October 30, 2017

Consolidated Financial Results for the Second Quarter of the Fiscal Year ending March 31, 2018
[IFRS]
April 1, 2017 – September 30, 2017

Konica Minolta, Inc.

Stock exchange listings: Tokyo (First Section)
Local securities code number: 4902
URL: http://konicaminolta.com
Listed company name: Konica Minolta, Inc.
Representative: Shoei Yamana
President and CEO, Representative Executive Officer
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Telephone number: (81) 3-6250-2100
Scheduled date for submission of securities report: November 8, 2017
Scheduled date for dividends payment: November 28, 2017
Availability of supplementary information: Yes
Organization of financial results briefing: Yes (for institutional investors)

(Amounts less than one million yen have been omitted.)

1. Overview of the 2Q performance (From April 1, 2017 to September 30, 2017)

(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, 2017	488,102	5.7%	20,466	10.4%	19,058	9.0%
Six months ended September 30, 2016	461,966	-8.9%	18,538	-34.3%	17,479	-36.1%

(Millions of yen)

	Profit for the period		Profit attributable to owners of the company		Total comprehensive income	
Six months ended September 30, 2017	13,512	0.2%	13,515	2.1%	28,378	—
Six months ended September 30, 2016	13,484	-22.1%	13,243	-23.6%	-22,770	—

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2017	27.29 yen	27.22 yen
Six months ended September 30, 2016	26.73 yen	26.65 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, 2017	1,030,660	552,159	541,857	52.6%
As of March 31, 2017	1,005,435	534,149	524,331	52.1%

2. Dividends per share

(yen)

	1Q	2Q	3Q	Year-end	Total annual
Fiscal Year ended Mar 2017	—	15.00	—	15.00	30.00
Fiscal Year ending Mar 2018	—	15.00			
Fiscal Year ending Mar 2018 (forecast)			—	15.00	30.00

Note: Changes to the latest dividend forecast announced: None

3. Consolidated results forecast for fiscal year ending March 31, 2018
(From April 1, 2017 to March 31, 2018)
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	1,000,000	3.9%	48,000	-4.3%	31,000	-1.7%	62.64 yen

Note: Changes 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 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, 2017:	502,664,337 shares
As of March 31, 2017:	502,664,337 shares

b. Treasury shares at period-end

As of September 30, 2017:	8,221,569 shares
As of March 31, 2017:	7,041,082 shares

c. Average number of outstanding shares during the period

Six months ended September 30, 2017:	495,268,240 shares
Six months ended September 30, 2016:	495,530,691 shares

Starting from the second quarter of this consolidated fiscal year, the Company has set "Directors' Compensation Board Incentive Plan (BIP) Trust." The 1,274,000 shares of the Company's stock owned by the trust account relating to this trust are recognized as treasury shares.

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 page 9 of Supplementary Information, under "(3) Explanation of forward-looking statements with regard to consolidated results forecasts" in "Section 1. QUALITATIVE INFORMATION on the RESULTS of the PERIOD UNDER REVIEW" 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 30, 2017. 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. QUALITATIVE INFORMATION on the RESULTS of the PERIOD UNDER REVIEW

(1) Explanation of Business Performance

a. Overview of Performance

(Billions of yen, unless otherwise stated)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Increase (Decrease)	
Revenue	461.9	488.1	26.1	5.7%
Gross profit	227.0	231.8	4.8	2.1%
Operating profit	18.5	20.4	1.9	10.4%
Profit before tax	17.4	19.0	1.5	9.0%
Profit attributable to owners of the company	13.2	13.5	0.2	2.1%
Basic earnings per share [yen]	26.73	27.29	0.56	2.1%
Capital expenditures	17.4	16.1	(1.3)	-7.7%
Depreciation and amortization expenses	25.4	27.0	1.6	6.6%
Research and development expenses	36.1	37.5	1.3	3.7%
Free cash flow	(13.9)	19.9	33.8	－
Number of employees (consolidated) [persons]	43,755	42,887	(868)	-2.0%
Foreign exchange rates [yen]				
US dollar	105.29	111.06	5.77	5.5%
euro	118.15	126.29	8.14	6.9%

In the second quarter of this fiscal year (hereafter, “period under review”), consolidated revenue for the Konica Minolta Group (“the Group”) came to ¥488.1 billion, up 5.7% year on year. By business segment, the Office Business saw increased revenue due to a recovery in formerly sluggish sales in Europe from the second half of the period under review, as well as strong sales outside Europe. In addition, the Professional Print Business and Healthcare Business saw strong sales of their mainstay products, leading to higher revenues. In the Industrial Business segment, the performance materials business unit recorded a small decline in revenue, but the measuring instruments business unit recorded solid performance throughout the period under review, posting a significant increase in revenue that pushed up the business segment as a whole.

Operating profit was ¥20.4 billion, up 10.4% year on year. The Office Business and the Professional Print Business posted lower profit, but the Healthcare Business succeeded in strengthening its profitability after a challenging first half of the period under review, and recorded an increase in profit. Driven by the measuring instruments business unit, the Industrial Business achieved a significant increase in profit, allowing the Group as a whole to secure higher profit.

