October 31, 2016

Consolidated Financial Results for the Second Quarter of the Fiscal Year ending March 31, 2017
[IFRS]
April 1, 2016 – September 30, 2016

Konica Minolta, Inc.

Stock exchange listings:	Tokyo (First Sections)
Local securities code number:	4902
URL:	http://konicaminolta.com
Listed company name:	Konica Minolta, Inc.
Representative:	Shoei Yamana, President and CEO, Representative Executive Officer
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Telephone number:	(81) 3-6250-2100
Scheduled date for submission of securities report:	November 9, 2016
Scheduled date for dividends payment:	November 29, 2016
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, 2016 to September 30, 2016)

(1) Business performance

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

(Millions of yen)

	Revenue		Operating profit		Profit before tax	
Six months ended September 30, 2016	461,966	-8.9%	18,538	-34.3%	17,479	-36.1%
Six months ended September 30, 2015	507,245	6.9%	28,210	-8.5%	27,338	-14.0%

(Millions of yen)

	Profit for the period		Profit attributable to owners of the company		Total comprehensive income	
Six months ended September 30, 2016	13,484	-22.1%	13,243	-23.6%	(22,770)	-
Six months ended September 30, 2015	17,316	-10.7%	17,330	-10.7%	15,266	-45.4%

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2016	26.73 yen	26.65 yen
Six months ended September 30, 2015	34.82 yen	34.72 yen

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

(2) Financial position

(Millions of yen)

	Total assets	Total equity	Equity attributable to owners of the company	Equity ratio attributable to owners of the company
As of September 30, 2016	968,197	493,920	484,771	50.1%
As of March 31, 2016	976,370	514,981	514,285	52.7%

2. Dividends per share

(yen)

	1Q	2Q	3Q	Year-end	Total annual
Fiscal Year ended Mar 2016	—	15.00	—	15.00	30.00
Fiscal Year ending Mar 2017	—	15.00			
Fiscal Year ending Mar 2017 (forecast)			—	15.00	30.00

Note: Changes to the latest dividend forecast announced: None

3. Consolidated results forecast for fiscal year ending March 31, 2017 (From April 1, 2016 to March 31, 2017)

Percentage figures represent the change from the previous fiscal year.

(Millions of yen)

	Revenue		Operating profit		Profit attributable to owners of the company		Basic earnings per share
Full year	1,030,000	-0.2%	55,000	-8.4%	36,000	12.6%	72.65 yen

Note: Changes to the latest consolidated results forecast announced: None

■ 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 policies, or changes in accounting estimates
- a. Changes in accounting policies required by IFRS: None
- b. Changes in accounting policies other than "a.": None
- c. Changes in accounting estimates: None

(3) Number of shares (common stock)

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

As of September 30, 2016:	502,664,337 shares
As of March 31, 2016:	502,664,337 shares

b. Treasury shares at period-end

As of September 30, 2016:	7,107,649 shares
As of March 31, 2016:	7,188,993 shares

c. Average number of outstanding shares during the period

Six months ended September 30, 2016:	495,530,691 shares
Six months ended September 30, 2015:	497,650,367 shares

■ Presentation of Present Status of Quarterly Review Procedures

This "Consolidated Financial Results for the Second Quarter" 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. QUALITATIVE INFORMATION on the RESULTS of the PERIOD UNDER REVIEW" on page 9 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 Monday, October 31, 2016. Descriptions at the briefing and presentation slides providing supplementary information 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. QUALITATIVE INFORMATION on the RESULTS of the PERIOD UNDER REVIEW

(1) Qualitative Information on the Consolidated Business Performance

a. Overview of Performance

(Billions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2015	Increase (Decrease)	
Revenue	461.9	507.2	(45.2)	-8.9%
Gross profit	227.0	244.2	(17.1)	-7.0%
Operating profit	18.5	28.2	(9.6)	-34.3%
Profit before tax	17.4	27.3	(9.8)	-36.1%
Profit attributable to owners of the company	13.2	17.3	(4.0)	-23.6%
Basic earnings per share [yen]	26.73	34.82	(8.09)	-23.2%
Capital expenditures	17.4	22.1	(4.6)	-21.1%
Depreciation and amortization expenses	25.4	24.9	0.4	1.9%
Research and development expenses	36.1	38.0	(1.9)	-5.0%
Free cash flow	(13.9)	(40.3)	26.4	—
Number of employees (consolidated) [persons]	43,755	42,853	902	2.1%
Foreign exchange rates [yen]				
US dollar	105.29	121.80	(16.51)	-13.6%
euro	118.15	135.07	(16.92)	-12.5%

