items during period	3,410	78	15,247	(237)	18,498	106	331	28,681
Balance at end of current period	8,497	40	30,303	(8,735)	30,105	1,016	1,071	501,684

(4) Consolidated Statements of Cash Flow

Fiscal years ended March 31, 2014 and 2015

[Millions of yen]

	March 31, 2014	March 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	23,503	55,221
Depreciation	47,371	50,892
Impairment loss	17,424	3,789
Amortization of goodwill	9,406	9,215
Interest and dividend income	(2,122)	(2,533)
Interest expenses	2,852	2,398
Loss (gain) on sales and retirement of non-current assets	1,999	(1,210)
Loss (gain) on sales and valuation of investment securities	(26)	(1,064)
Loss (gain) on sales and valuation of subsidiaries and associates	–	997
Increase (decrease) in provision for bonuses	1,915	178
Increase (decrease) in liability for retirement benefits	9,609	(2,044)
Decrease (increase) in notes and accounts receivable - trade	(1,503)	7,783
Decrease (increase) in inventories	9,098	521
Increase (decrease) in notes and accounts payable - trade	(6,742)	(9,574)
Transfer of assets for rent	(5,837)	(6,785)
Decrease (increase) in accounts receivable - other	(376)	2,631
Increase (decrease) in accounts payable - other and accrued expenses	5,735	4,691
Decrease/increase in consumption taxes receivable/payable	713	911
Other, net	(8,445)	(2,686)
Subtotal	104,575	113,332
Interest and dividend income received	2,091	2,536
Interest expenses paid	(2,927)	(2,386)
Income taxes (paid) refund	(13,793)	(11,748)
Net cash provided by (used in) operating activities	89,945	101,733
Cash flows from investing activities		
Purchase of property, plant and equipment	(36,487)	(39,063)
Proceeds from sales of property, plant and equipment	2,355	8,630
Purchase of intangible assets	(8,654)	(8,676)
Payments for transfer of business	(2,102)	(6,709)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,777)	(4,360)
Purchase of investments in subsidiaries' equity resulting in change	(616)	-
Purchase of additional investments in consolidated subsidiaries' equity	(1,633)	(293)
Payments of loans receivable	(306)	(97)
Collection of loans receivable	159	83
Purchase of investment securities	(4,910)	(729)
Proceeds from sales of investment securities	397	3,266
Purchase of shares of subsidiaries	(297)	(1,764)
Payments of valuation of other investments	(2,718)	(5,157)
Other, net	816	563
Net cash provided by (used in) investing activities	(55,776)	(54,308)

[Millions of yen]

	March 31, 2014	March 31, 2015
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(35,013)	(11,411)
Proceeds from long-term loans payable	25,598	-
Repayments of long-term loans payable	(24,061)	(28,287)
Repayments of lease obligations	(2,658)	(2,141)
Proceeds from sales of treasury shares	0	0
Purchase of treasury shares	(15,806)	(13,509)
Payments made to trust account for purchase of treasury shares	(727)	-
Cash dividends paid	(9,284)	(8,908)
Other, net	-	2,486
Net cash provided by (used in) financing activities	(61,954)	(61,770)
Effect of exchange rate change on cash and cash equivalents	1,690	3,160
Net increase (decrease) in cash and cash equivalents	(26,094)	(11,185)
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	188,489	177,450

(5) Important Notes on the Basis of Presenting Consolidated Financial Statements

[Notes Regarding Going Concern Assumptions]
None.

[Basis of Presenting Consolidated Financial Statements]

[1] Scope of Consolidation

1) Number of consolidated subsidiaries: 129

The number of consolidated subsidiaries of the Group is 129. For the details of major consolidated subsidiaries, refer to “2. GROUP OVERVIEW.” Changes in consolidated subsidiaries during the fiscal year are as follows.

(Increased due to significance)
- Konica Minolta Business Solutions Slovenia d.o.o.
- Konica Minolta Croatia-Business Solutions d.o.o.
- Konica Minolta Baltia UAB
- Konica Minolta Ukraine
- Konica Minolta BH - Poslovna Rjesenja d.o.o.