Profit before tax came in at ¥19.0 billion (up 9.0% year on year), while profit attributable to owners of the company amounted to ¥13.5 billion (up 2.1% year on year).

<Structural reform carried out in the period under review>

In line with Medium Term Business Plan SHINKA 2019, the Group has moved forward with its transformation into “a digital company with insight into implicit challenges.” As part of its push forward toward the transformation of its human resources in order to achieve our human resources vision of “business athletes who can win at the global level,” we have implemented a “special early retirement program,” resulting in the posting of special extra retirement payments of ¥5.0 billion during the period under review.

<Measures to liquidate assets through sale & leaseback in the period under review>

During the period of the previous Medium Term Business Plan “TRANSFORM 2016,” the Group compiled its global locations into a database and investigated optimizing the use of its facilities (land, buildings) as part of its corporate real estate strategy. During the first half of the period under review, the Group liquidated assets by means of sale & leaseback at domestic locations. In the second half it focused on similar liquidations at overseas locations in the Office Business, and at domestic locations in the Healthcare Business. Together, these moves generated an income of ¥10.9 billion.

<Full-scale entry into the area of precision medicine>

One of the aims of new Medium Term Business Plan SHINKA 2019, which began in April 2017, is a full-scale entry into the area of precision medicine.

As part of these initiatives, in July 2017 the Group and the Innovation Network Corporation of Japan jointly concluded an agreement to acquire cutting-edge US genetic-diagnostics company Ambry Genetics Corporation (headquartered in California; hereafter, "Ambry"). Following on from this, in September 2017 the Group completed an agreement to acquire Invicro, LLC (hereafter, "Invicro"), a leading provider of imaging services and software for research and drug development headquartered in Massachusetts, in the US. Invicro is an imaging Contract Research Organization (CRO) for drug-discovery support, with particular strengths in state-of-the-art data analytics and biomarker[Note] discovery technology.

Together with the acquisition of Ambry mentioned above, the acquisition of Invicro constitutes a cornerstone in Konica Minolta's precision medicine strategy. By combining our proprietary High-Sensitivity Tissue Testing (HSTT) technology with Ambry's world-leading genetic diagnostics solutions and Invicro's data analytics, biomarker discovery technology, and image processing technologies, as well as their ability to generate proposals for pharmaceutical companies, we will contribute to a dramatic improvement in productivity for new drug development, and subsequent improvements in Quality of Life (QOL) for patients, while helping to suppress the soaring national medical expenses. We will nurture this over the next five years with the aim of developing a new, highly profitable business by FY2021.

(Note)

Biomarker - any indicator that reflects the condition of the body. Proteins and genes, etc. in tissues or biological fluid, such as urine or blood, are often used, because they correlate to changes in the patient's condition or response to treatment.

b. Overview by Segment

(Billions of yen)

		Six months ended September 30, 2016	Six months ended September 30, 2017	Increase (Decrease)	
Office Business	Revenue	268.7	279.5	10.7	4.0%
	Operating profit	21.6	20.1	(1.5)	-7.0%
Professional Print Business	Revenue	97.0	101.1	4.0	4.2%
	Operating profit	4.3	2.4	(1.8)	-43.3%
Healthcare Business	Revenue	41.3	42.8	1.4	3.5%
	Operating profit	1.2	2.9	1.6	134.0%
Industrial Business	Revenue	49.9	59.9	10.0	20.0%
	Operating profit	6.3	12.0	5.6	87.8%
Subtotal	Revenue	457.1	483.5	26.3	5.8%
	Operating profit	33.6	37.5	3.8	11.6%
"Others" and "Adjustments" (Note 2)	Revenue	4.7	4.5	(0.2)	-4.2%
	Operating profit	(15.0)	(17.0)	(1.9)	—
Amount reported in Condensed Consolidated Statement of Profit or Loss	Revenue	461.9	488.1	26.1	5.7%
	Operating profit	18.5	20.4	1.9	10.4%

(Notes)

1. "Revenue" refers to revenue from external customers.
2. "Revenue" refers to revenue from external customers in "Others" in "2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS and RELATED NOTES, (6) Notes to the Condensed Consolidated Financial Statements [Segment Information]" and "operating profit" is the total of "Others" and "Adjustments" from the same statement.
3. The classification for the reporting segments has been changed beginning in the first quarter of this consolidated fiscal year. Details are provided in "2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS and RELATED NOTES, (6) Notes to the Condensed Consolidated Financial Statements [Segment Information]."

i. Office Business

In the office products business unit, the mainstay A3 color MFPs (Multi-functional peripherals) had seen some weakness in the first half of the period under review in Europe, but sales began to recover from the second half of the period, and sales volume has shifted to a year-on-year increase. North America and China remained solid. Sales volume of A3 monochrome MFPs also surpassed the level of the previous year. In our sales to major companies that operate globally, in addition to signing a large contract with a leading financial institution in China, we are winning global projects on the initiative of our subsidiaries in the US and the Asia Pacific region.

