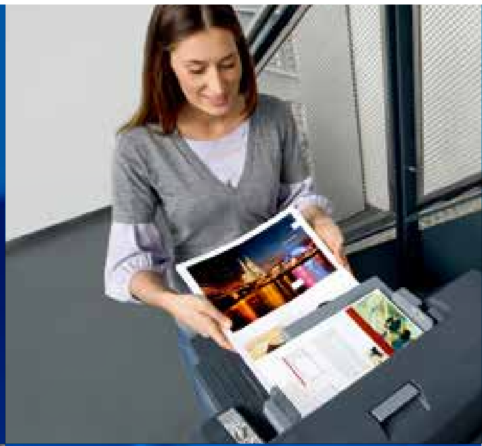
KONICA MINOLTA, INC.

Open and honest



Customer-centric

Innovative

Annual Report 2015

Passionate

Inclusive and collaborative

Accountable

Giving Shape to Ideas

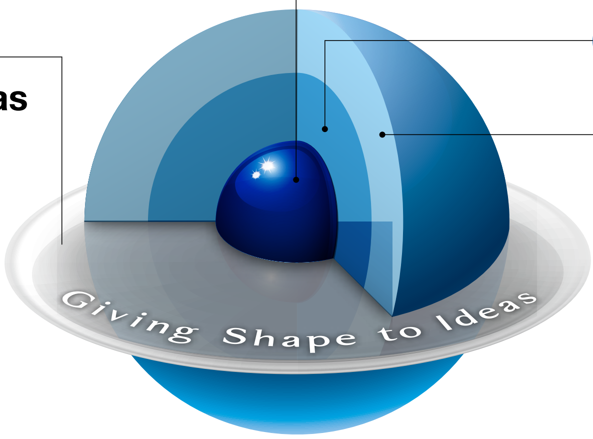
Konica Minolta Philosophy

Our philosophy is to articulate the ideas that are shared by over 40,000 members worldwide.
"The Creation of New Value"—this is the reason we exist.
Our 6 Values are the essence of our innermost beliefs.
Our Vision articulates where we are heading in the future.
Our Brand Proposition, "Giving Shape to Ideas," is our pledge to our customers.
Konica Minolta is committed to our philosophy to benefit both our customers and society at large.

Brand Proposition

Giving Shape to Ideas

It is our pledge to bring the ideas of customers and society to life through innovation and contribute to the creation of a high quality society.



Our Philosophy

The Creation of New Value

Through innovation which only Konica Minolta can provide, we create value and share it with society for the betterment of people's lives today and for the generations to come.

6 Values

Our Vision

A global company that is vital to society

Possessing a mindset that drives us to best serve and improve the quality of society in all our activities, we are determined to become a company that is vital to global society by providing excitement that exceeds the expectations of all.

An innovative company that is robust and constantly evolving

We are committed to becoming an innovative company that stands tall in difficult times with a solid and quality business base, ensuring we remain courageous to provide new value in the face of any challenge.

Konica Minolta's DNA

6 Values

Our 6 Values are the essence of our innermost beliefs, our inherited DNA, and define how we go about our business and act towards all our partners. They articulate what we stand for and direct our decision making.

Open and honest	We are convinced that only by acting with integrity and communicating with all our partners in an open and honest way can we create long-lasting partnerships of mutual trust and true significance.
Customer-centric	We exist solely for our customers; always thinking on their behalf, undertaking challenges together with them, and working tirelessly to bring them success and provide excitement that exceeds expectations both now and in the future.
Innovative	Innovation is what drives us. We constantly strive to develop ground-breaking ideas that will form the basis of everything we do going forward, every step of the way.
Passionate	Being passionate, strong-willed and determined is essential to making a meaningful contribution to our customers' businesses and society as a whole.
Inclusive and collaborative	We believe that the power of inclusiveness and collaboration with customers, partners and each other is the best way to come up with game-changing ideas that provide ultimate benefits.
Accountable	Not only must we be individually and collectively responsible and accountable for what we do, all our actions should contribute to the creation of a sustainable society and Konica Minolta.

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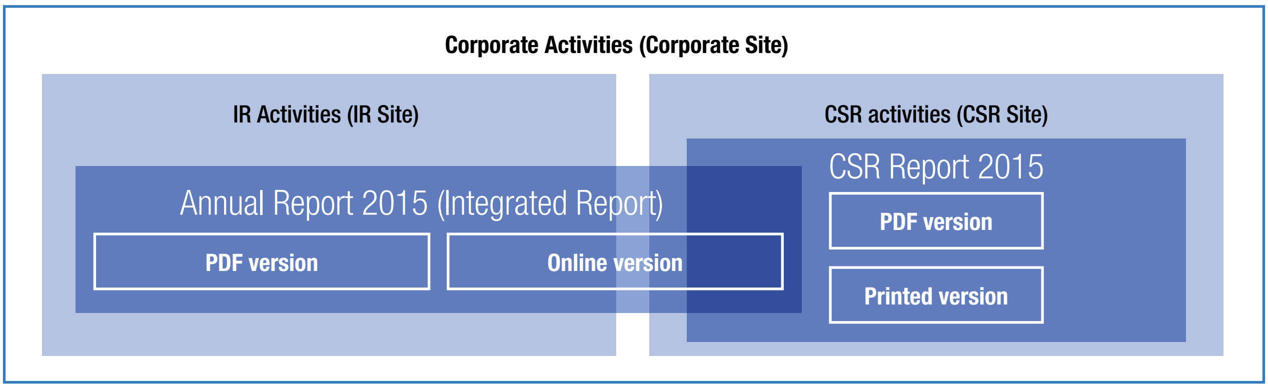


Notes on outlook for future results

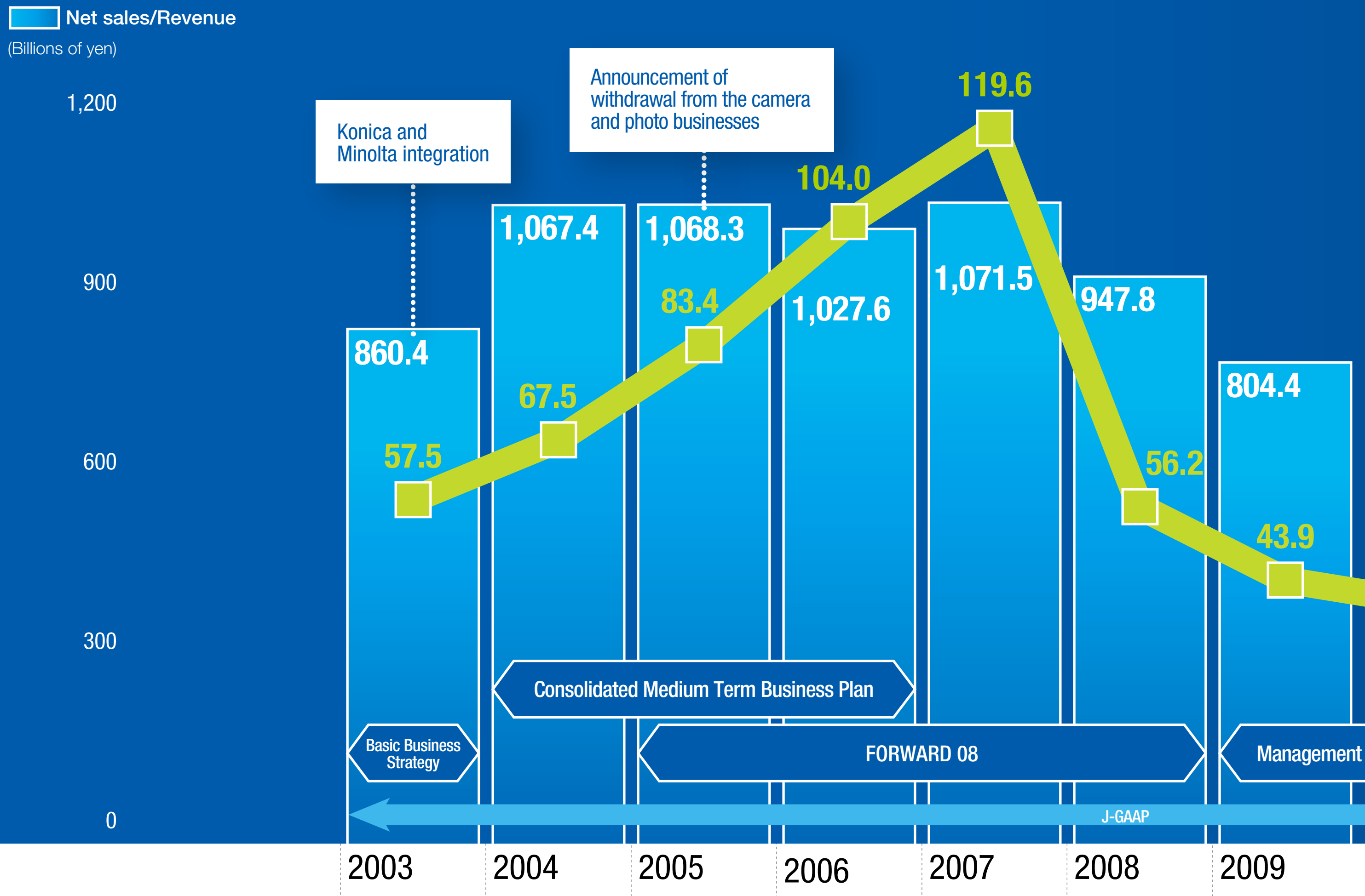
The plans, strategies and statements related to the outlook for future results in this document are in accordance with assumptions and beliefs determined by management based on currently available information. However, it should be noted that there is a possibility that actual results could differ significantly due to such factors as social and economic conditions.

Regarding Trademarks

The names of all Konica Minolta products and services appearing in this report are the trademarks or registered trademarks of Konica Minolta, Inc. The names of other companies, products, and services appearing in this report are the trademarks or registered trademarks of their respective companies.

History of Konica Minolta

We aim to achieve sustainable profit growth by staying ahead of business environment changes and quickly executing "genre-top" strategies.



Product improvement and expansion

2004
- Announced bizhub, a new office equipment brand
- Launched bizhub PRO 1050 and bizhub PRO 1050P for the light production market
- Launched Mermaid, the world's first phase contrast mammography system
- Launched CS-200 luminance colorimeter for optical device measurement, including displays, LEDs, and lamps

2006
- Launched bizhub C550 MFP supporting next-generation networks

- Developed a market-ready, white organic electroluminescence (EL) light-emitting device that boasts a long lifespan and high efficiency

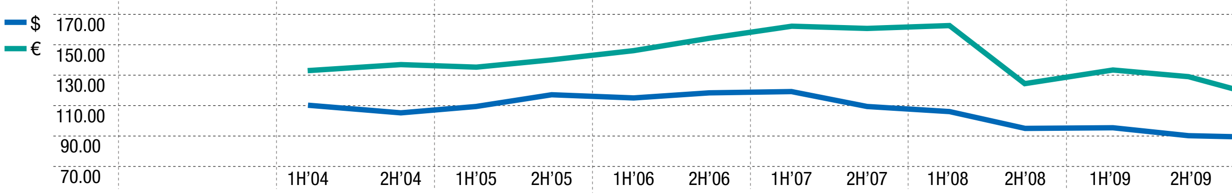
2007
- Launched compact and lightweight CM-700d and 600d wireless mobile spectrophotometers

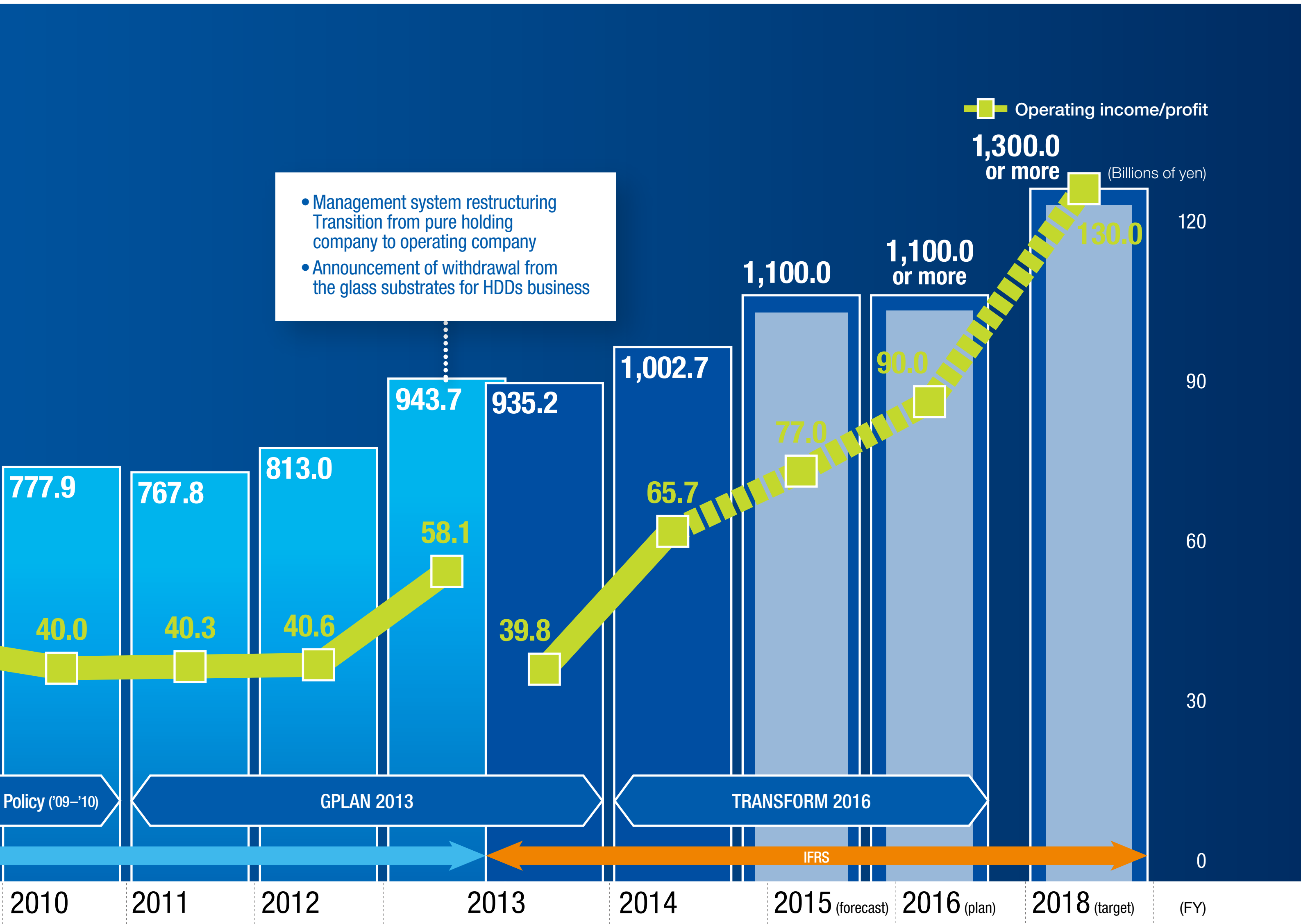
2008
- Launched bizhub PRO C65hc high-speed MFP that achieves color reproduction near the sRGB color space

- Launched CS-2000A mobile spectroradiometer capable of mega contrast spectroscopy

Service improvement and expansion

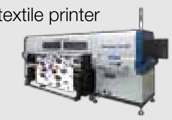
Exchange rates



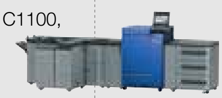


- Launched the bizhub PRESS C8000, a top-of-the-line digital color printing system
- Launched cassette-type digital X-ray system AeroDR

- Launched the world's first OLED lighting panel to use only phosphorescent emitters
- Launched the Nassenger PRO60 all-in-one inkjet textile printer

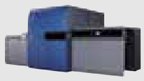


- Acquired business from Panasonic Healthcare and began business in diagnostic ultrasound systems
- Acquired Instrument Systems, a major Germany-based measuring instrument manufacturer
- Launched the bizhub PRESS C1100, a top-of-the-line digital color printing system

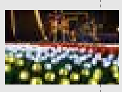


- Launched diagnostic ultrasound system SONIMAGE HS1

- Acquired US-based Radiant Vision Systems. Began business in manufacturing inspections for measuring instruments
- Began test marketing for the KM-1, a B2 cut-sheet inkjet printer

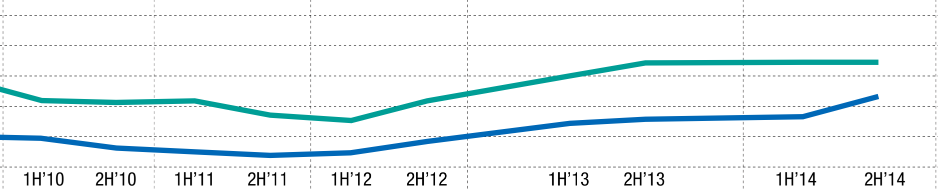


- Our plastic substrate flexible OLED lighting panel was used to build the world's first* illuminating OLED tulip



* The first time OLED lighting has been used in a flower illumination

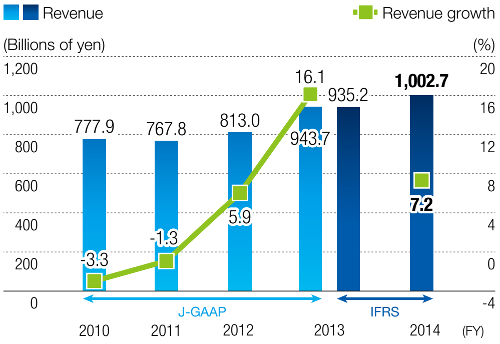
- Began provision of the global OPS program
- Acquired All Covered Inc., a U.S.-based IT services company
- Launched the Data Bank Service and Collaboration Box Service to support collaboration between medical image management facilities
- Acquired FedEx Kinko's Japan Co. Launched on-demand printing service
- Acquired UK-based Charterhouse Limited. Launched MPM service
- Acquired Serians, a France-based IT services provider
- Acquired Raber+Märcker GmbH, a major Germany-based IT systems integration firm
- Began provision of MCS worldwide
- Built a system for rolling out MPM services worldwide
- Charterhouse acquired UK-based Indicia. Strengthened our MMS business
- Acquired Australian MPM giant Ergo



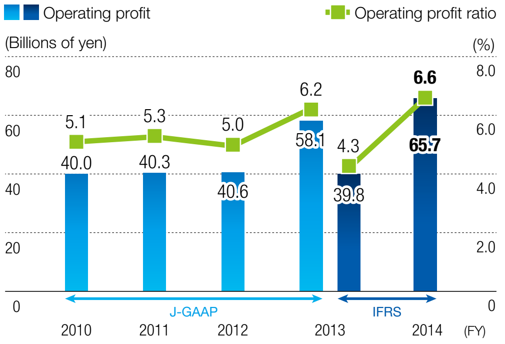
Financial and Non-Financial Highlights

Profitability

Revenue, Revenue growth

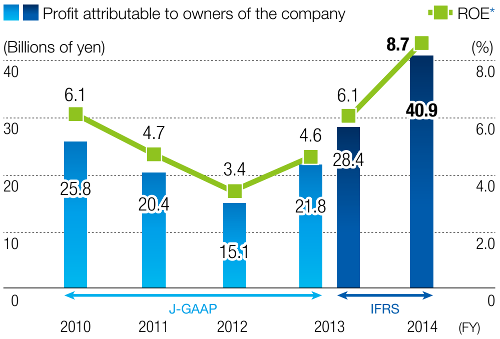


Operating profit, Operating profit ratio



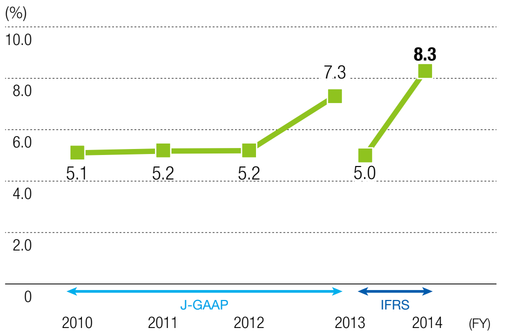
Sales increased to ¥1 trillion on gains in our mainstay Business Technologies Business, marking a return to a level last seen seven fiscal periods ago. Additionally, factors such as improved profitability in the commercial and industrial printing field and structural reform of our Industrial Business brought significant gains.

Profit attributable to owners of the company, ROE*



*ROE (J-GAAP) = Net income / Average shareholders' equity
ROE (IFRS) = Profit attributable to owners of the company / (Share capital + Share premium + Retained earnings + Treasury shares (average at start of fiscal year and end of fiscal year))

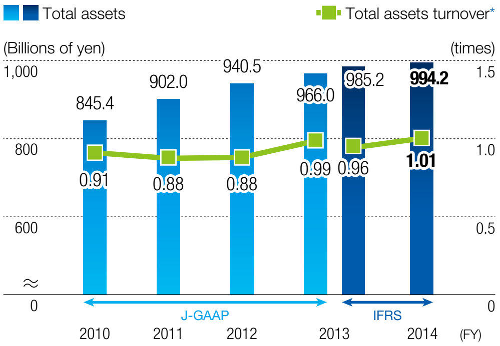
ROIC*



*ROIC = Operating profit after tax/(Share capital + Share premium + Retained earnings + Treasury shares + Interest-bearing debt - Cash and cash equivalents (yearly average))

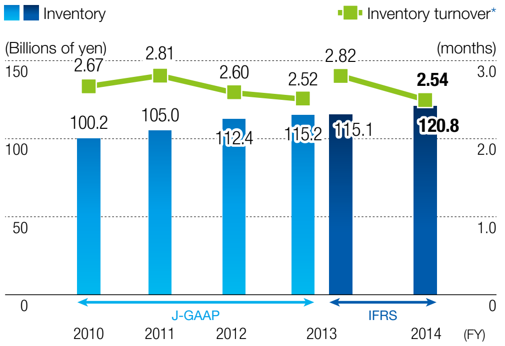
Efficiency

Total assets, Total assets turnover*



*Total assets turnover = Revenue / Average total assets

Inventory, Inventory turnover*

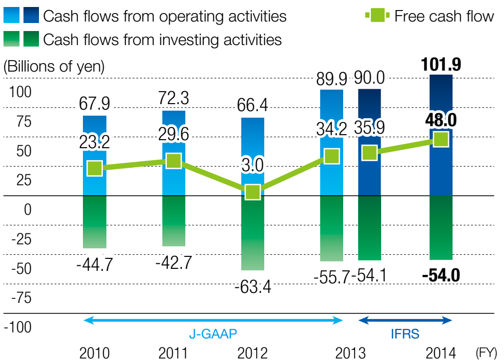


*Inventory turnover = Inventory balance at fiscal year end / Average cost of sales for most recent three months

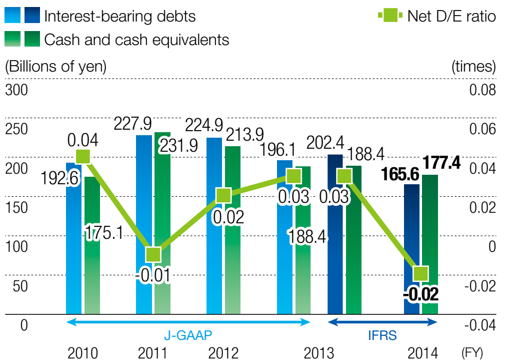
In the interest of balance sheet management, we sold off idle assets, reduced inventory, and otherwise improved asset efficiency, selling off ¥8.6 billion in fixed assets and ¥3.2 billion in securities held in fiscal 2014. We strived to optimize inventory, achieving along the way an inventory turnover of 2.54 months.

Soundness

Cash Flows



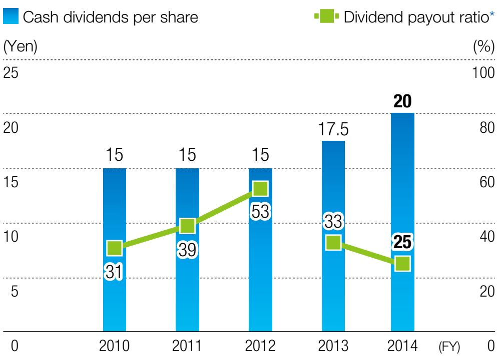
Interest-bearing debts, Cash and cash equivalents, Net D/E ratio



Towards our goal of achieving an equity ratio attributable to owners of the company of at least 50% and net D/E ratio close to zero, two targets for achieving an A credit rating, in fiscal 2014 we achieved an equity ratio attributable to owners of the company of 53.1% and net D/E ratio of -0.02, maintaining a debt rating of A by R&I and A+ by JCR.

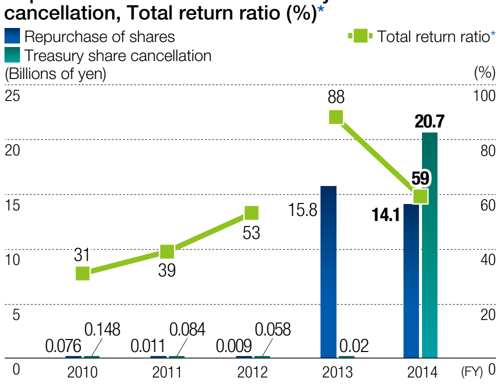
Shareholder Return

Cash dividends, Dividend payout ratio (%)*



*FY2010-2012 data conforms to J-GAAP; FY2013-2014 data conforms to IFRS

Repurchase of shares and Treasury share cancellation, Total return ratio (%)*

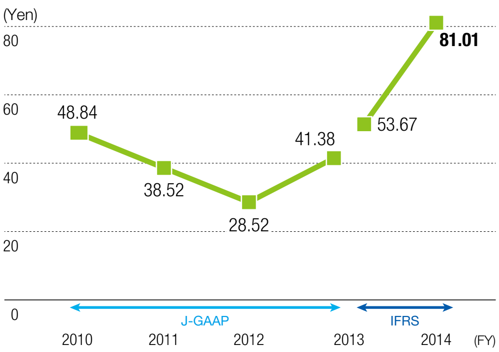


*FY2010-2012 data conforms to J-GAAP; FY2013-2014 data conforms to IFRS

While comprehensively considering factors that include consolidated business results and strategic investment into growth segments, we maintained a focus on shareholder return in fiscal 2014, paying annual dividends of ¥20 per share and repurchasing shares worth ¥14.1 billion.

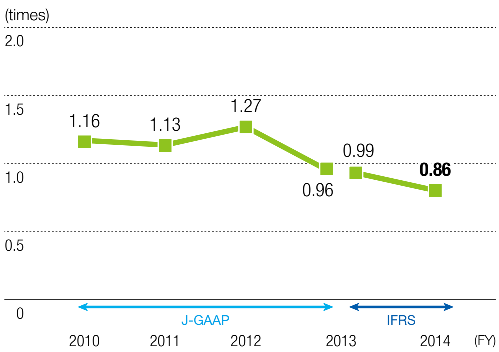
Investment Indicators

EPS*



*EPS = Profit attributable to owners of the company / Average number of outstanding shares during the period

PBR*

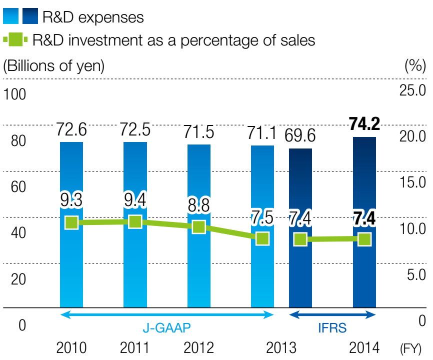


*PBR (J-GAAP) = Year-end stock price / Net assets per share
PBR (IFRS) = Year-end stock price / Equity per share attributable to owners of the company

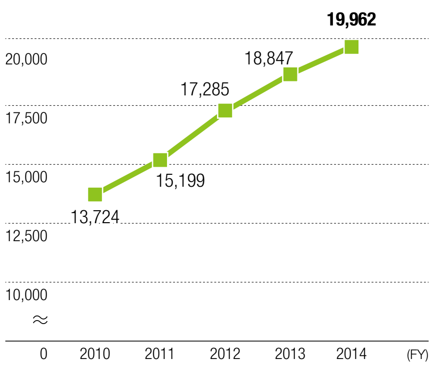
Due in part to a significant gain in extraordinary income as a result of the sale of assets and other factors, fiscal 2014 earnings per share (EPS) were ¥81.01 and the price-book value ratio (PBR) was 0.86.

Non-Financial Data

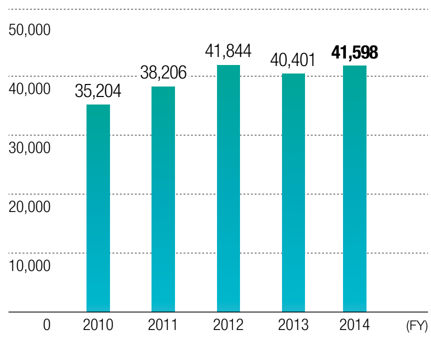
R&D expenses, R&D investment as a percentage of sales



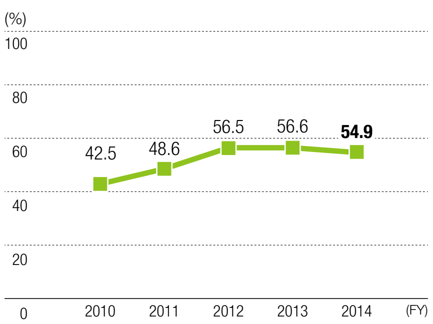
Number of patent rights held



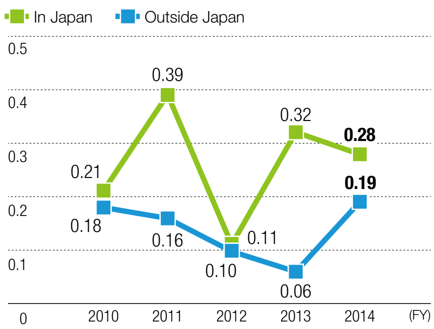
Group employees (worldwide)



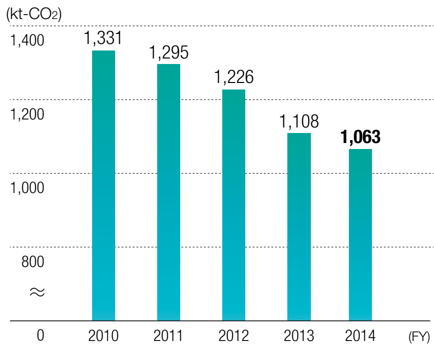
Percentages of locally hired presidents of subsidiaries outside Japan



Frequency rate of accidents causing absence from work



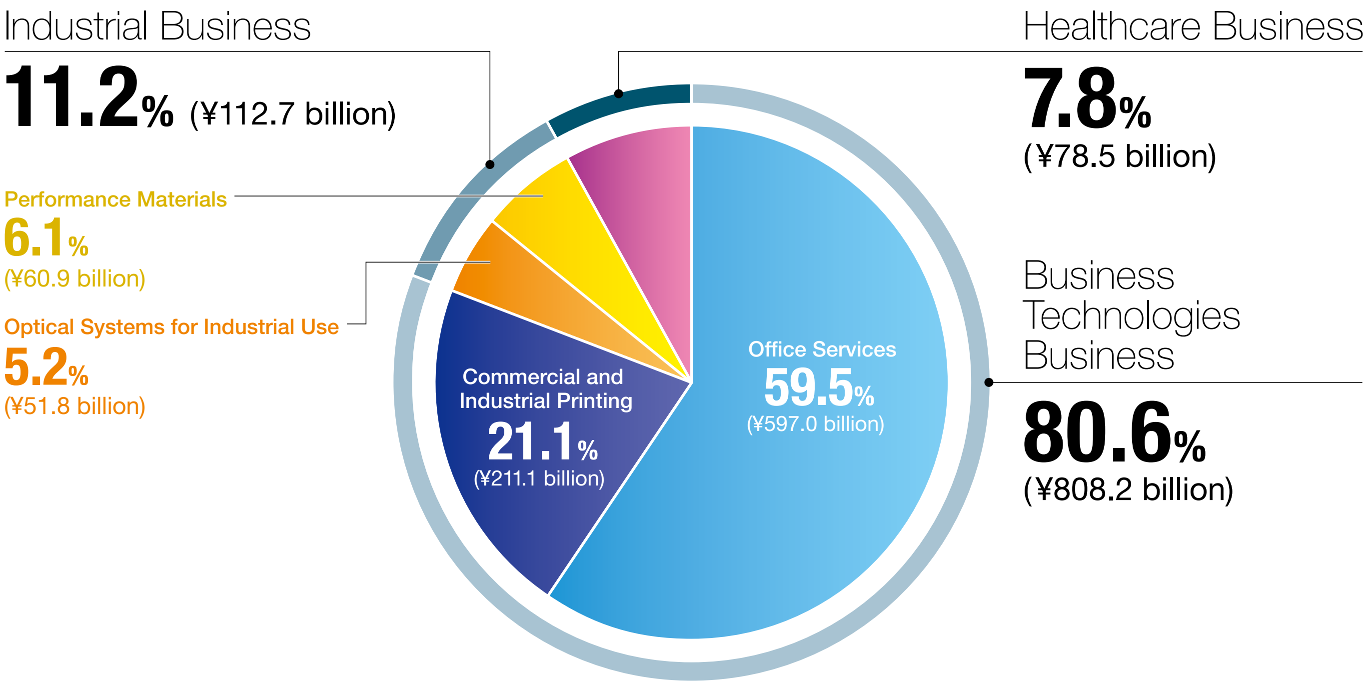
CO_2 emissions throughout product life cycle



Business Overview

Konica Minolta aims to be an innovative company that continues to effect change with a central focus on its Business Technologies Business, which enjoys a "genre-top" position in the world.

Breakdown of sales by business (FY2014)



Business Technologies Business

Office Services

A3 color MFPs:
Large global market share

*Unit basis, Konica Minolta estimate using external CY2014 data

bizhub C554e series

Commercial and Industrial Printing

Color digital printing systems:
Large global market share

*Unit basis, Konica Minolta estimate using external CY2014 data

bizhub Press C1100

Healthcare Business

Healthcare

Cassette-type digital radiography systems:
Large market share in Japan

*Konica Minolta estimate using external CY2014 data

AeroDR PREMIUM

Industrial Business

Optical Systems for Industrial Use

Display analyzers: Large market share

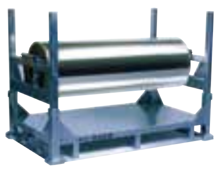
*Konica Minolta estimate using CY2014 data

Display color analyzer CA-310

Performance Materials

TAC films: Large global market share

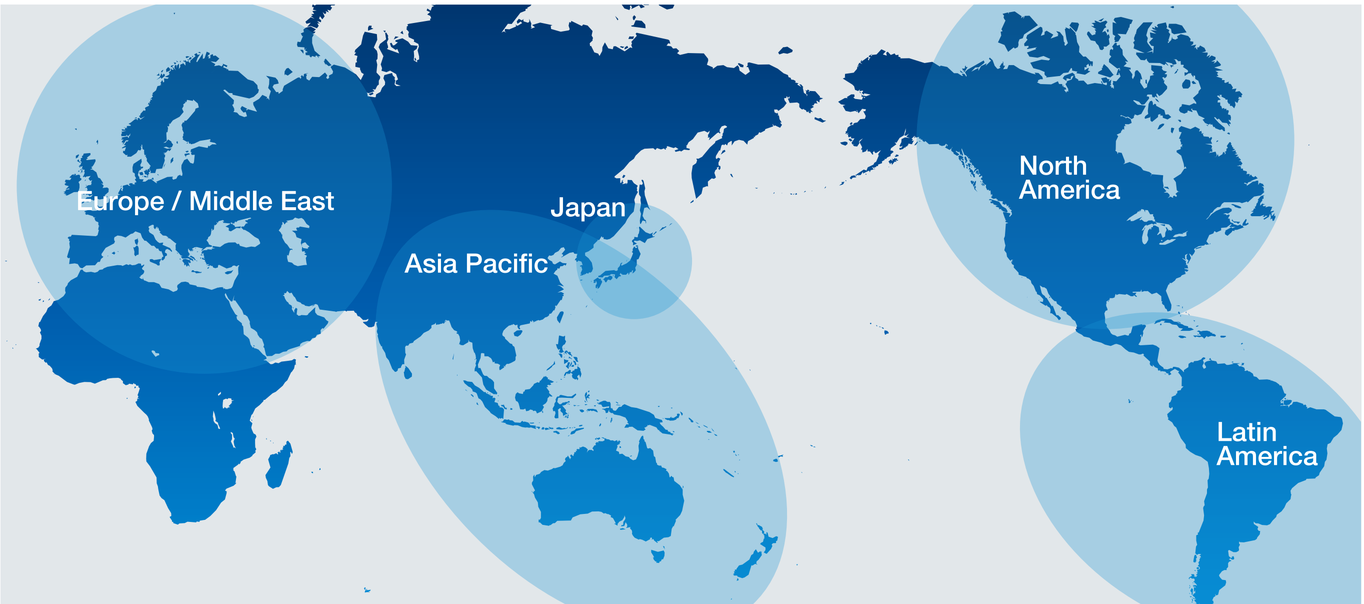
*Area basis, Konica Minolta estimate using external CY2014 data



TAC film for LCD polarizers

Regional Overview

With business sites in 50 countries around the world and more than 40,000 employees, Konica Minolta is a global company that provides the solutions the world needs.



Business Companies*1	Global Sites*1 (countries)	In Sales and Service*1 (countries)	Employees*1
130	**50**	**over 150**	**41,598**

*1 Data is compiled on a consolidated basis (as of March 31, 2015)

		Net sales*2 (Billions of yen)	Employees	Business companies	CO_2 emissions (kt-CO_2)	Total energy inputs (TJ)	Water consumption (km^3)
Europe	2012	224.8	8,151	56	32	660	74
	2013	309.6	8,328	55	31	619	75
	2014	**328.6**	**9,048**	**61**	**28**	**545**	**95**
North America	2012	165.7	7,706	9	41	681	86
	2013	205.8	7,663	11	38	635	84
	2014	**235.6**	**8,046**	**9**	**36**	**599**	**86**
Japan	2012	226.2	12,539	27	286	6,147	3,181
	2013	204.7	12,177	21	262	5,626	3,034
	2014	**194.6**	**12,154**	**20**	**265**	**5,694**	**3,188**
Asia / Others	2012	196.2	13,448	21	114	1,616	2,756
	2013	214.9	12,233	23	91	1,238	1,445
	2014	**243.8**	**12,350**	**40**	**70**	**912**	**474**

*2 Accounting standards: Japanese standards are used for FY2012 and International Financial Reporting Standards (IFRS) are used for FY2013/2014.
Sales figures for Russia and Turkey are included in Asia/Others for FY2012 and in Europe for FY2013/2014.

Message from the CEO

As a truly customer-centric company, we focus on the creation of new value to achieve sustainable profit growth.