(Increased due to acquisition of shares or equity interest)
- Ergo Asia Pty Limited and its 12 subsidiaries
- Indicia Group Limited and its seven subsidiaries
- Results Engineering LLC
- Konica Minolta IJ Textile Europe S.r.l.
- Konica Minolta Business Solutions do Sul Ltda

(Increased due to new establishment)
- Konica Minolta Business Technologies (Malaysia) Sdn. Bhd.
- Konica Minolta Healthcare do Brasil Ltda.
- Charterhouse USA, Inc.

(Decreased due to company liquidation)
- Konica Minolta Logistics Co., Ltd.

(Decreased due to disposal)
- R+M Business Software GmbH
- Koneo AB

(Decreased due to merger)
- KnowledgeCentrix Holdings, LLC
- DocuSource LLC
- Konica Minolta Medical & Graphic Imaging Europe GmbH
- Navigate System & Consulting GmbH
- GfWi GmbH
- 360 Business Software + Systeme GmbH
- Repro Conseil S.A.S.
- Aisne Impressions S.A.S.
- Results Engineering LLC

2) Principal unconsolidated subsidiary

Konica Minolta Business Solutions (Thailand) Co., Ltd.

Unconsolidated subsidiaries have not been included in the scope of consolidation because they are relatively small and their assets, net sales, net income (loss), and retained earnings (in proportion to scale of equity ownership) do not have material influence on the consolidated financial statements.

[2] Scope of the Use of Equity Method

1) Equity method is employed for investments in an important affiliate.

Major associate accounted for using equity method: Toho Chemical Laboratory Co., Ltd.

Media Technology Corporation, which was previously accounted for using the equity method, is excluded from the scope of application of the equity method, because of completion of the liquidation.

2) Unconsolidated subsidiaries that are not accounted for by the equity method (including Konica Minolta Business Solutions (Thailand) Co., Ltd.) and affiliates that are not accounted for by the equity method (including Konica Minolta Business Support Aichi Co., Ltd.) are excluded from the scope of application of the equity method, because they have little impact on net income (loss) or retained earnings, and their significance as a whole is minor.

[3] Fiscal year-end of consolidated subsidiaries

Some consolidated subsidiaries have fiscal years ending on December 31, and consolidated financial statements are prepared using the financial statements of those companies as of that fiscal year-end date.

Adjustments are made to consolidated accounts to account for important transactions involving those companies that occur between the end of those companies' fiscal year-end date and the end of the consolidated fiscal year.

The following consolidated subsidiaries have fiscal years ending December 31:

Konica Minolta Business Solutions do Brazil Ltda.
Konica Minolta Business Solutions do Sul Ltda.
Konica Minolta Business Solutions de Mexico SA de CV.
Konica Minolta Medical Systems Russia LLC
Konica Minolta Healthcare do Brasil Ltda.

Of the consolidated subsidiaries, Konica Minolta Business Solutions Russia LLC had a fiscal year ending on December 31, and consolidated financial statements were previously prepared using the financial statements of the company as of that fiscal year-end date. Adjustments were made to consolidated accounts to account for important transactions involving this company that occurred between the end of its fiscal year-end date and the end of the consolidated fiscal year. However, in order to disclose consolidated financial information more appropriately, the fiscal year-end date of this company has been changed to March 31, the end of the consolidated fiscal year for the fiscal year and subsequent fiscal years. As a result, the fiscal year of this company is 15 months from January 1, 2014 to March 31, 2015.

[4] Accounting Standards and Methods

1) Valuation standard and method for important assets

1. Securities

Bonds held to maturity:

Bonds held to maturity are recorded by the amortized cost method (straight-line method).

Available-for-sale securities:

Securities with fair market value are recorded using the mark-to-market method based on the market price as of the balance sheet date. (Total net unrealized gains or losses after tax effect adjustments are directly recorded in net assets and the cost of securities sold is computed based on the moving-average method.)

Securities that do not have fair market values are primarily recorded at cost using the moving-average method.

2. Derivatives

Derivatives are recorded using the mark-to-market method.

3. Inventories

Inventories of the Company and its domestic consolidated subsidiaries are principally recorded at cost as determined by the periodic-average method (method of reducing book value when the contribution of inventories to profitability declines). Inventories of overseas consolidated subsidiaries are principally recorded at the lower of cost or market value, with cost determined by the first-in, first-out method.