In the IT service solution business unit, MFP-related solutions in the US and IT infrastructure management services for small- and medium-sized enterprises in the US and Europe grew year on year, leading to higher revenue.

Revenue in the first half of the period was hit by weakness in Europe and posted a small year-on-year decline, but in the second half of the period, revenue growth exceeded 10% year on year.

In terms of profit, the improvement in gross profit resulting from the recovery in sales in the second half of the period, as well as measures to liquidate fixed assets through sale & leaseback at overseas locations, both made a contribution.

As a result, revenue of the Office Business segment stood at ¥279.5 billion, up 4.0% year on year and operating profit came to ¥20.1 billion, down 7.0% year on year.

ii. Professional Print Business

In the production print business unit, the "AccurioPress C6100" series that was launched in July 2017, and which represents the top-of the-line model in color digital printing systems, has won over customers in the commercial printing market with its automated output control function (which uses Konica Minolta's proprietary technology) and is building up a track record of projects. Significant growth in the business in Europe and China contributed to the increase in revenue for the Professional Print Business as a whole.

In the industrial printing business unit, the "AccurioJet KM-1" digital inkjet press and the digital decoration printing equipment made by French subsidiary MGI, saw further global expansion, primarily in North America, and an increase in sales.

The marketing services business unit was affected by constraints regarding marketing costs at our major customers' companies, and accordingly suffered a fall in revenue.

Profits declined due to investment in future models in line with the Medium Term Business Plan, and due to such factors as the deterioration in gross profit resulting from the decline in revenue in the marketing services business unit.

As a result of these factors, revenue of the Professional Print Business segment amounted to ¥101.1 billion, an increase of 4.2% year on year and operating profit was ¥2.4 billion, a decrease of 43.3% year on year.

iii. Healthcare Business

In the healthcare (modality) business unit, although sales volumes of computed radiography (CR) equipment continued to decline, sales volumes of digital radiography (DR) cassette-type digital X-ray diagnostic imaging systems expanded primarily in the US, due to strengthened cooperation with an X-ray device manufacturer and the winning of a major project. Sales of diagnostic ultrasound systems remained solid in Japan, where we have established the top position in the field of orthopedics, and sales volumes also increased in China. The analog products recovered in the second half of the period under review, securing sales volume in line with that of the previous year. In the medical IT business unit, the benefits of strengthening the client support structure for implementation in the US have begun to be realized. Service contracts are expanding steadily in both units.

In addition to the impact of the increase in gross profit resulting from rising sales of mainstay products, measures taken to liquidate assets through sale & leaseback also made a contribution to profit.

As a result of the above, revenue for the Healthcare Business segment came in at ¥42.8 billion (up 3.5% year on year) and operating profit was ¥2.9 billion (up 134.0% year on year).

iv. Industrial Business

In the field of materials and components, in line with the increasing size of LCD TVs, the performance materials business unit saw rising sales of new water-resistant VA-TAC films, Zero-TAC film for IPS panels, and other high value-added products, but revenue fell slightly due to price pressure. Revenue in the optical component business unit also declined, due to falling demand for end products, but the IJ (inkjet) component business unit posted higher revenue due to strong sales.

In the field of optical systems for industrial use, the measuring instruments business unit continued to experience solid sales throughout the period from a certain major manufacturer of mobile equipment, while an expansion in display-related demand in the Asian market also contributed, leading to a significant increase in revenue.

As a result, revenue of the Industrial Business segment was ¥59.9 billion (up 20.0% year on year) and operating profit stood at ¥12.0 billion (up 87.8% year on year).

(Reference) Overview of 2Q consolidated accounting period

(Billions of yen)

	Three months ended September 30, 2016	Three months ended September 30, 2017	Increase (Decrease)	
Revenue	232.8	255.7	22.9	9.8%
Gross profit	112.7	119.9	7.1	6.3%
Operating profit	9.6	11.7	2.1	22.1%
Profit before tax	8.9	10.8	1.9	21.2%
Profit attributable to owners of the company	6.8	8.1	1.2	18.8%
Basic earnings per share [yen]	13.84	16.47	2.63	19.0%
Capital expenditures	9.5	7.8	(1.7)	-17.7%
Depreciation and amortization expenses	12.6	13.4	0.8	6.3%
Research and development expenses	17.9	18.9	1.0	5.9%
Free cash flow	11.2	28.5	17.2	152.6%
Foreign exchange rates [yen]				
US dollar	102.43	111.03	8.60	8.4%
euro	114.28	130.38	16.10	14.1%

Overview of main segments

(Billions of yen)

