

October 29, 2015

**Fiscal Year ending March 31, 2016**  
**Second Quarter Consolidated Financial Results**  
**[IFRS]**  
**April 1, 2015 – September 30, 2015**

**Konica Minolta, Inc.**

Stock exchange listings: Tokyo (First Sections)  
Local securities code number: 4902  
URL: <http://konicaminolta.com>  
Listed company name: Konica Minolta, Inc.  
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Scheduled date for submission of securities report: November 10, 2015  
Scheduled date for dividends payment: November 27, 2015  
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, 2015 to September 30, 2015)**

**(1) Business performance**

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

	Revenue		Operating profit		Profit before tax		Profit for the period	
Six months ended September 30, 2015	507,245	6.9%	28,210	-8.5%	27,338	-14.0%	17,316	-10.7%
Six months ended September 30, 2014	474,453	—	30,824	—	31,772	—	19,389	—

	Profit attributable to owners of the company		Total comprehensive income	
Six months ended September 30, 2015	17,330	-10.7%	15,279	-44.6%
Six months ended September 30, 2014	19,415	—	27,573	—

	Basic earnings per share attributable to owners of the company	Diluted earnings per share attributable to owners of the company
Six months ended September 30, 2015	34.82 yen	34.72 yen
Six months ended September 30, 2014	38.17 yen	38.06 yen

(Note) Basic earnings per share attributable to owners of the company and diluted earnings per share attributable to owners of the company are calculated based on the profit attributable to owners of the company.

## (2) Financial position

	Total assets	Total equity	[Millions of yen] Equity attributable to owners of the company	Equity ratio attributable to owners of the company	
As of September 30, 2015	980,990	529,729	528,888	53.9	%
As of March 31, 2015	994,256	529,504	528,432	53.1	%

## 2. Dividends per share

	1Q	2Q	3Q	Year-end	Total annual [yen]
Fiscal Year ended Mar 2015	—	10.00	—	10.00	20.00
Fiscal Year ending Mar 2016	—	15.00			
Fiscal Year ending Mar 2016 (forecast)			—	15.00	30.00

Note: Change to the latest dividend forecast announced: None

## 3. Consolidated results forecast for fiscal year ending March 31, 2016 (From April 1, 2015 to March 31, 2016)

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

	Revenue		Operating profit		Profit attributable to owners of the company		Basic earnings per share attributable to owners of the company
		%		%		%	
Full year	1,080,000	7.7	73,000	11.0	47,000	14.8	94.66 yen

Note: Change to the latest consolidated results forecast announced: Yes

## ■ Notes

(1) Changes in status of material subsidiaries during the period under review (Changes to specified subsidiaries accompanying the additional consolidation or removal from consolidation of companies): None

(2) Changes in accounting policy, or changes in accounting estimates

a. Changes in accounting policies required by IFRS: Yes

b. Changes in accounting policy other than "a.": None

c. Changes in accounting estimates: None

Note: For more detailed information, please see "Changes in accounting policy" in section 2.

SUMMARY INFORMATION (NOTES) on page 8.

(3) Number of shares (common stock)

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

As of September 30, 2015: 502,664,337 shares

As of March 31, 2015: 511,664,337 shares

b. Treasury shares at period-end

As of September 30, 2015: 7,309,005 shares

As of March 31, 2015: 9,801,071 shares

c. Average number of outstanding shares during the period

Six months ended September 30, 2015: 497,650,367 shares

Six months ended September 30, 2014: 508,716,076 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 Condensed Consolidated 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) Qualitative Information on the Consolidated Results Forecast" in section 1. CONSOLIDATED OPERATING RESULTS on page 7 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)

Konica Minolta, Inc. will hold a financial results briefing for institutional investors on Thursday, October 29, 2015. 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. ANALYSIS of BUSINESS PERFORMANCE and FINANCIAL POSITION

### (1) Qualitative Information on the Consolidated Business Performance

#### a. Overview of Performance

[Billions of yen]

	Six months ended September 30, 2015	Six months ended September 30, 2014	Increase (Decrease)	
Revenue	507.2	474.4	32.7	6.9%
Gross profit	244.2	233.2	11.0	4.7%
Operating profit	28.2	30.8	(2.6)	-8.5%
Profit before tax	27.3	31.7	(4.4)	-14.0%
Profit attributable to owners of the company	17.3	19.4	(2.0)	-10.7%
Basic earnings per share attributable to owners of the company [yen]	34.82	38.17	(3.35)	-8.8%
Capital expenditures	22.1	25.6	(3.5)	-13.7%
Depreciation and amortization expenses	24.9	22.7	2.2	9.7%
Research and development expenses	38.0	36.3	1.7	4.7%
Free cash flow	(40.3)	15.8	(56.2)	—%
Number of employees (consolidated) [persons]	42,853	41,713	1,140	2.7%
Foreign exchange rates [yen]				
US dollar	121.80	103.04	18.76	18.2%
euro	135.07	138.92	(3.85)	-2.8%

In the six months ended September 30, 2015 (hereafter, “period under review”), consolidated revenue of the Konica Minolta Group (hereafter, “the Group”) amounted to ¥507.2 billion, an increase of 6.9% year on year. By segment, revenues in the Industrial Business declined in the field of Performance Materials, but in the Business Technologies Business higher sales of color products, acquisitions and the effects of the weaker yen against the US dollar resulted in an increase in revenue, while due to a recovery in domestic sales the Healthcare Business again posted higher revenue.