In the six months ended September 30, 2016 (hereafter, period under review), consolidated revenue of the Konica Minolta Group (hereafter, the Group) amounted to ¥461.9 billion, a decrease of 8.9% year on year. The Business Technologies Business was significantly affected by the stronger yen year on year versus the US dollar and the euro, causing yen-denominated revenue to fall. However, our unique value-added hybrid-type sales strategy, in which equipment sales are combined with IT services provision, bore fruit and sales of mid-range and high-end color products for office use were strong, causing revenue to grow on a local-currency basis. Although the Healthcare Business was affected by the exchange rate, the effect of corporate acquisitions implemented during the previous fiscal year was also felt and we managed to secure higher revenue. Conversely, in the Industrial Business, a gradual recovery in sales for the field of performance materials began around the second half of the period under review, but sales did not return to the level of the previous year, in addition to which the field of optical systems for industrial use reflected the general weakness in related products and markets, leading to a decline in revenue.

Operating profit was ¥18.5 billion, falling by 34.3% over the same period in the previous fiscal year. In the Business Technologies Business the rise in sales of mid-range and high-end color products that accompanied the hybrid-type sales led to improvement in the gross profit ratio and to higher profit on a local-currency basis. Nevertheless, with the United Kingdom's decision to exit the European Union as the catalyst, the yen strengthened sharply against the euro from around the middle of the period under review and, on a yen-denominated basis, profit fell. The Healthcare Business was also unable to compensate fully for the impact of the stronger yen, while the Industrial Business was affected by lower sales of mainstay products and both businesses posted lower profit. Profit before tax came to ¥17.4 billion (down 36.1% year on year) and profit attributable to the owners of the company was ¥13.2 billion (down 23.6% year on year).

Moreover, during the period under review, fluctuations in foreign exchange rates such as the yen strengthening by around ¥17 year on year versus the US dollar and the euro depressed revenue by ¥59.3 billion year on year, and pushed down operating profit by ¥11.1 billion year on year. Excluding these effects, revenue rose by 2.8% year on year and operating profit increased by 5.4% year on year.

<Progress in the Business Transformation and External Evaluation of the Group>

In pursuit of sustainable growth, we are accelerating the transformation in the focus of our business towards that of "a problem solving digital company." In order to obtain technology for use in the creation of new businesses, we made German IP video surveillance camera manufacturer MOBOTIX a consolidated subsidiary. We are preparing to expand sales of MOBOTIX's solutions by leveraging Konica Minolta's customer base and global sales network. We also made digital decoration printing equipment manufacturer MGI, headquartered in France, a consolidated subsidiary. We will combine our own products with MGI's innovative digital printing equipment, based on their deep knowledge of and insight into major printing customers in the domain of industrial printing, and make a full-scale expansion of business into such sectors as label and package printing.

With regard to external evaluation of Konica Minolta, within Japan our initiatives to transform the focus of the business by leveraging ICT have been highly regarded and in June 2016 we were selected as one of the 26 companies designated jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as "2016 Competitive IT Strategy Company Stock Selection."

Overseas, we have been selected for five consecutive years as one of the constituents of the Dow Jones Sustainability World Index (DJSI World), one of the world's leading socially responsible investing indices. From a global pool of 2,500 large companies, DJSI World selected 316 constituents, including 26 Japanese companies. We have identified six issues that must be dealt with as part of the materiality aspect of our CSR activities, including "Environment" and "Social innovation," and these have received high praise, as well as other initiatives such as "Climate change strategy," "Environmental policy and management system," and "Information disclosure."

b. Overview by Segment

(Billions of yen)

		Six months ended September 30, 2016	Six months ended September 30, 2015	Increase (Decrease)	
Business Technologies Business	Revenue	370.6	409.2	(38.5)	-9.4%
	Operating profit	26.1	34.3	(8.2)	-23.9%
Healthcare Business	Revenue	41.3	40.2	1.1	2.9%
	Operating profit	1.2	1.4	(0.2)	-16.7%
Industrial Business	Revenue	44.1	56.2	(12.0)	-21.5%
	Operating profit	4.7	10.4	(5.7)	-54.8%
Subtotal	Revenue	456.1	505.7	(49.5)	-9.8%
	Operating profit	32.1	46.3	(14.1)	-30.6%
"Others" and "Adjustments" (Note 2)	Revenue	5.7	1.5	4.2	281.4%
	Operating profit	(13.5)	(18.0)	4.5	—
Amount posted to Condensed Consolidated Statement of Profit or Loss	Revenue	461.9	507.2	(45.2)	-8.9%
	Operating profit	18.5	28.2	(9.6)	-34.3%

(Note)

1. "Revenue" refers to revenue from external customers.
2. "Revenue" refers to revenue from external customers in "Others" in "3. Condensed Consolidated Financial Statements (6) Notes to the Condensed Consolidated Financial Statements [Segment Information]" and "operating profit" is the total of "Others" and "Adjustments" from the same statement.

i. Business Technologies Business

<Office services>

During the period under review, sales of mainstay A3 color MFPs (multi-functional peripherals) were strong. In China and emerging countries, as well as in OEM sales, signs of a recovery were visible, with sales volumes exceeding previous-year levels in all four regions of

Japan, the US, Europe, and Others. In particular, the mid-range and higher-segment class, which saw the launch of the "bizhub C658/C558/C458" with color output speeds of 45-65 pages per minute, posted high rates of growth in sales, which led to a rise in print volumes and growth in sales of consumables for the period under review.