		Three months ended September 30, 2016	Three months ended September 30, 2017	Increase (Decrease)	
Office Business	Revenue	132.5	146.5	13.9	10.5%
	Operating profit	10.2	14.8	4.5	44.2%
Professional Print Business	Revenue	49.6	52.1	2.5	5.1%
	Operating profit	2.6	0.8	(1.8)	-67.8%
Healthcare Business	Revenue	22.9	23.2	0.3	1.5%
	Operating profit	1.0	3.3	2.3	224.1%
Industrial Business	Revenue	25.0	31.3	6.2	24.8%
	Operating profit	3.0	5.9	2.8	95.1%
Subtotal	Revenue	230.1	253.2	23.0	10.0%
	Operating profit	17.0	24.9	7.9	46.8%
"Others" and "Adjustments" (Note 2)	Revenue	2.6	2.4	(0.1)	-6.3%
	Operating profit	(7.3)	(13.2)	(5.8)	—
Amount posted to Condensed Consolidated Statement of Profit or Loss	Revenue	232.8	255.7	22.9	9.8%
	Operating profit	9.6	11.7	2.1	22.1%

(Notes)

1. "Revenue" refers to revenue from external customers.
2. "Revenue" refers to revenue from external customers in "Others" in "2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS and RELATED NOTES, (6) Notes to the Condensed Consolidated Financial Statements [Segment Information]" and "operating profit" is the total of "Others" and "Adjustments" from the same statement.
3. The classification for the reporting segments has been changed beginning in the first quarter of this consolidated fiscal year. Details are provided in "2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS and RELATED NOTES, (6) Notes to the Condensed Consolidated Financial Statements [Segment Information]."

(2) Explanation of Financial Position

a. Analysis of Financial Position

	March 31, 2017	September 30, 2017	Increase (Decrease)
Total assets [Billions of yen]	1,005.4	1,030.6	25.2
Total liabilities [Billions of yen]	471.2	478.5	7.2
Total equity [Billions of yen]	534.1	552.1	18.0
Equity attributable to owners of the company [Billions of yen]	524.3	541.8	17.5
Equity ratio attributable to owners of the company	52.1%	52.6%	0.5%

Total assets at September 30, 2017 were ¥1,030.6 billion, an increase of ¥25.2 billion (2.5%) from the previous fiscal year-end. This is primarily attributed to an increase of ¥6.7 billion in trade and other receivables, an increase of ¥6.0 billion in cash and cash equivalents, an increase of ¥5.9 billion in goodwill and intangible assets, and an increase of ¥5.2 billion in inventories.

Total liabilities at September 30, 2017 amounted to ¥478.5 billion, an increase of ¥7.2 billion (1.5%) from the previous fiscal year-end. This is primarily attributed to an increase of ¥6.9 billion in other financial liabilities, an increase of ¥3.0 billion in trade and other payables, and a decrease of ¥2.9 billion in bonds and borrowings.

Total equity at September 30, 2017 amounted to ¥552.1 billion, an increase of ¥18.0 billion (3.4%) from the previous fiscal year-end.

Equity attributable to owners of the company totaled ¥541.8 billion at September 30, 2017, an increase of ¥17.5 billion (3.3%) from the previous fiscal year-end. This is primarily attributed to an increase of ¥14.3 billion in other components of equity (mainly exchange rate differences on translation of foreign operations), ¥13.5 billion in profit for the period attributable to owners of the company, a decrease of ¥7.4 billion in retained earnings due to cash dividends, a decrease of ¥1.7 billion in share premiums, and a decrease of ¥1.0 billion due to acquisition and disposal of treasury shares.

As a result of the above, equity ratio attributable to owners of the company increased 0.5 percentage points to 52.6%.

b. Analysis of Cash Flows

(Billions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Increase (Decrease)
Cash flows from operating activities	35.7	28.3	(7.4)
Cash flows from Investing activities	(49.6)	(8.4)	41.2
Total (Free cash flow)	(13.9)	19.9	33.8
Cash flows from Financing activities	22.4	(13.8)	(36.2)

During the six months ended September 30, 2017, net cash provided by operating activities was ¥28.3 billion, while net cash used in investing activities, mainly associated with the purchases of property, plant and equipment, totaled ¥8.4 billion. As a result, free cash flow (the sum of cash flows from operating and investing activities) was an inflow of ¥19.9 billion.

Net cash used in financing activities was ¥13.8 billion.

In addition, cash and cash equivalents at the end of the six months ended September 30, 2017 increased ¥6.0 billion compared with the previous fiscal year-end to ¥98.6 billion, reflecting the effect of exchange rate changes on cash and cash equivalents.

Cash flows from operating activities

Net cash provided by operating activities was ¥28.3 billion as a result of cash inflow due largely to profit before tax of ¥19.0 billion, depreciation and amortization expenses of ¥27.0 billion, and a decrease in trade and other receivables of ¥9.2 billion on the one hand, and cash outflow attributable largely to a decrease of trade and other payables of ¥5.7 billion, payment of income taxes of ¥6.9 billion, and ¥10.7 billion in adjustment of gain and loss on sales and disposals of property, plant and equipment and intangible assets.