2) Amortization method for important depreciable assets

1. Property, plant and equipment (excluding lease assets)

The depreciable assets of the Company and its domestic consolidated subsidiaries are depreciated using the declining-balance method. Overseas consolidated subsidiaries adopt the straight-line method. However, the Company and its domestic consolidated subsidiaries have used the straight-line method for their buildings (excluding annexed structures) acquired since April 1, 1998.

2. Intangible assets (excluding lease assets)

We have adopted the straight-line method based on an estimated in-house working life of five years for the software we use.

3. Lease assets

Lease assets arising from finance lease transactions that do not transfer ownership

Depreciation is computed using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero.

Finance lease transactions not involving transfer of ownership commencing on or before March 31, 2008 are accounted for based on methods applicable to ordinary rental transactions.

3) Standards for key allowances

1. Allowance for doubtful accounts

To prepare for possible losses on uncollectable receivables, for general receivables, an amount is provided according to the historical percentage of uncollectability. For specific receivables for which there is some concern regarding collectability, an estimated amount is recorded by investigating the possibility of collection for each individual account.

2. Provision for bonuses

To prepare for the payment of employee bonuses, an amount corresponding to the current portion of estimated bonus payments to employees for the fiscal year is recorded.

3. Provision for directors' bonuses

To prepare for the payment of directors' bonuses, an amount corresponding to the current portion of estimated bonus payments to directors for the fiscal year is recorded.

4. Provision for product warranty

The provisioning of free after-sales service for products is recorded based on past after-sales service expenses as a percentage of net sales.

5. Provision for directors' retirement benefits

Consolidated subsidiaries, to provide for the payment of directors' retirement benefits, record provision for benefits for retired directors in an actual amount equal to the need at the end of the one-year period based on the Group's regulations.

4) Accounting method for retirement benefits

In order to provide for employee retirement benefits, net defined benefit liability is recorded at the amount of projected benefit obligations less plan assets at the end of the fiscal year. In determining retirement benefit obligations, the Group attributes the expected amount of retirement benefit to the period until this fiscal year-end based on the benefit formula.

Prior service cost is being amortized as incurred by the straight-line method over certain periods (principally 10 years), which are within the average remaining years of service of the employees at the time the service cost is generated.

Actuarial gains and losses are being amortized on a straight-line basis over certain periods (principally 10 years), which are within the average remaining years of service of the employees at the time the amounts are generated in each fiscal year, allocated proportionately starting from the year following the respective fiscal year of occurrence.

Unrecognized prior service costs and unrecognized actuarial gains or losses, net of tax effects, are recorded in accumulated other compressive income (remeasurements of defined benefit plans) under net assets.

5) Standard for translating significant assets and liabilities denominated in foreign currencies into Japanese yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen using the spot exchange rate at the end of the consolidated fiscal year, and foreign currency differences are recognized as gains or losses. The assets and liabilities of foreign subsidiaries are translated into Japanese yen using the spot exchange rates prevailing at the end of the consolidated fiscal year. Income and expense items are translated into Japanese yen using the average exchange rate for the fiscal year. Foreign currency differences are recorded in foreign currency translation adjustment and minority interests in net assets.

6) Principal accounting methods for hedge transactions

1. Hedge accounting methods

The deferred hedge method is mainly used. Designated hedge accounting is applied to currency swaps that fulfill requirements for such accounting method and specified hedge accounting is applied to interest-rate swaps that fulfill requirements for such accounting method. Foreign currency differences arising from translation of a foreign currency denominated monetary asset or liability designated as a hedge of an investment in a foreign subsidiary are offset with foreign currency translation adjustment arising from the hedged investment.

2. Hedge methods and hedge targets

Hedge methods: Forward exchange contracts, currency option transactions, currency swap transactions, interest rate swap transactions, and foreign-currency-denominated borrowings

Hedge targets: Scheduled foreign currency denominated transactions, borrowings, and equity investments in foreign subsidiaries.