Operating profit was ¥28.2 billion, falling by 8.5% over the same period in the previous year. The Business Technologies Business secured a rise in profits despite the continuation in the trend of the yen strengthening against the euro and its significant impact on profits. Also, while the Healthcare Business posted strong sales of main products both in Japan and overseas and consequently higher profits, falling sales in the Industrial Business led to lower profits. The changes in profit in these business divisions overlapped with one-off costs associated with the restructuring that was implemented in the first half of the period under review, causing a decline in profit for the Group as a whole.

Quarterly profit before tax came to ¥27.3 billion (down 14.0% year on year) and profit for the quarter attributable to the owners of the company was ¥17.3 billion (down 10.7% year on year).

#### <M&A during the period under review>

In line with the TRANSFORM 2016 Medium Term Business Plan, the Group is driving ahead with measures aimed at transforming itself into a customer-centric group of companies and at realizing sustainable profit growth. In the field of measuring instruments in the Industrial Business, the Group took steps during the period under review to establish itself as the global top leader as a result of our “Genre-top strategy” in the display/light source color measurement in which it excels. Aiming to shift the area of our business with a view to expanding into related growth fields, the Group acquired Radiant Vision Systems, LCC (hereafter, “Radiant”), a leading US provider of test and measurement solutions to the flat panel display industry. In the Healthcare Business, the Group acquired Brazilian X-ray system equipment manufacturer Sawae Tecnologia Ltda in July in order to promote the expansion of operations in overseas markets where demand is growing. In the United States the Group entered into an agreement, which came into force on October 1, 2015, to acquire 20/20 Healthcare LLC. Viztek LLC (headquartered in North Carolina, hereafter, “Viztek”) is a subsidiary of 20/20 Healthcare and a powerful healthcare imaging solution provider. In order to expand its overseas operations the Group will use Viztek’s robust sales network, which has deep roots in hospitals and clinics across the US, the world’s largest market, to start work on expanding sales of its main products, beginning with primary care. In the primary care market where further growth is expected, the Group will leverage its synergies with these two companies to provide medical IT solution services that add diagnostic value, primarily in digital X-ray diagnostic imaging, low-invasive diagnostic ultrasound imaging and picture archiving and communication systems (PACS).

## b. Overview by Segment

[Billions of yen]

	Six months ended September 30, 2015	Six months ended September 30, 2014	Increase (Decrease)	
<b>Business Technologies Business</b>				
Net revenue - external	409.2	377.0	32.1	8.5%
Operating profit	34.3	30.8	3.4	11.2%
<b>Healthcare Business</b>				
Net revenue - external	40.2	36.4	3.7	10.4%
Operating profit	1.4	1.2	0.2	22.4%
<b>Industrial Business</b>				
Net revenue - external	56.2	59.4	(3.2)	-5.5%
Operating profit	10.4	13.0	(2.6)	-20.1%

### i. Business Technologies Business

<Office services>

As price competition for mainstay A3 color MFPs (multi-function peripherals) is progressing in developed countries, the Group followed a sales strategy of maintaining prices by making efforts to grow sales of high-value-added products, consisting primarily of higher-segment models, but especially in the latter half of the second quarter, sales stagnated due to the impact of price competition. Also, because sales in emerging countries declined due to the impact of slower economic growth, sales volume for the whole of the period under review posted no more than a small gain. On the other hand, sales of monochrome models were strong in Europe and China, and sales volumes exceeded prior-year levels.

In the Group's forte of "hybrid-type sales," which combine equipment sales with the provision of IT services, there was a solid increase in contracts concluded for Managed Content Services (MCS) that help improve business process efficiency for medium-sized customer companies, further strengthening our relationships with client enterprises.

<Commercial and industrial printing>

In production print, the top-of-the-line "bizhub PRESS C1100" digital color printing system launched in the summer of last year posted higher sales in Japan, the United States, Europe and all Other regions.

In Marketing Print Management (MPM) services, which help optimize printing costs and improve business processes in a company's marketing department, the Group drove a global expansion in the scope of its service offerings and won a large-scale contract with a leading European retailer. In the industrial inkjet business, sales of components such as inkjet printheads for use in large-format printers were strong.

As a result, revenue of the Business Technologies Business to external customers stood at ¥409.2 billion, up 8.5% year on year, and operating profit was ¥34.3 billion, up 11.2% year on year. Revenues rose due to the effect of acquisitions and the weaker yen against the US dollar. Excluding gains on sale of property, plant and equipment in North America, in addition to the yen continuing the previous year's trend of strengthening against the euro, which has a significant impact on profits, there were also costs related to our business transformation, including the bolstering of our service provision capability, and thus only a small increase in profit was achieved.

### ii. Healthcare Business

In the period under review there was a recovery in sales in Japan, where a difficult environment had persisted in the previous year and conditions were also favorable in India and the United States, where sales networks are being strengthened, as well as in ASEAN economies. Sales of "AeroDR" mainstay cassette-type digital X-ray diagnostic imaging systems rose, primarily overseas, while the SONIMAGE HS1 diagnostic ultrasound system that went on sale in Japan last year has been very well received in the field of orthopedic surgery and sales are expanding.

As a result of these factors, revenue of the Healthcare Business to external customers amounted to ¥40.2 billion, an increase of 10.4% year on year. Operating profit was ¥1.4 billion, up 22.4% from the same period of the previous fiscal year. In addition to the increase in gross profit generated by rising sales of mainstay products, there was a rise in the number of service contracts, which depend on the installed base of such products and equipment, which in turn contributed to an improvement in profitability.