Cash flows from Investing activities

Net cash used in investing activities was ¥8.4 billion as a result of cash outflow due mainly to purchases of property, plant and equipment of ¥12.2 billion and purchases of intangible assets of ¥4.8 billion, and cash inflow attributable mainly to proceeds from sales of property, plant and equipment and intangible assets of ¥11.8 billion.

As a result, free cash flow (the sum of cash flows from operating and investing activities) was an inflow of ¥19.9 billion, compared to an outflow of ¥13.9 billion in the same period of the previous fiscal year.

Cash flows from Financing activities

Net cash used in financing activities was ¥13.8 billion, compared to net cash provided of ¥22.4 billion in the same period of the previous fiscal year, reflecting mainly a decrease in short-term loans payable of ¥9.3 billion, proceeds from long-term loans payable of ¥5.7 billion, repayments of long-term loans payable of ¥1.6 billion, purchases of treasury stock of ¥1.1 billion, and cash dividends paid of ¥7.4 billion.

(3) Explanation of forward-looking statements with regard to consolidated results forecasts

Taking into account the steady progress made in the six months ended September 30, 2017 and our revised view of the euro exchange rate, which has a significant impact on the Group's profit and loss, we have revised earnings forecasts for the consolidated fiscal year under review as follows. With regard to the exchange rates that form the basis of the revised forecasts for the third quarter and beyond, we have set the US$ exchange rate assumption at ¥105 and the euro rate at ¥120.

Revision of consolidated financial results forecast for 2017 fiscal year (April 1, 2017 – March 31, 2018)

(Billions of yen)

	Revenue	Operating profit	Profit attributable to owners of the company	Basic earnings per share
Forecast previously announced (A)	980.0	46.0	30.0	60.53 (yen)
Revised forecast (B)	1,000.0	48.0	31.0	62.64 (yen)
Increase/decrease (B−A)	20.0	20.0	1.0	－
Change (%)	2.0	4.3	3.3	－
(Reference) Results for the fiscal year ended March 31, 2017	962.5	50.1	31.5	63.65 (yen)

*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.

Units of less than one hundred million yen in the "1. QUALITATIVE INFORMATION on the RESULTS of the PERIOD UNDER REVIEW" section have been omitted.

2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS and RELATED NOTES

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2017	September 30, 2017
Assets		
Current assets		
Cash and cash equivalents	92,628	98,650
Trade and other receivables	243,195	249,906
Inventories	136,020	141,293
Income tax receivables	1,878	838
Other financial assets	6,924	2,588
Other current assets	18,799	22,082
Total current assets	499,446	515,359
Non-current assets		
Property, plant and equipment	190,580	190,211
Goodwill and intangible assets	209,577	215,511
Investments accounted for using the equity method	3,489	3,941
Other financial assets	47,542	48,566
Deferred tax assets	48,129	49,304
Other non-current assets	6,668	7,766
Total non-current assets	505,988	515,301
Total assets	1,005,435	1,030,660

(Millions of yen)

	March 31, 2017	September 30, 2017
Liabilities		
Current liabilities		
Trade and other payables	156,090	159,150
Bonds and borrowings	41,294	32,086
Income tax payables	5,554	2,254
Provisions	5,659	6,023
Other financial liabilities	372	5,691
Other current liabilities	41,275	42,174
Total current liabilities	250,246	247,379
Non-current liabilities		
Bonds and borrowings	144,218	150,514
Retirement benefit liabilities	61,267	61,744
Provisions	1,136	2,545
Other financial liabilities	4,362	5,978
Deferred tax liabilities	5,222	5,210
Other non-current liabilities	4,833	5,126
Total non-current liabilities	221,040	231,120
Total liabilities	471,286	478,500
Equity		
Share capital	37,519	37,519
Share premium	202,631	200,893
Retained earnings	276,709	282,735
Treasury shares	(9,214)	(10,250)
Subscription rights to shares	998	967
Other components of equity	15,685	29,992
Equity attributable to owners of the company	524,331	541,857
Non-controlling interests	9,818	10,302
Total equity	534,149	552,159
Total liabilities and equity	1,005,435	1,030,660

(2) Condensed Consolidated Statement of Profit or Loss
Six months ended September 30, 2016 and 2017

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Revenue	461,966	488,102
Cost of sales	234,919	256,208
Gross profit	227,047	231,893
Other Income	1,895	12,942
Selling, general and administrative expenses	207,265	215,093
Other expenses	3,138	9,276
Operating profit	18,538	20,466
Finance income	1,202	1,573
Finance costs	2,166	2,948
Share of profit (loss) of investments accounted for using the equity method	(95)	(32)
Profit before tax	17,479	19,058
Income tax expense	3,994	5,546
Profit for the period	13,484	13,512
Profit attributable to		
Owners of the company	13,243	13,515
Non-controlling interests	241	(3)
Earnings per share		
Basic	26.73 yen	27.29 yen
Diluted	26.65 yen	27.22 yen

Three months ended September 30, 2016 and 2017

(Millions of yen)