There was no change in the intensely competitive nature of the environment, primarily in the US, but in these conditions we are taking a more customer-centric, high value-added sales policy of using our proposal capabilities to resolve operational issues at client companies. In the latter half of the period under review, we won large-scale orders from a leading US healthcare-related company. Also, in discussions regarding major deals linked to leading companies that operate globally, our track record and our ability to handle customer requests are being evaluated very favorably, and a promising number of new contracts have been concluded in Europe and the US.

<Commercial and industrial printing>

In production print, the top-of-the-line "bizhub PRESS C1100" digital color printing system continued to post solid sales. As well as moving forward with deliveries for this product in Europe, mostly in Germany, based on orders that were won at the "drupa 2016" international printing equipment exhibition held in May, in the US we signed major deals with large print services, installations for which began during the period under review. In addition, in industrial printing and inkjets, components such as inkjet printheads were strong, leading to growth in sales. At drupa 2016 we also began sales of the new "AccurioJet KM-1" digital inkjet press.

As a result, revenue of the Business Technologies Business stood at ¥370.6 billion, down 9.4% year on year and operating profit was ¥26.1 billion, down 23.9% year on year. Due to rising sales of mainstay products, and especially the shift towards mid-range and high-end products and the corresponding increase in print volumes, the gross profit ratio improved. However, with the strengthening of the yen against the US dollar by about 20 yen and by more than 20 yen versus the euro year on year, the impact of drastic fluctuations in exchange rates was substantial and led to lower revenue and lower profit. Excluding the impact of exchange rates in the period under review, revenue grew by 3.7% year on year and operating profit rose by 5.4% year on year. Moreover, in the same period of the previous year, a gain on the sale of property, plant and equipment in North America was posted, so the scale of the decline in profit was significant.

ii. Healthcare Business

During the period under review, Konica Minolta continued to receive positive evaluation in the market, such as being rated "No.1 in customer satisfaction for digital X-ray diagnostics imaging systems" by a market research company in the US, while sales of the "AeroDR" cassette-type digital X-ray diagnostics imaging systems grew strongly. Furthermore, by leveraging sales networks strengthened by corporate acquisitions made in the previous fiscal year, rising sales of solutions products in the primary care market also contributed to the expansion of the business. In Japan, in addition to growth in sales of "AeroDR" systems, sales of "SONIMAGE HS1" diagnostic ultrasound systems were also strong. Sales of the "SONIMAGE HS1" began in China from September of this year, generating the highest ever sales volume on a quarterly basis.

As a result of these factors, revenue of the Healthcare Business amounted to ¥41.3 billion, an increase of 2.9% year on year. Operating profit was ¥1.2 billion, a decrease of 16.7% over the same period of the previous fiscal year. In accordance with our Medium Term Business Plan, we achieved progress in our growth strategy of expanding the US business and growing sales of digital products, but the impact of the stronger yen resulted in higher revenue and lower profit. Excluding the impact of exchange rates in the period under review, revenue grew by 11.2% year on year and operating profit rose by 57.1% year on year.

iii. Industrial Business

In the field of performance materials, TAC film sales volume recovered from the first half of the period under review along with the recovery of the display products market. For individual products, we began to see the fruits of the strengthening measures we had been working on for phase difference film for IPS panels and optical ultra-thin TAC film, etc., all of which led to a clear note of recovery. In year-on-year terms, revenue declined owing to the decline in product price, but the scale of the contraction in the second half of the period under review was smaller than in the first half, and revenue has recovered to the level of the second half of the previous fiscal year.

In the field of optical systems for industrial use, there was a significant impact from a major deal for measuring instruments, which had been anticipated for the period but had been postponed until later in this fiscal year. End-product markets for lenses for industrial and professional use also remained weak and sales were sluggish.

As a result, revenue of the Industrial Business came to ¥44.1 billion, down 21.5% year on year and operating profit stood at ¥4.7 billion, down 54.8% year on year.