### iii. Industrial Business

#### <Performance materials>

Although conditions in the TAC film market have become challenging due to the slowing of economic growth in China and other emerging countries, products such as VA-TAC film for increasing viewing angles on large LCD televisions maintained roughly the same level of sales volume as in the previous year. Conversely, there was a contraction in notebook PC-related demand, which had been strong in the first half of the previous year, and overall TAC film sales volumes declined from prior-year levels.

#### <Optical systems for industrial use>

Measuring instruments were solid on the whole and from August the revenue from newly acquired Radiant was added to consolidated results. Lenses for industrial and professional use made a strong showing. On the other hand, pickup lenses for optical disks were hit by falling IT- and AV-related demand and sales volumes declined.

As a result, revenues from this business to external customers came to ¥56.2 billion (down 5.5% year on year) and operating profit stood at ¥10.4 billion (down 20.1% year on year).

#### (Reference) Overview of 2Q consolidated accounting period

[Billions of yen]

	Three months ended September 30, 2015	Three months ended September 30, 2014	Increase (Decrease)	
Revenue	258.6	247.8	10.7	4.4%
Gross profit	124.4	120.3	4.1	3.5%
Operating profit	18.1	16.4	1.7	10.6%
Profit before tax	16.9	17.3	(0.3)	-2.1%
Profit attributable to owners of the company	10.7	10.0	0.6	6.8%
Basic earnings per share attributable to owners of the company [yen]	21.68	19.83	1.85	9.3%
Capital expenditures	14.2	11.4	2.8	24.6%
Depreciation and amortization expenses	12.4	11.5	0.9	7.9%
Research and development expenses	18.8	18.2	0.6	3.3%
Free cash flow	(19.2)	22.4	(41.6)	—%
Foreign exchange rates [yen]				
US dollar	122.23	103.92	18.31	17.6%
euro	135.98	137.76	(1.78)	-1.3%

#### Overview of main segments

[Billions of yen]

	Three months ended September 30, 2015	Three months ended September 30, 2014	Increase (Decrease)	
<b>Business Technologies Business</b>				
Net revenue - external	207.4	197.3	10.1	5.1%
Operating profit	21.0	17.9	3.1	17.4%
<b>Healthcare Business</b>				
Net revenue - external	22.3	20.3	1.9	9.7%
Operating profit	1.3	1.1	0.2	20.1%
<b>Industrial Business</b>				
Net revenue - external	28.0	29.4	(1.3)	-4.6%
Operating profit	4.5	5.2	(0.6)	-11.8%

## (2) Qualitative Information on the Consolidated Financial Position

### a. Analysis of Financial Position

		September 30, 2015	March 31, 2015	Increase (Decrease)
Total assets	[Billions of yen]	980.9	994.2	(13.2)
Total equity	[Billions of yen]	529.7	529.5	0.2
Equity attributable to owners of the company	[Billions of yen]	528.8	528.4	0.4
Equity ratio attributable to owners of the company	[%]	53.9	53.1	0.8

Total assets at September 30, 2015 were down ¥13.2 billion (1.3%) from the previous fiscal year-end, to ¥980.9 billion. Total current assets decreased ¥46.9 billion (8.2%) to ¥523.6 billion (53.4% to total assets) and total non-current assets increased ¥33.7 billion (8.0%) to ¥457.3 billion (46.6% to total assets). With respect to current assets, cash and cash equivalents decreased ¥59.5 billion to ¥117.9 billion, and trade and other receivables decreased ¥3.7 billion to ¥249.2 billion, while inventories increased ¥12.8 billion to ¥133.6 billion. With respect to non-current assets, property, plant and equipment decreased ¥0.7 billion to ¥180.9 billion as a result of overall ongoing depreciation despite an increase due primarily to capital expenditures in the Business Technologies Business. Goodwill and intangible assets increased ¥38.9 billion to ¥165.0 billion, mainly due to acquisition.

Total liabilities at September 30, 2015 were ¥451.2 billion, a decrease of ¥13.4 billion (2.9%) from the previous fiscal year-end. Total current liabilities decreased ¥14.5 billion (5.2%) to ¥267.3 billion, and total non-current liabilities increased ¥1.0 billion (0.6%) to ¥183.9 billion. With respect to current liabilities, trade and other payables decreased ¥6.2 billion to ¥171.2 billion, bonds and borrowings decreased ¥2.9 billion to ¥50.4 billion, and income tax payables decreased ¥2.5 billion to ¥4.9 billion at September 30, 2015. With respect to non-current liabilities, bonds and borrowings decreased ¥0.5 billion to ¥111.6 billion, whereas retirement benefit liabilities increased ¥1.2 billion to ¥63.3 billion.

Total equity at September 30, 2015 amounted to ¥529.7 billion, an increase of ¥0.2 billion from the previous fiscal year-end. Retained earnings increased ¥1.2 billion to ¥252.5 billion. This was mainly the result of an increase due to profit attributable to owners of the company of ¥17.3 billion and a decrease due to cash dividends of ¥5.0 billion and cancellation of the treasury shares of ¥11.0 billion. Treasury shares decreased ¥1.1 billion to negative ¥9.5 billion as a result of acquisition of the Company's own shares of ¥9.9 billion and cancellation of the treasury shares of ¥11.0 billion based on the resolutions at the Board of Directors meeting. Other components of equity at September 30, 2015 totaled ¥43.9 billion, a decrease of ¥1.9 billion, due to a loss on exchange differences on translation of foreign operations of ¥0.4 billion and a net loss on revaluation of financial assets measured at fair value of ¥1.7 billion.