Achieving significant profit increase and over 8% ROE while accelerating investment for future growth

Since being appointed as president and CEO in April 2014, I have been reorganizing the Konica Minolta Philosophy, which is the foundation of all corporate activities and defines our 6 values as shown in page 2. Moreover, in the new three-year Medium Term Business Plan, "TRANSFORM 2016," Konica Minolta pledges it will transform into a company that is truly customer-centric and create new value by leveraging the strength of its connections with customers around the world, thus further advancing the "genre-top" strategy.

In the first year of TRANSFORM 2016, which began in the fiscal year ending March 31, 2015, in addition to our core Business Technologies Business performing favorably, the performance materials unit also did well following a recovery in TAC film sales and other products. As a result, we experienced a smooth increase in existing business sales, enabling us to achieve a consolidated revenue ¥1 trillion for the first time in seven years. Moreover, there were significant increases in both operating profit, which was ¥65.7 billion, an increase of 65.0% year on year* and profit for the year, which was ¥40.9 billion, an increase of 44.1% year on year* resulting in a return on equity (ROE) of 8.7%*. Sales and general administrative expenses includes advance expenses of approximately ¥8 billion for various items such as those required for strengthening our service business, which is one of the aims for achieving the targets of the Medium Term Business Plan. In fiscal 2014, we also invested approximately ¥20 billion in M&A activities and other areas in order to accelerate a shift in the focus of our business as part of our efforts towards achieving sustainable growth.

As one initiative of this shift, we established a global framework for Marketing Print Management (MPM) services, which are anticipated to be a driving force for growth in the field of commercial and industrial printing. MPM services comprehensively manage the printing needs of marketing divisions in major global enterprise customers, providing a wide variety of services including cost-reduction solutions and business process improvement. Significant growth in this area is anticipated in the future.

On another front, the Konica Minolta R&D framework has been revised in order to strengthen our ability to create new value in the name of achieving future growth. A new R&D center, Konica Minolta Hachioji SKT, commenced operations in April 2014. In addition to integrating the development functions of the digital printing systems that drive the growth of our core Business Technologies Business, SKT has begun activities in an effort to become the hub of "new value creation" by promoting open innovation within Konica Minolta and with external sources.

Additionally, the Business Innovation Centers (BICs) launched during the previous fiscal year to develop new business in five major regions around the world—North America, Europe, Asia Pacific, China and Japan—are now fully operational. Activities of the production division include the establishment of a state-of-the-art production site in Malaysia.

* IFRS base

Message from the CEO

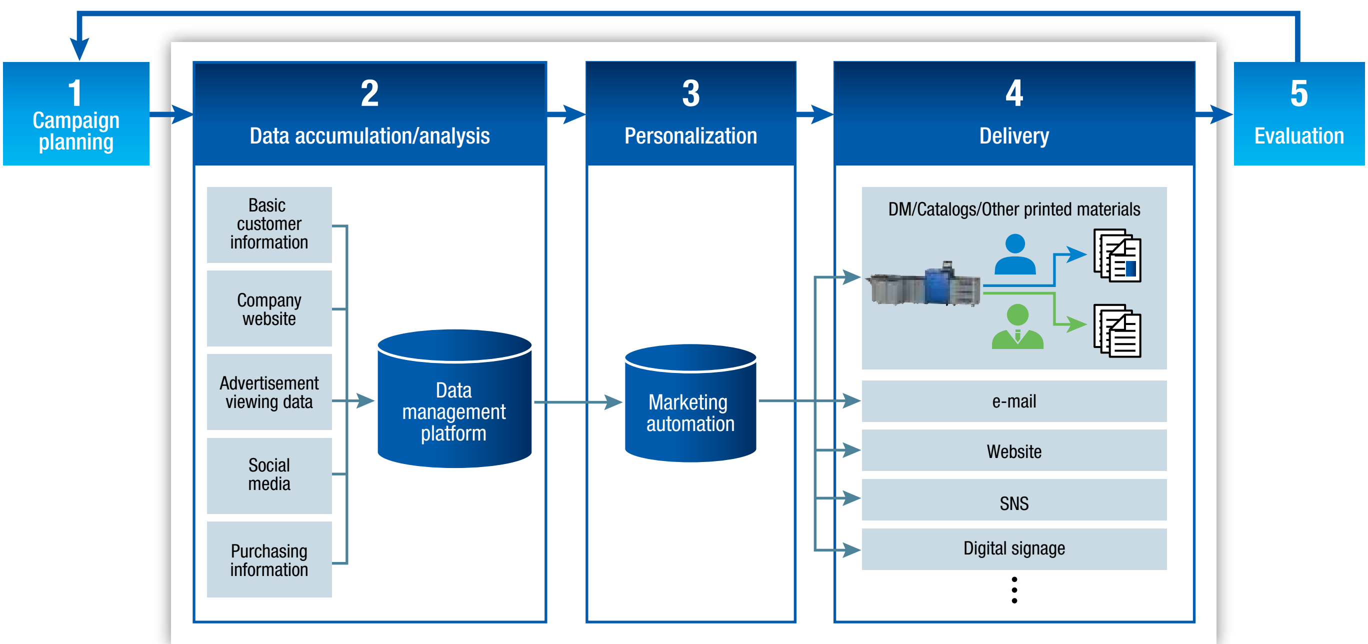
Anticipating digital innovation and accelerating business scope transformation through creative destruction

In these modern times, innovations in digital technology have led to the introduction of new products and businesses previously unthinkable, and the makeup of industries continues to undergo dramatic change. Entry from different industries is intensifying and competition between companies is growing increasingly fierce. It is undeniable that our current core Business Technologies Business, which handles products such as MFPs and printers, will soon be inundated by a massive wave of change. Our genre-top strategy of concentrating on color output has been effective; however, even though print volume is currently expanding and earnings are steadily increasing, we do not believe this will continue forever. While price competition continues to intensify due to product commoditization, there is a possibility that the demand for color printing will hit a ceiling due to a shift in advertising towards digital media. Accordingly, Konica Minolta has devised a growth strategy to ensure its survival as a top-tier company, even in this age of digital innovation.

By viewing this massive wave of change as an opportunity, we will anticipate forthcoming digital innovation and challenge ourselves to create new products and solutions that provide resolutions for the diversified issues faced by our customers and society. Then, utilizing "creative destruction" including the fundamental reform of existing businesses and creating new businesses, we will further promote the shift in the focus of our business as we "TRANSFORM."

In line with advancements in digitalization, the marketing world is creating new

Digital marketing

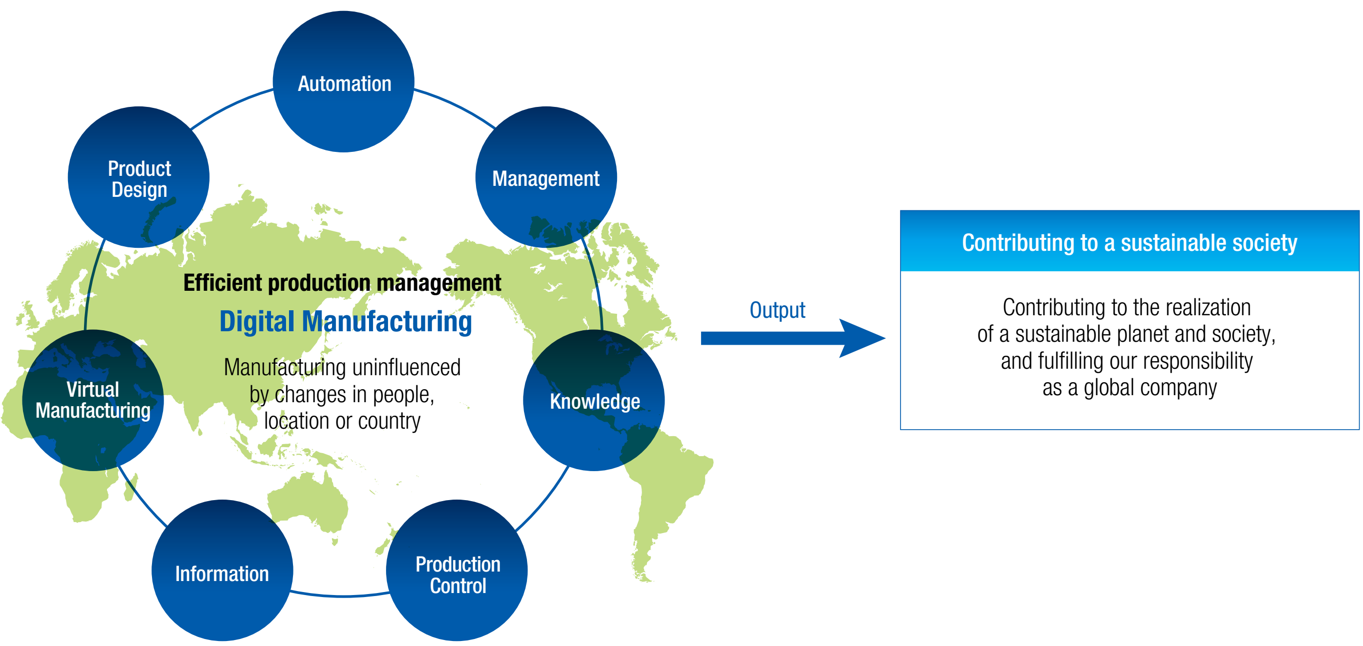


promotion techniques one after another by utilizing the Internet and SNS, and marketing divisions of corporations are faced with the issue of how to utilize cross-media, which efficiently combines conventional mass media and printed media with digital media. Konica Minolta is engaged in digital marketing business that provides a comprehensive package—from cross-media strategy planning to contents production and partial effect measurement—based on the global MPM services it established ahead of competitors in the industry. In doing so, we are proceeding in the creation of businesses with high added value that strengthen our customers' companies as well.

Additionally, when it comes to manufacturing, we have established state-of-the-art production facilities in Malaysia based on the concept of digital manufacturing, and plan to expand this to China, the U.S. and Europe in the future. These bases will pursue efficient manufacturing of the highest quality by leveraging our sophisticated automated production lines, original automatic measurement technologies, 3D printers and other advanced equipment. We are also utilizing ICT to reform methods for sharing information and know-how, revise workflow, and achieve more sophisticated, streamlined production management. By implementing this at the global level, we will create a global production framework not easily influenced by issues such as regional specifications, location, operator skills and currency fluctuation. Moreover, we plan to utilize the technologies and know-how related to digital manufacturing accumulated by our state-of-the-art factories to make proposals to our corporate clients as a solutions provider.

Outside of the Business Technologies Business, we will challenge ourselves to create new business by anticipating changes to industries and lifestyles caused by digital innovation, and generate five to six new businesses to the scale of ¥30-50 billion, thus

Digital manufacturing



achieving further growth in the future. One such business is the measuring instruments field. We have also acquired Radiant Vision Systems, LLC—a U.S. company whose strength lies in visual surface inspection of display products such as smartphones—thereby expanding our scope through synergies with existing businesses and accelerating the expansion of our business scale.

Atrium of Konica Minolta Hachioji SKT

Optimal utilization of our global organization and personnel resources as "One Konica Minolta"

Konica Minolta Hachioji SKT and the BICs located in five major regions around the world have been the R&D organizations taking the initiative and driving us as we TRANSFORM. They are the open innovation bases that not only engage in the development of new technologies and applied research like conventional research laboratories, but also observe customers closely to discover any potential needs, and create innovative business models and solutions. As one example, the members in top management and managerial positions at our BICs are personnel who have produced outstanding results in different industries. They are capable of engaging in the creation of new value by incorporating perspectives and ideas previously non-existent in Konica Minolta.

Of course, it is important to take full advantage of the collective strengths of "One Konica Minolta." In doing so, we must go beyond the boundaries of departments and regions in order to realize businesses that anticipate customers' needs based on new technologies and business ideas. In fact, for the past few years, we have reorganized managerial system, eliminating the business company and in-house company systems for the purpose of strengthening our activities as One Konica Minolta.

In fiscal 2014, we established the Global Strategy Council, consisting of overseas management personnel. Based on the council's insights, we reflect on the formulation of group management strategies and other issues, and proactively promote the use of global human resources within the Company. Similarly, regarding overseas business development and businesses newly incorporated into the Group as the result of M&As, we do not allow the corporate headquarters to plan and control management. Instead, we utilize the people most knowledgeable about the field(s) as leaders, and have adopted the policy of affording such people discretional authority and flexibility in local organizations.

By appropriately drawing on the strengths of our global group frontlines and maximizing our potential, we will proactively create new businesses that contribute to solving customers' issues and achieving sustainable growth.

Pursuing sustainable business activities as the social responsibility of a global company

The Japanese government introduced Japan's Corporate Governance Code in June 2015. However, Konica Minolta was years ahead in this area, having strengthened its governance system early on through various measures such as appointing outside directors since 2002 and shifting to a company with three committees in 2003 when the managements of Konica Corporation and Minolta Co., Ltd. were integrated. Moreover, placing an emphasis on management transparency and communicating with investors, in addition to providing financial information, we proactively disclose non-financial information in the areas of environment, society and governance (ESG). We are also a signatory of the United Nations Global Compact—naturally considering it an obligation as a global company with business spanning 50 countries and employing over 40,000 people. We have proclaimed our intention to international society to fulfill our social obligations from the aspects of human rights, labor, environment and preventing corruption, and engage in ongoing activities to ensure this.

In regards to supporting the environment in particular, we formulated “Eco Vision 2050” as our long-term environmental vision in 2009 and set the ambitious target of reducing CO_2 emissions throughout the product lifecycle by 80% by 2050 compared to 2005 levels. We also formulated “Medium-Term Environmental Plan 2016” in line with our new Medium Term Business Plan, and defined concrete targets for environmental impact reduction by FY2016. To realize these targets, our aim is to reduce environmental impact across all business areas, including the development of Green Products. Today we are proactively providing our customers and business partners with environmental technologies and knowledge we have accumulated in an attempt to reduce environmental impact throughout the entire value chain.

As a result of these wide-ranging activities, Konica Minolta is highly rated by socially responsible investment (SRI) evaluation bodies throughout the world; best represented by inclusion in global SRI indices such as the Dow Jones Sustainability World Index and FTSE4Good Global. We will continue to promote management with an emphasis on ESG and pursue sustainability as a company.

International socially responsible investment indices

Inclusion in prominent Japanese/foreign indices

Aug. 2015	Selected for the JPX-Nikkei Index 400 for 3 consecutive years
Feb. 2015	Included in FTSE4Good Global Index for 12 consecutive years
Sep. 2014	Named to Dow Jones Sustainability World Index for 3 consecutive years

Evaluation from international CSR ranking bodies

Feb. 2015	Awarded RobecoSAM Gold Class, the highest CSR ranking
Feb. 2015	Awarded “Prime” status by Oekom Research for CSR
Oct. 2014	Awarded with a position on The A List: The CDP Climate Performance Leadership Index 2014 (CPLI)

Various management surveys in Japan

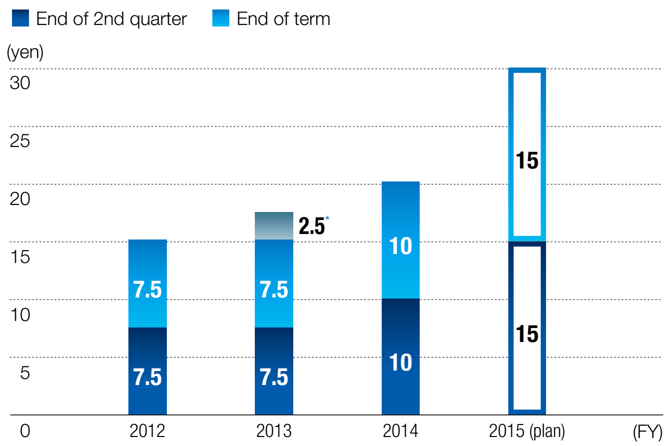
Mar. 2015	Selected as one of the “Brand of Companies Enhancing Corporate Value through Health & Productivity Management (Health & Productivity Stock Selection)” jointly undertaken by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange
Jan. 2015	Ranked first in the overall manufacturing sector of the 18th Environmental Management Survey conducted by Nikkei Inc.
Nov. 2014	Awarded the overall top position in the 8th Quality Management Level Research

Uncompromising on absolute amount of dividends while aiming to continuously increase dividend payments

Konica Minolta intends to aggressively engage in investments in order to realize sustainable growth and proactively pass on profits generated and cash to its shareholders. In doing so, we place emphasis on the absolute amount of dividends. It is our wish that investors who will support Konica Minolta's growth for the medium- to long-term own shares in the Company. Therefore, rather than raise and lower dividends paid in response to changes in short-term performance, we meet the expectations of our shareholders by increasing dividend payments on an ongoing basis. Moreover, in addition to dividends, we engage in the acquisition of treasury shares. Based on this profit return policy, regarding ordinary dividends for the fiscal year ending March 31, 2016, we plan to distribute a total annual dividend of ¥30 per share (¥20 in the previous term). Additionally, from May to July 2015, we purchased a total of ¥10 billion of our own shares (6.57 million shares acquired), and cancelled 9 million treasury shares in June.

Konica Minolta will continue to achieve sustainable growth and prove worthy of the trust we have built with our stakeholders. We ask for your ongoing support and guidance.

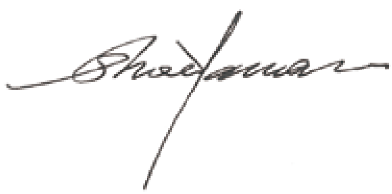
Trend in dividend amount



*Commemorative dividend for 10-year anniversary of integration

August 2015

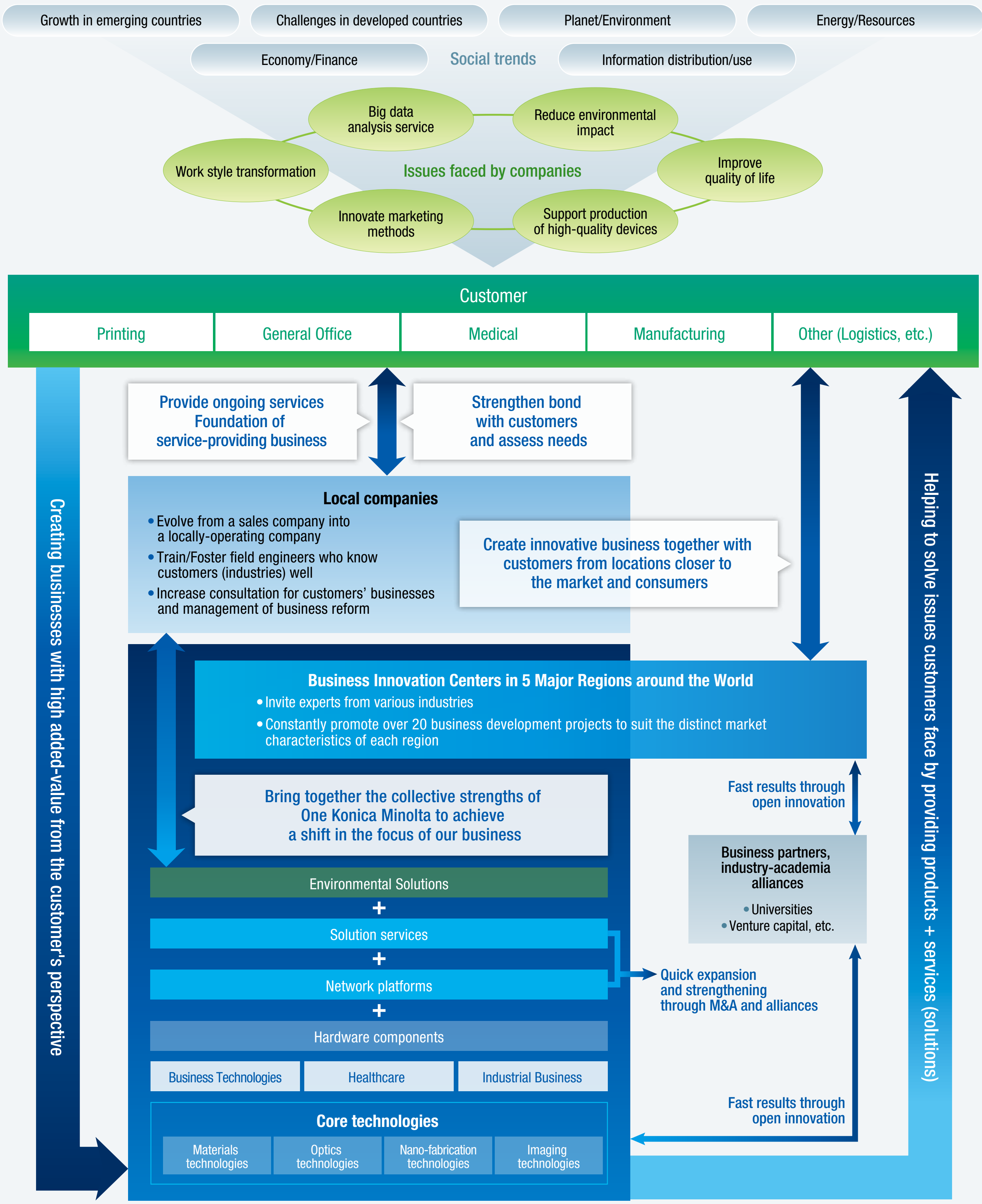
Shoei Yamana
President and CEO
Konica Minolta, Inc.



Value Creation Process

Creating new value by leveraging strong customer relations globally

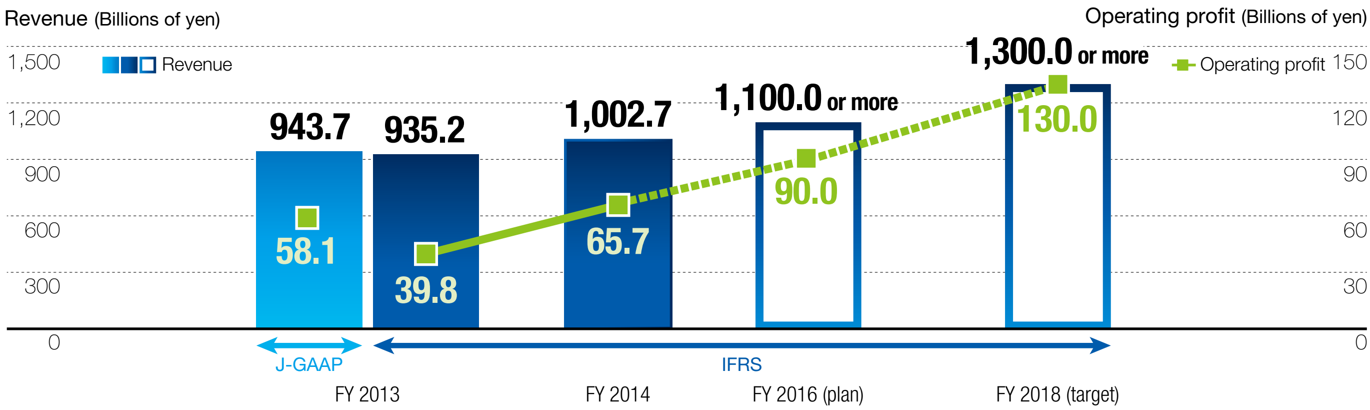
The Konica Minolta business model is supporting the resolution of customer issues by fully understanding them and providing a combination of products and services as solutions. To that end, we are committed to bringing together the collective strengths of One Konica Minolta and quickly expanding operations through means such as open innovation backed by industry-academia collaboration and alliances with external partners.



Medium Term Business Plan Progress Report

The first fiscal year has gotten off to a good start.

TRANSFORM 2016



TRANSFORM 2016 Progress

Realizing sustainable profit growth

By focusing our efforts on corporate resources in segments that show promise for growth, we leverage coherent "genre-top" strategies to establish a higher position in the global market. To this end, in order to succeed with both maximizing earnings in existing businesses and "transforming" our business portfolio to achieve next-generation growth, we have established three phases for each business as part of our systematic growth scenario (see diagram).

In Phase 0, we will reinforce the earning power of profit engines in existing businesses. Phase 1 will focus on transforming our business portfolio with a view to achieving results in fiscal 2016, the last year of our Medium-Term Business Plan. In Phase 2, by fiscal 2016 we will complete the preparations for creating new growth engines that will strengthen business in fiscal 2017 and 2018. Pursuing these three phases concurrently constitutes Konica Minolta's TRANSFORM initiative.

The 3 Phases for transforming our business portfolio

Phase 0	Phase 1	Phase 2
The existing growth engine itself	The business portfolio transformation that will produce definite results by FY2016	The business portfolio transformation that will be on the mark by FY2016 and contribute to business in FY2017-2018

Transform into a customer-centric company

To create services and solutions to address the issues faced by our customers and society, it is critical that we establish a customer-focused approach based on our management philosophy of "the creation of new value." To this end, in fiscal 2014 we focused on building a customer-centric corporate climate and business structure as One Konica Minolta. Part of this involved establishing Business Innovation Centers (the BICs) in 5 key regional markets. In fiscal 2015, we will work even more closely with customers to provide solutions from processes further upstream. We are also creating new services together with customers through these BICs.

Establishing a strong corporate structure

With an eye to achieving sturdy production operations, we will be conducting fundamental streamlining of production activities through efforts including Group-wide purchasing, more extensive automation in manufacturing processes, and coordination between design and production using groundbreaking ICT. One effort made in fiscal 2014 towards this end was shifting "digital manufacturing" into full gear at our production site in Malaysia.

We also undertook corporate reform and refined Group management to be in line with what the world expects of a global company, in addition to enhancing profitability by optimizing our cost structure.

Roadmap for growth in each business segment

	Phase 0	Phase 1	Phase 2
Office Services	Maximize color PV	Maximize color PV	(Growth not dependent on PV)
	OPS/GMA	Penetrate hybrid-type sales	
	Solutions by industry type and business category	Start providing MCS globally	
	A3 color next-generation engine		New-generation office/platform
Commercial and Industrial Printing	Maximize color PV	Maximize color PV	Maximize color PV
	MPP flagship model	Make full-scale entry into HPP with KM-1	
	MPM global system	Increase high added value by deploying MMS	Enter digital marketing domain
	Textile printers	Tie-up with MGI	Expand domain into label printing, etc.
Healthcare	High-value-added model with modality + service	High-value-added model with modality + service	
	DR	Diagnostic ultrasound systems	Enhance sophistication of diagnostics
		Medical IT services	Regional partnerships, at-home solutions
Optical Systems for Industrial Use	Light-source measuring instruments	Expand measuring instruments domain	Digital manufacturing
	Lenses for industrial and professional use	Expand optical systems domain • Projector domain • Automotive optical systems	
	BD pickup lenses for game consoles		
Performance Materials	TAC film	New functional film for displays	New functional film and materials business
		Window film	OLED lighting
Companywide			New business starting from BIC

Full-scale implementation of a next-generation production system on the concept of digital manufacturing begins in Malaysia

In fiscal 2014, Konica Minolta began full-scale operation of a next-generation production system based on the concept of digital manufacturing at Konica Minolta Business Technologies (Malaysia) Sdn. Bhd., a Konica Minolta production site in Malaysia.

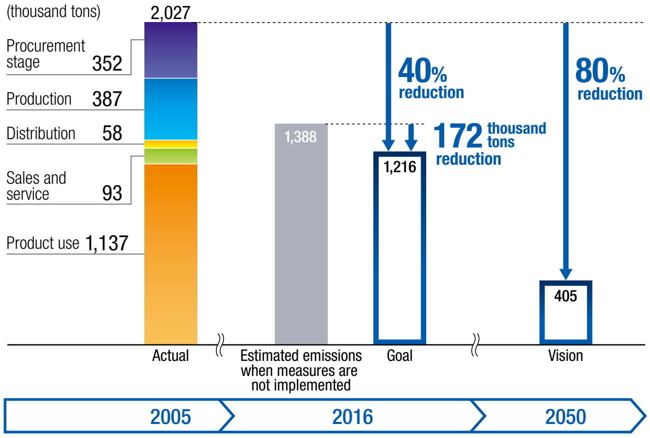
Through a combination of cutting-edge ICT and automation technologies, the plant's production processes achieve dramatic efficiency improvements over conventional production workflows. In addition to automating operations previously performed by human hands, we have also achieved a management cockpit that uses ICT, allowing our managers to make and act on decisions concerning production with more speed and accuracy. We ultimately aim to achieve a production system whose success is not affected by change involving people, place, or country. Initiatives currently being conducted in Malaysia are a pioneering example of our worldwide business expansion going forward, which is aimed at reinforcing competitiveness throughout the Group. Furthermore, we hope to continue increasing production efficiency in society at large by offering customers and business partners the knowledge and expertise we have accumulated through these endeavors.

Medium-Term Environmental Plan Progress Report

Konica Minolta is steadily reducing lifecycle CO_2 emissions.

To achieve further growth as a global company, Konica Minolta believes it is essential to conduct a transformation of its business portfolio based on its Medium Term Business Plan, while at the same time earning the trust of the international community by furthering CSR management to fulfill its responsibility to society. Konica Minolta has established both the Medium Term Business Plan and Medium-Term Environmental Plan based on the idea that enterprise creates value for both society and itself by integrating efforts to resolve societal challenges and improve corporate competitiveness and profits—an idea that sustainable companies in the 21st century will be expected to embrace. The Medium-Term Environmental Plan establishes targets for both environmental impact reduction and corporate growth.

Lifecycle CO_2 Emissions Reduction Goal



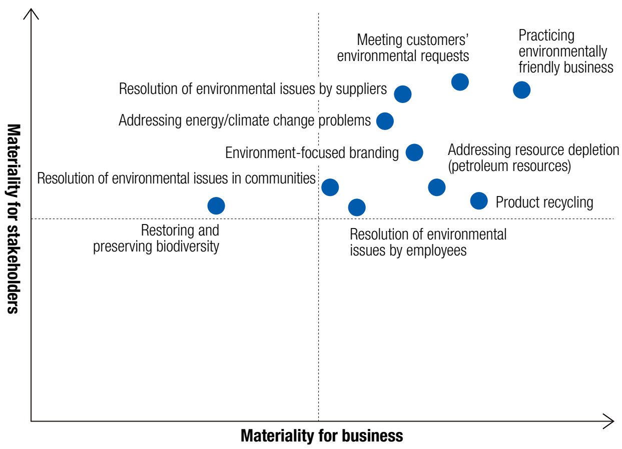
Note: Lifecycle CO_2 emissions reduction goal covers CO_2 emissions from the procurement stage as of fiscal 2014.

Goals of the Medium-Term Environment Plan 2016 and Fiscal 2014 Results

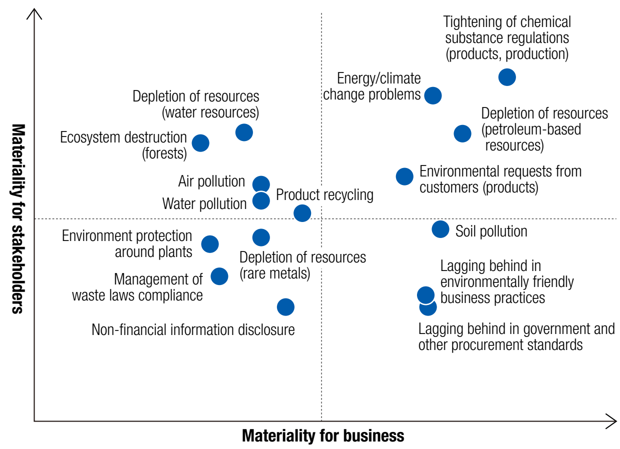
	Material issues	Goals of the Medium-Term Environment Plan 2016	
		Business value	Environmental value
Material Theme 1 **Green Products** (planning and development)	(1) Creating and providing the green products demanded by customers and society	**Sales** • Sales of Green Products: 640 billion yen (Share of sales: 58%) **Cost reductions** • Reduce cost of product materials	**Preventing global warming** • CO_2 reduction during product use: 59 thousand tons • CO_2 reduction at procurement stage: 105 thousand tons **Supporting a recycling-oriented society** • Resources used effectively: 33 thousand tons **Reducing chemical substance risks** • Control emissions
	(2) Conforming with government procurement standards and environmental label requirements	**Sales** • Eliminate lost sales opportunities	**Environment overall** • Reduce environmental impact by conforming with standards and label requirements
	(3) Dependably complying with product-related laws and regulations	**Risk avoidance** • Eliminate effect on sales	**Reducing chemical substance risks** • Reduce hazardous chemical substance risk by conforming to laws and regulations
Material Theme 2 **Green Factories** (procurement and production)	(1) Green Factory operations that translate into cost competitiveness	**Cost reductions** • Reduce costs of energy and materials (reduce loss)	**Preventing global warming** • CO_2 reduction during production: 9.2 thousand tons **Supporting a recycling-oriented society** • Resources used effectively: 4 hundred tons **Restoring and preserving biodiversity** • Sustainable use of water resources
	(2) Upgraded recycling that resolves community environmental challenges	**Cost reductions** • Reduce cost of materials	**Preventing global warming** • CO_2 reduction at procurement stage (target established in 2015 Q1) **Supporting a recycling-oriented society** • Resources used effectively (target established in 2015 Q1)
	(3) Cooperation with suppliers that translates into cost competitiveness	**Cost reductions** • Reduce costs of energy and materials (reduce loss)	**Preventing global warming** • CO_2 reduction at suppliers (established in agreement with each target supplier) **Supporting a recycling-oriented society** • Effective use of resources (established in agreement with each target supplier)
	(4) Dependably complying with production-related laws and regulations	**Risk avoidance** • Eliminate effect on production	**Environment overall** • Reduce environmental impact by conforming with laws and regulations
Material Theme 3 **Green Marketing** (distribution, sales and service, and collection and recycling)	(1) Resolving customers' environmental challenges	**Net sales** • Acquire sales opportunities	**Environment overall** • Reduce environmental impact on customer side
	(2) Supply chain optimization and linked environmental initiatives	**Cost reductions** • Reduce cost of distribution and packaging	**Preventing global warming** • CO_2 reduction during distribution: (target established in 2015 Q2) **Supporting a recycling-oriented society** • Resources used effectively: (target established in 2015 Q2)
	(3) 3R initiatives for products	**Risk avoidance** • Reinforce 3R initiatives	**Supporting a recycling-oriented society** • Use resources effectively through product 3R initiatives

Note: The targets for fiscal 2016 have been changed partially based on the forecast of a 40% reduction in lifecycle CO_2, which is a binding target.

Materiality (Opportunities)



Materiality (Risk)



Fiscal 2014 results			
Business value		Environmental value	
Sales • Sales of Green Products: 547.1 billion yen (Share of sales: 54%) **Cost reductions** • Reduce cost of product materials	○	**Preventing global warming** • CO_2 reduction during product use: 43 thousand tons • CO_2 reduction at procurement stage: 76 thousand tons **Supporting a recycling-oriented society** • Resources used effectively: 24 thousand tons **Reducing chemical substance risks** • Control emissions	△
Sales • Eliminate lost sales opportunities	○	**Environment overall** • Reduce environmental impact by conforming with standards and label requirements	○
Risk avoidance • Eliminate effect on sales	○	**Reducing chemical substance risks** • Reduce hazardous chemical substance risk by conforming with laws and regulations	○
Cost reductions • Reduce costs of energy and materials (reduce loss)	○	**Preventing global warming** • CO_2 reduction during production: 1.9 thousand tons **Supporting a recycling-oriented society** • Resources used effectively: 2.3 hundred tons **Restoring and preserving biodiversity** • Sustainable use of water resources	○
(New material issue from fiscal 2015)			
Cost reductions • Reduce costs of energy and materials (reduce loss)	○	**Preventing global warming** • CO_2 reductions at suppliers: 1 thousand tons **Supporting a recycling-oriented society** • Resources used effectively: 3 hundred tons	○
Risk avoidance • Eliminate effect on production	○	**Environment overall** • Reduce environmental impact by conforming with laws and regulations	○
Net sales • Acquire sales opportunities	○	**Environment overall** • Reduce environmental impact at customer side	○
Cost reductions • Reduce cost of distribution and packaging	△	**Preventing global warming** • CO_2 reduction during distribution: 7 hundred tons **Supporting a recycling-oriented society** • Resources used effectively: 2.5 hundred tons	△
Risk avoidance • Reinforce 3R initiatives	○	**Supporting a recycling-oriented society** • Use resources effectively through product 3R initiatives	○

Note: The expressions have been changed for some material issues and issues added, based on the results of a materiality analysis.

Message from the CFO

Pursuing efficient business management as a global company to meet the expectations of our investors.

Ken Osuga, Director and Senior Executive Officer

Q1. What does Konica Minolta aim to achieve by applying International Financial Reporting Standards (IFRS) beginning from this term?

A1. We are aiming to strengthen our ability to disseminate information to investors and improve governance transparency and fairness.

As of the end of June 2015, the Konica Minolta Group has 138 consolidated subsidiaries in approximately 50 countries around the world. The ratio of sales overseas is approximately 80% and foreign investors own about 45% of the outstanding shares. One of the biggest reasons for the voluntary adoption of IFRS beginning from this term is to strengthen our ability to disseminate information to investors in and outside of Japan as a global company, and further increase the reliability of the Group. By adopting IFRS, the only accounting standards utilized uniformly worldwide, we are now able to disseminate financial information in a way that is easy for foreign investors to understand and have simplified the method utilized by Japanese investors to make international comparisons.

Another reason for utilizing IFRS is to strengthen governance. Until now, after our 138 global subsidiaries settled their accounts using the accounting standards of their respective countries, figures were consolidated by converting items to be consistent with Japanese standards. From this time onward, by utilizing a common accounting standard throughout the Group including overseas subsidiaries, it is believed we can improve the transparency and fairness of the Group's governance, making more appropriate, more efficient capital allocation possible.

Q2. Konica Minolta is proactively involved in M&As, but how do you intend to deal with impairment risk?

A2. We will strengthen risk management for investment projects and improve value by fully leveraging Group synergies.

The IFRS require that an impairment test be conducted annually—regardless of any indications of impairment—for the purpose of reevaluating goodwill. In other words, any risk that cannot be eliminated through regular amortization can suddenly amount to a large impairment risk if the performance of the company or business targeted deteriorates.

The Konica Minolta Group began strengthening the risk management of investment projects such as M&As from an early stage, doing so with the plan to significantly reduce impairment risk by adopting IFRS. More specifically, in addition to executing the functions of normal management, several committees have been established. These include the Investment Assessment Committee, Business Assessment Committee and Risk Management Committee, which review individual projects based on a multifaceted approach.

Basically, the Group assesses investment projects using the net present value (NPV) index, which calculates the current investment target value from the cash flow during the investment period. We endeavor to prevent impairment from occurring after M&As by further improving NPV through synergies of the Konica Minolta Group.

Q3. A ROE of 10% has been established as one of the targets of the Medium Term Business Plan. Please explain the policies and strategies implemented to achieve this?

A3. Our focus is on increasing profit for the year, raising employee awareness and moving forward with the formulation of a code of conduct.

Return on equity (ROE) is one of the indicators overseas investors place the most importance on when choosing a stock. For this very reason, we believe it is vital to boost our ROE into the double digits at the earliest possible time; especially considering that 45% of Konica Minolta Group shares are currently owned by foreign investors. Adopting IFRS, the ROE for fiscal 2014 was 8.7%, and our target for the Medium Term Business Plan is to achieve a ROE of 10% or more by fiscal 2016. However, we are now striving to achieve this a year earlier, in fiscal 2015.