(Reference) Overview of 2Q consolidated accounting period

(Billions of yen)

	Three months ended September 30, 2016	Three months ended September 30, 2015	Increase (Decrease)	
Revenue	232.8	258.6	(25.7)	−10.0%
Gross profit	112.7	124.4	(11.7)	−9.4%
Operating profit	9.6	18.1	(8.5)	−47.1%
Profit before tax	8.9	16.9	(7.9)	−47.2%
Profit attributable to owners of the company	6.8	10.7	(3.8)	−36.1%
Basic earnings per share [yen]	13.84	21.68	(7.84)	−36.2%
Capital expenditures	9.5	14.2	(4.7)	−32.9%
Depreciation and amortization expenses	12.6	12.4	0.2	2.0%
Research and development expenses	17.9	18.8	(0.9)	−4.8%
Free cash flow	11.2	(19.2)	30.5	−
Foreign exchange rates [yen]				
US dollar	102.43	122.23	(19.80)	−16.2%
euro	114.28	135.98	(21.70)	−16.0%

Overview of main segments

(Billions of yen)

		Three months ended September 30, 2016	Three months ended September 30, 2015	Increase (Decrease)	
Business Technologies Business	Revenue	184.3	207.4	(23.1)	−11.1%
	Operating profit	12.8	21.0	(8.2)	−39.2%
Healthcare Business	Revenue	22.9	22.3	0.5	2.6%
	Operating profit	1.0	1.3	(0.3)	−23.2%
Industrial Business	Revenue	22.4	28.0	(5.6)	−20.1%
	Operating profit	2.3	4.5	(2.1)	−47.7%
Subtotal	Revenue	229.6	257.8	(28.1)	−10.9%
	Operating profit	16.2	27.0	(10.7)	−39.9%
"Others" and "Adjustments" (Note 2)	Revenue	3.1	0.7	2.4	332.0%
	Operating profit	(6.6)	(8.8)	2.2	−
Amount posted to Condensed Consolidated Statement of Profit or Loss	Revenue	232.8	258.6	(25.7)	−10.0%
	Operating profit	9.6	18.1	(8.5)	−47.1%

(Note)

1. "Revenue" refers to revenue from external customers.
2. "Revenue" refers to revenue from external customers in "Others" in "3. Condensed Consolidated Financial Statements (6) Notes to the Condensed Consolidated Financial Statements [Segment Information]" and "Operating profit" is the total of the "Others" and "Adjustments" items from the same statement.

(2) Qualitative Information on the Consolidated Financial Position

a. Analysis of Financial Position

		September 30, 2016	March 31, 2016	Increase (Decrease)
Total assets	[Billions of yen]	968.1	976.3	(8.1)
Total liabilities	[Billions of yen]	474.2	461.3	12.8
Total equity	[Billions of yen]	493.9	514.9	(21.0)
Equity attributable to owners of the company	[Billions of yen]	484.7	514.2	(29.5)
Equity ratio attributable to owners of the company	[%]	50.1	52.7	-2.6

Total assets at September 30, 2016 were ¥968.1 billion, a decrease of ¥8.1 billion (0.8%) from the previous fiscal year-end. This was mainly due to a decrease of ¥27.6 billion in trade and other receivables, and an increase of ¥22.8 billion in goodwill and intangible assets.

Total liabilities at September 30, 2016 were ¥474.2 billion, an increase of ¥12.8 billion (2.8%) from the previous fiscal year-end. This was mainly due to an increase of ¥28.3 billion in bonds and borrowings, and a decrease of ¥14.9 billion in trade and other payables.

Total equity at September 30, 2016 amounted to ¥493.9 billion, a decrease of ¥21.0 billion (4.1%) from the previous fiscal year-end. This was mainly the result of profit for the period of ¥13.4 billion, a decrease in retained earnings due to cash dividends of ¥7.4 billion, and other components of equity (mainly, exchange differences on translation of foreign operations) falling by ¥35.3 billion.

Equity attributable to owners of the company totaled ¥484.7 billion at September 30, 2016, a decrease of ¥29.5 billion (5.7%) from the previous fiscal year-end, and the equity ratio attributable to owners of the company decreased 2.6 percentage points to 50.1%.

b. Cash Flows

(Billions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2015	Increase (Decrease)
Cash flows from operating activities	35.7	18.4	17.3
Cash flows from investing activities	(49.6)	(58.8)	9.1
Total (Free cash flow)	(13.9)	(40.3)	26.4
Cash flows from financing activities	22.4	(18.6)	41.0

During the six months ended September 30, 2016, net cash provided by operating activities was ¥35.7 billion, while net cash used in investing activities, mainly associated with the purchase of investments in subsidiaries, totaled ¥49.6 billion. As a result, free cash flow (the sum of operating and investing activities) was an outflow of ¥13.9 billion.

