

### 3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### (1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2015	June 30, 2015
Assets		
Current assets		
Cash and cash equivalents	177,496	139,644
Trade and other receivables	252,962	249,169
Inventories	120,803	128,622
Income tax receivables	559	726
Other financial assets	1,715	808
Other current assets	16,431	18,943
Subtotal	569,968	537,915
Assets held for sale	672	684
Total current assets	570,640	538,599
Non-current assets		
Property, plant and equipment	181,641	183,193
Goodwill and intangible assets	126,132	134,964
Investments accounted for using the equity method	524	544
Other financial assets	41,420	43,993
Deferred tax assets	64,291	63,808
Other non-current assets	9,605	9,630
Total non-current assets	423,615	436,134
Total assets	994,256	974,734

(Millions of yen)

	March 31, 2015	June 30, 2015
Liabilities		
Current liabilities		
Trade and other payables	177,564	165,532
Bonds and borrowings	53,349	47,553
Income tax payables	7,522	4,326
Provisions	5,542	5,434
Other financial liabilities	1,020	819
Other current liabilities	36,889	32,916
Total current liabilities	281,889	256,583
Non-current liabilities		
Bonds and borrowings	112,236	112,239
Retirement benefit liabilities	62,039	63,152
Provisions	1,135	1,313
Other financial liabilities	539	512
Deferred tax liabilities	2,944	3,340
Other non-current liabilities	3,967	4,265
Total non-current liabilities	182,863	184,824
Total liabilities	464,752	441,408
Equity		
Share capital	37,519	37,519
Share premium	203,395	203,397
Retained earnings	251,323	241,804
Treasury shares	(10,727)	(6,421)
Subscription rights to shares	1,016	1,034
Other components of equity	45,905	55,191
Equity attributable to owners of the company	528,432	532,527
Non-controlling interests	1,071	799
Total equity	529,504	533,326
Total liabilities and equity	994,256	974,734

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

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Revenue	226,634	248,643
Cost of sales	113,750	128,907
Gross profit	112,884	119,735
Other income	2,274	742
Selling, general and administrative expenses	98,465	107,132
Other expenses	2,308	3,322
Operating profit	14,384	10,022
Finance income	749	1,014
Finance costs	663	638
Share of profit (loss) of investments accounted for using the equity method	1	(2)
Profit before tax	14,471	10,395
Income tax expense	5,127	3,825
Profit for the period	9,344	6,570
Profit attributable to		
Owners of the company	9,365	6,592
Non-controlling interests	(20)	(22)
Earnings per share		
Basic	18.34 yen	13.19 yen
Diluted	18.29 yen	13.15 yen

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

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Profit for the period	9,344	6,570
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	17	(1)
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	293	1,147
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	(0)	(0)
Total items that will not be reclassified to profit or loss	310	1,145
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	(109)	(153)
Exchange differences on translation of foreign operations (net of tax)	(3,806)	8,145
Total items that may be subsequently reclassified to profit or loss	(3,915)	7,991
Total other comprehensive income	(3,604)	9,136
Total comprehensive income	5,739	15,707
Total comprehensive income attributable to		
Owners of the company	5,749	15,875
Non-controlling interests	(10)	(167)

#### (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	—	—	9,365	—	—	—	9,365	(20)	9,344
Other comprehensive income (loss)	—	—	—	—	—	(3,615)	(3,615)	10	(3,604)
Total comprehensive income (loss)	—	—	9,365	—	—	(3,615)	5,749	(10)	5,739
Dividends	—	—	(3,862)	—	—	—	(3,862)	—	(3,862)
Acquisition and disposal of treasury shares	—	—	(19)	(4,184)	—	—	(4,203)	—	(4,203)
Share-based payments (Subscription rights to shares)	—	—	—	—	14	—	14	—	14
Changes in the consolidation scope	—	—	124	—	—	—	124	—	124
Transfer from other components of equity to retained earnings	—	—	18	—	—	(18)	—	—	—
Total transactions with owners	—	—	(3,738)	(4,184)	14	(18)	(7,926)	—	(7,926)
Balance at June 30, 2014	37,519	203,421	245,079	(21,507)	924	24,466	489,904	730	490,634

(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	—	—	6,592	—	—	—	6,592	(22)	6,570
Other comprehensive income (loss)	—	—	—	—	—	9,282	9,282	(145)	9,136
Total comprehensive income (loss)	—	—	6,592	—	—	9,282	15,875	(167)	15,707
Dividends	—	—	(5,018)	—	—	—	(5,018)	—	(5,018)
Acquisition and disposal of treasury shares	—	—	(2)	(6,780)	—	—	(6,782)	—	(6,782)
Cancellation of the treasury shares	—	—	(11,086)	11,086	—	—	—	—	—
Share-based payments (Subscription rights to shares)	—	—	—	—	18	—	18	—	18
Changes in the ownership interest in subsidiaries	—	2	—	—	—	—	2	(104)	(102)
Transfer from other components of equity to retained earnings	—	—	(3)	—	—	3	—	—	—
Total transactions with owners	—	2	(16,111)	4,306	18	3	(11,780)	(104)	(11,884)
Balance at June 30, 2015	37,519	203,397	241,804	(6,421)	1,034	55,191	532,527	799	533,326