The calculation for ROE is as follows: ROE = profit ratio x assets turnover x financial leverage. There are a number of ways to increase ROE; however, the Konica Minolta Group is placing greatest emphasis on increasing the profit ratio for the year.

We have implemented various initiatives such as raising employee awareness and revising assessment systems in order to increase profit for the year. As one of the employee key performance indicators (KPIs) or key goal indicators (KGIs), the Konica Minolta Group places special importance on contributing to operating profit. However, now that we have adopted IFRS, profit such as non-operating profit and extraordinary income and loss other than finance income and loss are also incorporated. This has made it difficult to assess performance and achievement of targets using operating profit alone. Meanwhile, profit for the year is an important indicator that has a direct impact on ROE. Accordingly, we must raise employee awareness of corporate goals and steadily increase profit for the year from now on. However, it is difficult for employees in the field to determine what is required in order to increase profit for the year. This is why we believe it is necessary to establish KPIs and KGIs, which break things down in more detail and provide all employees with a concrete code of conduct.

Q4. Please explain the balance sheet management policies such as assets turnover and financial leverage.

A4. We implement detailed balance sheet management to suit the characteristics of each business.

Regarding Group balance sheet management, essentially we are pursuing streamlining and greater efficiency while maintaining a number of important points. One point is securing liquidity, or cash on hand. However, in the case of the Konica Minolta Group, having everything in cash is not required. We have therefore shifted towards an off-balance-sheet approach, which involves counting credit lines from financial institutions as cash on hand and decreasing the assets balance on the balance sheet by that amount.

The second point is managing current assets and current liabilities. Konica Minolta has five business segments and each of these have significantly different accounts receivables-trade, inventory scales, collection periods and so forth. Therefore, the Group works to ensure optimal balance sheet management for each business area utilizing various measures such as checking the cash conversion cycle of each business.

Furthermore, regarding investment and loan activities, we have a policy of proactively using upfront investment necessary for growth. However, we also streamline by excluding items like equipment from balance sheets as much as possible. Finally, in order to suppress financial leveraging, taking management stability into consideration, our policy is appropriate operations that hold it to approximately two-fold from the aspect of intensifying growth investment.

Progress towards the Medium Term Business Plan of 10% ROE or higher (IFRS base)

	Fiscal 2014	Fiscal 2016	
	Result	Target	Themes/Measures
ROE	8.7%	**10% or higher**	
= **Profitability** Profit ratio	4.1%	**5% or higher**	**A shift in the focus of our business + Profitability** • Operating profit ratio – 8% or higher • Non-operating income/Special loss improvement
× **Efficiency** Assets turnover	1.01	**1.0 or higher**	**Balance sheet management** • Sale of idle assets • Inventory reduction • Proactive shareholder return
× **Soundness** Financial leverage	2.09	**2.0**	**Secure financial soundness** • Net debt/equity ratio: 0 • Credit ranking: Maintain A rating

*ROE = Profit attributable to owners of the company / (Share capital + Share premium + Retained earnings + Treasury shares (average at start of fiscal year and end of fiscal year))

Special Feature

Towards sustainable growth

With the goal of ensuring sustainable growth, we showcase here some specific achievements aimed at transforming our business portfolio, the core of the Medium Term Business Plan.
We also present a dialogue held between the Chairman of the Board of Directors and an outside director concerning the strengthening of governance, the key to stepping up sustainable management capabilities.

1 Securing further growth through change

Business Transformation Achievement 1

Business transformation in the commercial and industrial printing segment — MPM

Renault UK p.27

Business Transformation Achievement 2

Business transformation in the office services segment — MCS

Adelaide Brighton p.29

Developing New Business Domains (Introduction to BIC)

Bringing together diverse knowledge from around the world to create innovative business

p.30

2 Ensuring sustainability through a corporate culture with integrity, transparency and fairness

p.31

Masatoshi Matsuzaki
Chairman of the Board of Directors

Shoji Kondo
Outside Director

Securing Further Growth through Change

Business Transformation Achievement 1

MPM service and its ability to make customers' marketing succeed

Renault UK

Renault UK is the UK subsidiary of Renault SAS, which is one of the world's oldest car manufacturers. Renault is a global group with more than 110,000 employees worldwide. When it formed a business alliance with Nissan Motors in 1999, Renault became the fourth largest automobile manufacturing group in the world. Renault considers the UK, which is where Renault UK is based, to be a very important market and within the top 10 in the world.

Company Profile

- **Company Name:** Renault UK
- **Location:** Rickmansworth, England
- **Established:** October 1, 1898*
- **Employees:** Over 110,000 worldwide*

* Renault Group

Objectives

Recognize the impact of marketing on competitiveness and make it more efficient and effective

Renault UK makes and distributes product catalogs and various other printed materials. Although an element essential to expanding their sales, these printed promotional materials also incur considerable costs and manpower to create and print.

Ascertaining costs related to printed materials and making improvements requires high-level knowledge and expertise when it comes to the printing process. This is why Renault UK has depended on outside experts for support.

Renault UK's main objectives

- Streamline the process involved in creating catalogs and other printed promotional materials
- Cut costs involved in creating catalogs and other printed promotional materials
- Acquire knowledge and expertise pertaining to printed materials

Solutions

Deploying Charterhouse's MPM service and letting resident staff centrally manage the creation of various printed materials

Renault UK now uses the MPM (Marketing Print Management) service, offered by Konica Minolta Group member Charterhouse Print Management Limited (Charterhouse).

The MPM service puts expert staff into full-time positions within customers' marketing departments, where the staff can centrally manage the huge volumes of printed promotional materials. This optimizes quality and cost performance while helping to enhance customers' brand image and expand sales. In addition to their extensive experience as a longtime provider of the MPM service, Charterhouse was also chosen for its trustworthiness as a company with ISO 12647-2 certification, an international standard for printing quality.

Within Renault UK's office, Charterhouse placed a full-time team of people with extensive knowledge of

Charterhouse artwork studio at Renault

automobile industry marketing to provide their expertise concerning techniques. This allowed Renault UK to improve the efficiency of its process for producing printed materials for public consumption, cut printing costs, and invest more into other areas of its marketing mix.

With this success, the company was allowed to create an artwork studio within Renault UK's offices. By becoming more deeply involved in artwork, layout, and other such operations, the company is also finding success in making deliveries within the very short time frames required by the automobile industry. Charterhouse's on-site team has also achieved more authority; in addition to managing printed materials, it is now working on developing new marketing services. The team is also conducting research in the field of digital production in the on-site studio.

All of this makes Charterhouse's on-site team a powerful partner for Renault UK, which benefits from the team's ability to assume responsibility for both devising and implementing strategies. Resounding acclaim for this partnership has prompted the creation of similar printing teams and studios at Renault distributors in other regions such as Belgium and Holland.

Printed promotional materials for Renault UK made by Charterhouse

Customer's Story

High praise for a wide range of support not limited to just improving printing efficiency and costs.

Purchasing manager, Renault

Mr. Andrew Kirk

As purchasing manager, I handle all indirect expenses for the company. A major part of my job is obtaining the best costs for marketing and related printed materials, a major expense category.

Looking to bring expertise and innovation in the area of printed materials into my company's marketing and brand management, we looked to out-source this area with production experts.

Our choosing Charterhouse over several other specialists was because of its ability to not only provide its expert knowledge of printing but to also streamline the entire process of printed material production and significantly cut costs.

Charterhouse truly provided a capable team with extensive knowledge of catalog production and marketing for the automobile industry. Working from within our offices, the team not only handles all production of printed materials but also manages expenses related to printing — it is an extension of our team. Moreover, the team has improved transparency in all our business dealings and provides monthly reports covering its operations and the cost efficiencies it is achieving.

Helping to also devise and implement purchasing strategies in the printing category, Charterhouse's on-site team is an essential partner for both marketing and purchasing.

Securing Further Growth through Change

Business Transformation Achievement 2

Providing IT solutions to upgrade customer workflows

Adelaide Brighton Ltd Background

Adelaide Brighton Ltd

Adelaide Brighton Ltd is a leading integrated construction material and lime producing group of companies focused on the construction, engineering, infrastructure and resource sectors in Australia.

Adelaide Brighton Ltd has over 1,400 employees and has operations in all Australian states and territories. Adelaide Brighton Ltd originated in 1882 and is an S&P/ASX 100 company.

Company Profile

- **Company Name:** Adelaide Brighton Ltd
- **Location:** Australia
- **Established:** 1882
- **Employees:** Over 1,400

Business challenge

Streamlining invoice management and the procure-to-pay business process

Adelaide Brighton had already laid the foundations of their SAP platform with installation of SAP ERP*1. This project for procure to pay automation and invoice management was a key expansion of that foundation and was to be initially implemented within the larger Cement and Lime division.

Adelaide Brighton's legacy process was a clear area for business process improvement. The key objective in implementing OpenText Vendor Invoice Management for SAP Solutions (SAP IM)*2 was to streamline the invoice handling component of the procure to pay processes and gain operational efficiencies.

*1 Registered trademark of SAP SE.
*2 Registered trademark of OpenText Corporation.

The solution

Automating the recording of accounts payable to speed up operations

Konica Minolta Business Solutions Australia Pty. Ltd's subsidiary company, Stonebridge Systems, delivered an end to end accounts payable automation solution for Adelaide Brighton.

The Stonebridge team worked closely with Adelaide Brighton throughout the blueprinting, installation and configuration, QA, integration and user acceptance testing phases of the project. Planning sessions were held with key management, business user representatives and technical specialists to confirm business goals, objectives, readiness, and to orient team members for the project. Workshops were held to identify, confirm, validate, and further define the requirements for the implementation. Critically, Stonebridge coached the Adelaide Brighton team throughout and held knowledge transfer sessions for the internal support team in preparation for go-live.

The solution is effectively an extension to the existing SAP solution at Adelaide Brighton, expanding on existing workflow functionality and incorporating screens that are integrated with the well-known SAP GUI, giving a seamless look and feel. This resulted in a solution that significantly minimised the change impact to the Adelaide Brighton user community. Combined with the exception management capability and invoice status visibility, this gave Adelaide Brighton key quick wins and a process improvement gain.

Results

Stonebridge's successful track record, product and business knowledge meant that the implementation was done in a timely manner, helping to keep project costs to a minimum.

Since implementation, Adelaide Brighton has seen some great results including:

- Significant business process improvement through invoice process automation;
- Accelerated accounts payable operations;
- Improved vendor relationships with enquiries being serviced more efficiently and the more complex invoice payment issues being managed very effectively;
- Better reporting and analysis with real-time access to more complete and accurate data; and
- Solution has proven to be very flexible/extensible and has been recently implemented within the Concrete and Aggregates division of Adelaide Brighton.

Developing New Business Domains

Bringing together diverse knowledge from around the world to create innovative business

Background

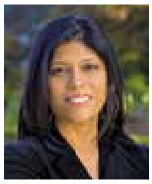
Establishing an organization dedicated to developing new customer-oriented businesses with a view to accelerating business transformation

In order to achieve continuous growth amid dramatic change in the environment surrounding our business, we will need to break away from the conventional product-oriented business model and move towards a primary focus on solutions-oriented businesses that bring innovation to our customers' business. This viewpoint prompted the creation of Business Innovation Centers (the BICs) in fiscal 2014 as organizations dedicated to creating new businesses.

Action going forward

Assigning people with strong expertise in each segment to the heads of teams and developing new businesses which meet the different market needs in the five major regions around the world

BICs operate in the five major regions around the world — North America, Europe, Asia-Pacific, China, and Japan—and closely collaborate with a diverse range of entities such as academic institutes, research institutes, partner companies, and start-ups in each region to develop new businesses in line with anticipated market changes. Highly-capable people are brought in from the outside to lead these sites, and there are always over 20 or more ongoing projects based on the needs of each regional market.

Region	Comments	Profile	
 North America	"I am excited to be aggressively spearheading the global BIC initiative for the past year and have driven an impressive investment and partnership strategy to deliver outcomes at an unprecedented pace. We are just getting started with a lot more to accomplish as we bring the silicon valley culture to Konica Minolta and change the trajectory of our company." Ekta Sahasi (US)	Professional business incubation experience at e-Commerce • Director, R&D & Innovation Products (PayPal Pte. Ltd.) • Senior Manager, Research Lab & Innovation Program (eBay Inc.)	
 Europe	"We at Konica Minolta believe that our greatest value lies in what we can do to drive our customer's business forward. Our aim is to co-develop leading edge future focused offerings that are built from progressive invention, partnership and technical excellence." Dennis Curry (EU)	Professional experience in creating innovation centres • Director, Account Strategy & Enterprise Innovation (Hewlett-Packard Development Company, L.P.) • CTO (North Atlantic Treaty Organization)	
 Asia-Pacific	"Business Innovation is not just about a Great Idea. It is about developing that Idea into a Viable Business Hypothesis, Testing it and actually Building it up into a Profitable and Sustainable Business. In BIC AP we are focused on creating a portfolio of solutions that adds new value to our Customers and Konica Minolta." Rachel Goh (AP)	Entrepreneurial corporate leader with 32 years of IT Solutions • VP, Business Applications (Singapore Telecommunications Limited) • Director, Application Services (Hewlett-Packard Development Company, L.P.)	
 China	"Business innovation is a process that gets into everything from nothing. We believe our innovation would bring value-adding products and services to our customers and bring profitable and sustainable business to Konica Minolta, BIC-China are focused on identifying customer needs and developing local partnerships to accelerate the pace of innovation." Yongiun Chen (CN)	Extensive knowledge in optical electronics, automation, and new energy industries • Sales & Marketing Director (Shanghai Galileo Navigation Industry Ltd.)	
 Japan	"I aim to be a corporate entrepreneur, creating new businesses that reinvent the Konica Minolta brand." Takashi Hakii (JP)	Professional experience in IT business start-ups/Internet entrepreneur • Director, Supply Chain Management (PricewaterhouseCoopers Consultants Co., Ltd.) • Founder/CEO (TRICORN Corporation) • Founder/CEO (JOLLYROGER Corporation)	

Interviews with the Chairman of the Board and an Outside Director

Ensuring sustainability through a corporate culture with integrity, transparency and fairness

Masatoshi Matsuzaki
Chairman of the Board of Directors

Masatoshi Matsuzaki served as a Director at Konica Minolta Business Technologies, Inc., the Representative Director and President of Konica Minolta Technology Center, Inc., and in various other roles before becoming a director, and then the President and CEO of Konica Minolta, Inc. In April 2014, he assumed the position of Chairman of the Board.

Shoji Kondo
Outside Director

Shoji Kondo has served as a Senior Executive Director at Toyota Motor Corporation, Representative Director and President, and Chairman at Hino Motors, Ltd., and in various other roles. He has been an outside director of Konica Minolta, Inc. since June 2011.

Early Promotion of a Governance System Based on Democratic, Open Ideas

———Please share your thoughts on Konica Minolta's corporate governance.

Matsuzaki Konica Minolta is a "company with three committees" as stipulated by the Companies Act. The three committees within the Board of Directors include the Nominating Committee, Audit Committee, and Compensation Committee, in which the majority of members are outside directors. These committees carry out various tasks such as nominating director candidates, auditing the duties of representative executive officer(s) and directors, and determining compensation, thereby ensuring management transparency and fair business practices.

Kondo Konica Minolta stipulates that the Chairman of the Board is selected from among directors not currently serving as an executive officer, one-third or more of the directors are to be outside directors, and that directors who do not concurrently serve as executive officers constitute the majority of the total number of directors.

Matsuzaki In reality, presently four of the eleven directors are outside directors and seven directors do not concurrently serve as executive officers. I am one of the seven and also chair the Board.

Kondo Konica Minolta has an extremely advanced governance system, one that many listed companies are currently aiming to achieve. This is due to the proactive efforts initiated since the management integration between Konica and Minolta.

Matsuzaki The origins of the current governance system can indeed be traced back to before the integration. Tomiji Uematsu served as Konica's president until March 2001. After stepping down, he briefly served as representative director and Chairman of the Board. Mr. Uematsu reflected on his time as president and became keenly aware that no system had been introduced to check management more rigorously. The opportunity came when Mr. Uematsu decided to give up the right of representation and stepped down from the executive role, switching to that of supervising management, where he began working to strengthen governance with the cooperation of legal experts.

Kondo In other words, rather than taking a passive approach and doing something because the Companies Act was revised or because a problem arose, Konica Minolta initiated corporate governance autonomously based on an extremely democratic and open philosophy that "those with authority should be checked all the more carefully."

Matsuzaki Exactly. Because a person devoted to supervision decided to take on the role of flagman, we were able to build a thorough governance system without having to compromise.

Incorporating an Objective Perspective from Outside the Company and Swiftly Responding to Management Issues

——Please tell us the selection criteria and role expectations for outside directors.

Matsuzaki Konica Minolta's selection criteria for outside directors can be broadly broken down into five points. The first is that they satisfy certain independency criteria. The second is that, like Mr. Kondo, they have experience in operating an organization, or alternatively, expertise in specific fields such as technology or finance. The third is that they possess superior insight, can ask the right questions, and are capable of providing the right guidance regarding the Company's management. The fourth is that they have what it takes to be a committee member or committee chairman. For example, the individual has to be able to engage in discussions with officers and accounting auditors through appropriate processes if they become an Audit Committee member or Audit Committee chairman. The fifth condition is that they are able to devote sufficient time to serve as a director of the Company. Furthermore, as a member of the Nominating Committee and participating in the selection of candidates for outside directors, I think it is important to keep in mind that we should select candidates for outside directors with a good balance of specialties and people whose abilities fit the future important management themes of the Company.

Kondo I don't know if I meet all of those conditions, but since I was appointed in 2011, I have certainly been able to freely speak my mind as an outside director.

Matsuzaki We expect outside directors to check the Company's management using an outside perspective, so we are most grateful to receive unreserved opinions. Mr. Kondo provided us with valuable guidance when we decided the withdrawal from glass substrates for HDDs business.

Kondo If discussions are held only between internal personnel, sometimes it can be hard to reach decisions due to being too devoted to a business or interpersonal relationship. There is no emotional tie for outside directors such as ourselves, so we can say without hesitation that businesses where no improvements are anticipated should be eliminated. Moreover, since I became an outside director, I also pointed out the inefficiency of treating the Business Technologies Business—which accounts for 70% of the Group's sales—with the same importance as other businesses. I believe this feedback was thoroughly acted upon in April 2013 when the corporate structure was reorganized.

Matsuzaki Many of the internal directors were also aware of problems regarding the business structure. But outside directors pointed them out without hesitating. I think there is a great advantage to be had insofar as clarifying issues and responding to them swiftly.

Strengthening the Ability of Each Business to Increase Profits Further

——How do you provide explanations and information to outside directors in order to obtain their understanding of Konica Minolta's businesses?

Matsuzaki When a Board of Directors meeting is held, detailed materials are provided to all outside directors in advance and we sometimes set up a pre-meeting to explain particularly important matters on a one-to-one basis.

Kondo We are also provided the opportunity to attend presentations of new products and technologies, as well as tour research laboratories and plants.

Matsuzaki Additionally, following my appointment to Chairman of the Board in 2014, upon a request from outside directors to hold informal meetings, we began holding informal

Interviews with the Chairman of the Board and an Outside Director

advisory meetings. In addition to official board of directors meetings, we offer information on the status of each business channel and regional strategies, and provide opportunities to discuss important themes a number of times a year.

Kondo If time permitted, I would like to go into the field more. However, I believe that Konica Minolta provides a satisfactory level of explanations and information, both from qualitative and quantitative perspectives, to its outside directors.

——— What was your impression of Konica Minolta as a company when you actually went out into the field firsthand?

Kondo If I may speak from my many years of experience in production management and procurement at Toyota and Hino, I must say that I sensed there was still ample room for improvement. I think Konica Minolta has steered its management extremely well amidst the dramatically changing business environment. But if the Company improves the onsite abilities of each of its businesses, it will surely grow into an outstanding company capable of generating even more profit.

Matsuzaki Yes, I agree. I'd like to see greater ability to handle issues onsite as well.

65 of 73 Principles of the Governance Code Completed

——— The Corporate Governance Code has been in effect since June 2015. What initiatives do you believe are important for Konica Minolta to introduce?

Matsuzaki As I explained in the beginning, Konica Minolta began building its governance system early on, Accordingly, there are few new issues that need to be addressed. In fact, when the governance code was announced, we made a comparison believing it to be a useful tool for assessing our current status. Through that comparison, we discovered that we had already covered 65 of the 73 principles.

Kondo The remaining eight principles are currently a hot topic of discussion.

Matsuzaki Moving forward, responding to Principle 3-1, we are introducing initiatives to improve the transparency of appointment procedures for directors and senior management. We are also revising policies and procedures for appointing the CEO, and transitioning to a process that can be supervised by the Nominating Committee and Board of Directors. Moreover, executive officers other than the CEO are currently appointed by the Board of Directors, with the Nominating Committee only receiving reports of the appointments. We are planning to change the system so that the Nominating Committee also participates in the appointment process.

Kondo This issue was discussed by the Nominating Committee just the other day. I, too, believe that incorporating outside opinion in the appointment process for senior management is extremely important to secure business transparency and fairness. It is a given that if external eyes are focused on the appointment of top management, each and every employee will conduct themselves understanding that society is always watching.

Accomplish Open and Sincere Management Growing as a Company Trusted by Society

——— Moving forward, what actions are necessary in order to achieve sustainable growth?

Matsuzaki For more than 10 years, we have used a questionnaire-style evaluation sheet that the board of directors use to conduct self-evaluations. In addition to points for improving the operations of the board of directors, items on the evaluation sheet include questions relating to mid- to long-term management issues. Every year, despite their busy schedules, our members provide us with extremely in-depth answers. We plan to further increase our level of corporate management by rotating the PDCA cycle based on these opinions and guidance.

Kondo Another important hint regarding management is information obtained by communicating with investors.

Matsuzaki Precisely. I myself soon became aware of which risks investors place importance on by speaking with various investors when I was a CEO. It provided great insight. We must continue to place importance on communicating with investors and utilize their perspectives in our management. Moreover, we will start to effectively utilize the results of socially responsible investment (SRI) index surveys such as DJSI in order to strengthen the backbone of management.

Kondo Another essential element to sustainable growth is spreading and instilling a culture of transparent management and sound business activities at Konica Minolta. This is also the objective of building a governance system. The starting point is the honest and sincere approach of each and every employee.

Matsuzaki I feel the same way. We stated "Open and honest" as the leading line of the Konica Minolta Philosophy when it was revised last year. This expresses the strong desire to firmly carry on our innate values of fairness and sincerity.

Kondo I like the phrase, "With all due difference to you." Even when addressing someone of seniority, people are not afraid to speak their mind if they believe they are right. This kind of positive culture enables transparent and sound business activities. I believe this kind of culture is already being developed within Konica Minolta and hope that the Company

continues to grow, raising the level of trust by society ever higher.

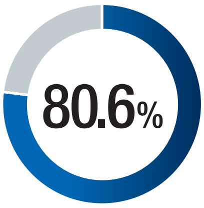
Matsuzaki We will do our absolute best to meet your expectations. Please continue to provide us with your valuable guidance.

Business Results

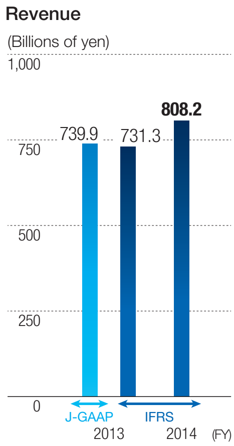
Major gains were seen in our core business, the Business Technologies Business.

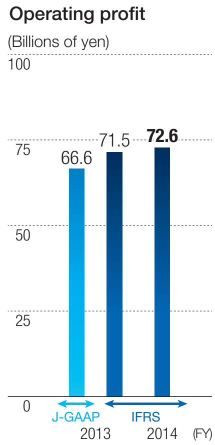
Business Overview

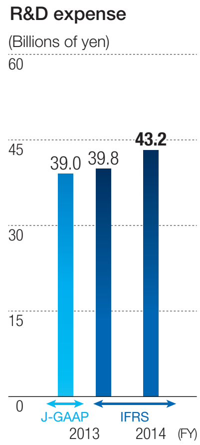
Business Technologies Business

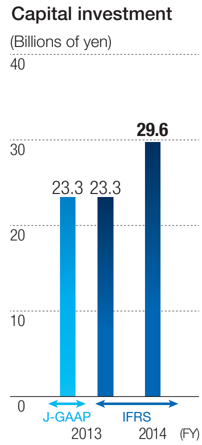


External revenue in this business stood at ¥808.2 billion, up 10.5% year on year, and operating profit was ¥72.6 billion, up 1.5% year on year. An increase in gross profit in line with an increase in sales of color units centering on service provision capabilities coupled with growth in sales of digital printing systems and the impact of the weak yen contributed to higher sales and profit in this segment.

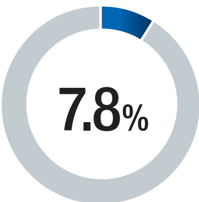




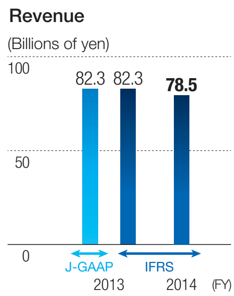


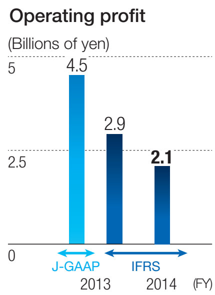


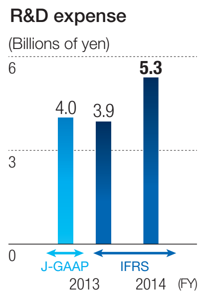
Healthcare Business

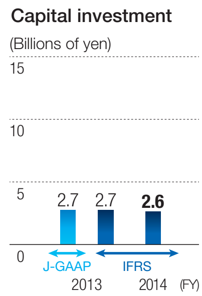


External revenue in this business amounted to ¥78.5 billion, a decrease of 4.6% year on year. Operating profit was ¥2.1 billion, down 27.6% year on year, due to a decrease in gross profit in line with a decline in sales of local procurements in Japan and significant advance expenses related to the launch of the diagnostic ultrasound systems business.

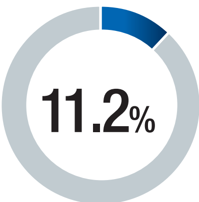






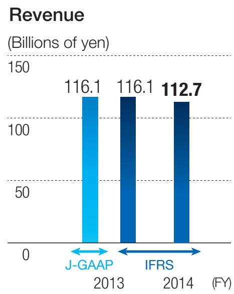


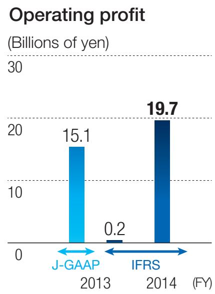
Industrial Business

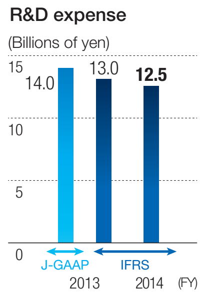


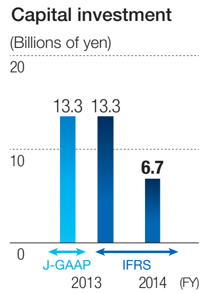
Revenue decreased despite an increase in sales in the performance materials field compared with the previous year due to falling demand in lenses for compact cameras, downsizing of the lens business for mobile phones and withdrawal from the glass substrates for HDDs business in the field of optical systems for industrial use. Meanwhile, an increase in sales in the performance materials field and measuring instruments field coupled with the effect of a series of structural reforms implemented in the previous fiscal year in the field of optical systems for industrial use contributed to an increase in profit.

As a result, revenue of the Industrial Business to external customers stood at ¥112.7 billion, down 2.9% year on year, and operating profit was ¥19.7 billion, a ¥19.5 billion increase year on year.

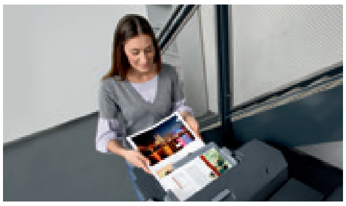
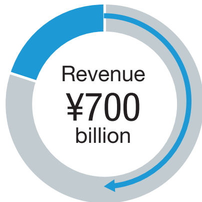
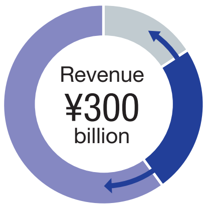
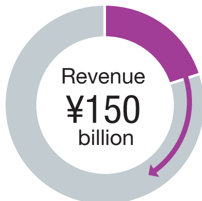
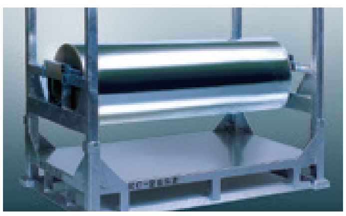








*1 OP: Office Product *2 MIF (Machine in the Field): In the market for MFPs (multi-functional peripherals), production print machines, etc., it refers to the total installed base (number of working units).
*3 PV (Print Volume): The print output quantity *4 Multi-application: Applications of print technology to media other than paper, such as textiles and labels.
*5 MPM (Marketing Print Management): Service that offers print solutions optimized for customers' marketing divisions. *6 PP: Production Print

	Genre-top strategy	Growth strategy (IFRS) FY2014 (Results)	FY2018 (Targets)	
Office Services 	Color MFPs: No. 1 or 2 share in 29 countries Unit basis, Konica Minolta estimate using external CY2014 data	Revenue ¥597.0 billion		Expansion in MIF*2 and PV*3 with service proposals Services / OP*1
Commercial and Industrial Printing 	Color digital printing systems: Large global market share Unit basis, Konica Minolta estimate using external CY2014 data	Revenue ¥211.1 billion		Expansion in MIF and PV with MPM proposals Multi-application*4 / MPM*5 / PP*6
Healthcare 	Cassette-type digital radiography systems: Large market share in Japan Konica Minolta estimate using external data from CY2014	Revenue ¥78.5 billion		Expansion in MIF with service and medical IT proposals Services, medical IT / Modality*7, etc.
Optical Systems for Industrial Use 	Display analyzers: Large market share Konica Minolta estimate using CY2014 data	Revenue ¥51.8 billion		Expansion in devices and systems with service proposals Measuring instruments, optical systems / Lenses, components / materials
Performance Materials 	TAC films: Large global market share Area basis, Konica Minolta estimate using external CY2014 data	Revenue ¥60.9 billion		Create new businesses in addition to TAC*8 New business / Existing business

*7 Modality: The various diagnostic equipment used in the practice of medicine. At Konica Minolta, this refers to CR/DR and diagnostic ultrasound systems.
*8 TAC: General term given to protective film for LCD polarizers, composed primarily of cellulose acetate.

Fiscal 2014 Business Activity Highlights

Fiscal 2014 saw further efforts made towards achieving TRANSFORM, including conducting several M&As aimed at enhancing our service businesses and establishing new sales companies to upgrade our customer-centric management structure.

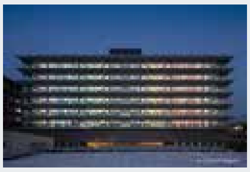
2014

April May **June** July

April

Opening of a new R&D facility, Konica Minolta Hachioji SKT

The Company opened a new R&D facility, Konica Minolta Hachioji SKT, as its core technology development campus to promote open innovation. The facility was granted the fiscal 2014 Good Design Award.



Healthcare April

Launch of a diagnostic ultrasound system

Konica Minolta launched the SONIMAGE HS1, a diagnostic ultrasound system that achieves the world's highest level* of resolving power in a hand-carried unit.

* When compared to general hand-carried diagnostic ultrasound systems

Office Services May

Acquisition of Thailand sales company with a view to expanding business in emerging markets

Konica Minolta acquired a sales company for office equipment in Thailand, a country set to see demand rise alongside strong economic growth.

Acquisition of business positioned to strengthen Konica Minolta's customer base and IT solutions in Canada

Konica Minolta acquired the document imaging business of Pitney Bowes Canada, which holds the lion's share of the mailing system market in Canada.

Commercial and Industrial Printing May

Launch of a digital printing system for building hybrid workflows with offset printing

Konica Minolta launched the bizhub PRESS 2250P, a digital printing system that helps reduce TCO in printing operations with highly productive double-sided printing.

Commercial and Industrial Printing June

A strategic push into the heavy production printing segment

Konica Minolta launched the bizhub PRESS C1100 and C1085 digital printing systems.

Full-scale entry into the Chinese market with inkjet textile printers

Into this increasingly-digitalized growth market, Konica Minolta introduced a top-of-the-line model that combines high quality with high productivity while reducing strain on the environment.

Building a system for strengthening the competitiveness of and globally expanding MPM services

Konica Minolta reached an agreement to acquire Ergo, a major player in Australia's print management services market.

Office Services June

Launch of an MFP to create optimal printing environments at everywhere from small offices to large-scale workplaces

Konica Minolta launched the bizhub C3110, an A4 color MFP, and three A4 MFP/A4 printers.

Healthcare July

Launch of the imaging CRO Business with the informity clinical test support service

To its informity medical ICT service platform, Konica Minolta added clinical test support services, which provide support specialized in imaging to pharmaceutical companies and medical institutions for clinical testing.

Start of method using Konica Minolta products for conducting radiation therapy for breast cancer in much less time

For the first time in Japan, medical institutions began employing a method of treatment that uses the SAVI applicator for breast brachytherapy, which had been developed by Konica Minolta in 2013 and was the first such product in the country.

Office Services July

Full-scale operation of a next-generation production system employing digital manufacturing

Konica Minolta established a manufacturing subsidiary in Malaysia in its Business Technologies Business. The state-of-the-art facility utilizes both ICT and automation technologies to achieve high production efficiency.

Business Technologies Business
- Office Services
- Commercial and Industrial Printing

Healthcare Business
- Healthcare

Industrial Business
- Optical Systems for Industrial Use
- Performance Materials

2015

August | September | October | November | December | January | February | March | April

August

Cancellation of 20 million treasury shares

Healthcare — August

Launch of the AeroDR PREMIUM, the world's lightest* cassette-type digital X-ray system with improved robustness

Konica Minolta launched the AeroDR PREMIUM, which features improved robustness and stands as the world's lightest* cassette-type digital X-ray system.

* As of August 27, 2014

Office Services — August

Release of strategic MFP for emerging nations

Konica Minolta has launched strategic models of A3 color MFPs tailored to emerging nations—the bizhub C281, C221, and C221s—in China, with other countries to follow.

October

Acquisition of treasury stock (approximately 8.72 million shares for 10 billion yen)

Office Services — October

Global launch of MCS solutions for optimizing customers' upstream operations

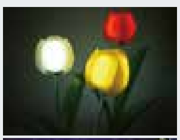
As one cornerstone of business portfolio transformation for the office services segment, Konica Minolta has begun its Managed Content Services (MCS) program worldwide with a view to optimizing the management of customers' massive content.

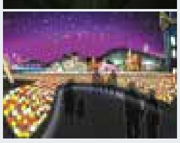
Launch of industry-specific MCS solutions worldwide, beginning with North America

Konica Minolta has entered into a global partnership with U.S.-based Hyland, a world leader with its OnBase ECM solution. This move allows us to create new added value in customers' workflows and speed up the expansion of our MCS business.

Performance Materials — December

Huis Ten Bosch theme park uses Konica Minolta's OLEDs in the world's first* illuminating OLED tulip





Konica Minolta's plastic substrate flexible OLED lighting panels were used in the "illuminating OLED tulip" flower illumination, a global first for OLED lighting. Visitors to this springtime event saw the night sky light up with some 15,000 OLED lighting panels.

*The first time OLED lighting has been used in a flower illumination

Commercial and Industrial Printing — January

Strengthening of direct sales system for production printing in Brazil

As the first step in efforts to further strengthen its foothold in the commercial and industrial printing filed in Brazil, Konica Minolta acquired Milsul, a company that enjoys high market share in Brazil's two southern states.

Acquisition of Indicia, a successful UK-based MMS provider

In order to enhance its MPM services—an area key to transforming the business portfolio for the commercial and industrial printing field, Konica Minolta has acquired UK-based Indicia, a company with extensive experience implementing MMS at companies that own world-renowned brands.

INDICIA
THE WAY AHEAD

Optical Systems for Industrial Use — January

Launch of a spectrophotometer to support light management in the printing industry using light-measurement technologies

Konica Minolta has developed the FD-9 auto-scanning spectrophotometer, which is the world's fastest device* capable of measuring color charts for the creation of color profiles in general use in the printing industry.

*Among auto-scanning spectrophotometers that use spot measurement as of January 13, 2013.

Development of wide-angle laser radar supporting up to 24 layers

Konica Minolta has developed a laser radar capable of wide-angle scanning. Even at night, this laser radar can distinguish between people and things like terrain and structures, and detect and observe people and objects in real-time, without being affected by streetlights and other lighting.

Optical Systems for Industrial Use — March

Establishment of measuring instruments sales company in South Korea to enhance marketing activities primarily in the display industry

Konica Minolta has established a measuring instruments sales company in South Korea in view of the importance of creating and implementing customer-centric sales strategies in the country, which is home to many world-class manufacturers of displays and consumer electronics.

Office Services — March

Creation of a global system for providing MPM services

Expanding its sphere of MPM service provision in Europe and Asia Pacific (APAC), Konica Minolta has created a global system that now encompasses the U.S. and Japan.

Commercial and Industrial Printing — April

Quadrupling the current number of sales branches and building a direct sales system that drives market share growth in India

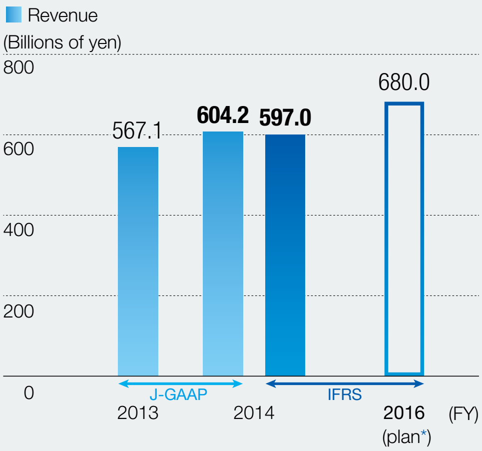
Konica Minolta has built a direct sales system for commercial and industrial printing throughout India as part of efforts to strengthen this segment in emerging countries, where robust market growth is on the horizon.

Business Results

Business Technologies Business

Office Services

Revenue



Main Achievements in Fiscal 2014

IT solution services

- Our hybrid-type sales model, which combines IT services with our MFP products, experienced strong growth in both Europe and North America.

Office products

- Sales remain strong for A3 color MFPs, introduced as strategic products into countries where markets are growing.
- In the U.S., the now large MIF (machines in the field) with regard to color MFPs resulted in steady color print volume.
- We entered into a new global business deal with French conglomerate in the defense, aviation, and communications fields.