Net cash provided by financing activities was ¥22.4 billion.

In addition, cash and cash equivalents at the end of the six months ended September 30, 2016 increased ¥2.4 billion compared with the previous fiscal year-end to ¥102.3 billion, reflecting the effect of exchange rate changes on cash and cash equivalents.

Cash flows from operating activities

Net cash provided by operating activities for the period under review was ¥35.7 billion as a result of cash inflow due to profit before tax of ¥17.4 billion, depreciation and amortization expenses of ¥25.4 billion and an increase in trade and other payables of ¥6.7 billion; and cash outflow due to income taxes paid of ¥3.8 billion and an increase in inventories of ¥12.7 billion.

Cash flows from investing activities

Net cash used in investing activities was ¥49.6 billion due to purchases of property, plant and equipment of ¥15.7 billion and purchases of investments in subsidiaries of ¥25.1 billion.

As a result, free cash flow (the sum of operating and investing activities) was an outflow of ¥13.9 billion, compared to net cash used of ¥40.3 billion in the same period of the previous fiscal year.

Cash flows from financing activities

Net cash provided by financing activities was ¥22.4 billion, compared to net cash used of ¥18.6 billion in the same period of the previous fiscal year, due to an increase in short-term loans payable of ¥0.7 billion, proceeds from long-term loans payable of ¥30.5 billion, repayments of long-term loans payable of ¥1.7 billion and cash dividends paid of ¥7.4 billion.

(3) Qualitative Information on the Consolidated Results Forecast

Although the outlook for both the domestic and overseas environments in which the Group operates is likely to remain uncertain, we have not made any changes to the results forecasts announced on July 28, 2016.

Furthermore, the exchange rates these forecasts are predicated upon are unchanged from those announced on July 28, namely 105 yen against the US dollar and 115 yen against the euro.

*The above operating performance forecasts are based on future-related suppositions, outlooks, and plans at the time this report was released, and as such 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)

None.

3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2016	September 30, 2016
Assets		
Current assets		
Cash and cash equivalents	99,937	102,382
Trade and other receivables	249,498	221,889
Inventories	121,361	127,829
Income tax receivables	3,210	1,444
Other financial assets	3,327	1,931
Other current assets	18,249	18,913
Subtotal	495,585	474,390
Assets held for sale	630	565
Total current assets	496,216	474,956
Non-current assets		
Property, plant and equipment	187,322	183,916
Goodwill and intangible assets	178,390	201,220
Investments accounted for using the equity method	3,614	3,440
Other financial assets	38,646	40,100
Deferred tax assets	59,052	57,189
Other non-current assets	13,128	7,373
Total non-current assets	480,154	493,241
Total assets	976,370	968,197

(Millions of yen)

	March 31, 2016	September 30, 2016
Liabilities		
Current liabilities		
Trade and other payables	162,907	147,914
Bonds and borrowings	42,624	43,427
Income tax payables	3,317	3,180
Provisions	6,821	5,391
Other financial liabilities	200	166
Other current liabilities	39,379	36,157
Total current liabilities	255,251	236,237
Non-current liabilities		
Bonds and borrowings	125,653	153,202
Retirement benefit liabilities	67,913	67,870
Provisions	1,227	1,275
Other financial liabilities	3,611	6,283
Deferred tax liabilities	3,443	5,378
Other non-current liabilities	4,286	4,028
Total non-current liabilities	206,137	238,038
Total liabilities	461,389	474,276
Equity		
Share capital	37,519	37,519
Share premium	203,397	203,397
Retained earnings	258,562	264,280
Treasury shares	(9,408)	(9,301)
Subscription rights to shares	1,009	974
Other components of equity	23,204	(12,099)
Equity attributable to owners of the company	514,285	484,771
Non-controlling interests	696	9,149
Total equity	514,981	493,920
Total liabilities and equity	976,370	968,197

(2) Condensed Consolidated Statement of Profit or Loss
Six months ended September 30, 2015 and 2016

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Revenue	507,245	461,966
Cost of sales	263,023	234,919
Gross profit	244,221	227,047
Other income	4,975	1,895
Selling, general and administrative expenses	214,285	207,265
Other expenses	6,700	3,138
Operating profit	28,210	18,538
Finance income	1,096	1,202
Finance costs	1,969	2,166
Share of profit (loss) of investments accounted for using the equity method	0	(95)
Profit before tax	27,338	17,479
Income tax expense	10,021	3,994
Profit for the period	17,316	13,484
Profit attributable to		
Owners of the company	17,330	13,243
Non-controlling interests	(13)	241
Earnings per share		
Basic	34.82 yen	26.73 yen
Diluted	34.72 yen	26.65 yen

Three months ended September 30, 2015 and 2016

(Millions of yen)