3. Hedge policy

The Group enters into forward exchange contracts and currency option transactions as hedging instruments only, not for trading purposes to make profits, within the limit of actual foreign transactions to reduce risk arising from future fluctuations of foreign exchange rates. In addition, the Group enters into currency swap transactions and interest rate swap transactions to stabilize interest rates on bonds and borrowings or reduce cost fluctuations for future capital procurement, both as hedging instruments only, not for speculation purposes, within the limit of actual financial or operating transactions. The Company uses foreign currency-denominated borrowings in order to reduce foreign currency exposures in equity investments in foreign subsidiaries.

4. Methods for evaluating the effectiveness of hedges

The Company assesses hedge effectiveness by confirming that the hedging derivatives are highly correlated to changes in fair value or cash flows of hedged items.

7) Methods and period for amortization of consolidation goodwill

Amortization of goodwill is carried out separately for each goodwill item over a rational time period of 20 years or less.

8) Range of cash within consolidated statements of cash flow

Cash (cash and cash equivalents) in the consolidated statements of cash flow comprises cash on hand, deposits that can be withdrawn as needed, and short-term investments that are due for redemption in one year or less from the date of acquisition and that are easily converted into cash with little risk from a change in value.

9) Other important items regarding the preparation of consolidated financial statements

1. Consumption tax

The tax-exclusion method is used to account for consumption taxes.

In addition, the non-deductible portion of consumption taxes related to assets that is classified as deferred consumption taxes under tax laws is recorded in long-term prepaid expenses and amortized on a straight-line basis over five years.

2. Consolidated tax payment system

The consolidated tax payment system is applied.

[Changes in Accounting Policy]

(Application of accounting standards, etc. related to retirement benefits)

From the first quarter of the current consolidated fiscal year, the Company adopted Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 issued on May 17, 2012; hereinafter, the “Accounting Standard for Retirement Benefits”) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 issued on March 26, 2015; hereinafter, the “Guidance on Accounting Standard for Retirement Benefits”) in accordance with the provisions of paragraph 35 of the Accounting Standard for Retirement Benefits and paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. The Company revised the calculation method for retirement benefit obligations and service costs, adopted the method to attribute expected retirement benefits to the periods of services based on the benefit formula instead of on the straight-line basis, and changed the method of determining discount rates.

Adoption of the Accounting Standard for Retirement Benefits and Guidance was accounted for in accordance with the transitional treatment stipulated in Paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect of change in the calculation method for retirement benefit obligations and service costs was added to or deducted from retained earnings as of the beginning of this consolidated fiscal year.

As a result, net defined benefit liability at the beginning of this fiscal year increased ¥10,957 million, and retained earnings decreased ¥7,052 million. Operating income, ordinary income and income before income taxes and minority interests for the fiscal year increased ¥317 million, respectively.

[Consolidated Balance Sheet Items]

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

1. Accumulated depreciation directly deducted from property, plant and equipment

¥481,826 million

2. Investment securities of unconsolidated subsidiaries and affiliated companies

Investment securities (stocks)	¥3,705 million

3. Breakdown of inventories

Merchandise and finished goods	¥92,520 million
Work in process	¥10,365 million
Raw materials and stores	¥18,181 million

4. Guaranteed obligations

The Group guarantees bank loans and lease obligations, etc. of unconsolidated companies, etc. amounting to ¥277 million.

[Consolidated Statements of Income Items]

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

1. Main expense items and amounts of selling, general and administrative expenses are as follows.

Selling	¥16,411 million
Transport and storage	¥24,516 million
Advertising	¥18,332 million
Salaries and wages	¥116,244 million
Provision for reserve for bonuses	¥6,999 million
R&D	¥75,281 million
Depreciation and amortization	¥23,572 million
Retirement benefits	¥7,080 million
Provision for allowance for doubtful accounts	¥1,554 million

2. The cost of sales includes the cut-down of book values by ¥1,546 million, reflecting reduced profitability of inventory held for normal sales purposes.

3. Impairment loss was primarily attributable to write-down of the book value of the following assets to their recoverable amount.
   - Goodwill related to a subsidiary disposed in the structural reform of sales sites in Europe for the Business Technologies Business
   - Manufacturing equipment of optical products and film manufacturing equipment located in Japan for the Industrial Business
   - Corporate idle assets that included lands

4. Business structure improvement expenses included expenses related to structural reform of sales sites in Europe for the Business Technologies Business, discontinuation of in-house silver nitrate manufacturing for the Healthcare Business, and improvement of the production system of optical products for the Industrial Business.