Market environment (opportunities and challenges)

- At small- and medium-sized companies, the bulk of our customer base, there is often a shortage of IT specialists, and latent demand for IT services is high.
- The market for MFPs has reached maturity in developed countries, and we need to find a way to further enhance the value we provide to customers while avoiding price competition as these products become increasingly commoditized.

Strengths and strategies

- We focused on high-profitability A3 color MFPs and high-speed models.
- We improved hybrid-type sales that integrate IT services with MFP products.
- We enhanced Konica Minolta solutions aimed at putting MFPs at the center of offices' IT networks. As a result, we expanded sales to medium enterprises and larger organizations by removing ourselves from price competition.
- We transitioned to an industry-specific and business type-specific system of sales structure from a region-specific system in order to conduct strategic sales directed at companies that handle high print volume. We are achieving good success in North America.

*Figures published in May, 2014

• Fiscal 2014 business results and fiscal 2015 forecast

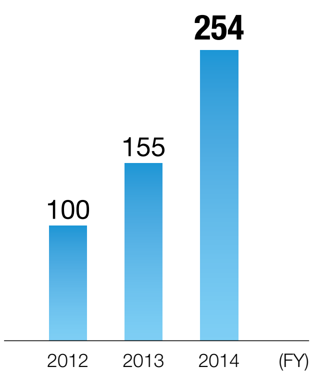
One basic strategy for this segment involves improving the proportion of sales of high-profitability A3 color MFPs and medium- and high-speed MFPs, which carry the greatest potential for high print volume. Another involves strengthening our competitiveness in the market and ensuring stable earnings by way of hybrid-type sales that integrate IT services with MFPs.

Regarding fiscal 2014 business results, sales of IT service solutions were up 15% year on year and sales of mainstay A3 color MFPs remained solid, with sales units expanding in all regions.

The number of contracts and sales steadily increased for OPS (Optimized Print Services) as well, which optimize a customer's output environment, following efforts to strengthen the sales and support system for major customers globally. Sales units of A4 color MFPs also increased as a result of these conditions.

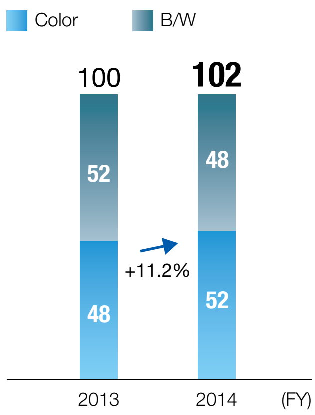
For small- and medium-sized customers, the Group further evolved its hybrid-type sales that combine IT services with MFPs, an initiative being developed primarily in the European and U.S. markets, and started MCS (Managed Content Services), which

OPS sales



*Base index: FY2012=100

A3 MFP unit sales growth



*Base index: FY2013=100

entails entering into a customer's business process and optimizing content management.

As a result of these efforts, fiscal 2014 revenue for the segment increased 7% year on year to ¥604.2 billion (¥597.0 billion based on IFRS).

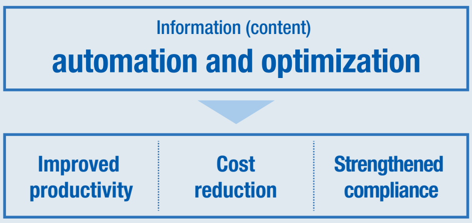
In fiscal 2015, we will focus further efforts on hybrid-type sales, including MCS. As an effort towards this goal and an initiative to strengthen our IT service solutions for companies, in June 2015 we acquired SymQuest Group, a company that provides similar IT services while maintaining a strong focus on customers. We will also be ramping up such efforts in European markets, where these services drive user base expansion and print volume growth. The above factors contribute to a fiscal 2015 segment revenue forecast of ¥650.0 billion (based on IFRS), a 9% year-on-year increase.

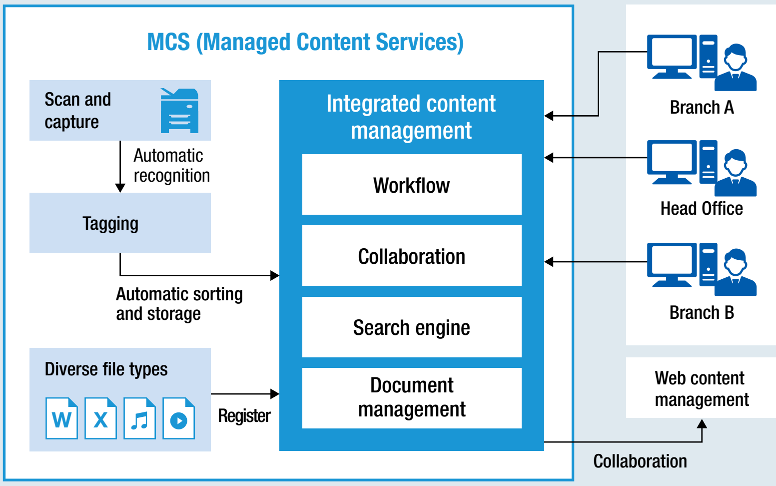
Focused Topic

Improving customer productivity with MCS

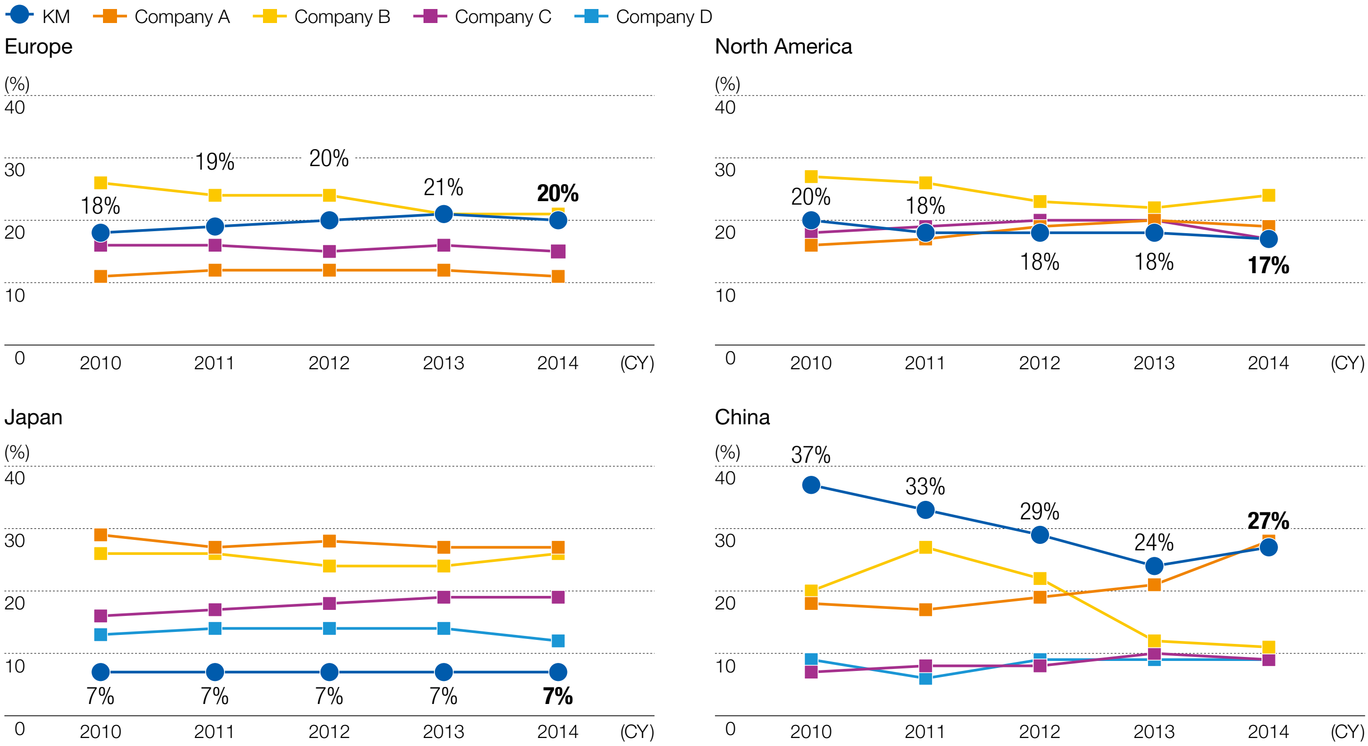
Konica Minolta's MCS seek to understand customers' information and content flow as a business process. After this is done, we "automate" and "optimize" their business process as a service. This lets customers enhance their productivity, cut costs, and improve compliance.

Providing value through Konica Minolta's MCS





Konica Minolta share of A3 office MFPs



*Konica Minolta estimate

Business Results

Business Technologies Business (Office Services)

• **Growth strategies**

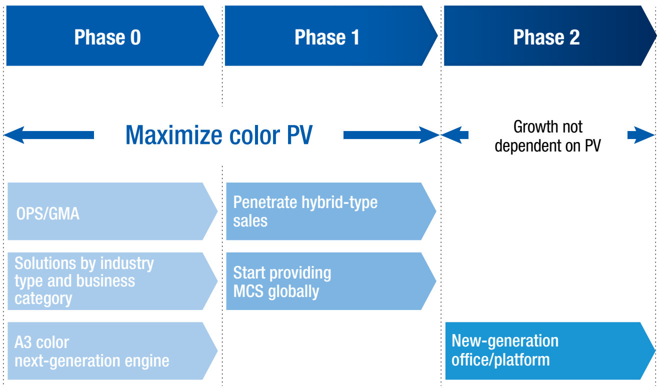
Earnings from color MFP print volume is the engine currently driving growth in this segment (see market forecasts in the figure below). The goal from Phase 0 through Phase 1 is to achieve reliable and continued growth by maximizing this color print volume. Phase 2 will focus on establishing growth independent of color PV.

The first step in Phase 0 will be promoting genre-top strategies aimed at putting Konica Minolta at the top of the color MFP segment. Growth will be driven by the evolution of our current business, which will involve introducing new A3 color models as new growth engines and establishing a customer-centric sale style that enables us to provide solutions for different industries and business types. We will also strengthen GMA initiatives (business targeting major accounts with a global presence) for OPS, which optimize customers' printing environments.

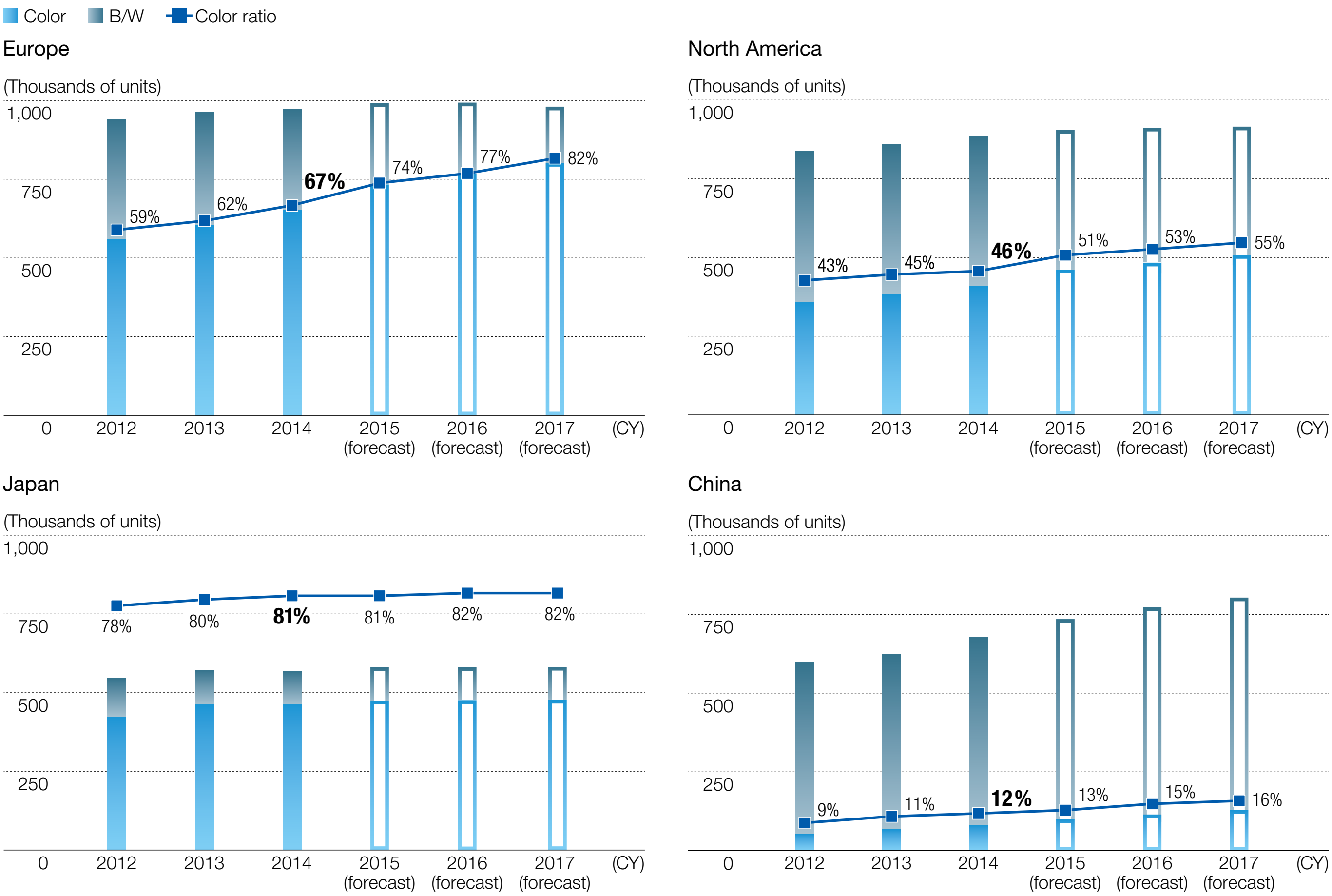
Phase 1 will focus on further enhancing added value through efforts including adding MCS to our list of services. These efforts are aimed at further upgrading the hybrid-type sales system that incorporates our IT services, which have been enhanced through M&As conducted in recent years. By managing customers' business processes themselves and helping to improve and upgrade these processes while solving problems, we aim to become a trusted and essential business partner for our customers. These efforts will enable us to differentiate ourselves from competitors and disengage from price competition.

In Phase 2, we will focus on further merging MFPs and IT services with a view to the more distant future. The end goal is to transition MFPs from being considered office automation equipment to being platforms that serve as information network hubs for offices in an effort to achieve growth that avoids reliance on print volume.

Roadmap for growth



Unit shipment trends and forecasts in the office A3 MFP market

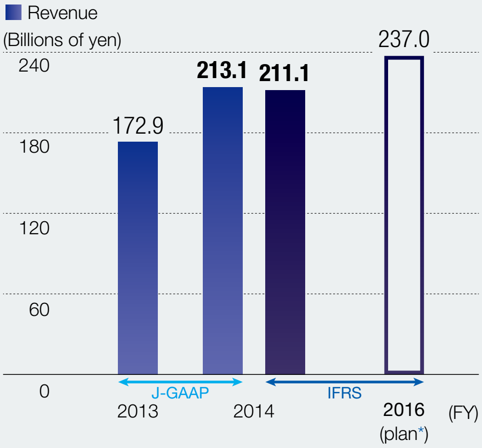


*Konica Minolta estimate

Business Technologies Business

Commercial and Industrial Printing

Revenue



Main Achievements in Fiscal 2014

Production printing

- Color unit sales were strong worldwide.
- Healthy sales were also seen for non-hardware such as consumables and maintenance services.

MPM/print services

- The creation of our global system has been completed.
- We have received business from several companies, including a company based in Europe that is the world's largest energy company.

Industrial inkjet business

- Good progress is being seen in our printer component business, which includes inkjet heads and ink.

Market environment (opportunities and challenges)

- Within marketing departments at large enterprises, which are a major customer category in this segment, there is a desire to curb costs associated with the dominant form of media—printed materials—in favor of marketing centered on new media such as the web and SNS.
- In response to needs at printing companies, another key customer category, they are considering implementing digital printing systems in addition to offset printing products. However, there is concern among these companies that sales might not justify the investment.

Strengths and strategies

- To expand and improve sales of non-hardware such as consumables and maintenance services, we are focused on providing solutions for upstream business processes.
- In November 2012, Konica Minolta acquired U.K.-based Charterhouse, a major presence in the MPM (Marketing Print Management) services industry. By leveraging Charterhouse's expertise as a company whose clients include some of the world's largest companies and matching printing companies with large corporations who purchase printed materials, we will provide cost reductions and efficiencies to client companies and a stable volume of printing to printing companies, while at the same time growing print volume and ramping up sales of digital printing systems.
- In January 2015, Charterhouse acquired U.K.-based Indicia, a veteran in cross media marketing. This completes a system for providing solutions in upstream processes, including the designs, the drafting of media plans and the analysis of customer data, as a means to expand MPM business.

*Figures published in May, 2014

• Fiscal 2014 business results and fiscal 2015 forecast

Governed by a basic strategy aimed at expanding the proportion of color printing and print volume, Konica Minolta's commercial and industrial printing field is focused on providing MPM services that meet the needs of companies' marketing departments.

MPM services involve assigning full-time staff to companies' marketing departments to help optimize printing costs and improve business processes by centrally managing the output of large volumes of printed materials including catalogs and pamphlets. Konica Minolta has provided these services through large MPM-segment enterprises such as U.K.-based Charterhouse and Australia-based Ergo, which we have acquired through M&A. We also established subsidiaries of these Group companies in fiscal 2014 in the U.S. and Japan, respectively. With the completion of a global system for providing services that cover Europe, Asia Pacific, the U.S., and Japan, MPM and print services saw sales increase 52% year on year.

In the production printing segment, new models of digital printing systems such as the bizhub PRESS C1100 and bizhub PRESS C1085 showed strong sales throughout the year, pushing unit sales of color units beyond last year's level.

Business Results

Business Technologies Business (Commercial and Industrial Printing)

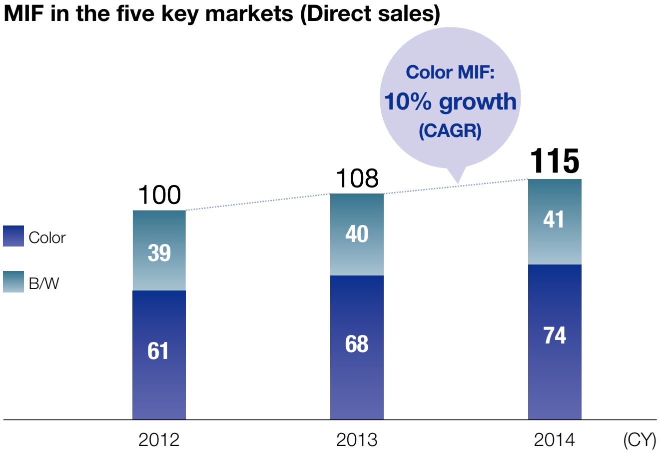
In the industrial inkjet business, strong sales of both components and textiles resulted in a sales boost over last year.

As a result of these efforts, fiscal 2014 sales for the segment increased 23% year on year to ¥213.1 billion (¥211.1 billion based on IFRS).

Fiscal 2015 will see us further expand our global MPM business and ramp up sales of the C1100, the flagship model among our digital printing systems. We will also focus on expanding business in emerging nations. One effort here was the acquisition in June 2015 of the PP business of Monotech Systems, a major sales company based in India, which is enjoying a booming PP market. The above factors contribute to a fiscal 2015 segment sales forecast of ¥240.0 billion (based on IFRS), a 14% year-on-year increase.

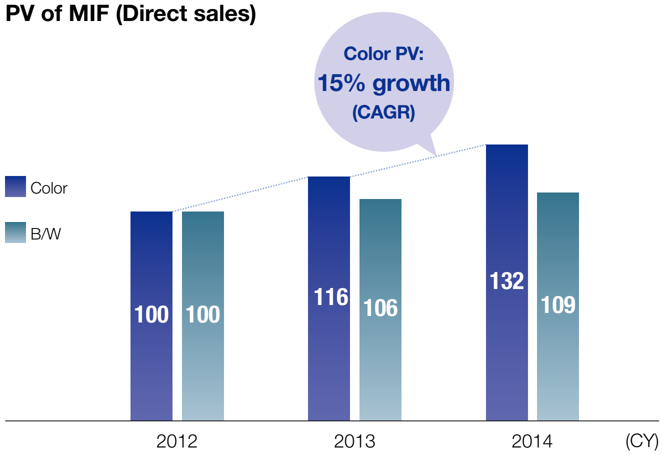
bizhub PRESS C1100/C1085

MIF in the five key markets (Direct sales)



*Five key markets: Japan, North America, the U.K., Germany, France
*Base index: CY2012 = 100

PV of MIF (Direct sales)

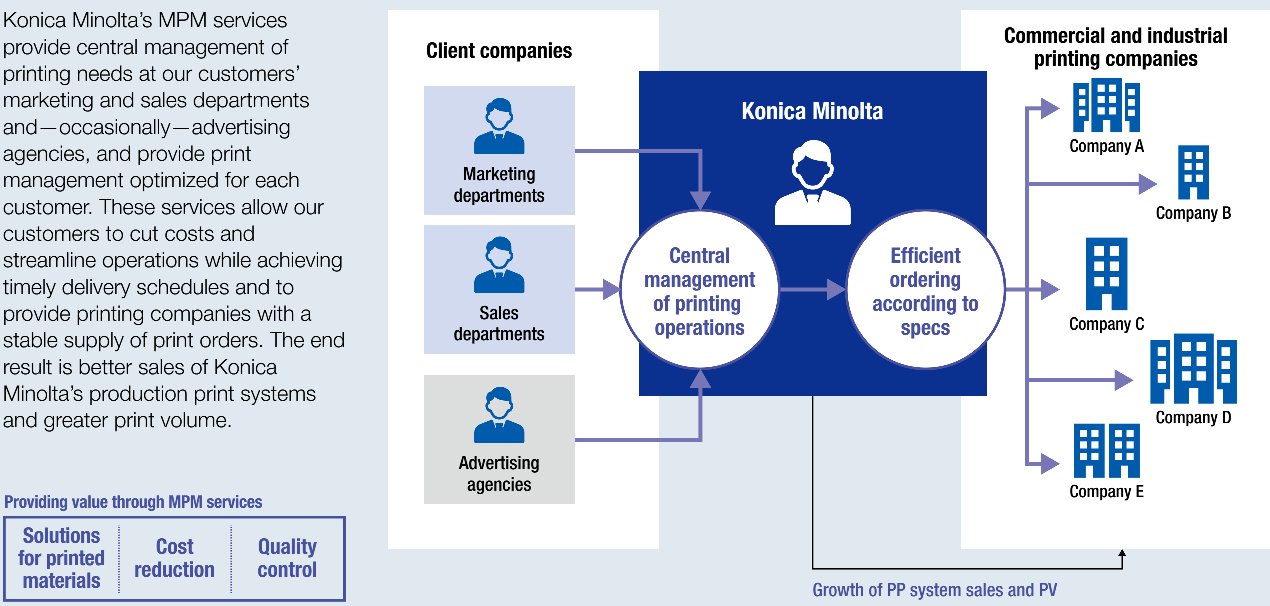


*Base index: CY2012 = 100

Focused Topic

Supporting marketing operations in upstream processes with MPM services

Konica Minolta's MPM services provide central management of printing needs at our customers' marketing and sales departments and—occasionally—advertising agencies, and provide print management optimized for each customer. These services allow our customers to cut costs and streamline operations while achieving timely delivery schedules and to provide printing companies with a stable supply of print orders. The end result is better sales of Konica Minolta's production print systems and greater print volume.



• Growth strategies

Earnings from color page volume is the engine currently driving growth in this Field (see market forecasts in the figure below). The goal from Phase 0 through Phase 1 is to achieve reliable and continued growth by maximizing this color print volume. Phase 2 will focus on establishing growth not dependent on color PV.

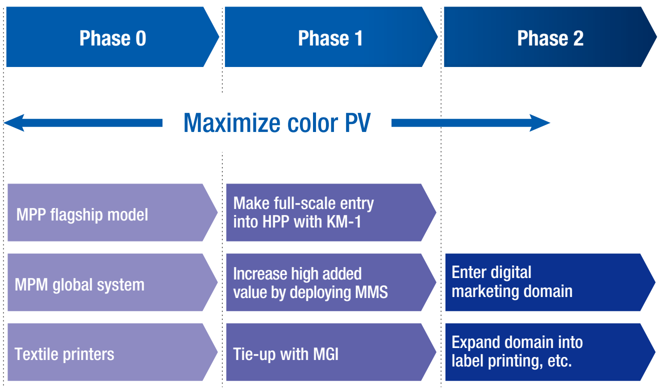
Digital printing currently accounts for 10% of sales in the commercial and industrial printing segment. With future growth expected, there is still plenty of room for digital printing needs to grow even as the commercial and industrial printing market overall reaches maturity.

In light of the current market environment, Phase 0 will focus on increasing color PV through the sale of the bizhub PRESS C1100 digital printing system—the flagship model among our mid production printers (MPPs)—and global expansion of MPM. We will also be expanding and improving on our textile printer lineup in response to the rapidly digitizing global textile printing market, as well as strengthening our sales channels to increase sales and expand our industrial inkjet business.

Phase 1 will see the release of the KM-1—a new product attracting attention as a next-generation digital printing device that uses sophisticated inkjet technologies—as part of efforts to expand our portfolio, which will include even heavy production printers (HPPs). In response to the increasing globalization of MPM services, we will roll out MMS (Marketing Management Services) that leverage the expertise of U.K.-based Indicia, which we acquired in January 2015. By implementing consumer communication strategies that leverage a variety of media and by providing a full range of services including planning and the creation and usage of media, we will further strengthen the support we provide to companies' marketing departments. We will also enhance operations in the industrial printing segment by way of collaboration with France-based printing equipment manufacturer MGI, with whom we entered into a capital and business partnership in January 2014. This will include printing on cards, labels, plastic, and electronic circuits, in addition to paper.

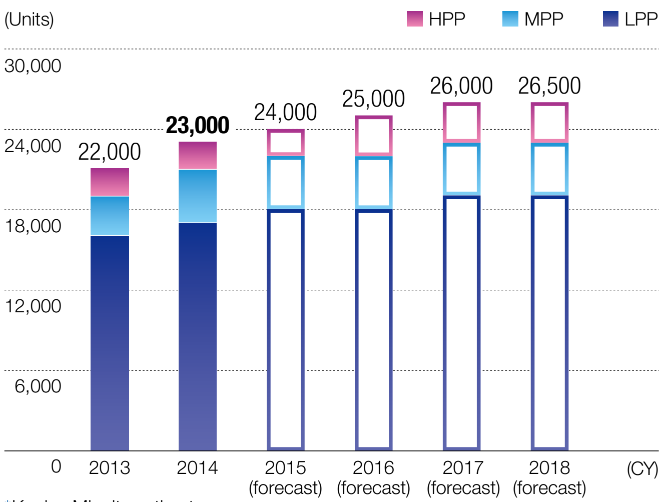
Phase 2 will then see us achieve full-scale commercialization in the digital marketing segment as we further enhance the value of MPM services. This will be in addition to laying the groundwork for growth not dependent on print volume by strengthening solutions for industrial applications, which will include collaboration with MGI.

Roadmap for growth

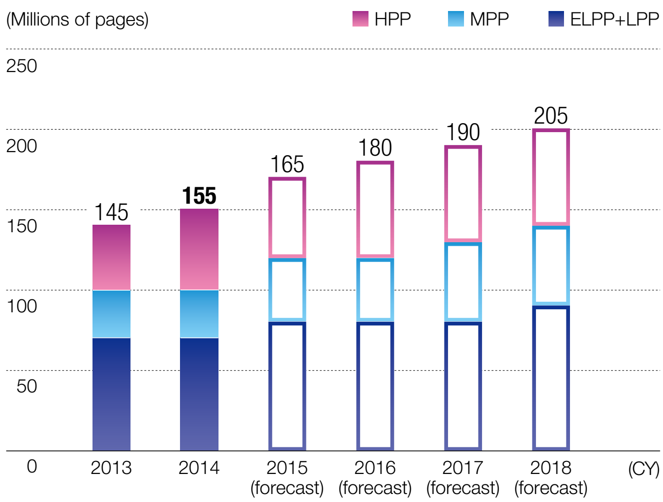


Worldwide color MFP sales forecast

Units shipped



Worldwide color PV forecast

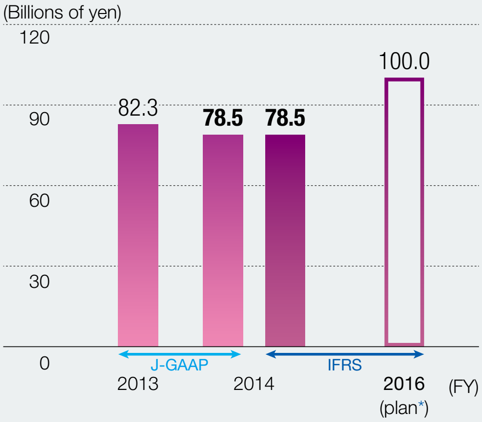


*Konica Minolta estimate
*HPP: Heavy Production Printer
MPP: Mid Production Printer
LPP: Light Production Printer
ELPP: Entry Light Production Printer

Business Results

Healthcare Business

Revenue



Main Achievements in Fiscal 2014

X-ray diagnostic imaging systems

- Despite difficult business conditions in and outside of Japan, unit sales of cassette-type DR (digital radiography) devices increased.
- Konica Minolta launched the AeroDR PREMIUM, which features better durability and a lighter weight.

Medical IT services

- As a new component of our medical IT service platform, informity, Konica Minolta launched the Home Medicare Cloud to support the sharing of data among home care providers.
- Konica Minolta has entered the imaging CRO (contract research organization) business with clinical test support services through its informity platform.

Diagnostic ultrasound systems

- The market has lauded the SONIMAGE HS1 for its top-level* resolving power in a hand-carried form.
- With the sales setup in order, sales picked up towards the end of the fiscal year.

*When compared to general hand-carried diagnostic ultrasound systems

Market environment (opportunities and challenges)

- There is growing demand in the medical care sector for solutions that assist in administering medical exams and improve operational efficiency.
- In the domestic market, there is a growing move towards regional collaboration and home-based care to curb overall healthcare costs.
- In the international market, demand is on the rise in ASEAN countries and other emerging nations.
- There is currently a high dependency on the domestic market, and strategies for expanding overseas business are needed.

Strengths and strategies

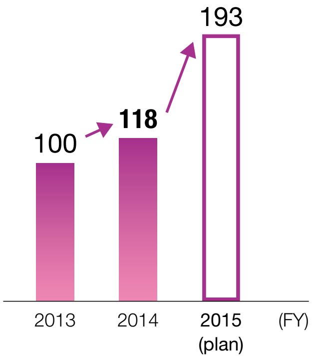
- Konica Minolta possesses advanced medical imaging-related technologies and knowledge cultivated through the development of X-ray diagnostic imaging systems.
- We possess superior technologies in the field of ultrasound probes/sensors, which determine the competitiveness of the diagnostic ultrasound systems that use them.
- We provide equipment maintenance services in Japan 24 hours a day, 365 days a year.
- We will strengthen our solutions-based businesses by utilizing our domestic customer base, with a focus on medical clinics.
- We will ramp up overseas business by leveraging the strategic global sales partnership with the healthcare division of GE.

*Figures published in May, 2014

• Fiscal 2014 business results and fiscal 2015 forecast

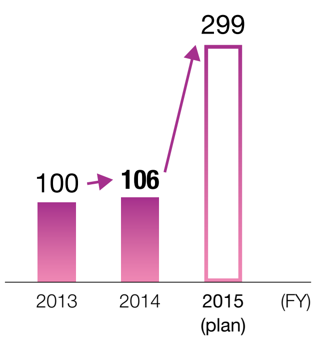
In the Healthcare Business, although sales were strong in the U.S., China, India, and other overseas markets, conditions remained poor in Japan, with local procurement sales declining as a result of a cooling market. Compared with the previous year, worldwide sales of core Konica Minolta products increased. Looking at individual products in the X-ray diagnostic imaging systems segment, the AeroDR cassette-type digital X-ray system saw expanded unit sales as a result of greater demand for digital products among medical care providers. We also released the SONIMAGE HS1, a new product developed by Konica Minolta for the diagnostic ultrasound system product range that we are working to develop as a new segment. The product has been well received for its superior resolving power, and we saw sales expand towards the end of the period. Film products sold well in emerging

AeroDR unit sales



*Base index: FY2013=100

Diagnostic ultrasound system unit sales



*Base index: FY2013=100

nations, and unit sales were roughly on par with the previous year. As a result, fiscal 2014 sales for the segment decreased 4.6% year on year to ¥78.5 billion (¥78.5 billion based on IFRS).

In fiscal 2015, efforts will focus on enhancing and expanding sales of priority product line, cassette-type DR products, while increasing sales of the HS1 diagnostic ultrasound system among customers in the field of internal medicine, as well as our traditional business source, orthopedics. The above factors contribute to a fiscal 2015 segment sales forecast of ¥85 billion (based on IFRS), an 8% year-on-year increase.

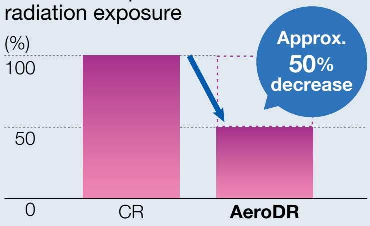
Focused Topic

Launch of the AeroDR PREMIUM, the next level in cassette-type DR systems aimed at meeting the needs of medical practitioners

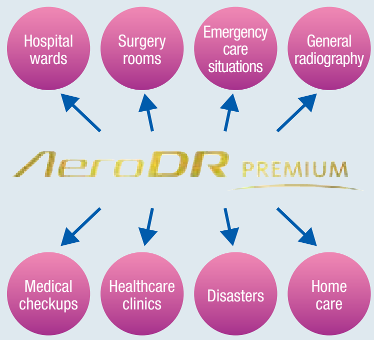
Compared to conventional computed radiography, digital radiography improves the quality and efficiency of medical exams by subjecting patients to less than half the radiation exposure and enabling images to be checked immediately after they are taken. To expand the range of application for DR systems, Konica Minolta has focused on growing sales of AeroDR, whose wireless nature improves both portability and usability. In August 2014, Konica Minolta launched AeroDR PREMIUM. A true evolution in a number of ways, AeroDR PREMIUM is the lightest of its kind in the world*, has a durability that can stand up to hard use, and can accommodate repeated actions and continuous operation for extended periods. We are currently expanding its range of application, which includes not just hospitals but also emergency medical care providers, the scenes of disasters, and home care situations.

*As of August 27, 2014

Relative comparison of radiation exposure



Wireless operation allows for a greater range of application



• Growth strategies

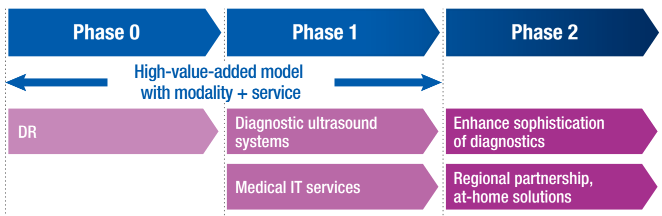
In the Healthcare Business, we are carrying out our basic strategy of investing products with higher added-value and strengthening solutions-based business for medical care providers by complementing our modality equipment—including X-ray diagnostic imaging systems and diagnostic ultrasound systems—with IT services.

First, in Phase 0, we will bolster and expand sales of our lineup of cassette-type DR systems, which are positioned as core products in our "genre-top" strategy (see market forecasts in the figure at bottom right). Compared to conventional computed radiography, digital radiography improves the quality and efficiency of medical exams by subjecting patients to less than half the radiation exposure and allowing images to be checked immediately after they are taken. This has resulted in the rapid growth of their market. Although we are currently targeting primarily developed countries, we will be leveraging our strategic business partnership with GE's healthcare division to expand sales worldwide and meet the needs of emerging nations, where we expect to see more demand for such products in the future.

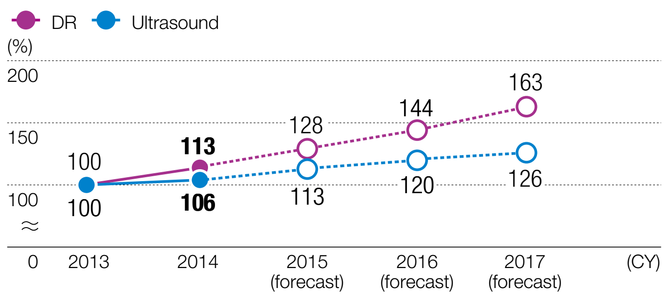
In Phase 1, we will fully promote our diagnostic ultrasound systems, a segment experiencing significant growth worldwide, by leveraging our customer base and sales channels cultivated through our sales efforts involving X-ray diagnostic imaging systems (see market forecasts in the figure at bottom right). In particular, efforts will be focused on business involving medical exams that we can leverage our ultrasound probe technologies, an area in which Konica Minolta excels. Additionally, we will be working towards bringing medical equipment and IT services together. One example of this will be minimizing downtime at medical institutions and improving the safety and efficiency of the care provided by utilizing IT services in the maintenance of medical equipment. This will also result in the establishment of businesses producing income streams that leverage the already sold medical equipment.

Phase 2 will involve organizing multiple modality devices through informity, providing cloud-based electronic health records, and otherwise strengthening the link between medical equipment and IT in order to make effective use of our products for a better regional healthcare coordination and for home care situations. We will also be further enhancing the functionality of our diagnostic imaging equipment in order to play a bigger role in a wide range of fields including diagnostics and nursing.

Roadmap for growth



Global market trends and forecasts of digital radiography and diagnostic ultrasound system



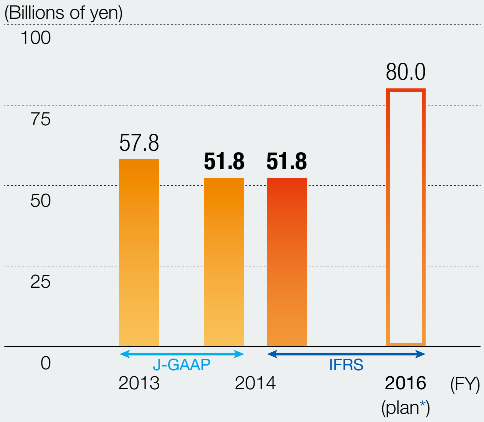
*Base index: CY2013=100
*Source: InMedica, The World Market for General Radiography etc. and Ultrasound Imaging, 2013

Business Results

Industrial Business

Optical systems for industrial use

Revenue



Main Achievements in Fiscal 2014

Measuring instruments

- Sales of measuring instruments were mostly strong, primarily buoyed by light-source color measuring devices for displays, a core product.

Industrial and professional lenses

- Strong sales of core products resulted in a year-on-year sales increase despite difficult market conditions.

Other

- Decreased demand concerning lenses for compact digital still cameras resulted in lower sales for the category.