	Three months ended September 30, 2016	Three months ended September 30, 2017
Revenue	232,834	255,750
Cost of sales	120,082	135,841
Gross profit	112,752	119,909
Other Income	575	8,162
Selling, general and administrative expenses	102,044	109,030
Other expenses	1,656	7,289
Operating profit	9,626	11,751
Finance income	479	783
Finance costs	1,127	1,728
Share of profit (loss) of investments accounted for using the equity method	(27)	44
Profit before tax	8,950	10,851
Income tax expense	1,733	2,708
Profit for the period	7,217	8,142
Profit attributable to		
Owners of the company	6,856	8,148
Non-controlling interests	360	(5)
Earnings per share		
Basic	13.84 yen	16.47 yen
Diluted	13.80 yen	16.42 yen

(3) Condensed Consolidated Statement of Comprehensive Income
Six months ended September 30, 2016 and 2017

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit for the period	13,484	13,512
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	(74)	(11)
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	135	507
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	(1)	0
Total items that will not be reclassified to profit or loss	59	496
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	19	(1,209)
Exchange differences on translation of foreign operations (net of tax)	(36,298)	15,575
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	(37)	3
Total items that may be subsequently reclassified to profit or loss	(36,315)	14,369
Total other comprehensive income	(36,255)	14,865
Total comprehensive income	(22,770)	28,378
Total comprehensive income attributable to		
Owners of the company	(22,133)	27,825
Non-controlling interests	(637)	553

Three months ended September 30, 2016 and 2017

(Millions of yen)

	Three months ended September 30, 2016	Three months ended September 30, 2017
Profit for the period	7,217	8,142
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	(74)	20
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	932	411
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	857	432
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	(373)	961
Exchange differences on translation of foreign operations (net of tax)	(6,202)	8,468
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	(24)	(6)
Total items that may be subsequently reclassified to profit or loss	(6,599)	9,422
Total other comprehensive income	(5,742)	9,855
Total comprehensive income	1,474	17,997
Total comprehensive income attributable to		
Owners of the company	1,734	17,496
Non-controlling interests	(259)	501

(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, 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	－	－	－	－	(35)	－	(35)	－	(35)
Changes in non-controlling interests due to changes 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

(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, 2017	37,519	202,631	276,709	(9,214)	998	15,685	524,331	9,818	534,149
Profit for the period	—	—	13,515	—	—	—	13,515	(3)	13,512
Other comprehensive income	—	—	—	—	—	14,309	14,309	556	14,865
Total comprehensive income	—	—	13,515	—	—	14,309	27,825	553	28,378
Dividends	—	—	(7,434)	—	—	—	(7,434)	—	(7,434)
Acquisition and disposal of treasury shares	—	—	(59)	(1,036)	—	—	(1,095)	—	(1,095)
Share-based payments	—	84	—	—	(31)	—	52	—	52
Changes in non-controlling interests due to changes in subsidiaries	—	—	—	—	—	—	—	5	5
Equity transactions, etc. with non-controlling shareholders	—	—	—	—	—	—	—	(73)	(73)
Put options written on non-controlling interests	—	(1,822)	—	—	—	—	(1,822)	—	(1,822)
Transfer from other components of equity to retained earnings	—	—	3	—	—	(3)	—	—	—
Total transactions with owners	—	(1,738)	(7,490)	(1,036)	(31)	(3)	(10,299)	(68)	(10,368)
Balance at September 30, 2017	37,519	200,893	282,735	(10,250)	967	29,992	541,857	10,302	552,159

(5) Condensed Consolidated Statement of Cash Flow

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before tax	17,479	19,058
Depreciation and amortization expenses	25,431	27,097
Impairment losses and reversal of impairment losses	22	18
Share of (profit) loss of investments accounted for using the equity method	95	32
Interest and dividends income	(1,166)	(1,546)
Interest expenses	1,316	1,834
(Gain) loss on sales and disposals of property, plant and equipment and intangible assets	285	(10,770)
(Increase) decrease in trade and other receivables	1,642	9,287
(Increase) decrease in inventories	(12,726)	1,146
Increase (decrease) in trade and other payables	6,714	(5,788)
Decrease in transfer of lease assets	(3,138)	(2,842)
Increase (decrease) in retirement benefit liabilities	1,290	(338)
Others	2,570	(1,603)
Subtotal	39,818	35,585
Dividends received	292	310
Interest received	724	1,151
Interest paid	(1,265)	(1,786)
Income taxes paid	(3,824)	(6,950)
Cash flows from operating activities	35,745	28,311