Equity attributable to owners of the company totaled ¥528.8 billion at September 30, 2015, an increase of ¥0.4 billion from the previous fiscal year-end, and the equity ratio attributable to owners of the company increased 0.8 percentage points to 53.9%.



## b. Cash Flows

[Billions of yen]

	Six months ended September 30, 2015	Six months ended September 30, 2014	Increase (Decrease)
Cash flows from operating activities	18.4	44.6	(26.2)
Cash flows from investing activities	(58.8)	(28.7)	(30.0)
Total (Free cash flow)	(40.3)	15.8	(56.2)
Cash flows from financing activities	(18.6)	(33.7)	15.1

During the six months ended September 30, 2015 (hereafter, "period under review"), net cash provided by operating activities was ¥18.4 billion, while net cash used in investing activities, mainly associated with capital expenditures and M&As, totaled ¥58.8 billion. As a result, free cash flow (the sum of operating and investing activities) was an outflow of ¥40.3 billion.

Net cash used in financing activities was ¥18.6 billion.

In addition, cash and cash equivalents at September 30, 2015 decreased ¥59.5 billion from the previous fiscal year-end to ¥117.9 billion, reflecting the unfavorable effect of exchange rate changes on cash and cash equivalents of ¥0.5 billion.

The details of cash flows associated with each activity during the period under review are as follows.

### Cash flows from operating activities

Net cash provided by operating activities for the period under review was ¥18.4 billion, compared to net cash provided of ¥44.6 billion in the same period of the previous fiscal year, as a result of cash inflow due to profit before tax of ¥27.3 billion, depreciation and amortization expenses of ¥24.9 billion and a decrease in trade and other receivables of ¥6.2 billion; and cash outflow due to an increase in inventories of ¥12.3 billion, income taxes paid of ¥8.8 billion and a decrease in trade and other payables of ¥7.6 billion.

### Cash flows from investing activities

Purchases of property, plant and equipment and intangible assets amounted to ¥15.5 billion and ¥7.2 billion, respectively, mainly attributable to capital expenditures in the Business Technologies Business. On the other hand, proceeds from sales of property, plant and equipment amounted to ¥5.5 billion, mainly due to sales of assets in North America. Purchases of investments in subsidiaries of ¥36.4 billion and payments for transfer of business of ¥3.1 billion were recognized related to aggressive M&As in the Business Technologies Business and the Healthcare Business in addition to the acquisition of Radiant in the Industrial Business. As a result, net cash used in investing activities was ¥58.8 billion, compared to net cash used of ¥28.7 billion in the same period of the previous fiscal year.

As a result, free cash flow (the sum of operating and investing activities) was an outflow of ¥40.3 billion (an inflow of ¥15.8 billion in the same period of the previous fiscal year).

### Cash flows from financing activities

Net cash used in financing activities was ¥18.6 billion, compared to net cash used of ¥33.7 billion in the same period of the previous fiscal year, due to purchase of treasury shares of ¥10.0 billion, a decrease in short-term loans payable of ¥2.5 billion and cash dividends paid of ¥5.0 billion.

### (3) Qualitative Information on the Consolidated Results Forecast

The outlook for the global economy in the third quarter and beyond has become increasingly unclear, reflecting the impact of the slowdown in growth in the Chinese economy. With regard to prospects in the Group's main markets, A3 color MFPs are being affected by the sluggishness in emerging markets, and in developed countries the price competition that has arisen against the background of the weaker yen is expected to intensify further. The Group anticipates that products used in display-related markets such as smartphones and large LCD televisions will enter a period of inventory correction due to the deceleration in the Chinese economy.

Taking into account the impact of this operating environment going forward in addition to progress made towards consolidated results in the first half of the year, we have revised earnings forecasts for the consolidated fiscal year under review as follows. With regard to the exchange rate assumptions that form the basis of the revised forecasts for the third quarter and beyond, a ¥5 depreciation has been applied to the previous euro rate assumption of ¥130 set at the time of the results announcement on May 13, 2015, taking it to ¥135. The US\$ exchange rate assumption is unchanged at ¥120.

Revision of consolidated financial results forecast for 2016 fiscal year (April 1, 2015 – March 31, 2016)

	Revenue	Operating profit	Profit attributable to owners of the company	Basic earnings per share attributable to owners of the company
	[Billions of yen]	[Billions of yen]	[Billions of yen]	[Yen]
Forecast previously announced (A)	1,100.0	77.0	50.0	100.71
Revised forecast (B)	1,080.0	73.0	47.0	94.66
Increase (decrease) (B - A)	(20.0)	(4.0)	(3.0)	—
Rate of change (%)	-1.8	-5.2	-6.0	—
(Ref.) Results for the fiscal year ended March 31, 2015	1,002.7	65.7	40.9	81.01

Note: The forecast previously announced for basic earnings per share attributable to owners of the company is the revised figure provided at the announcement of the first quarter results on August 6, 2015.

(Reference) Results forecasts for 3 main segments (April 1, 2015 – March 31, 2016)

	Forecast previously announced (A)		Revised forecast (B)		Increase (decrease) (B - A)	
	Net revenue - external	Operating profit	Net revenue - external	Operating profit	Net revenue - external	Operating profit
Business Technologies Business	890.0	84.0	875.0	81.0	(15.0)	(3.0)
Healthcare Business	85.0	4.0	85.0	4.0	—	—
Industrial Business	125.0	21.0	120.0	20.0	(5.0)	(1.0)

Note: The above results forecasts are based on future-related suppositions, outlooks and plans at the time this report was released, and they involve risks and uncertainties.