Market environment (opportunities and challenges)

- A rising number of mobile displays and the growing size of display devices is expanding the market for light-source color measuring.
- In the automobile industry, a major customer for object color measuring devices, production volume is gradually increasing.
- The FA measuring market is expanding as a result of growing investment in production line automation.

Strengths and strategies

- We possess a wide-ranging product lineup for high-precision measuring equipment.
- In our light-source color measuring device segment, we have a number of global major accounts (GMA) mainly among manufacturers of mobile devices, lighting equipment, and automobiles.
- With the acquisition of Radiant Vision Systems, we are expanding our vaunted color measurement technologies into related fields that include FA and visual inspection applications.

*Figures published in May, 2014

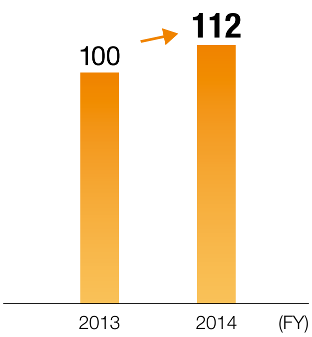
• Fiscal 2014 business results and fiscal 2015 forecast

In the field of optical systems for industrial use, sales were strong for all core products, including light-source color measuring devices for displays and industrial and professional lenses. However, sales of lenses for compact cameras slid in response to decreased demand.

As a result, fiscal 2014 sales for this field decreased 10% year on year to ¥51.8 billion (¥51.8 billion based on IFRS).

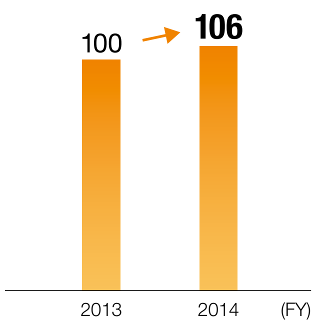
In fiscal 2015, efforts will continue to focus on expanding sales of core products while at the same time we target business that includes FA applications and visual inspection to expand the range of applications for color measuring technologies, an area where Konica Minolta excels. The above factors contribute to a fiscal 2015 segment sales forecast of ¥63.0 billion (based on IFRS), a 22% year-on-year increase.

Measuring instrument business sales



*Base index: FY2013=100

Industrial and professional lens sales



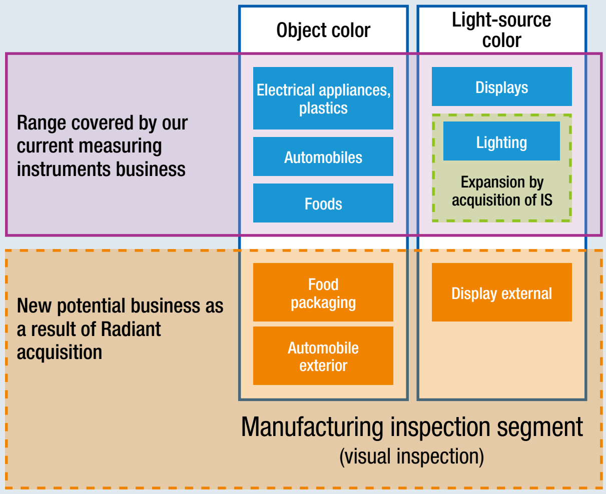
*Base index: FY2013=100

Focused Topic

Acquisition of major U.S.-based display inspection system manufacturer

As an initiative involving the global display testing market, in August 2015 Konica Minolta acquired Radiant Vision Systems, a leading manufacturer that supplies inspection systems based on customer specifications.

Growth in the market for digital products in recent years has boosted demand for systems capable of reliably detecting the scratches and defects that can impact these products' quality. This acquisition has allowed for a synergy between the visual inspection systems for which Radiant excels and the color measuring technologies that are Konica Minolta's forte.



• Growth strategies

In the measuring instruments segment, the December 2012 acquisition of Instrument Systems, a major German manufacturer of measuring devices used with lighting applications, led to a significant strengthening of our technologies for measuring light-source color. In Phase 0, in addition to pushing this business segment to a "genre-top" position, we will be focusing on acquiring new GMA (global major accounts) in the display inspection field in the automobile industry and high-growth industries including smartphones and tablets. This will involve providing services that incorporate new technologies, including color solutions and cloud services (see market forecasts in the figure at bottom right).

Phase 1 will emphasize the expansion of business in peripheral segments by leveraging technologies and expertise developed in light-source color and other such areas in which Konica Minolta excels. One such initiative is focusing on the growing FA measurement market, which involves conducting wide-ranging visual inspections of production lines, an area that has been reinforced with the acquisition of Radiant Vision Systems.

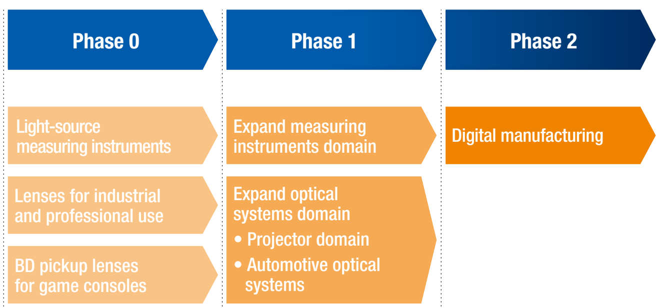
Our entry into FA measurement is a step towards digital manufacturing services, one of the themes under Phase 2. Manufacturing automation is heating up of late. This can be seen in the growing interest for Industry 4.0, an idea promoted in Germany in recent years that seeks to create smart factories using digital technologies. This trend will further heighten the importance of conducting visual inspections as part of the inspection process. This is a chance to create new business opportunities by supporting digital manufacturing through the use of Konica Minolta's highly sophisticated light and color measuring technologies.

In the industrial and professional lens segment, sales were strong for optical units for projectors and interchangeable lenses. Konica Minolta also has a high market share in pickup lenses, which are used mainly in home gaming devices. In Phase 0, we will establish a revenue base by capturing a significant share of the market in this domain.

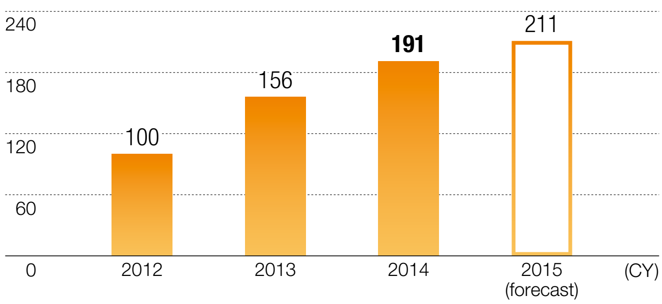
One aspect of Phase 1 will involve further refining Konica Minolta's technologies involving optical design and high-definition optical processing, two areas in which Konica Minolta excels. The other will center on establishing the component and unit technologies that we have so far developed and shifting away from the consumer-electronics applications that have been a mainstay towards growth domains such as automobiles, healthcare, optical communication, and projectors.

Looking to the future, Phase 2 will see us working towards becoming a company that can provide peace of mind and high added value to society as a whole by continuing to provide some of the very best optical devices in the industry.

Roadmap for growth



Smartphone and tablet market trends and forecasts



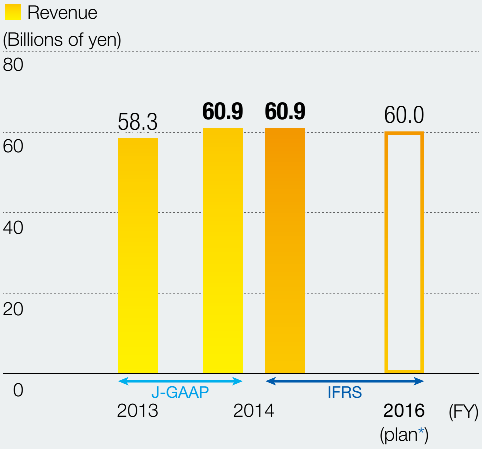
*Base index: CY2012=100
*Konica Minolta data.

Business Results

Industrial Business

Performance materials

Revenue



Main Achievements in Fiscal 2014

Polarizing plate protection film for flat panel displays

- Amid an increasing trend towards larger screen sizes, VA-TAC films for LCD televisions are showing strong sales.
- Supported by greater smartphone demand, sales of thin TAC films for small- and medium-sized panels continued to do well.

New business areas

- We launched a new window film product.
- We provided OLED lighting for theme park illumination. Mass production is set to begin in the fall.

Market environment (opportunities and challenges)

- In the displays market, demand for televisions and smartphones continues to grow. Including demand for higher definition products and outdoor applications, needs will increasingly diversify.
- There is a continued trend towards larger TV screens and TV screens of higher definition. High-definition technologies using quantum dots are now hitting the market.
- There is a growing demand for small- and medium-sized displays in completely new applications, including wearable devices and free-form displays.
- Even in fields unrelated to displays, consumers are also looking for products equipped with various functions that include heat insulating, UV ray reducing, and anti-fogging capabilities.

Strengths and strategies

- In the field of displays, we are developing products that apply TAC technologies and expertise. This includes QWP films that enable sharper image recognition by emulating unpolarized light when wearing polarizing sunglasses outdoors, hence improving customer productivity, and the quantum dot barrier films that allow visual displays to show high-definition content.
- It is an advantage that Konica Minolta's technologies and expertise can be utilized for these products enhanced by our distinguished TAC technology. There are, moreover, other strengths such as the low costs, high quality, high productivity, and speed of manufacture enabled by the ability to use our existing production equipment and supply chain.
- We are also making steady progress towards commercializing products in fields unrelated to displays, including window films for automobiles.

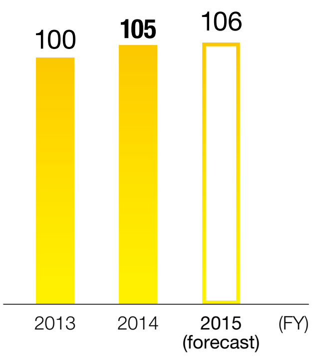
*Figures published in May, 2014

• Fiscal 2014 business results and fiscal 2015 forecast

In the field of performance materials, sales of TAC (triacetylcellulose) film, which is used as protective film for LCD polarizers and is a core product of the Company, are being supported by strong sales of large LCD TVs and smartphones. Sales were strong for both applications involving large panels and small- to medium-sized panels. Among these, VA-TAC films that achieve increased viewing angle, ultra-thin films, and other such products that enable thinner mobile devices also saw robust sales.

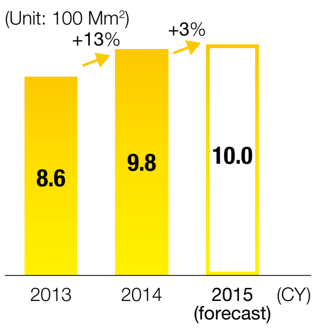
Konica Minolta has established its new OLED lighting business as a driver of future growth, and in the fall of 2014 we began operations at the world's first plant engaged in the mass production of plastic substrate flexible OLED lighting panels. These panels were used for an outdoor illumination at a prominent Japanese theme park in December, showing an example of how

Sales in the performance materials field



*Base index: FY2013=100

Polarizing plate protection film market trends and forecasts



*Konica Minolta data

these panels are being recognized for the new value they provide in being thin, light, and bendable—characteristics not seen in conventional light sources.

As a result, fiscal 2014 revenue for the segment increased 5% year on year to ¥60.9 billion (¥60.9 billion based on IFRS).

In fiscal 2015, along with continuing to satisfy market demand with TAC films, we will further solidify our business base through expanded efforts involving peripheral industries. At the same time, we will look at bringing new products to market–including window films and barrier films–in order to make the fiscal year a springboard from which to develop businesses that will become cornerstones of the Company, following TAC films. The above factors contribute to a fiscal 2015 segment sales forecast of ¥62.0 billion (based on IFRS), a 2% year-on-year increase.

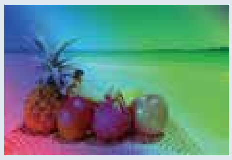
Focused Topic

QWP film: emulating unpolarized light to show device screen colors as they normally appear

As people increasingly use their smartphones and tablets outdoors, people are beginning to see a problem in how images on these screens can appear darker or discolored when viewed through polarized sunglasses. Konica Minolta has developed QWP film in response. Used on displays, this film emulates unpolarized light, allowing people to see the colors of images on device screens as normal even when wearing polarized sunglasses. The roll-to-roll manufacturing method can be used to produce the polarizing plates, dramatically improving polarizing plate manufacturer productivity. A mass production system will be built in the spring of 2016, with further expansion to follow.

How images appear


With QWP film


With PET film


With no film

• Growth strategies

High-quality TAC film born from long-cultivated technologies for manufacturing photographic base film is the engine driving growth in this field. It is used to protect polarizing plates, a constituent material of LCD screens used in everything from LCD TVs to computers to smartphones, and there has been a steady demand for these products.

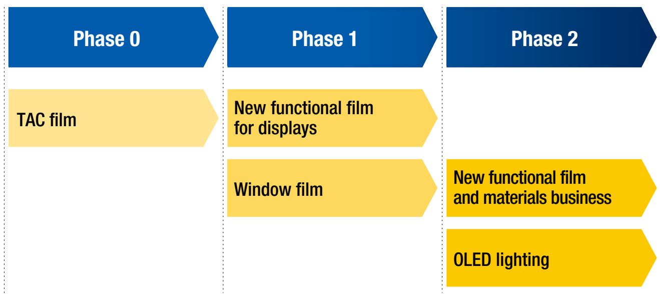
Phase 0 will focus on achieving substantial TAC film sales growth. Developments that include the emergence of 4K televisions are expected to prompt a continued increase in TV sizes. Total manufactured display area should continue to increase with growth remaining strong in the market for small- to medium-sized displays. This should result in more film being used. Although we predict there will be greater competition with respect to things such as pricing, we will focus on providing greater added value in order to satisfy our customers' expectations concerning quality and survive the competition.

In Phase 1, efforts will focus on new areas of business that are cropping up as displays find use in more and more applications. This will involve expanding the range of TAC film application by leveraging the many connections we have developed with our customers to provide new value. One example of this is investing technologies, expertise, and resources into automobile window films that provide heat insulation and high polarization performance, as well as QWP films used for device screens, which are easier on the eyes and allow people wearing polarized sunglasses to see screen colors as they normally appear by emulating unpolarized light (see expected growth in the figure on the right).

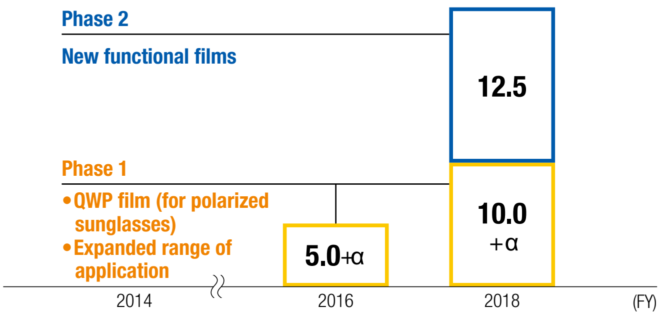
In Phase 2, we will begin full-scale efforts to market solutions involving OLED lighting, which use organic materials that emit light when voltage is applied. We will focus on a wide range of applications including construction materials, automobiles, and mobile devices, making the most of their strengths: being lightweight, thin, and flexible; emitting light across the entire surface; and consuming very little power.

By refining material technologies unique to Konica Minolta, we will focus on creating new key business areas in the performance materials field.

Roadmap for growth



Expected growth of new functional film business (Billions of yen)



The value chain supporting growth

To produce high added-value products and services, Konica Minolta has built a value chain supporting everything from development to procurement, production, distribution, marketing and sales, and after-sales support. Alongside leveraging this value chain to optimize costs, we are also working to improve quality, reduce environmental impact, and develop the people who make it all possible.

Value Chain

R&D P.53

Procurement P.54

Production P.54

Distribution P.54

	R&D	Procurement	Production	Distribution
Quality Improvement Initiatives	• Utilize the four core technologies of materials, optics, nanoscale fabrication, and imaging to develop revolutionary products	• Mitigate procurement quality risk through supplier diversification • Work with business partners to conduct quality improvement activities	• Improve quality and avoid the risk of overconcentrating production sites in China by developing additional production facilities in ASEAN • Share quality issues and cross-deploy countermeasures by conducting Production Capability Assessments	• Improve and maintain logistics quality (improve lead times and reduce damage and losses) through KPI management in cooperation with logistics (shipping and inventory) partners (contractors) • Conduct logistics network design and respond flexibly to reduce logistics risks (freight congestion caused by natural disasters, government policies, conflicts, etc.)
Quality Management (pg. 56)				
Environmental Initiatives	• Create the green products that customers and society need • Develop the environmental technologies for creating green products	• Work with business partners to promote the Procurement Collaboration activities for ongoing mutual improvement of business environments • Work with business partners to conduct green supplier activities and reduce environmental impact and costs	• Conduct green factory operations that simultaneously reduce environmental impact and cut costs • Conduct upgrade recycling (using upgraded recycled materials) to solve regional environmental issues	• Reduce CO_2 emissions through better logistics efficiency • Make packaging smaller and lighter
Environmental Management (pg. 57)				
Human Resource Initiatives	• Hold the Challenge Engineers Forum to develop young technicians • Develop technology management staff (MOT education) • Provide intellectual property education in China, where patent acquisition is heating up	• Improve skills through personnel rotation in and outside of Japan	• Conduct Product Safety Education to improve awareness and technologies aimed at product safety • At production sites, conduct activities for building well-rounded people and provide safety and health education	• Strengthen logistics strategy planning ability aimed at overall optimization • Strengthen ability to execute when building a distribution network
Human Resource Management (pg. 58)				
Cost Initiatives	• Acquire patents in Japan, the U.S., China, and other countries • Invest at least 70 billion yen annually in R&D	• Work with business partners to control costs, beginning at the development stage • Conduct efficient global procurement activities that account for logistics, exchange rate volatility and other factors	• Achieve highly-efficient production through digital manufacturing (ICT, automation) • Introduce universal production processes by using modules	• Reduce costs by improving shipping efficiency (improving container/truck loading efficiency) • Optimize inventory and improve shipping efficiency through optimal placement of distribution facilities

Marketing & Sales
P.55

- Conduct face-to-face sales to understand and provide the value customers truly need

After-Sales Support
P.55

- Homogenize support operations through the launching of the Global Support Center
- Implement SLA (Service Level Agreement) to provide customers with high quality services and peace of mind

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Marketing & Sales
- Provide support for decreasing customers' environmental impact with OPS
- Provide support for customers' environmental management using environmental technologies and expertise

After-Sales Support
- Collect and recycle used MFPs and printers
- Carry out the Clean Planet Program for collecting toner cartridges

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Marketing & Sales
- Acquire expertise and human resources to strengthen ability to provide services such as OPS, MPM, and MCS

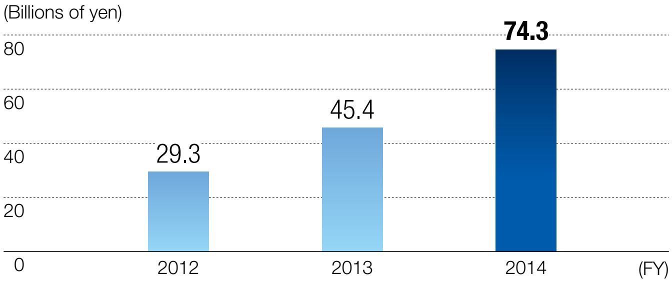
After-Sales Support
- Invest human resources in service businesses
- Strengthen ability to help customers at the call center

Marketing & Sales
- Consolidate sales facilities

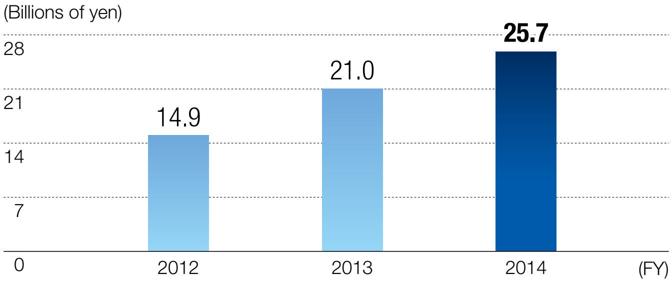
After-Sales Support
- Make support operations more efficient with the launching of the Global Support Center

Resulting Impact

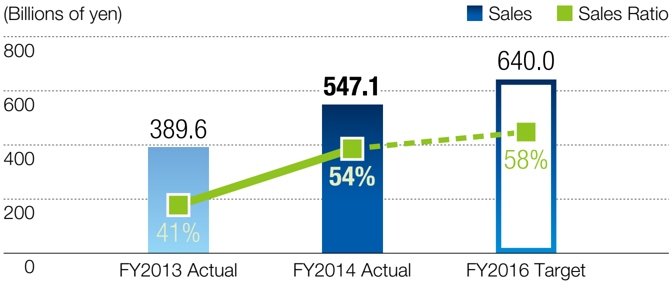
Expanded sales* of OPS, which help customers cut costs and enhance efficiency



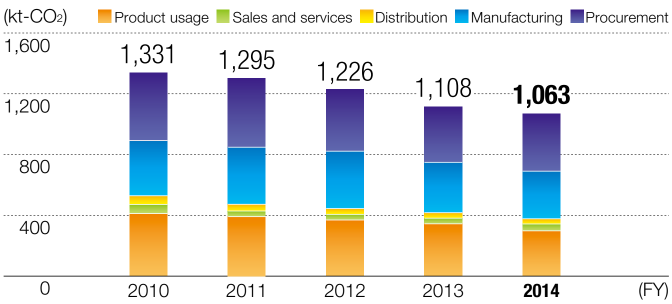
Expanded sales* of GMA, which provide services and solutions to customers with a global sphere of business



Expanded sales* of green products



Reduced CO_2 emissions throughout the product lifecycle



*J-GAAP

Value Chain **Research and Development**

Developing valuable products and services with a two-pronged strategy involving Japan and local sites

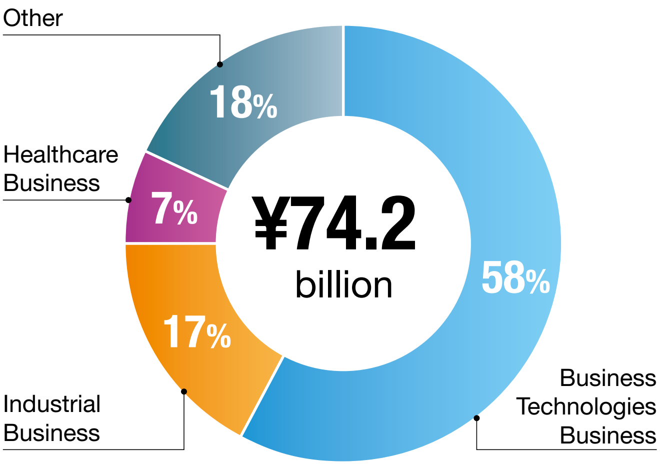
Research and development activities

The three basic policies governing Konica Minolta's companywide technology strategies are: accelerating innovation to drive continued growth; differentiating technologies to create customer value; and nurturing first-class technical personnel while strengthening organizational development capabilities.

Under these policies, Konica Minolta is committed to R&D aimed at both growing new businesses and strengthening existing businesses, while at the same time maintaining an R&D-to-sales ratio of 8% or below. We are also carrying out initiatives to strengthen the quality of our technical personnel, including conducting a program for selecting MOT (management of technology) managers and recruiting global personnel for R&D work.

Our development framework is two-pronged system whereby we develop in Japan the technologies that will become a platform used around the world and develop, at development sites physically near customers, technologies which need to be customized to that individual customer. Under this system, we are quickly addressing customer needs in each region while making large-scale investment decisions throughout the Group and developing common-platform technologies. In April 2014, we established Konica Minolta Hachioji SKT, a core center for technology development and one of the Group's largest R&D facilities. The facility conducts R&D that transcends the boundaries of business units, while promoting open innovation inside and outside the Company.

Percentage of R&D expenses (FY2014)



Primary R&D themes of our businesses

Business Technologies Business	• Strengthening system technologies in coordination with the cloud and mobile devices • Developing inkjet printers and ink for industrial use • Developing next-generation office systems
Healthcare Business	• Developing in vitro diagnostic technologies (serum protein detection, fluorescent nanoparticle labeling materials)
Industrial Business	• Developing optical systems for industrial use

Intellectual property activities

Konica Minolta conducts its business activities with an awareness that intellectual property management forms one of the Company's three key overarching strategies, together with its business strategy and technology strategy.

Konica Minolta makes 70% of its net sales overseas and has sales and production sites around the world. To support our business activities with intellectual properties, we submit patent applications and secure intellectual property rights for key markets and countries producing Konica Minolta products around the world. We are proactively submitting patent applications and securing intellectual property rights in sites involved in intellectual property activities in Japan, the U.S., and China, and are achieving appreciable growth in the number of patents registered and held in these countries.

Moreover, as support for these efforts involving intellectual property, we are educating and training overseas development personnel. One such initiative is an education program that teaches the basic principles of intellectual property to local development personnel in China.

Focused Topic

Green Product development

The Green Products Certification System is Konica Minolta's proprietary system for evaluating and certifying products with superior environmental performance. The criteria that must be met are set for different businesses and product characteristics, and the product is certified at one of three levels based on its degree of achievement. In fiscal 2014 the Group created 33 new certified products, increasing the total number of certified products to 147.

Net sales from green products was ¥547.1 billion*, which comprises 54%* of the Group's net sales.

*J-GAAP

Value Chain **Procurement, Production, and Distribution**

Pursuing optimization throughout the supply chain while enhancing cost competitiveness and practicing environmental conservation

Procurement optimization

To ensure cost-effective, stable procurement, Konica Minolta builds procurement ICT infrastructure and ensures optimal procurement logistics from a global perspective, while at the same time analyzing market changes such as exchange rate and raw material cost fluctuations and industry restructuring, then applying the knowledge gained to procurement activities.

Key to success here is engaging in Procurement Collaboration to mutually improve business conditions with business partners in order to build sound relations with them. In fiscal 2014, Konica Minolta worked with its suppliers to launch Green Supplier Activities. These activities aim to reduce costs and environmental impact by providing business partners with Konica Minolta's environmental technologies and know-how.

We also address supply chain risks such as those involving labor and human rights by conducting CSR procurement and conflict mineral surveys.

On-site assessment conducted through Procurement Collaboration

An efficient production system

At Konica Minolta, key parts and items that use Konica Minolta's proprietary technologies such as toners are primarily manufactured in Japan. Our manufacturing contractors in Asia make the general parts and units, and China and Malaysia handle final assembly. This system improves equipment production efficiency and quality. Our Chinese facilities have achieved high production efficiency by leveraging expertise gained through 20 years of experience. To hedge the risk of overconcentrating production sites in China, we set up a new production facility in Malaysia in May 2014 and expanded the range of products procured in ASEAN countries.

With the goal of further improving efficiency, we have expanded modularity with a universal product platform that utilizes our development technologies and have dramatically reduced part and assembly costs. Going forward, we will seek to avoid reliance on people, places, countries, and fluctuation and aim for even better productivity by utilizing digital manufacturing (see pg. 14 for more details) that combines ICT and automation technologies.

Upgrading our supply chain management

Konica Minolta is building a unique system for centrally managing inventory data from production to sales. This has facilitated inventory optimization and shortened distribution leadtimes worldwide, and allowed market demand to inform production plans. Furthermore, in recent years we have raised the level of our supply chain management by implementing the concept of Sales & Operation Planning (S&OP), which involves integrating business operation plans for procurement, production, distribution, and sales based on demand and supply planning.

We have also optimized shipping efficiency by establishing distribution centers in five key regional markets—Europe, North America, Japan, China, and ASEAN—and consolidating routes for getting products from production sites to markets.

To give a specific example of the success of these supply chain initiatives, we were able to increase inventory in advance and switch our unloading operations to the east coast when port functions were disrupted on the west coast of the U.S. in 2014 due to breakdowns in labor-management negotiations. These efforts allowed us to avoid lost sales opportunities.

Focused Topic

Green Factory operations

Konica Minolta's Green Factory operations aim to both reduce environmental burden and cut costs through environmental conservation activities in line with the production strategies of each business. An example of this is how Konica Minolta Business Technologies (Dongguan), which manufactures MFPs and other products in the city of Dongguan in Guangdong Province, China, is achieving significant energy savings by improving the heating methods of its forming machines and re-examining freezer temperature settings.

FY2014 reductions (compared to FY2005)

Cost reduction	¥5,264 million
CO_2 reduction	84 ktons
Waste reduction	15 ktons

Value Chain Sales and After-sales Support

Bolstering customer-centric sales and support systems for a swifter response to customer needs and issues

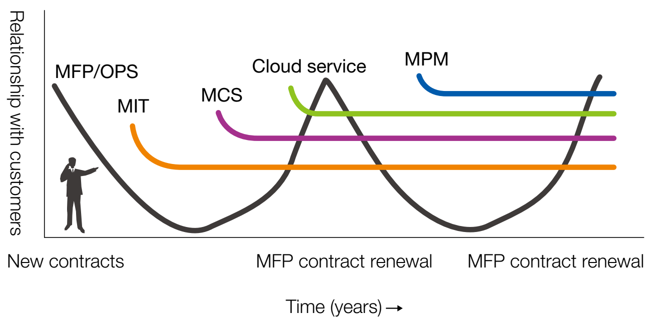
Strengthening customer-focused solutions

Customer needs are growing more diversified and sophisticated as working styles and the business environment change. In order to improve customer satisfaction and develop opportunities to profit while maintaining strong connections with customers, Konica Minolta delves deep into its customers' business processes to provide solutions that combine equipment and services.

With the goal of strengthening our ability to offer service solutions, Konica Minolta has been engaged in M&A activities for IT service providers in the U.S. and Europe since fiscal 2011. To enhance our MPM (Marketing Print Management) services, in fiscal 2014 we acquired UK-based Indicia and Australia-based Ergo. We also entered into a global partnership with US-based Hyland in the MCS (Managed Content Services) segment. In addition, in June 2015 we acquired U.S.-based dealer SymQuest Group, Inc., which provides document solutions and managed IT services.

Furthermore, to expand our customer-centric sales approach, we have been strengthening the direct sales channels in which Konica Minolta excels. In particular, there were a number of moves in the production print (PP) segment in emerging nations, where there is the most promise for market growth. In January 2015, we acquired Milsul, a major local dealer with strong market share in two southern states in Brazil. In April, we also acquired PP-focused business from Montech, a major local dealer in India, as a further effort to build a direct sales network covering the entire region.

Business approaches in the Business Technologies Business



By remaining in constant contact with the customer, we propose and provide a range of services informed by an understanding of various issues common to all business segments.
Konica Minolta is transitioning to a sales style focused on strengthening relationships with customers.

Strengthening after-sales support

In recent years, our efforts have been focused on strengthening our after-sales support in response to increasing opportunities to provide a range of services, as well as equipment, on a global scale.

In fiscal 2014, we launched the Global Support Center to support the activities of GMA, which provide OPS. Concentrated management of support operations has enabled support that is globally uniform in quality while making such operations more efficient.

We have also introduced remote maintenance in the Healthcare Business. A decrease in the number of times technicians were dispatched resulted in a fiscal 2014 cost reduction of approximately ¥70 million when converted into gasoline costs.

Future efforts will focus on expanding our customer base and service domain.

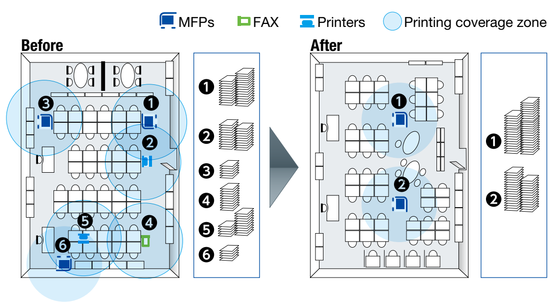
Focused Topic

Green Marketing activities

Through its Green Marketing Activities, Konica Minolta provides products and services that answer the environmental needs of its customers, while at the same time using Konica Minolta environmental technologies and know-how to solve customers' environmental problems. One example is optimized print services (OPS). These provide a solution that delivers optimized equipment arrangement and improved capacity utilization through an all-in-one contract for the operation of printing devices such as printers and MFPs. These efforts streamline business operations and cut costs while reducing the strain on the environment by reducing power consumption and paper usage.

Optimal arrangement of printing equipment

Understanding worker traffic flow and consolidating print devices without compromising convenience



Quality Management

Ensuring safety and reliability for products and services while building an integrated quality assurance system Group-wide

A quality assurance system in line with our quality policy

Konica Minolta aspires to maximize customer satisfaction and trust by providing products and services of superior value. The Group has articulated its basic approach to accomplishing this in the Konica Minolta Quality Policy, which governs Group companies worldwide.

An issue of particular importance is ensuring safe, reliable products and services. Accordingly, Konica Minolta has established a unified quality assurance system across the Group and addresses quality assurance in terms of the entire product lifecycle. Konica Minolta is determined to help create a better world by resolving customers' problems. To do this, it seeks to build deeper relationships with customers so that it can identify and satisfy both apparent and latent needs.

Sharing quality issues within the Group and cross-deploying countermeasures

Konica Minolta is accelerating its Group-wide effort to share information regarding quality problems and cross-deploy countermeasures as "One Konica Minolta," a policy launched in fiscal 2013. The goal is to increase sensitivity to quality issues, thereby resolving problems early on and ensuring better response.

In fiscal 2014, the Group conducted Production Capability Assessments at 19 production sites, including sites outside Japan. Site personnel at one site act as assessors at different sites, conducting assessments that quantify different aspects including the 5Ss (Sort, Straighten, Shine, Standardize, and Sustain), visualization, elimination of inefficiencies, and factory management. These efforts seek to share issues with production capability across all business segments. In terms of the 5Ss and visualization, presenting ideals as guidelines encourages proactive improvements on the production floor. Additionally, good practices are cross-deployed by sharing assessment results and examples of initiatives from each site on the Company intranet.

Production Capability Assessment

Global Customer Relations Conference held to share local information globally

Since fiscal 2013, Konica Minolta has held an annual Global Customer Relations Conference in collaboration with sales companies in and outside Japan. The sharing of various issues and initiatives in the improvement of customer relationships around the world and the knowledge gained from those efforts lead to the pursuit of best practices Group-wide.

In fiscal 2014, the second conference was held in January and was attended by customer relationship managers from sales companies in Japan, the U.S., Europe, and the Asia Pacific region, as well as members of the development, production, and marketing departments. The conference was a vehicle for sharing knowledge on such issues as the establishment and utilization of global KPI and the adoption of a "transaction survey" to measure customer satisfaction in response to each company's actions. Participants also took part in a Customer Value Creation Workshop implemented in Japan ahead of other countries, and participants learned methods for thinking about value from the customer's point of view.

Global Customer Relations Conference

Focused Topic

Konica Minolta ranked first place in Quality Management Level Research

Konica Minolta ranked first place overall on the 8th JUSE Quality Management Level Research, announced by the Union of Japanese Scientists and Engineers in October 2014. It earned the top position in two out of six assessment areas: customer orientation, and system utilization and deployment capability. It also received top-three assessments in the training of human resources who carry out quality management and in the management of reliability, safety, and trust.

The Company believes that the results reflect recognition of the way Konica Minolta has globally developed a system for quality improvement through development-production-marketing cooperation and pursued customer value with a customer-centric focus.

Environmental Management

Reducing environmental impact throughout a product's lifecycle while achieving corporate growth

Eco Vision 2050

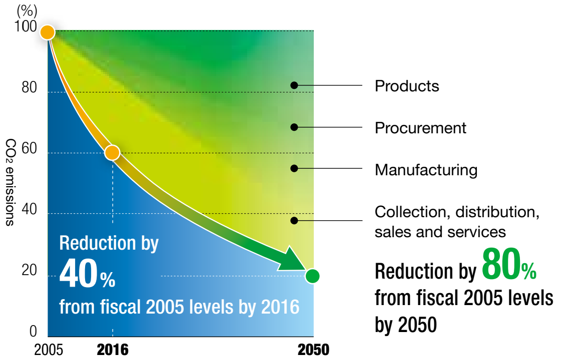
In order to grow sustainably into the future, a company must reduce its environmental impact while achieving corporate growth. Namely, it is essential to practice environmental management that creates new value for society and the economy.

Under our management philosophy "The Creation of New Value," we put environmental management forward as a corporate growth strategy, with a determination to achieve goals expressed in Eco Vision 2050, our set of long-term environmental goals that look forward to the year 2050.

Eco Vision 2050

1. Reduce CO_2 emissions throughout the product life cycle by 80% by 2050, compared to fiscal 2005 levels
2. Promote recycling and effective use of Earth's limited resources
3. Work to promote restoration and preservation of biodiversity

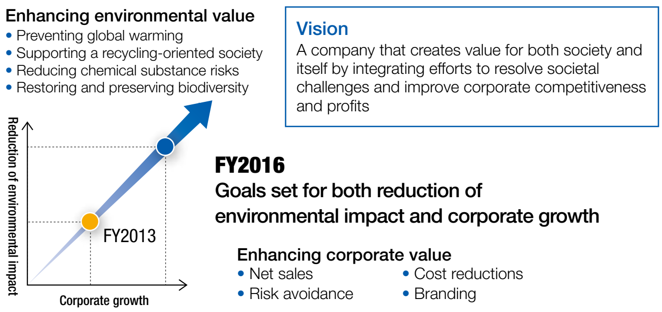
CO_2 emission reduction targets



Medium-Term Environmental Plan 2016

Konica Minolta has established the Medium-Term Environmental Plan 2016, which is in step with our business plans as a further measure towards achieving Eco Vision 2050. The Medium-Term Environmental Plan 2016 lays out Three Green Activities—Green Products (planning and development), Green Factories (procurement and production), and Green Marketing (distribution, sales and services, and collection and recycling) as key themes. In the process of creating this plan, we classified environmental factors concerning our business as either opportunities or risks, and identified key issues concerning the environment. The plan ultimately seeks to strengthen our business through the resolution of environmental problems.

Furthermore, Konica Minolta practices highly-effective environmental management as a commitment that extends from our top executives to employees throughout the organization, an achievement made possible by aligning targets for solving environmental problems with KPIs for strengthening business, namely enhancing brand appeal, improving sales and service profitability, and cutting costs.



Environmental Accounting

Konica Minolta has implemented global-scale, consolidated environmental accounting in order to quantitatively assess the costs of environmental preservation in business operations and the benefits obtained from those activities.

Fiscal 2014 environmental accounting

	Breakdown (%)	
Investment ¥1,202 million	Pollution prevention	17
	Preventing global warming	30
	Resource circulation	9
	R&D	45
Expenditures ¥14,243 million	Pollution prevention	10
	Preventing global warming	5
	Resource circulation	9
	Upstream/downstream	15
	Administration	11
	R&D	48
	Social activity	1
	Environmental remediation	2
	Other	1
Economic Benefits ¥22,391 million	Preventing global warming	13
	Resource circulation	73
	Upstream/downstream	14

Note: Percentages do not necessarily total to 100 because of rounding.