	Three months ended September 30, 2015	Three months ended September 30, 2016
Revenue	258,601	232,834
Cost of sales	134,115	120,082
Gross profit	124,485	112,752
Other income	4,233	575
Selling, general and administrative expenses	107,153	102,044
Other expenses	3,377	1,656
Operating profit	18,188	9,626
Finance income	382	479
Finance costs	1,631	1,127
Share of profit (loss) of investments accounted for using the equity method	3	(27)
Profit before tax	16,942	8,950
Income tax expense	6,196	1,733
Profit for the period	10,746	7,217
Profit attributable to		
Owners of the company	10,737	6,856
Non-controlling interests	8	360
Earnings per share		
Basic	21.68 yen	13.84 yen
Diluted	21.61 yen	13.80 yen

(3) Condensed Consolidated Statement of Comprehensive Income

Six months ended September 30, 2015 and 2016

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit for the period	17,316	13,484
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	128	(74)
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	(1,872)	135
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	3	(1)
Total items that will not be reclassified to profit or loss	(1,739)	59
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	245	19
Exchange differences on translation of foreign operations (net of tax)	(555)	(36,298)
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	–	(37)
Total items that may be subsequently reclassified to profit or loss	(310)	(36,315)
Total other comprehensive income	(2,050)	(36,255)
Total comprehensive income	15,266	(22,770)
Total comprehensive income attributable to		
Owners of the company	15,392	(22,133)
Non-controlling interests	(126)	(637)

Three months ended September 30, 2015 and 2016

(Millions of yen)

	Three months ended September 30, 2015	Three months ended September 30, 2016
Profit for the period	10,746	7,217
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	130	(74)
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	(3,019)	932
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	4	(0)
Total items that will not be reclassified to profit or loss	(2,885)	857
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	398	(373)
Exchange differences on translation of foreign operations (net of tax)	(8,844)	(6,202)
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	–	(24)
Total items that may be subsequently reclassified to profit or loss	(8,445)	(6,599)
Total other comprehensive income	(11,330)	(5,742)
Total comprehensive income	(584)	1,474
Total comprehensive income attributable to		
Owners of the company	(625)	1,734
Non-controlling interests	41	(259)

(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, 2015	37,519	203,395	257,227	(10,727)	1,016	47,545	535,976	1,071	537,048
Profit for the period	–	–	17,330	–	–	–	17,330	(13)	17,316
Other comprehensive income	–	–	–	–	–	(1,937)	(1,937)	(112)	(2,050)
Total comprehensive income	–	–	17,330	–	–	(1,937)	15,392	(126)	15,266
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	258,441	(9,565)	1,026	45,600	536,419	840	537,260

(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, 2016	37,519	203,397	258,562	(9,408)	1,009	23,204	514,285	696	514,981
Profit for the period	–	–	13,243	–	–	–	13,243	241	13,484
Other comprehensive income	–	–	–	–	–	(35,376)	(35,376)	(879)	(36,255)
Total comprehensive income	–	–	13,243	–	–	(35,376)	(22,133)	(637)	(22,770)
Dividends	–	–	(7,432)	–	–	–	(7,432)	–	(7,432)
Acquisition and disposal of treasury shares	–	–	(20)	107	–	–	86	–	86
Share-based payments (Subscription rights to shares)	–	–	–	–	(35)	–	(35)	–	(35)
Changes in non-controlling interests due to increase in subsidiaries	–	–	–	–	–	–	–	9,090	9,090
Transfer from other components of equity to retained earnings	–	–	(72)	–	–	72	–	–	–
Total transactions with owners	–	–	(7,525)	107	(35)	72	(7,380)	9,090	1,710
Balance at September 30, 2016	37,519	203,397	264,280	(9,301)	974	(12,099)	484,771	9,149	493,920

(5) Condensed Consolidated Statement of Cash Flow

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before tax	27,338	17,479
Depreciation and amortization expenses	24,962	25,431
Impairment losses	11	22
Share of (profit) loss of investments accounted for using the equity method	(0)	95
Interest and dividends income	(1,089)	(1,166)
Interest expenses	1,275	1,316
(Gain) loss on sales and disposals of property, plant and equipment and intangible assets	(2,287)	285
(Increase) decrease in trade and other receivables	6,226	1,642
(Increase) decrease in inventories	(12,386)	(12,726)
Increase (decrease) in trade and other payables	(7,673)	6,714
Decrease in transfer of lease assets	(3,562)	(3,138)
Increase (decrease) in retirement benefit liabilities	1,143	1,290
Others	(6,597)	2,570
Subtotal	27,360	39,818
Dividends received	312	292
Interest received	817	724
Interest paid	(1,217)	(1,265)
Income taxes paid	(8,841)	(3,824)
Net cash flows from operating activities	18,432	35,745