[Segment and Other Related Information]

(Segment Information)

[1] Summary of Reportable Segments

1) Method of determining segments

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

The Group has sites in Japan and overseas for the different products and services it handles and has drawn up a comprehensive global strategy with business activities being deployed in line with this.

As such, the Group is comprised of multiple business segments for different products and services with the three reportable segments of "Business Technologies Business," "Healthcare Business" and "Industrial Business." Business segments that have generally similar economic characteristics have been consolidated.

2) Type of product and service belonging to each segment

The "Business Technologies Business" manufactures and sells MFPs, digital printing systems, and printers, and provides related solution services. The "Healthcare Business" manufactures and sells medical diagnostic imaging systems. The "Industrial Business" manufactures and sells electronic materials (TAC films, etc.), performance materials, optical products (pickup lenses, etc.), and measuring instruments for industrial and medical applications.

3) Changes in reportable segments

From the fiscal year, the Industrial Inkjet Business, which was previously included in the "Other", is positioned as the commercial/industrial print field in the "Business Technologies Business". Segment information for the previous fiscal year has been prepared based on reporting segment classifications following this change.

[2] Methods of Calculating Net Sales, Income or Loss, Assets, Liabilities, and Other Items by Reportable Segment

Accounting methods for reportable segments are mostly the same as the accounting methods described in "Basis of Presenting Consolidated Financial Statements."

Income by reportable segment is operating income. Intersegment net sales and transfers are based on market values.

[3] Information on Net Sales, Income or Loss, Assets, Liabilities, and Other Items by Reportable Segment

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

[Millions of yen]

	Reportable Segment				Other	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Net sales						
External	739,917	82,375	116,126	938,419	5,340	943,759
Intersegment	1,911	178	2,988	5,079	22,408	27,487
Total	741,829	82,554	119,115	943,498	27,748	971,247
Segment incomes	66,645	4,500	15,155	86,301	973	87,275
Segment assets	568,369	68,991	119,760	757,121	26,059	783,181
Segment liabilities	301,165	48,962	62,601	412,729	8,880	421,610
Other items						
Depreciation and amortization	28,305	2,800	10,261	41,367	262	41,629
Amortization of goodwill	8,414	—	991	9,406	—	9,406
Investments in entities accounted for using equity method	—	486	—	486	—	486
Increases in property, plant and equipment and intangible assets	24,188	2,708	13,302	40,200	903	41,103

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

[Millions of yen]

	Reportable Segment				Other	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Net sales						
External	817,257	78,568	112,780	1,008,607	3,167	1,011,774
Intersegment	1,895	316	2,425	4,636	23,103	27,740
Total	819,153	78,884	115,206	1,013,244	26,270	1,039,514
Segment incomes	71,806	2,737	19,428	93,972	1,581	95,553
Segment assets	619,751	64,989	116,655	801,396	24,906	826,303
Segment liabilities	328,331	43,699	53,402	425,433	8,390	433,823
Other items						
Depreciation and amortization	33,165	3,537	8,249	44,951	373	45,324
Amortization of goodwill	8,226	—	988	9,215	—	9,215
Investments in entities accounted for using equity method	—	524	—	524	—	524
Increases in property, plant and equipment and intangible assets	29,591	2,605	6,720	38,917	415	39,333

[4] Differences between the Total Amounts for Reportable Segments and the Amounts on the Consolidated Financial Statements and the Major Factors of the Differences (Adjustments of Differences)

[Millions of yen]

Net Sales	Fiscal year ended Mar 2014	Fiscal year ended Mar 2015
Total net sales of reportable segments	943,498	1,013,244
Net sales categorized in “Other”	27,748	26,270
Intersegment - eliminations	(27,487)	(27,740)
Net sales reported on the consolidated financial statements	943,759	1,011,774

[Millions of yen]

Operating Income	Fiscal year ended Mar 2014	Fiscal year ended Mar 2015
Total operating income of reportable segments	86,301	93,972
Operating income categorized in “Other”	973	1,581
Intersegment - eliminations	(5,817)	(6,852)
Corporate expenses*	(23,313)	(22,500)
Operating income reported on the consolidated financial statements	58,144	66,200

Note: Corporate expenses are primarily general administration expenses and R&D expenses that do not belong to any reportable segment.