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

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Cash flows from operating activities		
Profit before tax	14,471	10,395
Depreciation and amortization expenses	11,227	12,520
Impairment losses	9	2
Share of profit or loss in investments accounted for using the equity method	(1)	2
Interest and dividend income	(746)	(684)
Interest expenses	584	570
(Gain) loss on sales and disposals of property, plant and equipment and intangible assets	(1,340)	111
(Increase) decrease in trade and other receivables	19,147	12,640
(Increase) decrease in inventories	(5,681)	(4,879)
Increase (decrease) in trade and other payables	(17,234)	(20,257)
Decrease in transfer of lease assets	(1,012)	(1,466)
Increase (decrease) in retirement benefit liabilities	(59)	416
Others	(7,347)	(7,506)
Subtotal	12,016	1,866
Dividends received	283	290
Interest received	461	411
Interest paid	(726)	(668)
Income taxes paid	(5,145)	(6,440)
Net cash flows from operating activities	6,889	(4,540)

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,856)	(6,838)
Proceeds from sales of property, plant and equipment	4,049	425
Purchase of intangible assets	(1,558)	(1,625)
Purchase of investments in subsidiaries	—	(4,607)
Purchase of investment securities	(1)	(87)
Proceeds from sales of investment securities	2	287
Payments for loans receivable	(19)	(8)
Collection of loans receivable	231	72
Payments for transfer of business	(4,778)	(2,883)
Others	(2,481)	(1,331)
Net cash flows from investing activities	(13,413)	(16,597)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(1,016)	(5,822)
Redemption of bonds and repayments of long-term loans payable	(5,463)	(619)
Purchase of treasury shares	(3,501)	(6,816)
Cash dividends paid	(3,773)	(4,915)
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	(102)
Others	0	143
Net cash flows from financing activities	(13,754)	(18,132)
Effect of exchange rate changes on cash and cash equivalents	(494)	1,418
Net increase (decrease) in cash and cash equivalents	(20,772)	(37,852)
Cash and cash equivalents at the beginning of the period	188,489	177,496
Cash and cash equivalents at the end of the period	167,716	139,644

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

None.

**[Other Expenses]**

Components of other expenses are as follows.

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Special extra retirement payment (Note)	—	2,021
Loss on sales and disposals of property, plant and equipment and intangible assets	166	281
Others	2,142	1,020
Total	2,308	3,322

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

**[Share Capital and Treasury Shares]**

(in 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)	—	—	4,417,237
Decrease (Note 4)	—	9,000,000	9,030,559
Balance at end of period (June 30, 2015)	1,200,000,000	502,664,337	5,187,749

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

(Note 2) Issued shares have been fully paid.

(Note 3) 4,414,800 shares of treasury shares (¥6,810 million) were acquired during the three months ended June 30, 2015, based on the resolutions at the Board of Directors meeting held on May 13, 2015.

(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 Konica Minolta Group (“the Group”) are the constituent business units of the Group for which separate financial data are 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/Industrial Print> 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	<Industrial Optical Systems> 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.

Three Months Ended June 30, 2014

(Millions of yen)

	Reportable segments				Others	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Revenue						
External	179,739	16,071	30,070	225,881	752	226,634
Intersegment (Note)	454	21	520	996	5,156	6,153
Total	180,194	16,093	30,590	226,877	5,909	232,787
Segment profit	12,933	82	7,880	20,896	111	21,008

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

Three Months Ended June 30, 2015

(Millions of yen)

	Reportable segments				Others	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Revenue						
External	201,797	17,876	28,184	247,858	784	248,643
Intersegment (Note)	525	77	938	1,542	4,767	6,309
Total	202,323	17,954	29,123	249,400	5,552	254,952
Segment profit	13,275	126	5,862	19,264	231	19,495

(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	Three months ended June 30, 2014	Three months ended June 30, 2015
Total revenue of reportable segments	226,877	249,400
Revenue categorized in “Others”	5,909	5,552
Total of reportable segments and “Others”	232,787	254,952
Adjustments (Note)	(6,153)	(6,309)
Revenue reported in condensed consolidated statement of profit or loss	226,634	248,643

(Note) Adjustments are intersegment eliminations.

(Millions of yen)

Profit	Three months ended June 30, 2014	Three months ended June 30, 2015
Total operating profit of reportable segments	20,896	19,264
Operating profit categorized in “Others”	111	231
Total of reportable segments and “Others”	21,008	19,495
Adjustments (Note)	(6,624)	(9,473)
Operating profit reported in condensed consolidated statement of profit or loss	14,384	10,022

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

**[Events After the Reporting Period]**

As of August 3, 2015, the Group used cash to acquire 100% of shareholding of Radiant Vision Systems, LLC (“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.

Fair value of the consideration for acquisition will be determined at the base amount of US\$230 million adjusted to the final value based on the Statement of Financial Position of Radiant as of the acquisition date. Detailed information related to the accounting for this business combination is not disclosed since the initial accounting for acquisition of shareholding of Radiant has not been completed as of the date for submission of the First Quarter Consolidated Financial Results for the fiscal year ending March 31, 2016.

Pro-forma financial information assuming the business combination of Radiant was executed as of April 1, 2015, the beginning of this first quarter, is not disclosed since the Group has just acquired the shareholding of Radiant and accurate financial information of Radiant immediately prior to the acquisition is currently unavailable.