It should be noted that actual results may differ significantly from these forecasts due to various important factors, such as changes in economic conditions, market trends and currency exchange rates.

Figures in qualitative information sections given as billions of yen have been rounded off to the nearest hundred million yen.

## 2. SUMMARY INFORMATION (NOTES)

### Changes in accounting policy

The significant accounting policies applied to the Group's condensed consolidated financial statements are identical to those applied to the consolidated financial statements for the previous fiscal year ended March 31, 2015, except for the accounting standard provided below.

The Group has applied the following standard from the three months ended June 30, 2015. The application of this standard had no material effect on the Group's condensed consolidated financial statement.

Standard	Outline
IAS 19 Employee Benefits	Amendment of accounting for contributions from employees or third parties

**3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(1) Condensed Consolidated Statement of Financial Position**

[Millions of yen]

	March 31, 2015	September 30, 2015
Assets		
Current assets		
Cash and cash equivalents	177,496	117,955
Trade and other receivables	252,962	249,205
Inventories	120,803	133,692
Income tax receivables	559	1,058
Other financial assets	1,715	1,971
Other current assets	16,431	19,110
Subtotal	569,968	522,993
Assets held for sale	672	670
Total current assets	570,640	523,664
Non-current assets		
Property, plant and equipment	181,641	180,937
Goodwill and intangible assets	126,132	165,078
Investments accounted for using the equity method	524	1,327
Other financial assets	41,420	39,581
Deferred tax assets	64,291	60,966
Other non-current assets	9,605	9,435
Total non-current assets	423,615	457,325
Total assets	994,256	980,990

(Millions of yen)

	March 31, 2015	September 30, 2015
Liabilities		
Current liabilities		
Trade and other payables	177,564	171,271
Bonds and borrowings	53,349	50,404
Income tax payables	7,522	4,998
Provisions	5,542	5,045
Other financial liabilities	1,020	154
Other current liabilities	36,889	35,484
Total current liabilities	281,889	267,360
Non-current liabilities		
Bonds and borrowings	112,236	111,665
Retirement benefit liabilities	62,039	63,304
Provisions	1,135	1,349
Other financial liabilities	539	704
Deferred tax liabilities	2,944	3,061
Other non-current liabilities	3,967	3,815
Total non-current liabilities	182,863	183,900
Total liabilities	464,752	451,261
Equity		
Share capital	37,519	37,519
Share premium	203,395	203,397
Retained earnings	251,323	252,537
Treasury shares	(10,727)	(9,565)
Subscription rights to shares	1,016	1,026
Other components of equity	45,905	43,973
Equity attributable to owners of the company	528,432	528,888
Non-controlling interests	1,071	840
Total equity	529,504	529,729
Total liabilities and equity	994,256	980,990

**(2) Condensed Consolidated Statement of Profit or Loss**

Six months ended September 30, 2014 and 2015

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Revenue	474,453	507,245
Cost of sales	241,240	263,023
Gross profit	233,213	244,221
Other income	3,579	4,975
Selling, general and administrative expenses	198,332	214,285
Other expenses	7,635	6,700
Operating profit	30,824	28,210
Finance income	2,157	1,096
Finance costs	1,206	1,969
Share of profit (loss) of investments accounted for using the equity method	(3)	0
Profit before tax	31,772	27,338
Income tax expense	12,382	10,021
Profit for the period	19,389	17,316
Profit attributable to		
Owners of the company	19,415	17,330
Non-controlling interests	(25)	(13)
Earnings per share		
Basic	38.17 yen	34.82 yen
Diluted	38.06 yen	34.72 yen

Three months ended September 30, 2014 and 2015

(Millions of yen)

	Three months ended September 30, 2014	Three months ended September 30, 2015
Revenue	247,819	258,601
Cost of sales	127,490	134,115
Gross profit	120,329	124,485
Other income	1,304	4,233
Selling, general and administrative expenses	99,866	107,153
Other expenses	5,326	3,377
Operating profit	16,440	18,188
Finance income	1,487	382
Finance costs	622	1,631
Share of profit (loss) of investments accounted for using the equity method	(4)	3
Profit before tax	17,300	16,942
Income tax expense	7,255	6,196
Profit for the period	10,045	10,746
Profit attributable to		
Owners of the company	10,050	10,737
Non-controlling interests	(5)	8
Earnings per share		
Basic	19.83 yen	21.68 yen
Diluted	19.78 yen	21.61 yen

**(3) Condensed Consolidated Statement of Comprehensive Income**

Six months ended September 30, 2014 and 2015

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit for the period	19,389	17,316
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	34	128
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	1,194	(1,872)
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	(0)	3
Total items that will not be reclassified to profit or loss	1,229	(1,739)
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	103	245
Exchange differences on translation of foreign operations (net of tax)	6,850	(542)
Total items that may be subsequently reclassified to profit or loss	6,954	(297)
Total other comprehensive income	8,183	(2,037)
Total comprehensive income	27,573	15,279
Total comprehensive income attributable to		
Owners of the company	27,581	15,405
Non-controlling interests	(8)	(126)



Three months ended September 30, 2014 and 2015

(Millions of yen)