[Millions of yen]

Assets	As of Mar 31, 2014	As of Mar 31, 2015
Total assets of reportable segments	757,121	801,396
Assets categorized in “Other”	26,059	24,906
Intersegment - eliminations	(90,354)	(96,135)
Corporate assets*	273,234	240,317
Total assets reported on the consolidated financial statements	966,060	970,485

Note: Corporate assets are primarily surplus funds (cash and deposits and securities), long-term investment funds (investment securities), and property, plant and equipment and intangible assets that do not belong to any reportable segment.

[Millions of yen]

Liabilities	As of Mar 31, 2014	As of Mar 31, 2015
Total liabilities of reportable segments	412,729	425,433
Liabilities categorized in “Other”	8,880	8,390
Intersegment - eliminations	(33,095)	(44,510)
Corporate liabilities*	97,490	79,487
Total liabilities reported on the consolidated financial statements	486,005	468,800

Note: Corporate liabilities are primarily interest-bearing debt (including loans payable and bonds payable) that does not belong to any reportable segment.

[Millions of yen]

Other items	Total of reportable segments		Others		Adjustments*		Total amounts reported on the consolidated financial statements	
	Fiscal year ended Mar 2014	Fiscal year ended Mar 2015	Fiscal year ended Mar 2014	Fiscal year ended Mar 2015	Fiscal year ended Mar 2014	Fiscal year ended Mar 2015	Fiscal year ended Mar 2014	Fiscal year ended Mar 2015
Depreciation and amortization	41,367	44,951	262	373	5,741	5,567	47,371	50,892
Amortization of goodwill	9,406	9,215	—	—	—	—	9,406	9,215
Investments in equity-method associates	486	524	—	—	—	—	486	524
Increases in property, plant and equipment and intangible assets	40,200	38,917	903	415	6,280	6,766	47,383	46,100

Note: Adjustments of depreciation and amortization are primarily depreciation of buildings that does not belong to any reportable segment.
Adjustments of increases in property, plant and equipment and intangible assets are primarily capital investments on buildings that do not belong to any reportable segment.

(Related Information)

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

[1] Information by Product or Service

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

[2] Sales Information by Geographical Area

[Millions of yen]

Japan	U.S.A.	Europe	Asia	Other	Total
213,337	205,810	302,364	143,957	78,289	943,759

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

[3] Information by Major Customer

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

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

[1] Information by Product or Service

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

[2] Sales Information by Geographical Area

[Millions of yen]

Japan	U.S.A.	Europe	Asia	Other	Total
203,661	235,628	328,663	156,633	87,187	1,011,774

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

[3] Information by Major Customer

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

(Information on Impairment Loss for Non-current Assets by Reportable Segment)

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

[Millions of yen]

	Reportable segment				Other	Eliminations and Corporate*2	Total
	Business Technologies Business	Healthcare Business	Industrial Business*1	Total			
Impairment loss	407	25	12,721	13,154	—	4,270	17,424

Note 1: The amount reported for the Industrial Business includes impairment loss of ¥11,899 million associated with the withdrawal from the glass substrates for HDDs business that was included in loss on business withdrawal in the consolidated statements of income.

Note 2: The amount of eliminations and corporate is the amount of impairment loss on buildings, etc. that does not belong to any reportable segment.

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

[Millions of yen]

	Reportable segment				Other	Eliminations and Corporate*	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total			
Impairment loss	1,851	73	957	2,882	—	907	3,789

Note: The amount of eliminations and corporate is the amount of impairment loss on buildings, etc. that does not belong to any reportable segment.

(Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment)

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

[Millions of yen]

	Reportable segment				Other	Eliminations and Corporate	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total			
Amortization for the period	8,414	—	991	9,406	—	—	9,406
Balance at the end of the period	55,577	—	10,157	65,734	—	—	65,734

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

[Millions of yen]

	Reportable segment				Other	Eliminations and Corporate	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total			
Amortization for the period	8,226	—	988	9,215	—	—	9,215
Balance at the end of the period	52,840	—	8,722	61,563	—	—	61,563

(Information on Gain on Negative Goodwill by Reportable Segment)
None.