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,569)	(15,765)
Proceeds from sales of property, plant and equipment	5,511	613
Purchase of intangible assets	(7,289)	(4,448)
Purchase of investments in subsidiaries	(36,400)	(25,144)
Purchase of interests in investments accounted for using the equity method	(343)	—
Purchase of investment securities	(89)	(115)
Proceeds from sales of investment securities	287	12
Payments for loans receivable	(25)	(19)
Collection of loans receivable	82	110
Payments for transfer of business	(3,125)	(3,845)
Others	(1,852)	(1,062)
Net cash flows from investing activities	(58,813)	(49,666)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(2,540)	743
Proceeds from bonds issuance and long-term loans payable	4	30,504
Redemption of bonds and repayments of long-term loans payable	(1,265)	(1,710)
Purchase of treasury shares	(10,011)	(1)
Cash dividends paid	(5,019)	(7,428)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(102)	—
Others	331	370
Net cash flows from financing activities	(18,602)	22,478
Effect of exchange rate changes on cash and cash equivalents	(558)	(6,112)
Net increase (decrease) in cash and cash equivalents	(59,541)	2,445
Cash and cash equivalents at the beginning of the period	177,496	99,937
Cash and cash equivalents at the end of the period	117,955	102,382

(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, 2015	Six months ended September 30, 2016
Gain on sales of property, plant and equipment and intangible assets (Note)	3,305	128
Others	1,670	1,766
Total	4,975	1,895

(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, 2015	Six months ended September 30, 2016
Special extra retirement payment (Note)	2,510	–
Loss on sales and disposals of property, plant and equipment and intangible assets	1,018	414
Others	3,172	2,724
Total	6,700	3,138

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

[Share Capital and Treasury Shares]

(Shares)

	Number of authorized shares	Number of issued shares (Note 1) (Note 2)	Number of treasury shares
Balance at March 31, 2016	1,200,000,000	502,664,337	7,188,993
Increase	–	–	1,322
Decrease	–	–	82,666
Balance at September 30, 2016	1,200,000,000	502,664,337	7,107,649

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

(Note 2) Issued shares have been fully paid.

[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 businesses involving IP video surveillance cameras, planetariums, etc., 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 MFPs and IT services; 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; 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, 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.

Six months ended September 30, 2016

(Millions of yen)

	Reportable segments				Others	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Revenue						
External	370,645	41,393	44,152	456,191	5,774	461,966
Intersegment (Note)	1,901	367	2,157	4,427	9,535	13,963
Total	372,547	41,761	46,309	460,619	15,310	475,929
Segment profit	26,159	1,239	4,722	32,122	(615)	31,507

(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.

Three months ended September 30, 2016

(Millions of yen)

	Reportable segments				Others	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Revenue						
External	184,317	22,942	22,426	229,685	3,149	232,834
Intersegment (Note)	1,109	172	703	1,986	5,179	7,166
Total	185,427	23,114	23,129	231,671	8,329	240,000
Segment profit	12,814	1,046	2,399	16,260	312	16,572

(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, 2015	Six months ended September 30, 2016
Total revenue of reportable segments	508,916	460,619
Revenue categorized in “Others”	11,569	15,310
Total of reportable segments and “Others”	520,486	475,929
Adjustments (Note)	(13,241)	(13,963)
Revenue reported in condensed consolidated statement of profit or loss	507,245	461,966

(Note) Adjustments are intersegment eliminations.

(Millions of yen)

Revenue	Three months ended September 30, 2015	Three months ended September 30, 2016
Total revenue of reportable segments	259,515	231,671
Revenue categorized in “Others”	6,017	8,329
Total of reportable segments and “Others”	265,533	240,000
Adjustments (Note)	(6,931)	(7,166)
Revenue reported in condensed consolidated statement of profit or loss	258,601	232,834

(Note) Adjustments are intersegment eliminations.

(Millions of yen)

Profit	Six months ended September 30, 2015	Six months ended September 30, 2016
Total operating profit of reportable segments	46,307	32,122
Operating profit categorized in “Others”	630	(615)
Total of reportable segments and “Others”	46,937	31,507
Adjustments (Note)	(18,727)	(12,968)
Operating profit reported in condensed consolidated statement of profit or loss	28,210	18,538

(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, 2015	Three months ended September 30, 2016
Total operating profit of reportable segments	27,043	16,260
Operating profit categorized in “Others”	399	312
Total of reportable segments and “Others”	27,442	16,572
Adjustments (Note)	(9,254)	(6,945)
Operating profit reported in condensed consolidated statement of profit or loss	18,188	9,626

(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]

Six months ended September 30, 2015

(Acquisition of shareholding of Radiant Vision Systems, LLC)

With regard to (b) below, the allocation of acquisition costs has been completed and the figures therefore now reflect revisions to the provisional figures that occurred after the end of the six-month period ended September 30, 2015.