	Three months ended September 30, 2014	Three months ended September 30, 2015
Profit for the period	10,045	10,746
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	17	130
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	901	(3,019)
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	(0)	4
Total items that will not be reclassified to profit or loss	919	(2,885)
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	212	398
Exchange differences on translation of foreign operations (net of tax)	10,656	(8,687)
Total items that may be subsequently reclassified to profit or loss	10,869	(8,288)
Total other comprehensive income	11,788	(11,174)
Total comprehensive income	21,833	(427)
Total comprehensive income attributable to		
Owners of the company	21,831	(469)
Non-controlling interests	1	41

#### (4) Condensed Consolidated Statement of Changes in Equity

(Millions of yen)

	Share capital	Share premium	Retained earnings	Treasury shares	Subscription rights to shares	Other components of equity	Equity attributable to owners of the company	Non-controlling interests	Total equity
Balance at April 1, 2014	37,519	203,421	239,453	(17,322)	910	28,100	492,081	740	492,822
Profit for the period	—	—	19,415	—	—	—	19,415	(25)	19,389
Other comprehensive income (loss)	—	—	—	—	—	8,166	8,166	17	8,183
Total comprehensive income	—	—	19,415	—	—	8,166	27,581	(8)	27,573
Dividends	—	—	(3,862)	—	—	—	(3,862)	—	(3,862)
Acquisition and disposal of treasury shares	—	—	(14)	(11,761)	—	—	(11,775)	—	(11,775)
Cancellation of the treasury shares	—	—	(20,765)	20,765	—	—	—	—	—
Share-based payments (Subscription rights to shares)	—	—	—	—	31	—	31	—	31
Changes in the consolidation scope	—	—	124	—	—	—	124	—	124
Transfer from other components of equity to retained earnings	—	—	36	—	—	(36)	—	—	—
Total transactions with owners	—	—	(24,481)	9,004	31	(36)	(15,481)	—	(15,481)
Balance at September 30, 2014	37,519	203,421	234,387	(8,318)	942	36,229	504,181	732	504,913

(Millions of yen)

	Share capital	Share premium	Retained earnings	Treasury shares	Subscription rights to shares	Other components of equity	Equity attributable to owners of the company	Non-controlling interests	Total equity
Balance at April 1, 2015	37,519	203,395	251,323	(10,727)	1,016	45,905	528,432	1,071	529,504
Profit for the period	—	—	17,330	—	—	—	17,330	(13)	17,316
Other comprehensive income (loss)	—	—	—	—	—	(1,924)	(1,924)	(112)	(2,037)
Total comprehensive income	—	—	17,330	—	—	(1,924)	15,405	(126)	15,279
Dividends	—	—	(5,018)	—	—	—	(5,018)	—	(5,018)
Acquisition and disposal of treasury shares	—	—	(18)	(9,925)	—	—	(9,943)	—	(9,943)
Cancellation of the treasury shares	—	—	(11,086)	11,086	—	—	—	—	—
Share-based payments (Subscription rights to shares)	—	—	—	—	9	—	9	—	9
Changes in the ownership interest in subsidiaries	—	2	—	—	—	—	2	(104)	(102)
Transfer from other components of equity to retained earnings	—	—	7	—	—	(7)	—	—	—
Total transactions with owners	—	2	(16,116)	1,161	9	(7)	(14,949)	(104)	(15,054)
Balance at September 30, 2015	37,519	203,397	252,537	(9,565)	1,026	43,973	528,888	840	529,729

**(5) Condensed Consolidated Statement of Cash Flow**

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Profit before tax	31,772	27,338
Depreciation and amortization expenses	22,759	24,962
Impairment losses	3,356	11
Share of (profit) loss of investments accounted for using the equity method	3	(0)
Interest and dividend income	(1,381)	(1,089)
Interest expenses	1,206	1,275
(Gain) loss on sales and disposals of property, plant and equipment and intangible assets	(943)	(2,287)
(Increase) decrease in trade and other receivables	18,144	6,226
(Increase) decrease in inventories	(2,375)	(12,386)
Increase (decrease) in trade and other payables	(19,655)	(7,673)
Decrease in transfer of lease assets	(2,891)	(3,562)
Increase (decrease) in retirement benefit liabilities	314	1,143
Others	457	(6,597)
Subtotal	50,768	27,360
Dividends received	597	312
Interest received	771	817
Interest paid	(1,192)	(1,217)
Income taxes paid	(6,302)	(8,841)
Net cash flows from operating activities	44,643	18,432

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,087)	(15,569)
Proceeds from sales of property, plant and equipment	4,294	5,511
Purchase of intangible assets	(3,589)	(7,289)
Purchase of investments in subsidiaries	(2,563)	(36,400)
Purchase of interests in investments accounted for using equity method	—	(343)
Purchase of investment securities	(3)	(89)
Proceeds from sales of investment securities	2	287
Payments for loans receivable	(83)	(25)
Collection of loans receivable	244	82
Payments for transfer of business	(5,350)	(3,125)
Others	(3,621)	(1,852)
Net cash flows from investing activities	(28,759)	(58,813)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(12,456)	(2,540)
Redemption of bonds and repayments of long-term loans payable	(6,056)	(1,265)
Purchase of treasury shares	(11,073)	(10,011)
Cash dividends paid	(3,867)	(5,019)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(293)	(102)
Others	0	335
Net cash flows from financing activities	(33,747)	(18,602)
Effect of exchange rate changes on cash and cash equivalents	(1,150)	(558)
Net increase (decrease) in cash and cash equivalents	(19,012)	(59,541)
Cash and cash equivalents at the beginning of the period	188,489	177,496
Cash and cash equivalents at the end of the period	169,476	117,955

**(6) Notes to the Condensed Consolidated Financial Statements**  
**[Notes Regarding Going Concern Assumptions]**

None.