Human Resource Management

Creating workplaces where the diverse range of people can thrive as our business globalizes

Leveraging and developing Konica Minolta's global personnel

• Building a Global Platform

In order to grow sustainably, a company must respond to the intensification of global competition as well as market changes such as the increasing sophistication and diversification of customer needs. Talented employees go above and beyond from a global standpoint and from the customer's perspective. Konica Minolta has created a Group-wide platform (system, tools, and mindset definition) for training personnel and making the most of their skills in an effort to boost the collective strengths of its employees. While making roles at the global, regional, and individual company levels clear, the Group is pursuing global personnel training and deployment as "One Konica Minolta."

In fiscal 2014, the Group established an HR management system in each region, namely North America, Europe, China, and Asia. It conducts evaluations of the Group's senior personnel under uniform global evaluation standards to identify strengths and challenges. Based on these results, the Company then chooses the right people for the right posts while also fostering successors.

• Regional Implementation of Business Leader Development Program

Since fiscal 2010, the Group has run a Global Executive Program (GEP) for executives at affiliated companies around the world, looking to develop business leaders. The goals of GEP are to raise participants' awareness as business leaders within the Konica Minolta Group and to enable participants to forge a global network of personal contacts among themselves. During the program, which lasts about one week, participants embrace a global mindset and develop their leadership skills via face-to-face discussions with top managers and debates on key issues among themselves. As of the end of fiscal 2014, the program had been held 9 times with 148 people from 60 companies participating.

In addition, since fiscal 2013 the Group has held Regional GEP conferences, bringing together manager-level personnel with the aim of developing potential future executives. The first Regional GEP was held in China and the second was held in Singapore in May 2015.

Global Executive Program

Occupational health and safety

• Preventing Accidents Inside and Outside of Japan

Konica Minolta's top management maintains a deep commitment to safety based on the idea of "safety first for employees," and we are working to improve individuals' safety awareness while enhancing the safety of our equipment. Our goals are to achieve zero serious accidents and a frequency rate of accidents causing absence from work of 0.1 or less, and we have implemented various measures worldwide to prevent accidents during working hours.

In fiscal 2014, the Group implemented measures to strengthen safety management at sites outside Japan, which account for the majority of production operations. In China, for instance, in addition to each site's usual health and safety initiatives, the Group launched the China Health and Safety Managers' Committee for all sites, including production and sales. The Committee promotes the strengthening of health and safety, including employee health management.

As a result of these efforts, the Group reported zero serious accidents in fiscal 2014. The frequency rate of accidents causing absence from work was 0.28 in Japan and 0.19 outside Japan. Due to our many years of conducting work safety and health activities, Konica Minolta's number of work accidents is low, both inside and outside of Japan.

In January 2015, our Malaysian plant established in May 2014 acquired OHSAS 18001 certification.

Focused Topic

Konica Minolta becomes 2014 Health and Productivity Stock Selection

In March 2015, Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange selected Konica Minolta as a company that represents enhanced corporate value through health and productivity management. This selection recognizes listed companies that strategically implement employee health programs from a business perspective and introduces them to investors as attractive investment destinations. 22 companies were recognized, with one chosen from each industry. Konica Minolta was selected in the electrical equipment industry.

健康経営銘柄
Health and Productivity

Corporate Governance

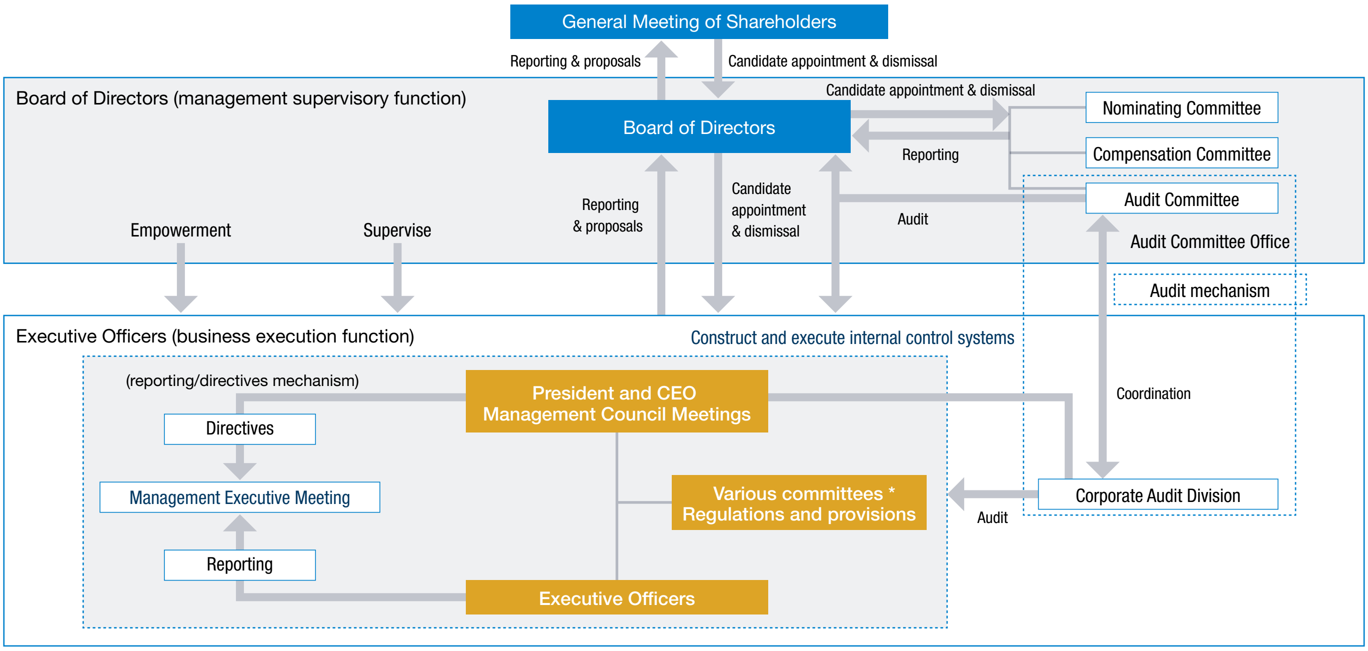
Management and Governance Structure

Konica Minolta has adopted a company with committees system, enabling the management supervisory function of the directors to be separated from the business execution function of the executive officers.

• Company with Three Committees

Konica Minolta has adopted the “company with three committees” framework, and has accordingly established the Nominating, Audit and Compensation Committees. Each of the three committees is composed of three outside directors and two internal directors, and the chairmen of the three committees are selected from among the outside directors. Representative Executive Officer

Corporate Governance Systems



*Committees related to internal controls
Risk Management Committee, Compliance Committee, Corporate Information Disclosure Committee, Investment Assessment Committee, Business Assessment Committee

Board of Directors and three Committees (as of June 19, 2015)

● Chairman

Board of Directors (11 members)		Nominating Committee	Audit Committee	Compensation Committee
7 Non-Executive Officers	Director (Chairman of the Board)	●		
	Outside Director	● (Chairman)		●
	Outside Director	●	● (Chairman)	
	Outside Director		●	● (Chairman)
	Outside Director	●	●	●
	Director	●	●	●
	Director		●	●
4 Concurrently serving as Executive Officers	Director (President and CEO)	Directors concurrently acting as executive officers do not serve on any of the three committees.		
	Director (senior executive officer)			
	Director (senior executive officer)			
	Director (senior executive officer)			

cannot be appointed to an Audit Committee position under the provisions of the Companies Act and will not be selected by the Company for a position on the Nominating or Compensation Committees.

• Operations of Board of Directors

The Board of Directors includes four outside directors, who are highly independent and have no significant business relationship with the Konica Minolta Group. The majority of directors do not serve concurrently as executive officers.

In principle, the Board of Directors meets once a month. Outside directors receive advance briefings on agenda items in order to facilitate lively discussions at meetings of the Board of Directors. In particular, explanations of important management decisions are provided by relevant executive officers. The seating configuration changes at each Board meeting, except for the Chairman of the Board and the President, in an effort to encourage communication among board members and enliven the proceedings.

In fiscal 2014, the overall attendance by outside directors at meetings of the Board of Directors and of its three committees exceeded 90%. Every year, each board member provides an evaluation of the Board of Directors, which serves as a general review of the composition and administration of the Board and its three committees, as well as other matters. The evaluation by each board member is summarized and discussed by the outside directors, chairman, president, and other directors in an effort to enhance corporate governance.

• Executive Officers

The executive officers perform decision-making and business execution, as entrusted by the Board of Directors. The content of this business execution is subject to the oversight of the Board of Directors and to audits by the Audit Committee, which enhances effectiveness, validity, legality and soundness of the management.

The Board of Directors appoints the Company’s executive officers and selects the Representative Executive Officer and the President, as well as other executive officers in positions of responsibility, from among these officers. The division of executive duties is also determined by the Board. The Representative Executive Officer and President and other executive officers perform decision-making on and execute the business entrusted by the Board.

Appointment of Directors

• Nominating of Director Candidates

The Nominating Committee determines internal and outside director candidates to be put before the General Meeting of Shareholders, according to the following selection criteria.

For the selection of internal director candidates, the Nominating Committee can obtain the opinion of a president who is thoroughly familiar with the careers and track records of the candidates.

1. Good physical and mental health
2. A person that is well liked, dignified, and ethical
3. Completely law-abiding
4. In addition to having objective decision-making abilities for management, the person must have good foresight and insight
5. Someone with no possible conflict of interest or outside business relations that may affect management decisions in the Company's main business areas, and who has organizational management experience in the business, academic, or governmental sectors. Otherwise, someone with specialized knowledge in technology, accounting, law, or other fields
6. For outside directors, a candidate with a history of performance and insight in that person's field, someone with sufficient time to fulfill the duties of a director, and who has the ability to execute required duties as a member of the three relevant committees
7. The Nominating Committee has separately set forth points for consideration in the re-election of Directors and requirements concerning the number of terms of office, age and other factors. Especially, in principle, existing terms of office for Outside Directors are up to four years
8. In addition, the candidate must have the abilities necessary for a director running and building a public corporation that is transparent, sound, and efficient

• Ensuring the Independence of Outside Directors

In selecting outside directors, the highest priority is placed on their independence, as well as on their experience in corporate management (or in similar management positions at public/academic institutions), which will enhance the supervisory functions of the Board of Directors. There are written criteria on the independence of outside directors, stipulating, among other things, that eligible candidates shall have no significant business relations with the Group or personal relationships with its executive officers. At the same time, it is preferable that outside directors have experience in corporate management, since their role on the Board of Directors includes decision-making regarding management issues, as well as the supervision of corporate management.

In order to ensure the independence of outside directors, during the selection stage for new outside directors, recommendations are taken from the outside directors currently serving. To address the concern that long-serving outside directors have less independence, Konica Minolta limits their re-nomination to a four-year term of office in principle.

In June 2015, Mr. Hiroshi Tomono was appointed as a new outside director. All four outside directors have been appointed as independent executives in compliance with regulations established by the Tokyo Stock Exchange.

Outside Directors

Name	Reason for electing the outside director
Shoji Kondo*	Shoji Kondo has many years of experience at Toyota Motor Corporation and Hino Motors, Ltd. involving primarily in production and purchase activities, which are the main components of manufacturing. He has been elected as our outside director for his extensive experience and a broad range of knowledge as a corporate executive.
Takashi Enomoto*	Takashi Enomoto has many years of experience in the management of IT solutions businesses at NTT DATA Corporation. He has been elected as our outside director for his extensive experience and a broad range of knowledge as a corporate executive.
Kazuaki Kama*	Kazuaki Kama was involved for many years in the management of the heavy machinery manufacturing business at IHI Corporation, including progress of the focus of resources on strategic business activities. He has been elected as our outside director for his extensive experience and a broad range of knowledge as a corporate executive.
Hiroshi Tomono*	Hiroshi Tomono has many years of experience at Sumitomo Metal Industries, Ltd. and Nippon Steel & Sumitomo Metal Corporation in the management of the materials manufacturing sector, including having overseen activities at steelmakers ranging from technology and manufacturing to planning, administration and new business. He has been elected as our outside director for his extensive experience and a broad range of knowledge as a corporate executive.

*Every outside director has been designated an "independent director" as they each meets the independence standards established by the Company's Nominating Committee, is not a business executive or other significant person at a major supplier or customer or a major shareholder of Konica Minolta, and will not represent conflicts of interest with ordinary shareholders concerning his role as an outside director.

• Executive Officer Appointment

The president makes the initial proposals for the appointment of executive officers by the Board of Directors.

The president then determines the executive officer candidates through a candidate evaluation meeting, based on executive officer selection standards. The Nominating Committee receives information on the executive officer candidates ahead of the Board of Directors and supervises the validity of the selection process.

Compensation for Directors and Executive Officers

The Compensation Committee determines the salaries and compensation system for directors and executive officers. In June 2005, the Committee abolished the conventional retirement benefit system for directors and executive officers, and revised the compensation policy (see table below) to make it a better fit for their roles in the Company.

Compensation for directors and executive officers

Outside Directors	Base salary only
Internal Directors	Base salary + stock compensation as long-term incentive
Executive Officers	Base salary + performance-based cash bonus as short-term incentive + stock compensation as long-term incentives

Konica Minolta regards it as important to clearly indicate the Company's policy on compensation for directors and executive officers, together with the ratio of incentive compensation for the achieved performance. Consequently, the compensation policy in the business report for the fiscal year ended March 2015 stipulated that the executive officers' compensation shall comprise base salary, a performance-based cash bonus as a short-term incentive, and stock compensation as a long-term incentive, with the ratio of the three being 60:25:15. The performance targets on which the performance-based cash bonus is determined are stipulated as major consolidated performance indicators, including sales, operating profit, and ROE, associated with results of operations.

Konica Minolta participates in a survey on executive compensation for companies in Japan done by an independent party every year, and the amount of individual compensation for each position is benchmarked based upon objective data obtained from the survey.

The amount of compensation paid to directors and executive officers recorded as an expense for the year ended March 2015 is shown in the table below.

Amount of compensation paid to directors and executive officers for the year ended March 2015

		Directors			Executive Officers
		Outside	Internal	Total	
Total		45	182	227	801
Total base salary	Persons	5	5	10	19
	Amount (million yen)	45	143	188	448
Performance-based cash bonus	Persons	-	-	-	19
	Amount (million yen)	-	-	-	233
Stock Compensation	Persons	-	5	5	18
	Amount (million yen)	-	39	39	119

Note 1. As of March 31, 2015, there are 4 outside directors, 3 internal directors (excluding those who are also executive officers), and 19 executive officers.

Note 2. In addition to the 5 internal directors shown above, the Company has another 4 internal directors who concurrently hold executive officer posts, and the compensation of these directors is included in the compensation for executive officers.

Note 3. Regarding the performance-based cash bonus, the amounts that should be recorded as an expense for the period are stated.

Note 4. Regarding the compensation-type stock options, the amounts that should be recorded as an expense based on an estimation of the fair value of the stock acquisition rights issued to directors (excluding outside directors) and executive officers (excluding non-residents in Japan) as part of their compensation are stated.

Note 5. In addition to the compensation shown above, the conventional retirement benefit abolished in June 2005 was paid, as indicated below, during the current business year, based on a resolution of the Compensation Committee:
- 35 million yen for 2 directors who retired on June 19, 2014.
- 21 million yen for 2 executive officers who retired on March 31, 2014.

• Guidelines on Officer Ownership of Konica Minolta Shares
In order to provide incentives for the boosting of earnings results and the Company's share price from the perspective of shareholders, Konica Minolta has established guidelines on ownership of Konica Minolta shares by internal directors and executive officers, along with stock options, as part of their compensation system.

Group Auditing System

Konica Minolta Inc., which has adopted the "company with three committees" framework, has established an Audit Committee, while its subsidiaries in Japan have appointed their own respective auditors. In addition, Konica Minolta Inc. has a Corporate Audit Division, which conducts an internal audit of the entire Group.

The members of the Audit Committee and the Corporate Audit Division, as well as auditors of the subsidiaries in Japan, share related information and strengthen coordination of audit activities across the Group. With the aim of ensuring effective audits, the same parties hold regular meetings with the accounting auditors, review auditing systems and policies, and examine whether or not the accounting auditors can fulfill their tasks properly.

• Audit Committee System and Roles
The Audit Committee is comprised of five directors (who do not hold positions as executive officers), three of whom are outside directors. The chairperson of the Audit Committee is selected from among the outside directors. To ensure effective operation of the committee, it has established its own office (Audit Committee Office) with staff members who are independent of any sections committed to actual business operations.

The Audit Committee members evaluate the legality and validity of the management decisions made by directors and executive officers, monitor and validate internal control systems, and assess the adequacy of the accounting auditors. In principle, a committee meeting is held before the meeting of the Board of Directors, so that the committee members can present their opinions to the meeting of the Board of Directors, if deemed appropriate.

• Corporate Audit Division System and Roles
The Corporate Audit Division of Konica Minolta Inc., which directly reports to the president and CEO, is responsible for the Group-wide internal audit and performs internal audits of Konica Minolta and its subsidiaries, as well as major overseas affiliated companies. Using the risk approach, the division evaluates these companies in terms of the reliability of their financial statements, efficiency, and validity of their businesses and the level of their legal compliance. The division also conducts follow-up audits in which it examines improvement measures taken by respective companies in response to suggestions provided by internal auditors.

In addition, major subsidiaries have their own internal audit divisions which work closely with the Corporate Audit Division of Konica Minolta Inc., and enhance the internal audit function of the entire Group.

Group Compliance Promotion System

At Konica Minolta, the Chief Compliance Officer appointed by the Board of Directors determines matters important for promoting Group compliance and is responsible for promoting and overseeing compliance under the President and CEO of Konica Minolta, Inc., who has ultimate responsibility for Group compliance. To fulfill that responsibility, the Chief Compliance Officer convenes the Group Compliance Committee, which is composed of officers responsible for compliance from corporate departments in charge of Group-wide functions.

To promote compliance in each department at Konica Minolta, Inc., the General Manager of each department serves as the official responsible for compliance; at subsidiaries inside and outside Japan, the president of each subsidiary serves as the official responsible for promoting compliance at each company.

Risk Management System

Konica Minolta, Inc. has established a management system in which the President and CEO is responsible for risk management and crisis management. Executive officers are responsible for managing strategic risks, operational risks, financial risks, and so on. They identify and evaluate risks and develop and monitor countermeasures in their respective spheres of management.

In addition, the Risk Management Committee, chaired by an executive officer appointed by the Board of Directors, examines the risks identified by each executive officer, as well as the countermeasures in place, and checks to ensure that the risk management system is functioning effectively, making revisions where necessary. Risks deemed particularly important are addressed by the Group under the leadership of executive officers appointed by the Committee Chairperson.

Konica Minolta has established a system for minimizing the business and social impacts of crises that may arise from a range of risks, by taking prompt and appropriate action and by releasing information. The Crisis Management Committee, chaired by the executive officer for crisis management appointed by the Board of Directors, discusses and formulates crisis countermeasures and procedures for action. Furthermore, the emergency contact system has been enhanced to enable the President and CEO, in addition to the executive officer for crisis management, to assess the situation and take decisions quickly. A system has also been established to enable the President and CEO to take leadership in critical areas in a crisis.

Directors

Front row (from left): Tomono, Enomoto, Yamana, Matsuzaki, Kondo, and Kama

Back row (from left): Koshizuka, Osuga, Ando, Shiomi, and Hatano

Chairman of the Board of Directors
Masatoshi Matsuzaki

After serving as a Director at Konica Minolta Business Technologies, Inc., as President of Konica Minolta Technology Center, Inc., and in various other roles, became a director, and then the President and CEO of Konica Minolta, Inc. Assumed the position of Chairman of the Board in April 2014.

Director (President and CEO)
Shoei Yamana

After serving as Senior Executive Officer (in charge of business strategy and investor relations) at Konica Minolta, Inc. and subsequently as President of Konica Minolta Business Technologies Inc., among other positions, became President and CEO of Konica Minolta, Inc. in April 2014.

Director (Outside Director)
Shoji Kondo

After serving as a Senior Executive Director at Toyota Motor Corporation, as Representative Director and President and then Chairman at Hino Motors, Ltd., and in various other roles, became an outside director of Konica Minolta, Inc. in June 2011.

Director (Outside Director)
Takashi Enomoto

After serving as Representative Director and Vice President at NTT DATA Corporation became an outside director at Konica Minolta, Inc. in June 2013.

Director (Outside Director)
Kazuaki Kama

After serving as Managing Executive Officer and subsequently as President and CEO, among other positions at Ishikawajima-Harima Heavy Industries Co., Ltd., became the current Chairman of the Board at IHI Corporation (formerly Ishikawajima-Harima Heavy Industries Co., Ltd.) in April 2012. Became an outside director at Konica Minolta, Inc. in June 2014.

Director (Outside Director)
Hiroshi Tomono

After serving as President at Sumitomo Metal Industries, Ltd. and subsequently as Representative Director, President and COO, and Representative Director and Vice Chairman at Nippon Steel & Sumitomo Metal Corporation, among other positions, became an outside director at Konica Minolta, Inc. in June 2015.

Director
Yoshiaki Ando

After serving as Director at Konica Minolta Business Solutions Japan Co., Ltd., and subsequently as Executive Officer and General Manager of the Corporate Finance Division and as Director and Senior Executive Officer at Konica Minolta, Inc., among other positions, became a Director in April 2014.

Director
Ken Shiomi

After serving as President of Konica Minolta Sensing Europe B.V., as Director and General Manager of the Business Management Division at Konica Minolta Sensing, Inc., and as Executive Officer at Konica Minolta, Inc., among other positions, became a Director in June 2015.

Director (Senior Executive Officer)
Ken Osuga

After serving as President of Konica Minolta Business Solutions Europe GmbH and as a Director at Konica Minolta Business Technologies Inc., became Executive Officer at Konica Minolta, Inc. in April 2013, Senior Executive Officer in April 2014, and Director and Senior Executive Officer in June 2014.

Director (Senior Executive Officer)
Seiji Hatano

Came to Konica Minolta, Inc. from the Bank of Tokyo-Mitsubishi UFJ, Ltd. in July 2011, and became Executive Officer and General Manager of the Business Strategy Division in April 2013, Senior Executive Officer in April 2014, and Director and Senior Executive Officer in June 2014.

Director (Senior Executive Officer)
Kunihiro Koshizuka

After serving as Director and General Manager of the Development Center at Konica Minolta Medical & Graphic, Inc., and subsequently as Executive Officer and General Manager of the Technology Strategy Division and as Senior Executive Officer and General Manager at Business Development Headquarters at Konica Minolta, Inc., among other positions, became Director and Senior Executive Officer in June 2015.

Executive Officers (Listed in Japanese alphabetical order by name at the time of appointment or promotion)

Title	Name	Current Position and Responsibilities at the Company
President and CEO	Shoei Yamana*	
Senior Managing Executive Officer	Takashi Sugiyama	General Manager, Business Technologies Business R&D Headquarters
Senior Executive Officer	Nobuyasu Ieuji	In charge of Corporate Social Responsibility Operations, Corporate SCM Center and Business Technologies Business Quality Assurance Operations General Manager, Kansai Headquarters
Senior Executive Officer	Yoshitsugu Shiraki	General Manager, Advanced Layers Business Unit
Senior Executive Officer	Jun Haraguchi	General Manager, Business Technologies Business Marketing Headquarters In charge of Inkjet Business Unit
Senior Executive Officer	Tsukasa Wakashima	General Manager, Corporate Human Resources Division In charge of Corporate General Affairs Division
Senior Executive Officer	Kunihiro Koshizuka*	General Manager, Business Development Headquarters, In charge of Corporate R&D Headquarters
Senior Executive Officer	Ken Osuga*	General Manager, Corporate Business Management Division In charge of Corporate Accounting Division, Corporate Finance Division, Corporate Business Process Transformation Division and Risk Management
Senior Executive Officer	Seiji Hatano*	General Manager, Corporate Strategy Division In charge of Corporate CSR & Communications & Branding Division
Senior Executive Officer	Shingo Asai	General Manager, Business Technologies Business Manufacturing Headquarters
Senior Executive Officer	Toyotsugu Itoh	General Manager, Corporate Production Operations In charge of Group Production Engineering
Executive Officer	Kazuyoshi Hata	General Manager of Healthcare Business Unit
Executive Officer	Hiroyuki Suzuki	General Manager, Corporate Audit Division
Executive Officer	Tomio Nakamura	General Manager of Optics Business Unit In charge of Sensing Business Unit
Executive Officer	Kenichi Sanada	In charge of Intellectual Property Center, Corporate Legal Division, Compliance and Crisis Management
Executive Officer	Akira Tai	General Manager, Corporate IT Planning Division
Executive Officer	Ikuo Nakagawa	President, Konica Minolta Business Solutions Europe GmbH
Executive Officer	Yuji Ichimura	Deputy General Manager of Business Technologies Business Marketing Headquarters, Deputy General Manager of Business Development Headquarters
Executive Officer	Noriyasu Kuzuhara	General Manager of Performance Materials Business Unit
Executive Officer	Toshimitsu Taiko	CEO, Konica Minolta Business Solutions U.S.A. Inc.
Executive Officer	Atsuo Takemoto	General Manager, Corporate Procurement Division Deputy General Manager of Business Technologies Business Manufacturing Headquarters

* indicates the officer also holds a position as Director

CSR Management

Basic Approach

Konica Minolta aims to establish itself as an innovative, constantly evolving company that is vital to society by putting into practice its management philosophy, "The Creation of New Value." This is why the Group strives to contribute to the resolution of societal challenges by creating value that improves the quality of our world through its business endeavors. Konica Minolta's CSR activities are guided by this management philosophy and vision, and they are based on its Charter of Corporate Behavior. The Konica Minolta Group Guidance for the Charter of Corporate Behavior is shared globally and illustrates desirable behavior in each of the categories included in the Charter of Corporate Behavior as a basis for understanding and putting the Charter into practice. The Group Guidance articulates Konica Minolta's commitment to acting in compliance with international social norms such as the United Nations Global Compact, in which the company participates, and the Universal Declaration of Human Rights.

THE GLOBAL COMPACT
Network Japan
WE SUPPORT

The Global Compact's Ten Principles

Human Rights	Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2:	make sure that they are not complicit in human rights abuses.
Labour	Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4:	the elimination of all forms of forced and compulsory labour;
	Principle 5:	the effective abolition of child labour; and
	Principle 6:	the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7:	Businesses should support a precautionary approach to environmental challenges;
	Principle 8:	undertake initiatives to promote greater environmental responsibility; and
	Principle 9:	encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10:	Businesses should work against corruption in all its forms, including extortion and bribery.

Management Philosophy

The Creation of New Value

Konica Minolta Group Charter of Corporate Behavior

Corporations, in addition to being economic entitles engaged in the pursuit of profit through fair competition, should be beneficial to society at large.
For this reason, the Konica Minolta Group shall behave in a socially responsible manner and shall have all of its directors, officers and employees clearly acknowledge the spirit of this Charter of Corporate Behavior.
Senior management shall recognize that the fulfillment of the spirit of this Charter is its own role and responsibility and shall take the initiative to ensure that all directors, officers and employees fully understand the Charter.
In addition, management shall constantly pay attention to the opinions of internal and external parties and shall promote the implementation of effective systems to secure ethical corporate behavior.

1. Beneficial and safe products
We shall strive to earn the confidence of consumers and clients through the development and provision of socially beneficial products and services with the utmost consideration for safety.

2. Fair and transparent corporate activities
We shall, in the pursuit of fair and transparent corporate activities, comply with laws and social regulations and act in accordance with international rules and the articles of incorporation.

3. Communications with society and information disclosure
We shall communicate with society at large and disclose corporate information fairly and adequately.

4. Environmental protection
We shall acknowledge the seriousness of global environmental issues and shall act voluntarily and affirmatively to protect the environment.

5. Contribution to society
We shall, with a global perspective, affirmatively make contributions to society while respecting local customs and cultures.

6. Respect for employees
We shall endeavor to make the lives of employees comfortable and fulfilling, provide a safe work environment, and respect each employee's personality and individuality.

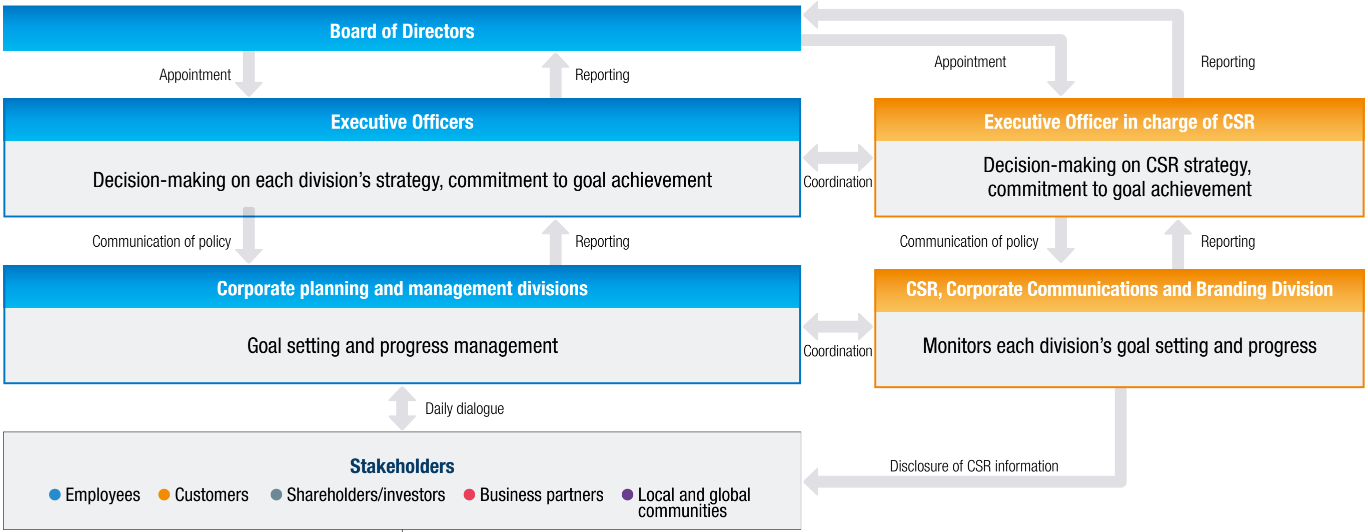
7. Responsible actions
In the event of a violation of the principles of this Charter, in order to solve the problem senior management shall investigate the cause of the violation and develop reforms to prevent its recurrence in accordance with corporate compliance procedures. Prompt public disclosure of precise information and an explanation regarding the violation shall be made and responsibility for the violation shall be clarified. Strict and fair disciplinary action shall be taken including with respect to senior management where necessary.

CSR Management System

At Konica Minolta, the executive officer responsible for CSR, who is appointed by the Board of Directors, carries the duties and authorities concerning the entire Group's CSR. Directly reporting to him or her is the CSR, Corporate Communications and Branding Division, which sees to the implementation of CSR management for the entire Group.

The manager of the CSR, Corporate Communication and Branding Division reports the progress of CSR activities to the executive officer responsible for CSR, while also reviewing measures and making proposals. Regarding matters of great importance, the Management Council meets in a timely fashion to deliberate, keeping CSR at the forefront of management decisions.

Regarding environmental management, safety and quality control, the Corporate Social Responsibility Division reports to the executive officer responsible for these issues. The division organizes committees and meetings composed of managers responsible for each of these three areas, and drafts policies, constructs systems, and manages progress on a Group-wide basis.



	Characteristics of Stakeholders	Tools and Opportunities for Communication
Customers	Konica Minolta does business around the world. Major customers of Konica Minolta's main business operations are corporations, government agencies, and hospitals.	• Providing customer service via websites and call centers • Providing product information via websites and newsletters • Conducting customer satisfaction surveys • Exchanging information via visits to customers • Exchanging information at showrooms and trade shows • Holding seminars
Business Partners	Konica Minolta procures raw materials, parts and components from different companies depending on the type of business. The majority of these suppliers are located in Japan, China, and elsewhere in Asia.	• Holding suppliers' meetings • Procurement Collaboration System • Conducting CSR surveys (self-assessment questionnaires)
Shareholders and Investors	Since Konica Minolta has relatively high ownership by institutional and foreign shareholders, the company is expected to take part in IR initiatives proactively on a worldwide basis.	• Shareholders' meetings • Briefings for investors • Visits to investors • Briefings for business analysts and institutional investors • Annual reports • IR website
Employees	Konica Minolta employs 41,598 people worldwide. Of those, 29% are in Japan, 22% are in Europe, 19% are in North America, and 30% are in China and elsewhere in Asia, and others (Figures are based on total regular employees of consolidated companies, as of March 31, 2015).	• Interactive intranet • Group journal • Employee attitude surveys • Dialogue with labor unions • Offering internal help line systems • Exchanging opinions during inspection tours of production sites by senior staff • Holding town meetings attended by senior staff
Local and Global Communities	Konica Minolta operates in countries across the globe, and acts as a responsible member of every community where it operates.	• Activities that contribute to local communities • Community briefings and invitational events • Sending speakers to lectures and places of education • Industry group activities • Environmental reports and websites • Public relations activities through publishing international publications and websites
Global Environment	As a manufacturer, Konica Minolta engages in various operations that impact the environment. For instance, it generates CO_2 emissions, which contribute to climate change because of the use of materials derived from petroleum, which is a dwindling natural resource, and this affects ecosystems in various ways.	• CSR reports, environmental reports, and websites • Community briefings and explanatory meetings • Collaboration with research institutions

Identify Material CSR Themes and Setting Goals

At Konica Minolta, Inc., the CSR, Corporate Communications & Branding Division coordinates with the corporate planning and management divisions within the Group to identify material themes and set goals for CSR activities and monitor their progress and outcomes.

By identifying material themes and setting priority goals for CSR activities, Konica Minolta aims to address issues that are most important to stakeholders by analyzing feedback obtained by communicating with them in a variety of ways. In addition, it considers international guidelines related to CSR, including the UN Global Compact and ISO 26000. Further, it summarizes and organizes risks and opportunities considered when formulating business plans in each business field. Based on the results, the Group selects the issues that are most material to society and that have a great impact on business and identifies them as material themes and sets priority goals.

Flow for Identifying Material CSR Themes and Setting Goals

Step 1
Ascertain societal demands

- Ascertain the issues that are most important to stakeholders
- Consider international guidelines related to CSR (i.e. Global Compact, ISO 26000)

Step 2
Summarize and organize risks and opportunities

- Summarize and organize risks and opportunities considered during the establishment of business plans for each division

Step 3
Identify material themes and set goals

- Identify the issues that are most material to society and have a great impact on the Group's business and establish priority goals

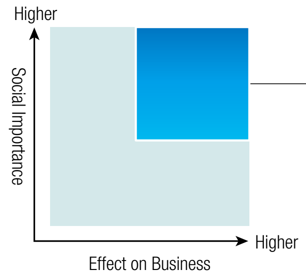
Konica Minolta's Inclusion in Socially Responsible Investment Indexes

Konica Minolta has been included in several international socially responsible investment (SRI) indexes. The company has been included in the World category (three years straight) and Asia Pacific category (six years straight) of the Dow Jones Sustainability Index (DJSI) issued by U.S.-based Dow Jones and Swiss-based RobecoSAM. The company has also been included in the FTSE4Good Global Index for 12 straight years as well as the Morningstar Socially Responsible Investment Index (MS-SRI).

Konica Minolta has received high marks from various other SRI research institutes, such as inclusion in the RobecoSAM Sustainability Yearbook's Gold Class rating (its highest CSR rating), the Prime rating for CSR by oekom research AG, Forum Ethibel's Ethibel Pioneer and Ethibel Excellence investment universes.

Additionally, Konica Minolta was included in the Climate Performance Leadership Index (CPLI) 2014 and the Japan 500 Climate Disclosure Leadership Index (CDLI) of CDP, an international NGO attempting to create a sustainable economy. Konica Minolta was the only Japanese company to be included in both the CPLI and CDLI in the information technology sector this year.
(As of March 31, 2015).