(a) 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.

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

(Millions of yen)

Fair value of the consideration for acquisition	29,056
Recognized value of assets acquired and liabilities assumed	
Cash and cash equivalents	921
Trade and other receivables	1,199
Inventories	678
Property, plant and equipment	351
Intangible assets	8,622
Other assets	58
Liabilities	(722)
Goodwill (Note 2)	17,948
Total	29,056

(Note 1) There was no contingent consideration.

(Note 2) Goodwill largely represents an excess earnings power of Radiant, and the total sum is posted as losses over a certain period for tax purposes.

Acquisition-related costs of ¥618 million incurred in the business combination were recognized in "Selling, general and administrative expenses."

(c) 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.

(d) Pro-forma information

Because pro forma information based on the assumption that the business combination of the said company took place at the beginning of the previous fiscal year, on April 1, 2015, 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, it is not disclosed here.

Six months ended September 30, 2016

(Finalization of acquisition cost allocation for Dactyl Buro du Centre and OMR Impressions)

With regard to the business combination that occurred in the previous consolidated fiscal year, because during the previous consolidated fiscal year the allocation of acquisition costs had not been completed, the provisional calculations were made for fair value of the consideration for acquisition and recognized value of assets acquired and liabilities assumed as of the acquisition date. Concerning such figures, although the allocation of acquisition costs was completed during the three months ended June 30, 2016, we revised the allocation during the three months ended September 30, 2016. The changes from the provisional figures thereby consist of a decrease of ¥2,717 million in intangible assets and a decrease of ¥605 million in deferred tax liabilities, while the associated change in goodwill is an increase of ¥2,112 million.

The breakdown after this finalization is as follows.

Fair value of the consideration for acquisition and recognized value of assets acquired and liabilities assumed, as of the acquisition date

(Millions of yen)

Fair value of the consideration for acquisition	10,856
Recognized value of assets acquired and liabilities assumed	
Cash and cash equivalents	966
Trade and other receivables	2,112
Inventories	452
Property, plant and equipment	2,117
Intangible assets	1,227
Other assets	680
Bonds and borrowings	(3,061)
Deferred tax liabilities	(16)
Other liabilities	(2,566)
Goodwill (Note 2)	8,944
Total	10,856

(Note 1) There was no contingent consideration.

(Note 2) Goodwill largely represents excess earnings power of the acquired companies and will not be deductible for tax purposes.

(Acquisition of shares of MOBOTIX AG)

(a) Description of the business combination

As of May 10, 2016, the Group acquired 65.5% of shares (65.5% of voting rights) of MOBOTIX AG (hereafter, "MOBOTIX"), a German manufacturer of IP video surveillance cameras and video management software, in an all-cash transaction.

Through the acquisition of MOBOTIX, the Group intends to acquire MOBOTIX's technologies, including decentralized processing (edge computing) IP cameras, image data compression, and image data analytics technologies.

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

(Millions of yen)

Fair value of the consideration for acquisition	21,568
Non-controlling interests (Note 2)	3,198
Recognized value of assets acquired and liabilities assumed	
Cash and cash equivalents	219
Trade and other receivables	2,123
Inventories	1,847
Property, plant and equipment	2,451
Intangible assets	7,381
Other assets	526
Trade and other payables	(1,150)
Bonds and borrowings	(1,449)
Deferred tax liabilities	(2,182)
Other liabilities	(495)
Goodwill (Note 3)	15,495
Total	24,767

(Note 1) There was no contingent consideration.

(Note 2) Non-controlling interests are measured using the ratio of equity attributable to non-controlling interest shareholders to the fair value of the identifiable net assets of the acquired company.

(Note 3) Goodwill largely represents excess earnings power of the acquired company and will not be deductible for tax purposes.

(Note 4) The allocation of acquisition costs was completed during the three months ended September 30, 2016. The changes from the provisional figures consist of an increase of ¥258 million in intangible assets and an increase of ¥77 million in deferred tax liabilities, which resulted in a ¥62 million increase in non-controlling interests. The associated change in goodwill is a decrease of ¥118 million.

Acquisition-related costs of ¥521 million for the business combination (of which ¥79 million was incurred in the previous fiscal year) were recognized in "Selling, general and administrative expenses."

(c) Performance after the acquisition date

Information is not disclosed because the business combination of the said company 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, 2016.

(d) Pro-forma information

Because pro forma information based on the assumption that the business combination of the said company took place at the beginning of the period under review, on April 1, 2016, 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, 2016, it is not disclosed here.