**[Other Income]**

Components of other income are as follows.

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Gain on sales of property, plant and equipment and intangible assets (Note)	1,549	3,305
Others	2,030	1,670
Total	3,579	4,975

(Note) Gain on sales of property, plant and equipment and intangible assets recognized during the six months ended September 30, 2015 was mainly due to sales of assets in North America.

**[Other Expenses]**

Components of other expenses are as follows.

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Special extra retirement payment (Note 1)	—	2,510
Loss on sales and disposals of property, plant and equipment and intangible assets	606	1,018
Impairment losses (Note 2)	3,356	11
Others	3,672	3,161
Total	7,635	6,700

(Note 1) Special extra retirement payment for the six months ended September 30, 2015 includes extra retirement payment paid to retired employees related to an implementation of a special early retirement program.

(Note 2) Impairment losses for the six months ended September 30, 2014 were mainly recognized for goodwill related to sales sites in Europe.

**[Share Capital and Treasury Shares]**

(Shares)

	Number of authorized shares	Number of issued shares (Note 1) (Note 2)	Treasury shares
Balance at previous fiscal year-end (March 31, 2015)	1,200,000,000	511,664,337	9,801,071
Increase (Note 3)	—	—	6,575,994
Decrease (Note 4)	—	9,000,000	9,068,060
Balance at end of period (September 30, 2015)	1,200,000,000	502,664,337	7,309,005

(Note 1) Shares issued by the Company are non-par value ordinary shares.

(Note 2) Issued shares have been fully paid.

(Note 3) On July 23, 2015, the acquisition of own shares based on the resolutions at the Board of Directors meeting held on May 13, 2015 was completed. Accordingly, the number of treasury shares increased by 6,571,500 shares (¥9,999 million).

(Note 4) 9,000,000 shares of treasury shares (¥11,086 million) were canceled on June 30, 2015, based on the resolutions at the Board of Directors meeting held on May 13, 2015.

**[Segment Information]**

(a) Reportable segments

Reportable segments of the Group are the constituent business units of the Group for which separate financial data is available and that are examined on a regular basis for the purpose of enabling the Group's management to decide on the allocation of resources and evaluate results of operations. The Group establishes business segments by product and service category and formulates comprehensive strategies and conducts business activities in Japan and overseas for the products and services of each business category. Consequently, the operations of the Group are divided into business segments based on products and services of each business category. This results in three reportable business segments: "Business Technologies Business," "Healthcare Business" and "Industrial Business." "Others" includes the planetarium business and other businesses not included in these reportable segments.

The business content of each reportable segment is as follows:

	Business content	
Business Technologies Business	<Office Services> Development, manufacture and sales of multi-functional peripherals (MFPs) and IT services, and the provision of related consumables, solutions and services	<Commercial and Industrial Printing> Development, manufacture and sales of digital printing systems, various printing services and industrial inkjet printers, and the provision of related consumables, solutions and services
Healthcare Business	Development, manufacture, sales and provision of services for diagnostic imaging systems (digital X-ray diagnostic imaging systems, diagnostic ultrasound systems, etc.)	
Industrial Business	<Optical Systems for Industrial Use> Development, manufacture and sales of measuring instruments, lenses for industrial and professional use, etc.	<Performance Materials> Development, manufacture and sales of TAC films used in liquid crystal displays, Organic Light Emitting Diode (OLED) lighting, functional films, etc.

(b) Information on reportable segments

Information on each reportable segment of the Group is provided below. Segment profit refers to operating profit.

Six Months Ended September 30, 2014

(Millions of yen)

	Reportable segments				Others	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Revenue						
External	377,075	36,450	59,497	473,022	1,430	474,453
Intersegment (Note)	1,049	115	1,169	2,334	11,752	14,086
Total	378,124	36,565	60,666	475,357	13,183	488,540
Segment profit	30,893	1,216	13,082	45,193	216	45,409

(Note) Intersegment revenue is based on market prices, etc.

## Six Months Ended September 30, 2015

(Millions of yen)

	Reportable segments				Others	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Revenue						
External	409,242	40,240	56,247	505,730	1,514	507,245
Intersegment (Note)	979	197	2,008	3,185	10,055	13,241
Total	410,222	40,438	58,255	508,916	11,569	520,486
Segment profit	34,364	1,489	10,453	46,307	630	46,937

(Note) Intersegment revenue is based on market prices, etc.

## Three months ended September 30, 2014

(Millions of yen)

	Reportable segments				Others	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Revenue						
External	197,335	20,378	29,427	247,141	677	247,819
Intersegment (Note)	595	93	648	1,337	6,595	7,933
Total	197,930	20,472	30,076	248,479	7,273	255,753
Segment profit	17,959	1,134	5,202	24,296	104	24,400

(Note) Intersegment revenue is based on market prices, etc.

## Three months ended September 30, 2015

(Millions of yen)

	Reportable segments				Others	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Revenue						
External	207,445	22,363	28,062	257,872	729	258,601
Intersegment (Note)	453	119	1,069	1,643	5,288	6,931
Total	207,899	22,483	29,132	259,515	6,017	265,533
Segment profit	21,089	1,363	4,590	27,043	399	27,442

(Note) Intersegment revenue is based on market prices, etc.