Konica Minolta's Material CSR Themes



Material CSR Themes	Boundary	GRI G4* Aspects
Assuring product safety and preventing quality-related problems	Group	Customer Health and Safety
Increasing customer satisfaction	Group	
Promoting CSR throughout the supply chain	Suppliers	Supplier Labor Practices / Human Rights / Impact on Society
Enhancing communication with shareholders and investors	Group	
Leveraging and developing diverse human resources	Group	Training and Education
Fostering a culture committed to "Health-First"	Group	Occupational Health and Safety
Promoting occupational health and safety	Group	Occupational Health and Safety
Implementing social contribution activities around the world	Group	Local Communities
Green products	Customers	• Materials • Energy • Emissions to Air • Products and Services • Transport
Green factories	• Group • Suppliers	
Green marketing	• Group • Customers	

* **G4**: The 4th edition of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

ROBECOSAM
Sustainability Award
Gold Class 2015

MS-SRI Morningstar Socially Responsible Investment Index

Corporate Responsibility Prime rated by oekom research

FTSE4Good

CDP CLIMATE DISCLOSURE LEADER 2014

CDP CLIMATE PERFORMANCE LEADER 2014

CSR Management

Targets and Results

Stakeholders	Material Theme	Fiscal 2014 Targets
Customers	**Assuring product safety and preventing quality-related problems**	1. Number of serious product-related accidents*1: 0 2. Improve the quality of products, sales and service throughout the product lifecycle*2
	Increasing customer satisfaction	
Business Partners	**Promoting CSR throughout the supply chain**	• Audit Konica Minolta group production sites and suppliers • Support suppliers in achieving independent initiatives • Clarify incentives for suppliers
		• Establish and promote a conflict minerals compliance policy • Expand scope of initiatives
Shareholders and Investors	**Enhancing communication with shareholders and investors**	• Actively disseminate information and encourage understanding of TRANSFORM 2016, the new medium-term management plan (both institutional and individual investors)
		• Expand effective contents and practice PR to encourage individual investors to purchase Konica Minolta stock
		• Feed individual investors' opinions back and disseminate information that helps make Konica Minolta a more attractive investment choice
Employees	**Leveraging and developing diverse human resources**	• Promote globally shared HR policies based on a platform for human resources development and deployment • Instill the KM philosophy and promote the development of a system for carrying out worldwide human resources development and deployment
	Fostering a culture committed to "Health-First"	1. Establish Health KM2016 medium-term health plan and start rolling it out • Establish goals for level of health and work toward them following a three-year plan • Minimize the number of employees with health risks • Increase health awareness through visualization of employees' levels of health
	Promoting occupational health and safety	1. Number of serious accidents*4: 0 2. Frequency rate of accidents causing absence from work: 0.1 or less • Enhance cultivation of a culture of safety: involvement of senior management in safety, safety management in the workplace, and raising the safety awareness of individuals • Improve global health and safety management • Enhance intrinsic safety of equipment (risk reduction)
Local and Global Communities	**Implementing social contribution activities around the world**	CSR report 2015 P.44 Typical examples of social contribution activities in fiscal
Global Environment	**Green products**	P.21-22 Medium-Term Environmental Plan Progress Report
	Green factories	
	Green marketing	

*1 **Serious product-related accidents**: Accidents in which products put the lives of product users at risk or cause serious bodily injury and those in which property other than the products is damaged seriously

*2 **Product lifecycle**: All processes from product planning through procurement and production to sales and service

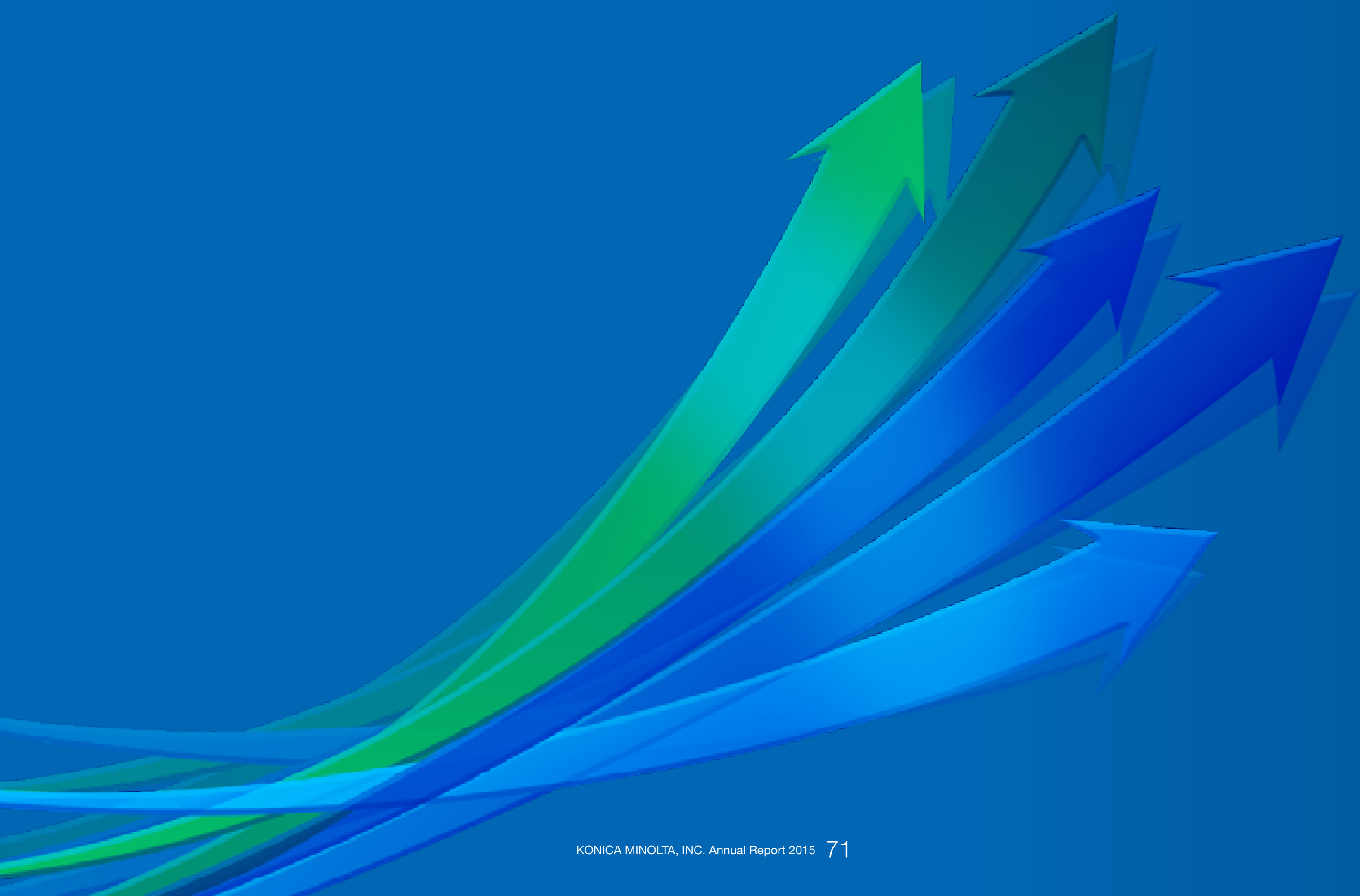
Fiscal 2014 Results	Fiscal 2015 Targets
1. Number of accidents: 0 2. Improve the quality of products, sales and service throughout the product lifecycle*2 • Conducted risk assessment training with the aim of ensuring product safety • In the Business Technologies Business, measured the global NPS Score*3 and implemented measures with development, production, and sales working together based on customer feedback • In the Healthcare Business, increased the rate of issues resolved by the Call Center from 60% when it was opened to 80%	1. Number of serious product-related accidents*1: 0 2. Improve quality throughout the product lifecycle*2
• Conducted EICC audits on Konica Minolta group production sites • Considered support programs for suppliers • Considered incentive programs for suppliers	• Request suppliers to practice CSR • Conduct CSR assessments and audits • Clarify support programs for suppliers • Clarify incentive programs for suppliers
• Established and published a Konica Minolta Conflict Minerals Policy Statement • Expanded scope of conflict minerals voluntary survey in the Business Technologies Business and improved the response rate and response accuracy	• Proper information disclosure • Further improve the response rate and response accuracy for conflict minerals surveys
• Held a Management Policy Briefing in April and a Medium Term Business Plan Briefing in May for analysts and institutional investors with top management directly explaining basic policies and growth strategies • Held company information sessions for individual investors in Tokyo in December and in Osaka in February 2015 with top management directly explaining the Group's business and growth strategies to a total of about 700 individual investors • Held two company information sessions for analysts and institutional investors (in September and October) to explain the growth strategy for the Business Technologies Business	• Continue disseminating information to encourage understanding of the Medium Term Business Plan
• Updated the IR website • Won gold prize for the second year in a row in the Gomez IR website ranking • Won highest award (first place overall) for Internet excellence from Daiwa IR • Selected as best site for the second year in a row in the Nikko IR Evaluation • Participated in an event for individual investors in Osaka in February 2015, directly explaining the Group's business and growth strategies through a company information session and booth presentation • Held a company information session at a securities company's branch office in March 2015	• Maintain high external evaluations of the IR website and improve its usability for visitors • Continue to hold briefings and events for individual investors
• Held a small meeting with analysts in December, and held meetings with institutional investors in and outside Japan at opportune times to maintain two-way communication with top management • Conducted questionnaires at each information session and shared the results internally, including with top management, as a reference for future IR activities	
• Created common evaluation standards for global senior personnel • Revised the evaluation system for managers at Konica Minolta, Inc. and adopted our 6 Values as part of the evaluation axis • Held town hall-style meetings between employees and the president at different sites	• Conduct a global employee attitude survey • Run programs for systematically developing senior personnel in Asia • Continue implementing the town hall-style meetings between employees and the president
1. Established the Health KM2016 medium-term health plan and started rolling it out • Expanded efforts at Group-affiliated companies in Japan to encourage employees with potential health problems to consult a doctor • Implemented workplace improvement measures based on results of an organizational analysis of stress checks • Started operating KENPOS, a health encouragement website to support better health among employees • Held walking events and exercise workshops aimed at establishment of exercise and walking habits among employees 2. Selected as a Health & Productivity Stock Selection in March 2015	1. Continue implementing the Health KM2016 medium-term health plan • Enhance and strengthen support for Group-affiliated companies in Japan • Reduce the number of high-stress workplaces by strengthening workplace improvement measures • Increase the continuous usage rate of KENPOS
1. Number of serious accidents*4: 0 2. Frequency rate of accidents causing absence from work: In Japan: 0.28, Outside Japan: 0.19 • Enhanced cultivation of a culture of safety: Conducted safety training for managers, training to increase sensitivity to dangers, and training to increase the level of personnel with qualifications for dangerous work • Global health and safety management: Held meeting of personnel responsible for health and safety in China, and training to experience simulated dangers • Intrinsic safety of equipment: Conducted comprehensive risk assessments of new processes	1. Number of serious accidents*4: 0 2. Frequency rate of accidents causing absence from work: 0.1 or less • Enhance cultivation of a culture of safety: involvement of senior management in safety, safety management in the workplace, and raising the safety awareness of individuals • Improve global health and safety management • Enhance intrinsic safety of equipment and conduct comprehensive risk assessments in different safety fields

*3 **NPS (Net Promoter Score)**: An indicator that measures the percentage of customers who recommend the company and its products and services to others

*4 **Serious accidents:** 1. Death, diseases that require or may require long-term care, injuries that cause or may cause disabilities, and specific communicable diseases
2. Accidents that cause three or more employees at one time to suffer on-the-job death, injuries or diseases (including accidents that do not cause absence from work)

Financial Report

INDEX



10-Year Financial Summary

Konica Minolta, Inc. and subsidiaries
Fiscal year ended March 31

	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008
Consolidated Financial Highlights				
Net sales, Revenue (millions of yen)	1,068,390	1,027,630	1,071,568	947,843
Operating income, Operating profit (millions of yen)	83,415	104,006	119,606	56,260
Operating income ratio, Operating profit ratio (%)*1	7.8	10.1	11.2	5.9
Ordinary income, Ordinary profit (millions of yen)	76,838	98,099	104,227	45,403
Ordinary income ratio, Ordinary profit ratio (%)*2	7.2	9.5	9.7	4.8
Profit before tax (millions of yen)	-	-	-	-
Profit before tax ratio (%)	-	-	-	-
Net income, Profit for the year (millions of yen)	-54,305	72,542	68,829	15,179
Net income ratio, Profit for the year ratio (%)*3	-5.1	7.1	6.4	1.6
Profit attributable to owners of the company (millions of yen)	-	-	-	-
Profit attributable to owners of the company ratio (%)	-	-	-	-
Earnings per share, Basic earnings per share attributable to owners of the company (yen)*4	-102.29	136.67	129.71	28.62
Cash dividends per share (yen)	10	10	15	20
Dividend payout ratio (%)*5	-	7.3	11.6	70.0
R&D expenses (millions of yen)	67,039	71,961	81,272	81,778
R&D expense ratio (%)*6	6.3	7.0	7.6	8.6
Net cash flows from operating activities (millions of yen)	78,924	66,712	123,014	107,563
Net cash flows from investing activities (millions of yen)	-43,146	-56,401	-76,815	-90,169
Free cash flows (millions of yen)	35,778	10,311	46,198	17,394
Profitability				
ROE (J-GAAP) (%)*7	-17.1	21.9	17.5	3.7
ROE (IFRS) (%)*8	-	-	-	-
ROA (%)*9	-5.7	7.7	7.2	1.6
ROIC (%)*10	10.3	13.3	14.1	6.5
Efficiency				
Total assets (millions of yen)	944,054	951,052	970,538	918,058
Total assets turnover (times)*11	1.12	1.08	1.12	1.00
Property, plant and equipment (millions of yen)	216,127	230,094	245,989	227,860
Property, plant and equipment turnover (times)*12	4.87	4.61	4.50	4.00
Inventories (millions of yen)	149,428	133,550	132,936	129,160
Inventories turnover (months)*13	3.41	3.19	2.96	3.21
Trade and other receivables (millions of yen)	246,264	257,380	234,862	171,835
Trade and other receivables turnover (times)*14	2.75	2.94	2.76	2.56
Soundness				
Equity, Equity attributable to owners of the company (millions of yen)	293,817	367,467	417,166	413,380
Equity ratio, Equity ratio attributable to owners of the company (%)	31.1	38.6	43.0	45.0
Current assets (millions of yen)	540,152	544,237	557,110	504,919
Current ratio (%)*15	113.34	144.33	152.39	162.41
D/E ratio (times)*16	0.81	0.62	0.54	0.56
Net D/E ratio (times)*17	0.53	0.39	0.25	0.23
Investment Indicators				
Earnings per share, Basic earnings per share attributable to owners of the company (yen)*4	-102.29	136.67	129.71	28.62
Price-to-earnings ratio (PER) (times)*18	-14.68	11.33	10.44	29.28
Price-book value ratio (PBR) (times)*19	0.37	0.45	0.58	0.93

*1. Operating income ratio = Operating income / Net sales ∗ 100 (%)
Operating profit ratio = Operating profit / Revenue ∗ 100 (%)
*2. Ordinary income ratio = Ordinary income / Net sales ∗ 100 (%)
Ordinary profit ratio = Ordinary profit / Revenue ∗ 100 (%)
*3. Net income ratio = Net income / Net sales ∗ 100 (%)
Profit for the year ratio = Profit for the year / Revenue ∗ 100 (%)
*4. EPS = Profit attributable to owners of the company / Average number of outstanding shares during the period
*5. Dividend payout ratio = Total dividends / Net income ∗ 100 (%)
Dividend payout ratio = Total dividends / Profit for the year ∗ 100 (%)
*6. R&D expense ratio = R&D expenses / Net sales ∗ 100 (%)
R&D expense ratio = R&D expenses / Revenue ∗ 100 (%)
*7. ROE (J-GAAP) = Net income / Average shareholders' equity
*8. ROE (IFRS) = Profit attributable to owners of the company / (Share capital + Share premium + Retained earnings + Treasury shares (average at start of fiscal year and end of fiscal year))
*9. ROA = Net income / Average total assets
ROA = Profit attributable to owners of the company / Average total assets
*10. ROIC = Operating income after tax / (Shareholders' equity + Net D/E ratio)
ROIC = Operating profit after tax / (Share capital + Share premium + Retained earnings + Treasury shares + Interest-bearing debt - Cash and cash equivalents (yearly average))

Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2012(IFRS)*20	Fiscal 2013	Fiscal 2013 (IFRS)	Fiscal 2014	Fiscal 2014 (IFRS)
804,465	777,953	767,879	813,073	-	943,759	**935,214**	1,011,774	**1,002,758**
43,988	40,022	40,346	40,659	-	58,144	**39,859**	66,200	**65,762**
5.5	5.1	5.3	5.0	-	6.2	**4.3**	6.5	**6.6**
40,818	33,155	34,758	38,901	-	54,621	-	59,867	-
5.1	4.3	4.5	4.8	-	5.8	-	5.9	-
-	-	-	-	-	-	**37,736**	-	**65,491**
-	-	-	-	-	-	**4.0**	-	**6.5**
16,931	25,896	20,424	15,124	-	21,861	**28,431**	32,706	**40,969**
2.1	3.3	2.7	1.9	-	2.3	**3.0**	3.2	**4.1**
-	-	-	-	-	-	**28,354**	-	**40,934**
-	-	-	-	-	-	**3.0**	-	**4.1**
31.93	48.84	38.52	28.52	-	41.38	**53.67**	64.73	**81.01**
15	15	15	15	-	17.5	**17.5**	20.0	**20.0**
47.0	30.7	38.9	52.6	-	42.3	**32.6**	30.9	**24.7**
68,475	72,617	72,530	71,533	-	71,184	**69,599**	75,281	**74,295**
8.5	9.3	9.4	8.8	-	7.5	**7.4**	7.4	**7.4**
113,377	67,957	72,367	66,467	-	89,945	**90,058**	101,733	**101,989**
-40,457	-44,738	-42,757	-63,442	-	-55,776	**-54,143**	-54,308	**-54,014**
72,920	23,219	29,610	3,025	-	34,169	**35,914**	47,425	**47,975**
4.1	6.1	4.7	3.4	-	4.6	-	6.7	-
-	-	-	-	-	-	**6.1**	-	**8.7**
1.9	3.0	2.3	1.6	-	2.3	**2.9**	3.4	**4.1**
5.3	5.1	5.2	5.2	-	7.3	**5.0**	8.6	**8.3**
865,797	845,453	902,052	940,553	**958,439**	966,060	**985,239**	970,485	**994,256**
0.90	0.91	0.88	0.88	-	0.99	**0.96**	1.04	**1.01**
205,057	190,701	178,999	179,903	**180,311**	173,362	**177,056**	175,100	**181,641**
3.72	3.93	4.15	4.53	-	5.34	**5.23**	5.81	**5.59**
98,263	100,243	105,080	112,479	**113,472**	115,275	**115,175**	121,067	**120,803**
2.68	2.67	2.81	2.6	-	2.52	**2.82**	2.53	**2.54**
177,720	163,363	174,193	194,038	**208,859**	220,120	**240,459**	226,899	**248,827**
2.47	2.42	2.52	2.47	-	2.53	**3.09**	2.45	**2.72**
419,535	427,647	433,669	464,904	**465,830**	478,404	**492,081**	499,596	**528,432**
48.5	50.6	48.1	49.4	**48.6**	49.5	**49.9**	51.5	**53.1**
489,253	501,876	565,923	579,593	**559,806**	589,331	**569,552**	594,271	**570,640**
183.03	206.98	247.17	205.04	**198.14**	206.62	**200.83**	209.69	**202.43**
0.47	0.45	0.53	0.48	**0.49**	0.41	**0.41**	0.32	**0.31**
0.08	0.04	-0.01	0.02	**0.03**	0.02	**0.03**	-0.04	**-0.02**
31.93	48.84	38.52	28.52	-	41.38	**53.67**	64.73	**81.01**
34.17	14.27	18.77	24.12	-	23.27	**17.94**	18.86	**15.07**
0.73	1.16	1.13	1.27	-	0.96	**0.99**	0.82	**0.86**

*11. Total assets turnover = Net sales / Average total assets (times)
Total assets turnover = Revenue / Average total assets (times)
*12. Tangible fixed assets turnover = Net sales / Average tangible fixed assets (times)
Tangible fixed assets turnover = Revenue / Average tangible fixed assets (times)
*13. Inventory turnover = Inventory balance at fiscal year end / Average cost of sales for most recent three months
*14. Receivables turnover = Net sales / Average receivables (times)
Receivables turnover = Revenue / Average receivables (times)
*15. Current ratio = Current assets / Current liabilities (%)
*16. D/E ratio = Interest-bearing debt / Shareholders' equity (times)
*17. Net D/E ratio = (Interest-bearing debt – Cash on hand) / Shareholders' equity (times)
*18. Price-earnings ratio (PER) = Year-end stock price / EPS
*19. PBR (J-GAAP) = Year-end stock price / Net assets per share
PBR (IFRS) = Year-end stock price / Equity per share attributable to owners of the company
*20. As of April 1, 2013

Management's Discussion and Analysis

Operating Environment

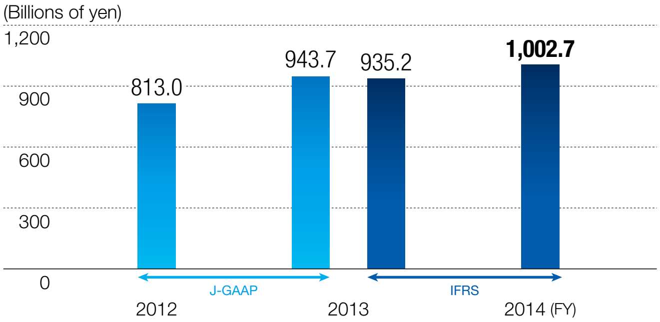
Looking back at the world economy in fiscal year ended March 31, 2015, strong individual spending in the U.S. supported by robust jobs numbers and a bullish stock market drove global growth. Uncertainty remained in Europe amid ongoing fears concerning Greece's financial problems and the problem involving Ukraine. China saw its economic growth rate cool, and the speed of growth slackened in emerging countries in Asia and Latin America. The Japanese economy waxed and waned throughout the year, with export-related industries enjoying improved business performance as a result of a rising dollar-yen exchange rate while the domestic economy felt the repercussions of a last-minute surge in demand prior to a consumption tax hike in April 2014.

Operating Results

• Revenue

Average Japanese yen rates against the U.S. dollar and euro for the period were ¥109.93 and ¥138.77, respectively, constituting a ¥9.69 (9.7%) decrease against the dollar and a ¥4.40 (3.3%) decrease against the euro compared to last period. Revenue for the fiscal year under review increased 7.2% year on year to ¥1,002.7 billion, primarily driven by exchange-rate gains from a weaker yen and by the Business Technologies Business, which increased sales more than 10% over last period. The strong sales figures for the Business Technologies Business were supported by M&A activities, as well as original Konica Minolta sales strategies that leveraged the Company's considerable direct marketing acumen and ability to offer suitable solutions to customers.

Revenue



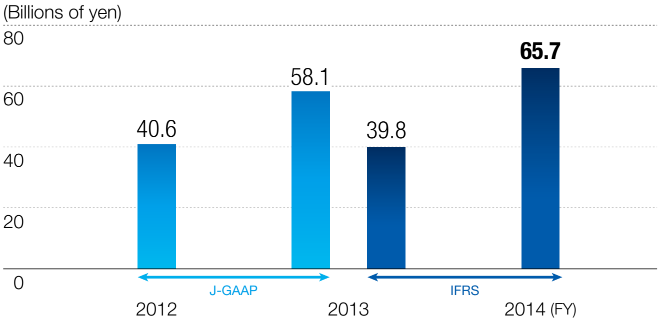
• Gross profit

Gross profit for the period rose 10.1% year on year to ¥489.6 billion as a result of exchange-rate gains from a weaker yen, as well as a gross profit increase in the Business Technologies Business and cost-cutting measures throughout the organization. The gross profit margin increased 1.3 points year on year to 48.8%.

• Operating profit

Other income stood at ¥6.8 billion, a ¥1.9 billion year-on-year increase owing to the sale of fixed assets as an effort to further slim down the balance sheet. Selling, general and administrative expenses increased ¥39.1 billion year on year to ¥411.1 billion due in part to a weaker yen, M&A strategy implementation, and an increase in upfront investment towards a transformation of our business portfolio. Other expenses fell to ¥19.5 billion, a ¥18.2 billion decrease year on year owing significantly to a total loss of ¥16.1 billion comprising an impairment loss and loss on withdrawal from the glass substrates for HDDs business posted last period. As a result, operating profit for the period was up 65.0% year on year to ¥65.7 billion, while the operating profit ratio rose to 6.6%, a 2.3 point increase year on year.

Operating profit



• Income before tax and minority interests

Financial revenue climbed ¥0.4 billion year on year to ¥2.5 billion, financial expenses decreased ¥0.2 billion to ¥2.8 billion, and the financial account balance improved by ¥0.6 billion. The Group posted a ¥1.1 billion loss on equity method investments attributed in part to a loss posted last period in connection with the liquidation of an affiliate company. As a result, profit before tax rose 73.5% year on year to ¥65.4 billion.

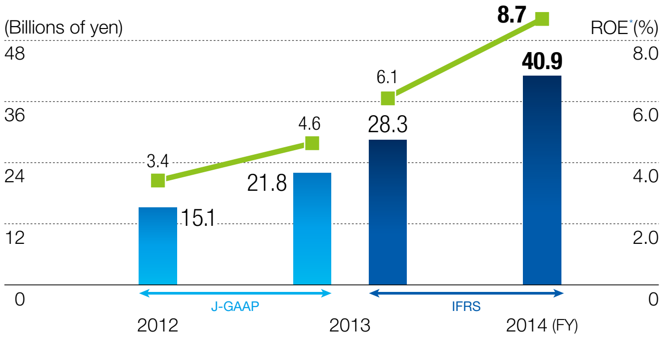
• Profit attributable to owners of the company

Net profit attributable to owners of the company stood at ¥40.9 billion, a 44.4% year-on-year increase. Tax expenses for the fiscal year climbed to ¥7.9 billion as a result of a reversal of deferred tax assets in connection with taxation system amendments.

Basic earnings per share were ¥81.01, a more than 50% increase over the last period.

Return on equity* for the period significantly improved from last fiscal year's 6.1% to 8.7%. This was due to balance sheet improvements from such factors as acquisition of treasury stock and an increase in net profit attributable to owners of the company.

Profit attributable to owners of the company



*ROE (J-GAAP) = Net income / Average shareholders' equity
ROE (IFRS) = Profit attributable to owners of the company / (Share capital + Share premium + Retained earnings + Treasury shares (average at start of fiscal year and end of fiscal year))

Operating Results by Segment

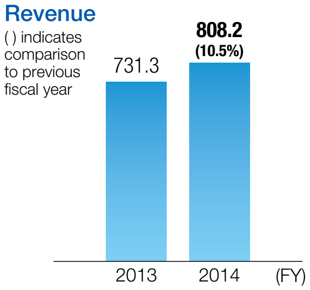
• Business Technologies Business

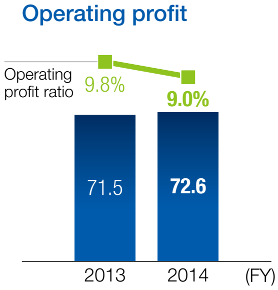
In the office services field, sales of mainstay A3 color MFPs remained firm, with all regions reporting unit sales growth compared to the previous fiscal year. A4 color MFP unit sales also grew, partially due to the strengthening of our global sales and support framework targeted at major accounts and to a steady increase in business deals and sales involving OPS, which optimizes customers' output environments. Concerning initiatives targeting small- and medium-sized companies, we have launched MCS, which is an advanced form of our hybrid-type sales rolled out primarily in Europe and the U.S. that provides customers with IT services and equipment. MCS optimizes our customers' content management by putting ourselves inside their business processes. We already have a strong MCS track record centered in North America. Going forward, these services will drive user base expansion and print volume growth.

In the commercial and industrial printing field, models such as the bizhub PRESS C1100 and bizhub PRESS C1085 showed robust sales throughout the year and resulting in unit sales for color models as a whole that beat the previous year. Regarding MPM services, which help companies' marketing departments improve their business processes and optimize their printed material costs, we established a subsidiary of Charterhouse (headquartered in the U.K.) in the U.S. and a subsidiary of Ergo (headquartered in Australia) in Japan. Through these efforts, we have completed a global system for providing services that cover Europe, Asia Pacific, the U.S., and Japan. In the industrial inkjet business, healthy sales of both components and textiles resulted in a sales boost over the previous year.

As a result, external revenue in this business rose 10.5% year on year to ¥808.2 billion. Operating profit increased 1.6% year on year to ¥72.6 billion, which, although partially offset by business structure improvement expenses at sales companies in Europe, is attributed to an increase in gross profit resulting from increased sales of color units combined with our services, as well as increased sales of digital printing systems and increased sales and income arising from exchange-rate gains owing to a weak yen.

Fiscal 2014 changes in revenue and operating profit (Billions of yen)





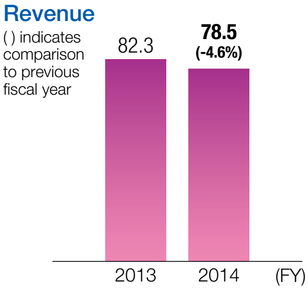
• Healthcare Business

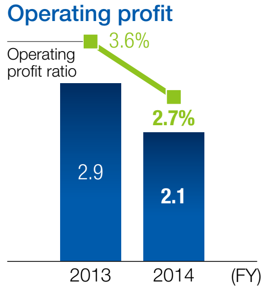
Although sales were strong in North America, China, India, and other overseas markets, conditions remained poor in Japan, with sales of local procurements declining as a result of a cooling market.

Compared with last year, worldwide sales of core Konica Minolta products increased. Unit sales saw an uptick for AeroDR, a mainstay cassette-type digital X-ray imaging system. We also released the SONIMAGE HS1, a new product developed by Konica Minolta for the diagnostic ultrasound system business that we are working to develop as a new field. The product has been well received for its product capabilities, and we have seen sales expand towards the end of the period. Film products sold well in emerging countries, and unit sales was roughly on par with the previous year. Sales of local procurements slid due to a domestic market downturn.

As a result, external revenue in this business dropped 4.6% year on year to ¥78.5 billion. Operating profit fell 28.7% year on year to ¥2.1 billion, attributable to a drop in gross profit resulting from decreased sales of local procurements in Japan, and to anticipatory expenses associated with the launch of the diagnostic ultrasound system business.

Fiscal 2014 changes in revenue and operating profit (Billions of yen)





• **Industrial Business**

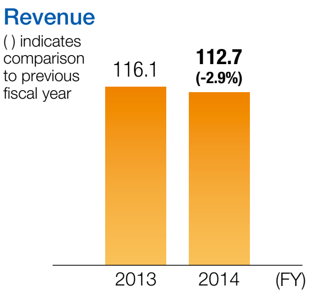
In the field of optical systems for industrial use, robust sales were seen for mainstay products such as spectrophotometers for measuring device displays and lenses for industrial and professional use in the optics field. In the performance materials field, sales were good for small, medium, and large panels. This owed to steadfast demand for large-screen LCD televisions, a growing trend towards larger screen sizes, and firm sales of smartphones. Unit sales of thin-type TAC films increased over last fiscal year, centered on VA-TAC films for increasing viewing angle, an area in which Konica Minolta excels.

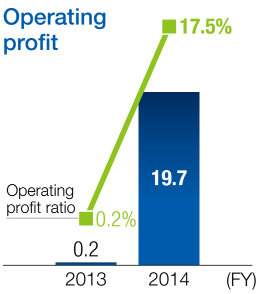
Despite an increase in sales over the previous fiscal year in the performance materials field, overall sales for this business declined. This is attributable to shrinking demand for lenses for compact cameras in the field of optical systems for industrial use, downsizing of the lens business for mobile phone cameras, and a withdrawal from the glass substrates for HDDs business. However, profit from this business increased as a result of sales increases for the performance materials field and for measuring instruments, along with the effects of business restructuring in the field of optical systems for industrial use conducted in the previous fiscal year.

As a result, external revenue in this business dropped 2.9% year on year to ¥112.7 billion, while operating profit rose to ¥19.7 billion, a ¥19.5 billion increase year on year.

Konica Minolta has established its new OLED lighting business as a driver of future growth, and in the autumn of 2014 we began operations at the world's first plant engaged in the mass production of plastic substrate flexible OLED lighting panels. OLED lighting panels designed by Konica Minolta were used for an outdoor illumination at a well-known theme park in Japan, an example of how these panels are bringing new value in being thin, light, and flexible—characteristics not seen in conventional light sources.

Fiscal 2014 changes in revenue and operating profit (Billions of yen)





Cash Flows

• **Cash flows from operating activities**

Net cash provided by operating activities increased to ¥101.9 billion, up from ¥90.0 billion in the previous period. Cash inflows included profit before tax of ¥65.4 billion, depreciation and amortization of ¥47.9 billion, an impairment loss of ¥5.1 billion, ¥10.6 billion caused by a decrease in operating receivables and other receivables, and ¥0.6 billion caused by a decrease in inventory. Cash outflows included ¥11.7 billion for payment of income taxes, and ¥5.5 billion owing to a decrease in operating debt and other debt.

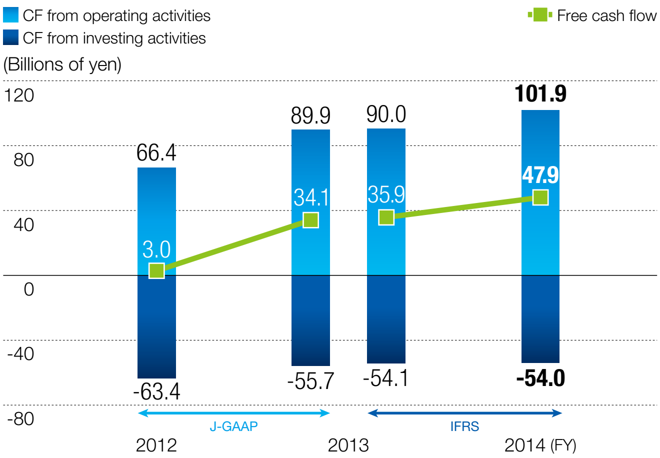
• **Cash flows from investing activities**

Cash of ¥39.0 billion was used in the acquisition of property, plant and equipment, primarily for the construction of a new R&D building, capital investment in the Business Technologies Business, and new business investments in the Industrial Business. Other cash outflows included ¥11.0 billion in payments for transfer of business in the Business Technologies Business and for the acquisition of subsidiary shares and ¥8.6 billion in payments for the acquisition of intangible assets. This resulted in an outflow of ¥54.0 billion in cash flows used in investing activities, compared with ¥54.1 billion in the previous period. As a result, free cash flow, calculated as the sum of cash flows from operating and investing activities, rose to an inflow of ¥47.9 billion, up from ¥35.9 billion in the previous fiscal year.

• **Cash flows from financing activities**

Cash flows from financing activities amounted to an outflow of ¥62.1 billion, compared with ¥63.6 billion in the previous fiscal year, primarily due to a ¥41.9 billion net decrease in corporate bonds and debts payable, ¥13.5 billion in expenditures for the purchase of treasury stocks, and 8.9 billion in expenditures for the payment of dividends.

Cash flows



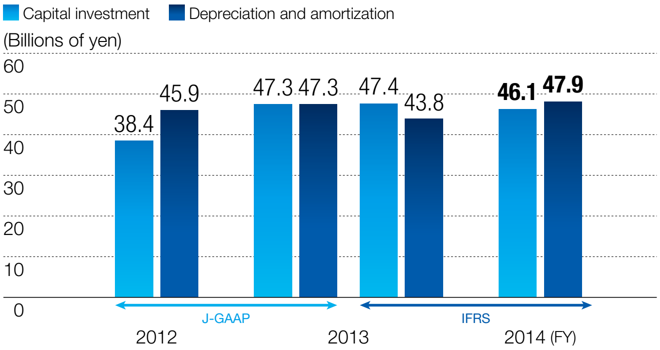
Capital Expenditure, etc.

Total capital expenditure for the year ended March 31, 2015 came to ¥46.1 billion. Investment focused on the Group's core Business Technologies Business and Industrial Business, aimed mainly at support for new product development and increasing production capacity, as well as rationalization and power saving.

Principal investments included machinery and equipment, tools and furniture, and molds for the Business Technologies Business, machinery and equipment for the Industrial Business, and buildings and R&D facilities for the entire Group.

All of these investments were paid for with cash on hand. There was no sale, disposal or loss of important facilities.

Capital investment/Depreciation and amortization



Research and Development Expenses

A new R&D center opened at Konica Minolta Tokyo Site Hachioji, the Group's core technology development campus, in April 2014. The new building integrates overall development functions for digital printing systems, a growth driver of the Group's mainstay Business Technologies Business. In addition, the new R&D center functions as an accelerator for the fusion and combination of varied technologies across diverse business sectors and as a promoter for internal and external "open innovation" with an aim to create new value.

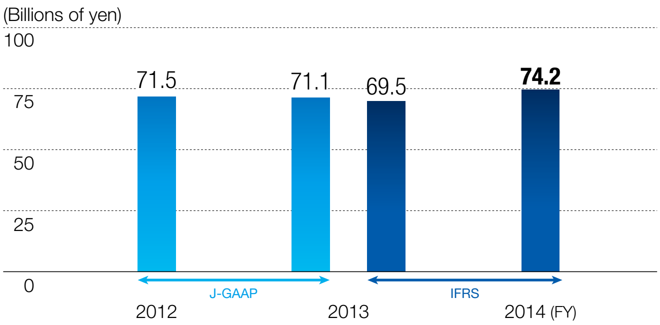
In line with a new basic policy for Medium-term Business Strategy—which is focused on realizing sustainable profit growth, transforming into a customer-centric company, and establishing a strong corporate structure—based on its TRANSFORM 2016 Medium Term Business Plan, the Group conducts all of its research activities under three new basic policies concerning technological strategies. These are "accelerate incubation to drive continued growth," "build in differentiating technologies to create customer value," and "develop first-class technological personnel and strengthen organizational development capabilities."

In existing production printing segment, Konica Minolta is expanding its business into heavy production printing, which involves large print volumes and requires a high level of productivity and the ability to accommodate a variety of paper types. This will be done alongside efforts to provide services unique to Konica Minolta. In the healthcare segment, the Group developed and launched hand-carried diagnostic ultrasound systems featuring top-of-the-line resolving power. This will serve as a catalyst for further development of the ultrasound business.

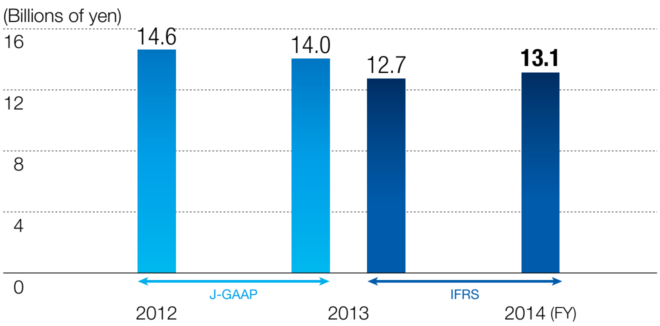
Konica Minolta is also focused on new growth segments, developing new products and services aimed at the environment and energy field and the health and safety field. One example of such products is the inkjet textile printer. Compared to traditional analog printers, inkjet printers are better for the environment as they use far less water and energy and provide better print quality. In response to ever more stringent environmental regulations in China, Konica Minolta has established a business facility in Shanghai to actively pursue business development in the country. Additionally, Konica Minolta's Business Innovation Center (BIC) in Singapore, which was launched to accelerate our transformation into a service-oriented business, has signed a joint research agreement with Singapore's Institute for Infocomm Research. Through this joint research, we are beginning business incubation focused on communities in a range of business segments, with a view to achieving new growth through business transformation.

Groupwide R&D expenditure for the fiscal year under review increased ¥4.6 billion, or 6.7%, year on year to ¥74.2 billion. R&D expenditures include amounts not included in figures posted by the Business Technologies Business, Healthcare Business, and Industrial Business, as well as ¥13.1 billion—a 2.6% increase year on year—in basic research expenditure.

Research and development expenses



R&D expenditure for common fundamental technologies and advanced technologies



Financial Position and Liquidity

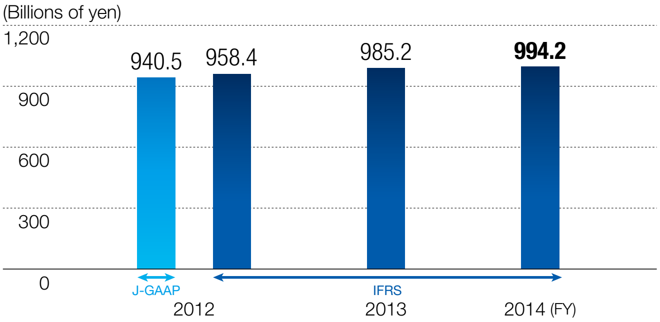
• Assets

Assets at fiscal year end increased ¥9.0 billion, or 0.9%, over last fiscal year end to ¥994.2 billion. Current assets rose ¥1.0 billion, or 0.2%, to ¥570.6 billion (57.4% of total assets), and non-current assets climbed ¥7.9 billion, or 1.9%, to ¥423.6 billion (42.6% of total assets).

For current assets, cash and cash equivalents decreased by ¥10.9 billion to ¥177.4 billion. Operating receivables and other receivables stood at ¥252.9 billion, a ¥5.8 billion increase. Additionally, inventories rose ¥5.6 billion to ¥120.8 billion.