[Per Share Information]

[yen]

	Fiscal year ended Mar 2014	Fiscal year ended Mar 2015
Net assets per share	929.04	995.48
Net income per share	41.38	64.73
Fully diluted net income per share	41.28	64.55

Note: Bases of calculations

[1] Net Assets per Share

		As of Mar 31, 2014	As of Mar 31, 2015
Total net assets in consolidated balance sheets	[millions of yen]	480,055	501,684
Total net assets attributable to common stock	[millions of yen]	478,404	499,596
Principal factors underlying difference	[millions of yen]		
Subscription rights to shares		910	1,016
Minority interests		740	1,071
Common stock outstanding	[thousands of shares]	531,664	511,664
Treasury shares	[thousands of shares]	16,720	9,801
Common stock used to calculate net assets per share	[thousands of shares]	514,943	501,863

[2] Net Income per Share and Fully Diluted Net Income per Share

		Fiscal year ended Mar 2014	Fiscal year ended Mar 2015
Total net income in consolidated statements of income	[millions of yen]	21,861	32,706
Value not attributable to common shareholders	[millions of yen]	—	—
Net income applicable to common stock	[millions of yen]	21,861	32,706
Average number of common stock outstanding during the fiscal year	[thousands of shares]	528,269	505,282
Main net income adjustment items used to calculate diluted net income per share figure	[millions of yen]	—	—
Adjustment of net income	[millions of yen]	—	—
Main common stock change items used to calculate diluted net income per share figure	[thousands of shares]		
Subscription rights to shares		1,281	1,412
Change in common stock outstanding	[thousands of shares]	1,281	1,412
Summary of potential shares not included in calculation of fully diluted net income per share because they are anti-dilutive		—	—

Note: As stated in [Changes in Accounting Policy], Accounting Standard for Retirement Benefits has been applied and transitional provisions set forth in paragraph 37 of the Accounting Standard for Retirement Benefits have been followed. As a result, net assets per share for the fiscal year decreased by ¥13.62, while net income per share and fully diluted net income per share for the fiscal year increased by ¥0.42, respectively.

[Notes Regarding Effects of Changes in Corporate Tax Rates]

The "Law for Partial Revision of Income Tax Law" (Article 9, 2015) and the "Law for Partial Revision of Local Tax Law" (Article 2, 2015) were promulgated on March 31, 2015, resulting in a reduction in the corporate tax rates from fiscal years beginning on or after April 1, 2015. Accordingly, the effective statutory tax rate used to measure deferred tax assets and liabilities will be reduced from 35.64% to 33.10% for temporary differences expected to be realized in the fiscal year beginning on April 1, 2015, and to 32.34% for temporary differences expected to be realized in fiscal years beginning on or after April 1, 2016.

As a result of these changes, deferred tax assets–net (net of deferred tax liabilities) decreased ¥4,259 million and valuation difference on available-for-sale securities increased ¥343 million as of the fiscal year-end, and income taxes–deferred recorded for the current fiscal year increased ¥4,603 million.

In addition, due to the revision of the deduction of loss carried-forward, the deduction will be limited to the amount equivalent to 65% of income before deduction of loss carried-forward for the fiscal years beginning on April 1, 2015 and 2016, and to 50% for the fiscal year beginning on or after April 1, 2017. Accordingly, deferred tax assets decreased by ¥3,330 million, and income taxes–deferred increased by the same amount.

[Important Subsequent Events]

At the Board of Directors meeting held on May 13, 2015, 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.

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:	May 14, 2015 to August 31, 2015
(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:	9 million (1.8% of the total number of issued shares prior to cancellation (including treasury shares))
(3) Number of issued shares after cancellation:	502,664,337 shares
(4) Planned date of cancellation:	June 30, 2015

Note: Treasury shares as of March 31, 2015

Total number of issued shares:	511,664,337 shares
Total number of treasury shares:	9,801,071 shares
Total number of outstanding shares (excluding treasury shares):	501,863,266 shares