Differences between the amount of “Totals” for reportable segments and the amount of “condensed consolidated statement of profit or loss” and the principal content of these differences are provided below.

(Millions of yen)

Revenue	Six months ended September 30, 2014	Six months ended September 30, 2015
Total revenue of reportable segments	475,357	508,916
Revenue categorized in “Others”	13,183	11,569
Total of reportable segments and “Others”	488,540	520,486
Adjustments (Note)	(14,086)	(13,241)
Revenue reported in condensed consolidated statement of profit or loss	474,453	507,245

(Note) Adjustments are intersegment eliminations.

(Millions of yen)

Revenue	Three months ended September 30, 2014	Three months ended September 30, 2015
Total revenue of reportable segments	248,479	259,515
Revenue categorized in “Others”	7,273	6,017
Total of reportable segments and “Others”	255,753	265,533
Adjustments (Note)	(7,933)	(6,931)
Revenue reported in condensed consolidated statement of profit or loss	247,819	258,601

(Note) Adjustments are intersegment eliminations.

(Millions of yen)

Profit	Six months ended September 30, 2014	Six months ended September 30, 2015
Total operating profit of reportable segments	45,193	46,307
Operating profit categorized in “Others”	216	630
Total of reportable segments and “Others”	45,409	46,937
Adjustments (Note)	(14,584)	(18,727)
Operating profit reported in condensed consolidated statement of profit or loss	30,824	28,210

(Note) Adjustments include intersegment eliminations and corporate expenses, which are mainly general administration expenses and basic research expenses not attributed to any reportable segment.



(Millions of yen)

Profit	Three months ended September 30, 2014	Three months ended September 30, 2015
Total operating profit of reportable segments	24,296	27,043
Operating profit categorized in "Others"	104	399
Total of reportable segments and "Others"	24,400	27,442
Adjustments (Note)	(7,960)	(9,254)
Operating profit reported in condensed consolidated statement of profit or loss	16,440	18,188

(Note) Adjustments include intersegment eliminations and corporate expenses, which are mainly general administration expenses and basic research expenses not attributed to any reportable segment.

**[Business Combinations]**

Business combinations that occurred during the six months ended September 30, 2014 were not material.

The major business combination that occurred during the six months ended September 30, 2015 was as follows.

(Acquisition of shareholding of Radiant Vision Systems, LLC)

**(1) Description of the business combination**

As of August 3, 2015, the Group used cash to acquire 100% of shareholding of Radiant Vision Systems, LLC (hereafter, "Radiant"), a US-based leading provider of testing and measurement systems for flat panel displays. Radiant develops and offers fully integrated testing and measurement systems precisely engineered to meet specific customer requirements in the global display testing and measurement industry.

Through the acquisition of Radiant, the Group will solidify the foundation of its business of optical systems for industrial use within the Industrial Business by integrating Radiant's products and solutions with the existing business of light-source color measurement.

Furthermore, to pursue its future growth, the Group will gain the technological strength necessary to enter the field of manufacturing inspection systems, including visual surface inspections, where automation and integration will improve productivity.

**(2) Fair value of the consideration for acquisition, assets acquired and liabilities assumed as of the acquisition date**

(Millions of yen)

Fair value of the consideration for acquisition (Note 2)	29,292
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	921
Trade and other receivables	1,261
Inventories	465
Property, plant and equipment	262
Intangible assets	907
Other assets	58
Liabilities	(822)
Goodwill (Note 4)	26,238
Total	29,292

(Note 1) There was no contingent consideration.

(Note 2) Fair value of the consideration for acquisition may vary in the future.

(Note 3) The amounts were computed provisionally as an allocation of acquisition costs has not yet been completed.

(Note 4) Goodwill largely represents an excess earnings power of Radiant.

Acquisition-related costs of ¥645 million incurred in the business combination were recognized in "Selling, general and administrative expenses."

**(3) Performance after the acquisition date**

Information is not disclosed because the business combination of Radiant has no material effect on the condensed consolidated statement of profit or loss and the condensed consolidated statement of comprehensive income for the six months ended September 30, 2015.

**(4) Pro-forma information**

Pro-forma financial information assuming the business combination of Radiant was executed on April 1, 2015, the

beginning of the six months ended September 30, 2015, is not disclosed since accurate financial information of Radiant prior to the acquisition by the Group is unavailable.

**[Events After the Reporting Period]**

As of October 1, 2015, the Group used cash to acquire 100% of shareholding of 20/20 Healthcare LLC, a US-based company, which led to the acquisition of its subsidiaries, Viztek LLC (hereafter, "Viztek") and 20/20 Imaging LLC. Viztek is a provider of healthcare products and IT solutions.

Through this acquisition, the Group will strengthen its capabilities to provide value in the primary care market with a high growth potential in the U.S., the world's largest healthcare market. The synergy with Viztek will enhance the Group's healthcare IT solutions services centered on digital X-ray diagnostic imaging, low-invasive diagnostic ultrasound imaging and picture archiving and communication systems (PACS).

Fair value of the consideration for acquisition will be US\$75 million. Detailed information related to the accounting for this business combination is not disclosed since the initial accounting for acquisition of shareholding of 20/20 Healthcare LLC has not been completed as of the date for submission of the Second Quarter Consolidated Financial Results for the fiscal year ending March 31, 2016.

Pro-forma financial information assuming the business combination was executed as of April 1, 2015, the beginning of six months ended September 30, 2015, is not disclosed since the Group has just completed the acquisition and accurate financial information of the acquiree prior to the acquisition is currently unavailable.