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from Investing activities		
Purchase of property, plant and equipment	(15,765)	(12,291)
Purchase of intangible assets	(4,448)	(4,826)
Proceeds from sales of property, plant and equipment, and intangible assets	633	11,859
Purchase of investments in subsidiaries	(25,144)	(1,055)
Purchase of interests in investments accounted for using the equity method	—	(490)
Purchase of investment securities	(115)	(142)
Proceeds from sales of investment securities	12	34
Payments for loans receivable	(19)	(17)
Collection of loans receivable	110	68
Payments for transfer of business	(3,845)	(645)
Others	(1,082)	(899)
Cash flows from Investing activities	(49,666)	(8,406)
Cash flows from Financing activities		
Increase (decrease) in short-term loans payable	743	(9,321)
Proceeds from bonds issuance and long-term loans payable	30,504	5,710
Redemption of bonds and repayments of long-term loans payable	(1,710)	(1,617)
Purchase of treasury shares	(1)	(1,161)
Cash dividends paid	(7,428)	(7,431)
Others	370	0
Cash flows from Financing activities	22,478	(13,821)
Effect of exchange rate changes on cash and cash equivalents	(6,112)	(60)
Net increase (decrease) in cash and cash equivalents	2,445	6,021
Cash and cash equivalents at the beginning of the period	99,937	92,628
Cash and cash equivalents at the end of the period	102,382	98,650

(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, 2016	Six months ended September 30, 2017
Gain on sales of property, plant and equipment and intangible assets	128	11,107
Others	1,766	1,834
Total	1,895	12,942

[Other Expenses]

Components of other expenses are as follows.

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Special extra retirement payments	—	5,095
Loss on sales and disposals of property, plant and equipment and intangible assets	414	337
Others	2,724	3,843
Total	3,138	9,276

[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.

Previously, reportable segments were classified into three segments, namely "Business Technologies Business," "Healthcare Business," and "Industrial Business." A change to this business segmentation has been made and starting from the first quarter of this fiscal year, segment information is presented for the four segments of "Office Business," "Professional Print Business," "Healthcare Business," and "Industrial Business."

This change reflects organizational realignment carried out to promote strategies as set out in "SHINKA 2019," our Medium Term Business Plan that is implemented from this fiscal year. In "SHINKA 2019," businesses are grouped into "core business," "growth business," and "new business," this last group comprising areas for which a management base will be built in the medium term. "Core business" and "growth business" are classified into the four reporting segments, while "new business" is included in "others." In conjunction with this realignment, the previous segment of "Business Technologies Business" is split into "Office Business" and "Professional Print Business," and the industrial inkjet component business unit, which was previously included in the "Business Technologies Business" segment, is now reported under "Industrial Business."

The segment information for the second quarter of fiscal 2016 in this report is presented while reflecting the new business segmentation.

The business content of each reportable segment is as follows:

	Business content
Office Business	Development, manufacture, and sales of MFPs and related consumables; provision of related solutions and services
Professional Print Business	Development, manufacture, and sales of digital printing systems and related consumables; provision of various printing services, solutions, and services
Healthcare Business	Development, manufacture, and sales of, and provision of services for, diagnostic imaging systems (digital X-ray diagnostic imaging, diagnostic ultrasound systems, etc.); provision of digitalization, networking, solutions, and services in the medical field
Industrial Business	<Materials and Components> Development, manufacture, and sales of such products as TAC film for LCD displays, OLED lighting, Industrial inkjet printheads, and lenses for industrial and professional use, etc.
	<Optical Systems for Industrial Use> Development, manufacture, and sales of measuring instruments, 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, 2016

(Millions of yen)

	Reportable segments					Others	Total
	Office Business	Professional Print Business	Healthcare Business	Industrial Business	Total		
Revenue							
External	268,756	97,078	41,393	49,964	457,194	4,772	461,966
Intersegment (Note)	1,222	675	367	2,162	4,427	9,535	13,963
Total	269,978	97,754	41,761	52,126	461,622	14,308	475,930
Segment profit (loss)	21,675	4,311	1,239	6,392	33,620	(4,758)	28,861

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

Six months ended September 30, 2017

(Millions of yen)

	Reportable segments					Others	Total
	Office Business	Professional Print Business	Healthcare Business	Industrial Business	Total		
Revenue							
External	279,554	101,171	42,832	59,974	483,532	4,569	488,102
Intersegment (Note)	879	165	475	2,404	3,925	9,991	13,917
Total	280,434	101,337	43,308	62,378	487,458	14,561	502,019
Segment profit (loss)	20,152	2,445	2,901	12,008	37,508	(5,439)	32,069

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

Three months ended September 30, 2016

(Millions of yen)

	Reportable segments					Others	Total
	Office Business	Professional Print Business	Healthcare Business	Industrial Business	Total		
Revenue							
External	132,547	49,608	22,942	25,087	230,185	2,648	232,834
Intersegment (Note)	759	350	172	703	1,986	5,179	7,166
Total	133,307	49,959	23,114	25,791	232,172	7,828	240,001
Segment profit (loss)	10,262	2,672	1,046	3,033	17,014	(2,020)	14,994

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

Three months ended September 30, 2017

(Millions of yen)

	Reportable segments					Others	Total
	Office Business	Professional Print Business	Healthcare Business	Industrial Business	Total		
Revenue							
External	146,513	52,161	23,286	31,305	253,268	2,482	255,750
Intersegment (Note)	489	101	262	1,296	2,150	4,828	6,979
Total	147,003	52,263	23,549	32,602	255,419	7,311	262,730
Segment profit (loss)	14,803	860	3,392	5,916	24,972	(2,983)	21,989

(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, 2016	Six months ended September 30, 2017
Total revenue of reportable segments	461,622	487,458
Revenue categorized in “Others”	14,308	14,561
Total of reportable segments and “Others”	475,930	502,019
Adjustments (Note)	(13,963)	(13,917)
Revenue reported in condensed consolidated statement of profit or loss	461,966	488,102

(Note) Adjustments are intersegment eliminations.

(Millions of yen)

Revenue	Three months ended September 30, 2016	Three months ended September 30, 2017
Total revenue of reportable segments	232,172	255,419
Revenue categorized in “Others”	7,828	7,311
Total of reportable segments and “Others”	240,001	262,730
Adjustments (Note)	(7,166)	(6,979)
Revenue reported in condensed consolidated statement of profit or loss	232,834	255,750

(Note) Adjustments are intersegment eliminations.

(Millions of yen)

Profit	Six months ended September 30, 2016	Six months ended September 30, 2017
Total profit of reportable segments	33,620	37,508
Operating profit (loss) categorized in “Others”	(4,758)	(5,439)
Total of reportable segments and “Others”	28,861	32,069
Adjustments (Note)	(10,323)	(11,603)
Operating profit reported in condensed consolidated statement of profit or loss	18,538	20,466

(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, 2016	Three months ended September 30, 2017
Total profit of reportable segments	17,014	24,972
Operating profit (loss) categorized in "Others"	(2,020)	(2,983)
Total of reportable segments and "Others"	14,994	21,989
Adjustments (Note)	(5,367)	(10,238)
Operating profit reported in condensed consolidated statement of profit or loss	9,626	11,751

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

[Additional Information]

(Funding through a hybrid loan (subordinated term loan))

On August 28, 2017, the Company concluded the following agreement regarding funding through a hybrid loan (subordinated term loan, hereafter "the Loan").

(1) Lenders: Syndicate of lenders lead-managed by the Bank of Tokyo-Mitsubishi UFJ, Ltd.
(2) Amount: 100 billion yen
(3) Drawdown Date: October 31, 2017
(4) Maturity Date: October 29, 2077
However, unless any of the subordination events has occurred and continues, the Company may prepay all or part of the principal of the Loan on each interest payment date on or after October 31, 2022
(5) Use of proceeds: General business funds
(6) Interest payment: The Company may, at its discretion, defer payment of all or part of interest on the Loan
(7) Subordination
The right to request payment under the Loan is subordinated to all senior creditors in the Company's liquidation proceedings, bankruptcy proceedings, corporate reorganization proceedings, and civil rehabilitation proceedings. No terms and conditions of the Loan may be changed in any respect to the disadvantage of any creditor of the Company other than the creditors of the subordinated receivables (meaning the receivables that have substantially equal subordination condition as the Loan).
(8) Evaluation of equity credit
Class 3, 50% (Rating and Investment Information, Inc.)
Middle Level, 50% (Japan Credit Rating Agency Ltd.)

(Purchase of a company through acquisition of equity interest)

On September 25, 2017, the Group concluded an agreement to acquire 95% of equity interest in Invicro, LLC, a US-based firm in drug discovery and development services. As consideration of said equity interest, the Group expects to make an all-cash payment of US$285 million after making price adjustments as provided for in the agreement.

Consummation of the acquisition is scheduled for November 2017.

[Events after the Reporting Period]

(Merger between the Company's subsidiary and Ambry Genetics Corporation)

On October 18, 2017, the Group completed merger procedures between Konica Minolta Geno., Inc. (hereafter, "SPC2") and Ambry Genetics Corporation (hereafter, "Ambry"), a US firm engaged in genetic testing, with Ambry as the surviving company. SPC2 is a wholly owned subsidiary of Konica Minolta PM., Inc. (hereafter, "SPC1"), which is a company set up through joint investment with Innovation Network Corporation of Japan (hereafter, "INCJ") for the purpose of acquisition of Ambry.

Ambry was made a subsidiary by making a cash payment to shareholders of Ambry as a merger consideration, and converting SPC2 shares owned by SPC1 into shares of the surviving company.

Following the conclusion of the transaction, the Group's ownership ratio in Ambry stands at 60% and that of INCJ at 40%.

The fair value of the consideration paid in the transaction is the total of the base amount of US$800 million, price adjustments made at the time of the execution of the acquisition of shares as provided for in the merger agreement, and the fair value of the contingent consideration of up to $200 million that may be paid in the future. Because the initial accounting treatment of the subject business combination has not been completed at the time of disclosure of these quarterly consolidated financial statements, further details of the accounting treatment relating to the business combination are not disclosed.

With respect to pro forma information that assumes the combination with Ambry had been executed at the beginning of the period under review, on April 1, 2017, such information is not disclosed due to the difficulty in accurately grasping pre-merger financial figures on Ambry, as the acquisition by the Group had only just been concluded.