Although there was overall progress in the amortization of property, plant, and equipment, non-current assets increased ¥4.5 billion to ¥181.6 billion partially as a result of the construction of a new R&D center, as well as capital investment in the Business Technologies Business and investments into new businesses in the Industrial Business. Goodwill and intangible assets climbed ¥6.5 billion to ¥126.1 billion. Other financial assets grew to ¥41.4 billion due in part to a ¥2.9 billion increase in investment in securities caused by a rising stock market, while deferred tax assets fell ¥10.0 billion compared to previous fiscal year end to ¥64.2 billion partially as a result of taxation rate changes prompted by taxation system amendments. Other non-current assets amounted to ¥9.6 billion due to factors including a ¥1.4 billion increase in long-term prepaid expenses.

Total assets



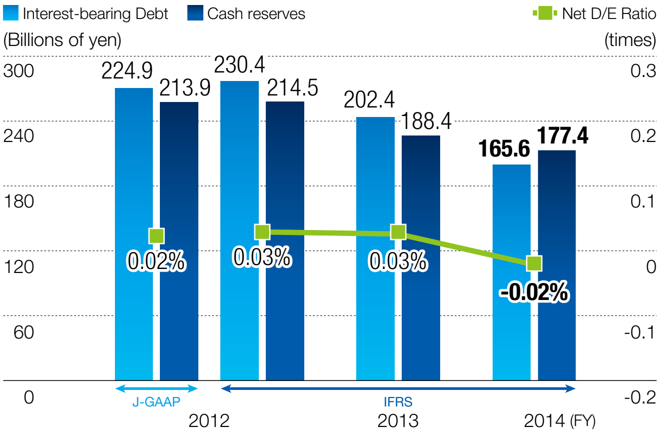
• Liabilities

Compared with the end of the previous fiscal year, liabilities dropped ¥27.6 billion, or 5.6%, to ¥464.7 billion (46.7% of total assets). Current liabilities fell ¥1.7 billion, or 0.6%, to ¥281.8 billion and non-current liabilities dropped ¥25.9 billion, or 12.4%, to ¥182.8 billion.

Regarding current liabilities, trade and other payables increased ¥6.2 billion to ¥177.5 billion while income tax payables rose ¥1.2 billion to ¥7.5 billion. Bonds and borrowings decreased ¥12.7 billion to ¥53.3 billion and provisions dropped ¥1.2 billion to ¥5.5 billion. Other current liabilities amounted to ¥36.8 billion, reflecting an accrued tax increase of ¥2.2 billion and increase in the provision for paid vacation of ¥1.9 billion.

Regarding non-current liabilities, bonds and borrowings decreased ¥24.1 billion to ¥112.2 billion and net defined benefit liabilities dropped ¥2.8 billion to ¥62.0 billion.

Interest-bearing debt, Cash reserves, Net D/E ratio



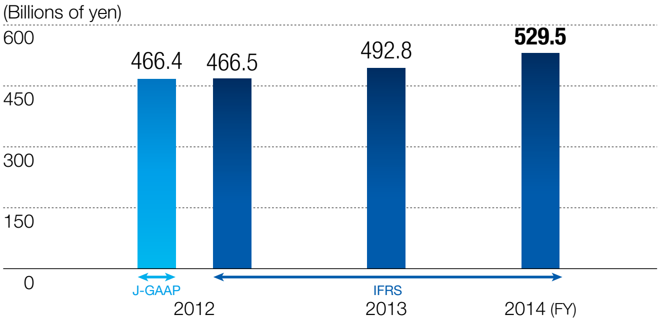
• Equity

Compared to the end of the previous fiscal year, total equity increased ¥36.6 billion, or 7.4%, to ¥529.5 billion. Retained earnings rose ¥11.8 billion to ¥251.3 billion. Major factors included net profit of ¥40.9 billion, an ¥8.9 billion decrease owing to dividends of surplus, and a ¥20.7 billion decrease attributable to cancelation of treasury shares.

Furthermore, treasury shares decreased ¥6.5 billion due to such factors as a ¥14.2 billion increase due to purchase of shares and a ¥20.7 billion decrease owing to cancellation of shares. Other components of equity increased ¥17.8 billion to ¥45.9 billion, reflecting a ¥15.0 billion foreign currency translation adjustment increase and a ¥3.1 billion marketable securities valuation difference increase, among other factors.

As a result, compared to the end of the previous fiscal year, the total equity attributable to owners of the company increased ¥36.3 billion, or 7.4%, to ¥528.4 billion, earnings per share attributable to owners of the company stood at ¥1,052.94, and the ratio of equity attributable to owners of the company increased 3.2 points to 53.1%.

Equity

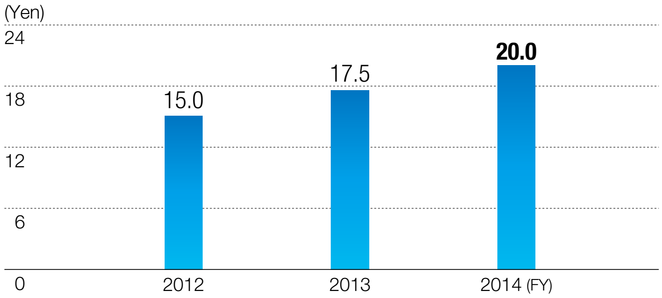


Dividend Policy

• Basic dividend policy

The Company's basic policy regarding the payment of dividends is to proactively distribute earnings to shareholders after comprehensive consideration of factors including consolidated business results and strategic investment in growth areas. The Group strives to improve shareholder return by increasing the per-share dividend and practicing flexible purchasing of treasury stocks.

Dividend per share



• Dividends for the fiscal year ended March 31, 2015 and projected dividends for the fiscal year ending March 31, 2016

Dividends for the end of the fiscal year ended March 31, 2015 were paid at a rate of ¥10 per share, a ¥2.50 increase over the end of the previous fiscal year. Combined with the dividend of ¥10 per share already paid at the end of the second quarter, the total annual dividend was ¥20 per share.

Regarding ordinary dividends for the fiscal year ending March 31, 2016, the Group plans to distribute a total annual dividend of ¥30 per share in order to strengthen shareholder returns, assuming we achieve the results forecasts outlined on the right.

Outlook for the Fiscal Year Ending March 31, 2016

Looking at the global economic conditions surrounding the Group, the U.S. economy is expected to make a gradual recovery despite a slowdown in various economic indicators at the start of the year 2015. Major economies in Europe—including Germany, France and the United Kingdom—are expected to make a strong showing due in part to quantitative easing, despite the risk of the Greek financial crisis reigniting. We also forecast a continued slowdown in economic growth in China and stagnant growth in emerging countries, including those in Asia and Latin America. Meanwhile, in the Japanese economy, personal consumption is projected to recover moderately reflecting solid corporate results.

As for the outlook for demand in the Group's related markets, in the Business Technologies Business, we expect demand for A3 color MFPs for the office to continue expanding in overseas markets. In the commercial and industrial printing field, we project expanding sales of color units and a resulting increase in print volume. For the Healthcare Business, we expect continued high growth in cassette-type digital X-ray systems and diagnostic ultrasound systems in each region.

In the Industrial Business, we expect growth of smartphones to continue and the trend for increasing screen size to persist in the TV market in line with continued enhancement of image quality. In digital cameras, we expect the markets for compact models and models with interchangeable lenses to continue contracting.

Forecast for the fiscal year ending March 31, 2016

Published May 13, 2015
(Billions of yen)

Revenue	1,100
Operating profit	77
Operating profit ratio	7.0 %
Profit attributable to owners of the company	50
Capital investment	55
Depreciation	55
Free cash flow	15
Investment and financing	35

*Assumed exchange rates: 1 U.S. dollar = ¥120; 1 euro = ¥130

Consolidated Statement of Financial Position

Konica Minolta, Inc. and Subsidiaries
As of March 31, 2015, 2014 and April 1, 2013

		Millions of yen			Thousands of U.S. dollars
Assets	Note	**2015**	2014	2013	**2015**
Current assets					
Cash and cash equivalents	32	**¥177,496**	¥188,489	¥214,556	**$1,477,041**
Trade and other receivables	7,15,32	**252,962**	247,067	214,616	**2,105,035**
Inventories	8	**120,803**	115,175	113,472	**1,005,268**
Income tax receivables		**559**	2,727	2,470	**4,652**
Other financial assets	9,32	**1,715**	1,537	1,386	**14,271**
Other current assets		**16,431**	13,961	13,304	**136,731**
Subtotal		**569,968**	568,958	559,806	**4,743,014**
Assets held for sale	10	**672**	594	-	**5,592**
Total current assets		**570,640**	569,552	559,806	**4,748,606**
Non-current assets					
Property, plant and equipment	11,13	**181,641**	177,056	180,311	**1,511,534**
Goodwill and intangible assets	12,13	**126,132**	119,563	110,942	**1,049,613**
Investments accounted for using the equity method	14	**524**	486	1,490	**4,360**
Other financial assets	9,32	**41,420**	38,151	29,517	**344,678**
Deferred tax assets	16	**64,291**	74,348	71,605	**535,000**
Other non-current assets		**9,605**	6,080	4,764	**79,928**
Total non-current assets	5	**423,615**	415,687	398,632	**3,525,131**
Total assets	5	**¥994,256**	¥985,239	¥958,439	**$8,273,746**

Liabilities	Note	Millions of yen 2015	2014	2013	Thousands of U.S. dollars 2015
Current liabilities					
Trade and other payables	17,32	**¥177,564**	¥171,309	¥146,605	**$1,477,607**
Bonds and borrowings	15,18,32	**53,349**	66,054	93,076	**443,946**
Income tax payables		**7,522**	6,238	7,934	**62,595**
Provisions	19	**5,542**	6,787	4,212	**46,118**
Other financial liabilities	20,32	**1,020**	1,026	2,342	**8,488**
Other current liabilities		**36,889**	32,178	28,360	**306,973**
Total current liabilities		**281,889**	283,595	282,530	**2,345,752**
Non-current liabilities					
Bonds and borrowings	15,18,32	**112,236**	136,384	137,359	**933,977**
Retirement benefit liabilities	21	**62,039**	64,928	65,082	**516,260**
Provisions	19	**1,135**	1,161	1,136	**9,445**
Other financial liabilities	20,32	**539**	226	230	**4,485**
Deferred tax liabilities	16	**2,944**	2,794	2,634	**24,499**
Other non-current liabilities		**3,967**	3,327	2,888	**33,012**
Total non-current liabilities		**182,863**	208,821	209,331	**1,521,703**
Total liabilities	5	**464,752**	492,417	491,862	**3,867,454**
Equity					
Share capital	22	**37,519**	37,519	37,519	**312,216**
Share premium	22	**203,395**	203,421	204,140	**1,692,561**
Retained earnings	22	**251,323**	239,453	221,802	**2,091,396**
Treasury shares	22	**(10,727)**	(17,322)	(1,548)	**(89,265)**
Subscription rights to shares	31	**1,016**	910	764	**8,455**
Other components of equity	22	**45,905**	28,100	3,150	**382,000**
Equity attributable to owners of the Company		**528,432**	492,081	465,830	**4,397,370**
Non-controlling interests		**1,071**	740	747	**8,912**
Total equity		**529,504**	492,822	466,577	**4,406,291**
Total liabilities and equity		**¥994,256**	¥985,239	¥958,439	**$8,273,746**

Consolidated Statement of Profit or Loss

Konica Minolta, Inc. and Subsidiaries
For the fiscal years ended March 31, 2015 and 2014

	Note	Millions of yen		Thousands of U.S. dollars
		2015	2014	**2015**
Revenue	5,24	**¥1,002,758**	¥935,214	**$8,344,495**
Cost of sales	27	**513,084**	490,479	**4,269,651**
Gross profit		**489,673**	444,734	**4,074,836**
Other income	25	**6,817**	4,866	**56,728**
Selling, general and administrative expenses	27	**411,132**	371,935	**3,421,253**
Other expenses	26,27	**19,595**	37,806	**163,061**
Operating profit	5	**65,762**	39,859	**547,241**
Finance income	28	**2,541**	2,125	**21,145**
Finance costs	28	**2,848**	3,084	**23,700**
Share of profit or loss of investments accounted for using the equity method	14	**35**	(1,163)	**291**
Profit before tax		**65,491**	37,736	**544,986**
Income tax expense	16	**24,521**	9,305	**204,053**
Profit for the year		**40,969**	28,431	**340,925**
Profit for the year attributable to:				
Owners of the Company		**¥ 40,934**	¥ 28,354	**$ 340,634**
Non-controlling interests		**35**	77	**291**

	Note	Yen		U.S. dollars
Earnings per share	29			
Basic		**¥ 81.01**	¥ 53.67	**$ 674.13**
Diluted		**80.79**	53.54	**672.30**

Consolidated Statement of Comprehensive Income

Konica Minolta, Inc. and Subsidiaries
For the fiscal years ended March 31, 2015 and 2014

		Millions of yen		Thousands of U.S. dollars
	Note	2015	2014	2015
Profit for the year		¥40,969	¥28,431	$340,925
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans (net of tax)	30	(222)	(1,428)	(1,847)
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	30	3,840	1,776	31,955
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	14,30	5	2	42
Total items that will not be reclassified to profit or loss		3,623	350	30,149
Items that may be subsequently reclassified to profit or loss				
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	30	(348)	187	(2,896)
Exchange differences on translation of foreign operations (net of tax)	30	15,029	23,051	125,064
Total items that may be subsequently reclassified to profit or loss		14,680	23,239	122,160
Total other comprehensive income		18,304	23,590	152,318
Total comprehensive income for the year		¥59,274	¥52,021	$493,251
Total comprehensive income for the year attributable to:				
Owners of the Company		¥59,232	¥51,892	$492,902
Non-controlling interests		42	129	350

Consolidated Statement of Changes in Equity

Konica Minolta, Inc. and Subsidiaries
For the fiscal years ended March 31, 2015 and 2014

		Millions of yen								
	Note	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, 2013		¥37,519	¥204,140	¥221,802	(¥ 1,548)	¥ 764	¥ 3,150	¥465,830	¥ 747	¥466,577
Profit for the year		-	-	28,354	-	-	-	28,354	77	28,431
Other comprehensive income	30	-	-	-	-	-	23,537	23,537	52	23,590
Total comprehensive income for the year		-	-	28,354	-	-	23,537	51,892	129	52,021
Dividends	23	-	-	(9,280)	-	-	-	(9,280)	-	(9,280)
Acquisition and disposal of treasury shares	22	-	-	(11)	(15,774)	-	-	(15,786)	-	(15,786)
Share-based payments (Subscription rights to shares)	31	-	-	-	-	145	-	145	-	145
Changes in the ownership interest in subsidiaries		-	(719)	-	-	-	-	(719)	(135)	(855)
Transfer from other components of equity to retained earnings	22	-	-	(1,411)	-	-	1,411	-	-	-
Total transactions with owners		-	(719)	(10,704)	(15,774)	145	1,411	(25,640)	(135)	(25,776)
Balance at March 31, 2014		37,519	203,421	239,453	(17,322)	910	28,100	492,081	740	492,822
Profit for the year		**-**	**-**	**40,934**	**-**	**-**	**-**	**40,934**	**35**	**40,969**
Other comprehensive income	30	**-**	**-**	**-**	**-**	**-**	**18,297**	**18,297**	**6**	**18,304**
Total comprehensive income for the year		**-**	**-**	**40,934**	**-**	**-**	**18,297**	**59,232**	**42**	**59,274**
Dividends	23	**-**	**-**	**(8,902)**	**-**	**-**	**-**	**(8,902)**	**-**	**(8,902)**
Acquisition and disposal of treasury shares	22	**-**	**-**	**(13)**	**(14,169)**	**-**	**-**	**(14,183)**	**-**	**(14,183)**
Cancellation of the treasury shares	22	**-**	**-**	**(20,765)**	**20,765**	**-**	**-**	**-**	**-**	**-**
Share-based payments (Subscription rights to shares)	31	**-**	**-**	**-**	**-**	**106**	**-**	**106**	**-**	**106**
Changes in the consolidation scope		**-**	**-**	**124**	**-**	**-**	**-**	**124**	**-**	**124**
Changes in the ownership interest in subsidiaries		**-**	**(26)**	**-**	**-**	**-**	**-**	**(26)**	**288**	**262**
Transfer from other components of equity to retained earnings	22	**-**	**-**	**492**	**-**	**-**	**(492)**	**-**	**-**	**-**
Total transactions with owners		**-**	**(26)**	**(29,064)**	**6,595**	**106**	**(492)**	**(22,881)**	**288**	**(22,592)**
Balance at March 31, 2015		**¥37,519**	**¥203,395**	**¥251,323**	**(¥10,727)**	**¥1,016**	**¥45,905**	**¥528,432**	**¥1,071**	**¥529,504**

	Thousands of U.S. dollars								
	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 March 31, 2014	$312,216	$1,692,777	$1,992,619	($144,146)	$7,573	$233,835	$4,094,874	$6,158	$4,101,040
Profit for the year	-	-	340,634	-	-	-	340,634	291	340,925
Other comprehensive income	-	-	-	-	-	152,259	152,259	50	152,318
Total comprehensive income for the year	-	-	340,634	-	-	152,259	492,902	350	493,251
Dividends	-	-	(74,078)	-	-	-	(74,078)	-	(74,078)
Acquisition and disposal of treasury shares	-	-	(108)	(117,908)	-	-	(118,024)	-	(118,024)
Cancellation of the treasury shares	-	-	(172,797)	172,797	-	-	-	-	-
Share-based payments (Subscription rights to shares)	-	-	-	-	882	-	882	-	882
Changes in the consolidation scope	-	-	1,032	-	-	-	1,032	-	1,032
Changes in the ownership interest in subsidiaries	-	(216)	-	-	-	-	(216)	2,397	2,180
Transfer from other components of equity to retained earnings	-	-	4,094	-	-	(4,094)	-	-	-
Total transactions with owners	-	(216)	(241,857)	54,881	882	(4,094)	(190,405)	2,397	(188,000)
Balance at March 31, 2015	**$312,216**	**$1,692,561**	**$2,091,396**	**($ 89,265)**	**$8,455**	**$382,000**	**$4,397,370**	**$8,912**	**$4,406,291**

Consolidated Statement of Cash Flows

Konica Minolta, Inc. and Subsidiaries
For the fiscal years ended March 31, 2015 and 2014

	Note	Millions of yen		Thousands of U.S. dollars
		2015	2014	2015
Cash flows from operating activities				
Profit before tax		¥ 65,491	¥ 37,736	$ 544,986
Depreciation and amortization expenses		47,905	43,827	398,644
Impairment losses		5,185	17,487	43,147
Share of profit or loss in investments accounted for using the equity method		(35)	1,163	(291)
Interest and dividend income		(2,533)	(2,122)	(21,078)
Interest expenses		2,398	2,852	19,955
(Gain) loss on sales and disposals of property, plant and equipment and intangible assets		(1,152)	2,048	(9,586)
Loss (gain) on sales of investments in subsidiaries		949	-	7,897
(Increase) decrease in trade and other receivables		10,622	(1,710)	88,391
(Increase) decrease in inventories		685	9,198	5,700
Increase (decrease) in trade and other payables		(5,586)	(617)	(46,484)
Decrease on transfer of lease assets		(6,785)	(5,837)	(56,462)
Increase (decrease) in retirement benefit liabilities		(2,960)	(1,412)	(24,632)
Others		(595)	2,073	(4,951)
Subtotal		113,588	104,687	945,228
Dividends received		853	493	7,098
Interest received		1,682	1,598	13,997
Interest paid		(2,386)	(2,927)	(19,855)
Income taxes paid		(11,748)	(13,793)	(97,762)
Net cash flows from operating activities		101,989	90,058	848,706
Cash flows from investing activities				
Purchase of property, plant and equipment		(39,063)	(36,487)	(325,064)
Proceeds from sales of property, plant and equipment		8,630	2,355	71,815
Purchase of intangible assets		(8,676)	(8,654)	(72,198)
Purchase of investments in subsidiaries		(4,360)	(2,393)	(36,282)
Purchase of investment securities		(729)	(4,910)	(6,066)
Proceeds from sales of investment securities		3,266	397	27,178
Payment for loans receivable		(97)	(306)	(807)
Collection of loans receivable		83	159	691
Payments for transfer of business		(6,709)	(2,102)	(55,829)
Others		(6,358)	(2,199)	(52,908)
Net cash flows from investing activities		(54,014)	(54,143)	(449,480)
Cash flows from financing activities				
Increase (decrease) in short-term loans payable		(11,411)	(35,013)	(94,957)
Proceeds from bonds issuance and long-term loans payable		-	25,598	-
Redemption of bonds and repayments of long-term loans payable		(30,493)	(26,805)	(253,749)
Purchase of treasury shares		(13,509)	(15,806)	(112,416)
Cash dividends paid	23	(8,908)	(9,284)	(74,128)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(293)	(1,633)	(2,438)
Others		2,486	(727)	20,687
Net cash flows from financing activities		(62,128)	(63,672)	(517,001)
Effect of exchange rate changes on cash and cash equivalents		3,160	1,690	26,296
Net increase (decrease) in cash and cash equivalents		(10,993)	(26,067)	(91,479)
Cash and cash equivalents at the beginning of the year		188,489	214,556	1,568,520
Cash and cash equivalents at the end of the year		¥177,496	¥188,489	$1,477,041

Notes to the Consolidated Financial Statements

Konica Minolta, Inc. and Subsidiaries
For the fiscal years ended March 31, 2014 and 2013

1. Reporting company

Konica Minolta, Inc. (the "Company") is a company incorporated and located in Japan and listed on the First Section of the Tokyo Stock Exchange. The consolidated financial statements of the Konica Minolta Group (the "Group") as of and for the year ended March 31, 2015 comprise the Company and its subsidiaries and the Group's interest in associates. The principal businesses of the Group are those related to Business Technologies, Healthcare and Industrial Business.

The management of the Company authorized the consolidated financial statements for the fiscal year ended March 31, 2015 for issue on August 11, 2015.

2. Basis of preparation

(1) Statement of compliance

As the Company satisfies all conditions stipulated for a "specified company" as provided in Article 1-2 of the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements", the Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as provided in Article 93 of the same ordinance.

The Group first applied IFRS in the fiscal year ended March 31, 2015, and the date of transitioning to IFRS (the "Transition Date") is April 1, 2013. With regard to the Transition Date and the comparative fiscal year, the impact of transitioning to IFRS on the financial condition, business performance and cash flows of the Group is described in note 38 "First-time adoption."

Except for IFRS that are not early adopted and exemptions permitted in the IFRS 1 "First-time Adoption of International Financial Reporting Standards", the Group's accounting policies are in accordance with IFRS as of March 31, 2015.

(2) Basis of measurement

The consolidated financial statements of the Group are prepared on the basis of historical cost, except for financial instruments measured at fair value, post-retirement benefit plan liabilities and post-retirement benefit plan assets, etc as described in note 3 "Significant accounting policies".

(3) Functional and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company. All financial information presented in Japanese yen has been rounded down to the million.

Financial information in United States (U.S.) dollars is included solely for the convenience of the reader, and are translated from the corresponding Japanese yen amounts using the exchange rate on March 31, 2015, which is ¥120.17 to U.S. $1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other exchange rate.

(4) Standards and interpretations early adopted

The Group has early adopted of the following standards and interpretations from the Transition Date:

IFRS 9 "Financial Instruments" (announced November 2009, revised October 2010)

(5) Standards and interpretations announced but not adopted

Standards and interpretations that had been announced as of the approval date of the consolidated financial statements of the Group are described below.

As of the fiscal year end, the Group had not adopted these standards and interpretations. None of these are expected to have a significant effect on the consolidated financial statements of the Group for the fiscal year ending March 31, 2016. The Group is considering the impact of these standards and interpretations on the consolidated financial statements in or after the fiscal year ending March 31, 2017.

Standards and interpretations	Title	Mandatory adoption (From fiscal years beginning on or after)	Fiscal year in which Company will adopt standard	Summary
IAS 19	Employee Benefits	July 1, 2014	Fiscal year ending March 31, 2016	Revisions to accounting related to contributions from employees or third parties
IAS 16 IAS 38	Property, Plant and Equipment Intangible Assets	January 1, 2016	Fiscal year ending March 31, 2017	Clarification of permissible depreciation and amortization methods
IFRS 11	Joint Arrangements	January 1, 2016	Fiscal year ending March 31, 2017	Accounting for the acquisition of interest in joint operations
IFRS 15	Revenue from Contracts with Customers	January 1, 2017	Fiscal year ending March 31, 2018	Revisions to accounting for revenue recognition
IFRS 9	Financial Instruments	January 1, 2018	Fiscal year ending March 31, 2019	Revisions to impairment and hedge accounting

3. Significant accounting policies

Significant accounting policies of the Group are described below. These policies have been applied consistently to all fiscal years presented in the consolidated financial statements.

Exemptions that the Group applied retroactively under IFRS 1 in its transition from Japanese GAAP to IFRS are described in note 38 “First-time adoption”.

(1) Basis of consolidation

The consolidated financial statements of the Group have been prepared based on the financial statements of the Company and its subsidiaries and associates, which applied the accounting policies consistently. The financial statements of subsidiaries and associates have been adjusted when necessary for them to align with the Group accounting policies.

1) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that the control commences until the date that the control ceases. In the event that the control continues after the Company has relinquished a portion of its interest in subsidiaries, this change is accounted for as a transaction with owners. Adjustments to non-controlling interests and differences with the fair value of consideration are recognized directly in equity as equity attributable to owners of the Company.

Balances and transactions within the Group, and any unrealized income and expenses arising from these transactions, are eliminated in preparing the consolidated financial statements.

With regard to the comprehensive income of subsidiaries, even if the balance of non-controlling interests is negative, this income is attributed to owners of the Company and non-controlling interests respectively based on their proportional ownership.

2) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Investments in associates are accounted for using the equity method.

Investments in associates are initially recognized at cost. Subsequent to initial recognition, The Group’s share in the profit or loss and other comprehensive income of associates, is recognized as changes in the Group’s investment in associates from the day that significant influence commences until the date that significant influence ceases.

(2) Business combinations

The Group accounts for business combinations using the acquisition method, recording as historical cost the total amount of the fair value of the consideration transferred on the acquisition date and the recognized amount of any non-controlling interests (NCI) in the acquiree. NCI are measured based on the proportional ownership of their fair value or the fair value of the recognized amount of the identifiable assets acquired and liabilities assumed.

In the event the total amount of the fair value of consideration transferred, the recognized amount of NCI and the fair value of the pre-existing interest in the acquiree exceeds the net recognized amount of the identifiable assets acquired and liabilities assumed, this excess is recognized as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Additional acquisitions of non-controlling interests subsequent to the initial acquisition are treated as capital transactions, and no goodwill is recognized on these transactions.

Intermediary fees, attorneys' fees, due diligence fees and other specialist remuneration, consulting fees and any similar costs are expensed as incurred.

If a business combination is not completed by the end of the fiscal year, uncompleted items are recognized at their provisional amounts. If information pertaining to the reality and conditions likely to affect the measurement of amounts recognized on the acquisition date and information on the determined period (the "measurement period") exist and are known on the acquisition date, that information is reflected and the provisionally recognized amounts are retroactively adjusted on the acquisition date. This additional information may be recognized as additional assets and liabilities. The maximum measurement period is one year.

(3) Foreign currency translation

1) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company. The foreign operations (subsidiaries, associates and branches) of the Group principally use local currencies as their functional currencies. However, if the currency of the primary economic environment in which an entity operates is other than its local currency, the functional currency other than the local currency is used.

2) Foreign currency transactions

Foreign currency transactions, or transactions that occur in currencies other than entities' functional currencies, are translated to the respective functional currencies of the Group entities at exchange rates at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate on the fiscal year-end date, and foreign currency differences are recognized in profit or loss.

However, foreign currency differences resulting from financial instruments measured at fair value through other comprehensive income, cash flow hedges and a hedge of the net investment in a foreign operation are recognized in OCI. Items denominated in foreign currencies due to their measurement at historical cost are translated using the exchange rate on their acquisition dates.

3) Foreign operations

The assets and liabilities of foreign operations (subsidiaries, branches) employing functional currencies other than Japanese yen are translated to Japanese yen at the exchange rates as of the fiscal year-end date, while income, expenses and cash flows are translated to Japanese yen at the exchange rates on their transaction dates or at the average exchange rates for the fiscal period that approximates the exchange rates on their transaction dates. Resulting foreign currency differences are recognized in OCI, and their cumulative amount is presented in other components of equity.

In the event all interests in a foreign operation are disposed or a portion of the interest is disposed such that the control is lost, these cumulative amount in the other components of equity is reclassified in whole or in part, from other comprehensive income to profit or loss.

4) Hedge of net investment in a foreign operation

The Group uses financial instruments to hedge a portion of its foreign exchange exposure in equity investments in foreign operations, adopting hedge accounting for this purpose.

Foreign currency differences arising from translation of the financial instruments designated as a hedge of a net investment in a foreign operation are recognized in OCI to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognized in profit or loss. In the event all interests in a foreign operation are disposed or a portion of the interest is disposed such that the control is lost, the relevant amount recognized as other components of equity is transferred from OCI to profit or loss in the period of disposal.

(4) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, deposits that can be withdrawn as needed, and short-term investments that are easily converted into cash with little risk from a change in value.

(5) Financial instruments

The Group initially recognizes financial instruments as financial assets and liabilities on the transaction date on which the Group becomes a party to the contractual provisions of these financial instruments.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group only sets off the balances of financial assets and financial liabilities and presents their net amount in the consolidated statement of financial position if the Group has the legal right to set off these balances and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair value of financial instruments that are traded in active financial markets at the fiscal year-end makes reference to quoted market prices of identical assets and liabilities. If there is no active market, fair value of financial instruments is determined using appropriate valuation techniques.

1) Non-derivative financial assets

The Group holds as non-derivative financial assets: financial assets measured at amortized cost, financial assets measured at fair value through profit or loss (FVTPL) and financial assets measured at fair value through other comprehensive income (FVTOCI).

(a) Financial assets measured at amortized cost

The Group classifies financial assets as financial assets measured at amortized cost only if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and if the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are recognized initially at fair value plus any directly attributable transaction costs. After initial recognition, these financial assets are measured at amortized cost using the effective interest method. On a quarterly basis, the Group assesses whether there is any objective evidence that financial assets measured at amortized cost are impaired. Objective evidence of impairment includes significant worsening in the financial condition of the borrower or a group of borrowers, a default or delinquency in interest or principal payments, and bankruptcy of the borrower.

Impairment losses are recognized if there is objective evidence that a loss event has occurred after the initial recognition and that the loss event has a negative impact on the estimated future cash flows of the financial assets that can be estimated reliably.

Specific impairment is assessed on individually significant financial assets. Financial assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics. The Group makes reference to historical trends, including past losses when assessing overall impairment.

When impairment losses on financial assets measured at amortized cost are recognized, the carrying amount of the financial asset is reduced by the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate through an allowance for doubtful accounts, and impairment losses are recognized in profit or loss. The carrying amount of these financial assets is directly reduced for the impairment when they are expected to become non-recoverable in the future, offsetting the carrying amount by the allowance for doubtful accounts. If the impairment amount decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, impairment losses are reversed through profit or loss. An impairment loss is reversed only to the extent that the asset's amortized cost that would have been determined if no impairment loss had been recognized.

(b) Financial assets measured at FVTPL

The Group measures a financial asset at fair value and recognizes any changes in profit or loss if it is a non-derivative financial asset other than an equity instrument that does not satisfy the criteria for classification for measurement at amortized cost described in (a) above, and if it is an equity instrument other than those designated as financial assets measured at fair value through other comprehensive income.

Financial assets measured at FVTPL are initially recognized at fair value, with transaction expenses recognized in profit or loss as they occur.

(c) Financial assets measured at FVTOCI

Upon initial recognition, the Group elects irrevocably to recognize the valuation differences of those equity instruments held to expand its revenue base by maintaining or strengthening relations with business partners in other comprehensive income.

Financial assets measured at FVTOCI are initially recognized at their fair value plus any directly attributable transaction costs. After initial recognition, fair value is measured, and any changes in fair value are recognized in other comprehensive income. Upon derecognition of these financial assets or when they fall substantially below their fair value, the cumulative amounts recognized in other comprehensive income are transferred to retained earnings.

Dividends on financial assets measured at FVTOCI are recognized as profit or loss in finance income.

2) Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these liabilities are measured at amortized cost using the effective interest method.

3) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge exchange rate risk exposures and interest rate risk exposures. The Group limits its transactions in these instruments to those actually required for hedging purposes and not for speculation purposes.

Derivative financial instruments are initially recognized at fair value, with any attributable transaction costs recognized in profit or loss as they occur. After initial recognition, fair value is remeasured, and the following accounting policies are applied for changes depending on whether derivative financial instruments satisfy the conditions for hedge accounting. The Group applies hedge accounting on those derivative financial instruments that satisfy the conditions for hedge accounting.

(a) Derivative financial instruments that do not satisfy the conditions for hedge accounting

Changes in fair value are recognized in profit or loss.

(b) Derivative financial instruments that satisfy the conditions for hedge accounting

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, and the objectives and strategies of risk management for undertaking the hedge, as well as the method for assessing the effectiveness of the hedge. At the inception of the hedge and on an ongoing basis thereafter, hedges are assessed as to whether they are highly effective in offsetting changes in cash flows of the hedging instrument and the cash flows of the hedged item.

The effective portion of changes in the fair value of the hedging instrument is recognized in OCI, while the ineffective portion is recognized immediately in profit or loss.

The cumulative profits or losses recognized through OCI are reclassified from OCI to profit or loss in the consolidated statement of comprehensive income in the same period during which the hedged item affects profit and loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, or if the forecast transaction is no longer expected to occur, then hedge accounting is discontinued prospectively.

(6) Inventories

The cost of inventories includes purchase costs, processing costs and all other costs incurred to bring inventories to their present location and condition.

Inventories are measured at the lower of cost or net realizable value. The weighted average method is used to calculate cost. If net realizable value is less than the cost, that difference is accounted for as a write off and recognized as an expense. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and estimated costs necessary to make the sale.

(7) Property, plant and equipment

The cost of property, plant and equipment includes any costs directly attributable to the acquisition of the asset and dismantlement, removal and restoration costs, as well as borrowing costs that satisfy the conditions for capitalization.

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

Except for land (with certain exceptions) and construction in progress, the cost less residual value of each asset is depreciated on a straight-line basis over its estimated useful life.

If the estimated useful life, residual value or depreciation method are reviewed or revised at the fiscal year-end date, the effect of any changes in estimate are accounted for during the period in which the change occurred and on a prospective basis. The effect of any changes in estimates is recognized in the period in which the change occurs.

The estimated useful lives of major assets are as follows:

Buildings and structures:	3–50 years
Machinery and vehicles:	2–15 years
Tools and equipment:	2–20 years
Lease assets:	3–5 years

(8) Goodwill

Goodwill indicates the amount by which the cost of the NCI acquired in a business combination exceeds the net recognized amount of identifiable assets acquired and liabilities assumed at the time of acquisition. Details on the measurement of goodwill at initial recognition are described in (2) Business Combinations.

Goodwill is not amortized. It is allocated to an asset, cash-generating unit (CGU) or group of CGUs that are identified according to locations and types of business and tested for impairment annually or when there is any indication of impairment. Impairment losses on goodwill are recognized in profit or loss, and no subsequent reversal is made.

After initial recognition, goodwill is presented at cost less accumulated impairment losses.

(9) Intangible assets

Intangible assets acquired separately are measured at cost at the initial recognition, and the cost of intangible assets acquired through business combinations are recognized at fair value at the acquisition date.

Expenses on internally generated intangible assets are recognized as expense in the period when incurred, except for those that satisfy the criteria for recognition as assets. Internally generated intangible assets that satisfy the criteria for recognition as assets are stated at cost in the total amount of spending that is incurred after the assets first met recognition standards.

Intangible assets are subsequently measured at cost less accumulated amortization and accumulated impairment losses.

1) Intangible assets with finite useful lives

Intangible assets for which useful lives can be determined are amortized on a straight-line basis over their estimated useful lives from the date the assets are available for use. These assets are also tested for impairment whenever there is any indication of impairment.

Estimated useful lives, residual values and amortization methods are reviewed at fiscal year-end, and the effect of any changes in estimate are accounted for during the period in which the change occurred and on a prospective basis. The effect of any changes in estimate is recognized in the period in which the change occurs.

The estimated useful life of major assets are as follows:

Customer relationships:	3–15 years
Software:	3–10 years
Others:	3–10 years

2) Intangible assets with infinite useful lives

Intangible assets for which useful life cannot be determined are not amortized. These assets are tested for impairment each fiscal year.

(10) Research and development expense

Research-related expenditures are recognized as expenses when incurred. Development-related expenditures are recorded as assets only when they can be reliably measured, when they are technologically and commercially realizable as products or processes, when they are highly likely to generate future economic benefits, and when the Group intends to complete development and use or sell the assets and has sufficient resources to do so. Other expenditures are recognized as expenses when incurred.

(11) Leases

The Group classifies leases as finance leases when lease agreements transfer substantially all the risks and rewards of ownership to the lessee. All other leases agreements are classified as operating leases.

1) Lessees

Finance lease transactions are recorded in the consolidated statement of financial position as property, plant and equipment, or intangible assets, and bonds and borrowings at the lower of the fair value of the leased property or the present value of the minimum lease payments, each determined at the inception of the lease. Assets used in leases are depreciated on a straight-line basis over their estimated useful lives or lease terms, whichever is shorter. Lease payments are apportioned between the reduction of the lease obligation and the finance costs based on the effective interest method. Finance costs are recognized in the consolidated statement of profit or loss.

In operating lease transactions, lease payments are recognized as an expense using the straight-line method over the lease terms in the consolidated statement of profit or loss. Contingent rents are recognized as an expense in the period when they are incurred.

2) Lessors

In finance lease transactions, leased assets are recognized in the consolidated statement of financial position as trade and other receivables. Unearned finance income is apportioned at a constant rate as the net investment over the lease period and recognized as revenue in the period to which it is attributable.

Lease payments receivable in operating lease transactions are recognized as revenue in the consolidated statement of profit or loss on a straight-line basis over the lease term.

(12) Impairment of non-financial assets

The Group assesses for at each fiscal year-end whether there is any indication that a non-financial asset (excluding inventories, deferred tax assets and post retirement benefit plan assets) may be impaired. If any such indication exists, then an impairment test is performed. For goodwill and intangible assets with infinite useful lives or that are not yet in use, an impairment test is performed each year and whenever there is any indication of impairment.

In an impairment test, the recoverable amount is estimated, and the carrying amount and recoverable amount are compared. The recoverable amount of an asset, CGU or group of CGUs is determined at the higher of its fair value less costs of disposal or its value in use. In determining the value in use, estimated future cash flows are discounted to the present value, using pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset.

If as the result of the impairment test, the recoverable amount of an asset, CGU or group of CGUs is below its carrying amount, an impairment loss is recognized. In recognizing impairment losses on CGUs, including goodwill, first the carrying amount of goodwill allocated to the CGUs is reduced. Next, the carrying amounts of other assets within the CGUs are reduced proportionally.

If there is any indication that an impairment loss recognized in previous periods may be reversed, the impairment loss is reversed if the recoverable amount exceeds the carrying amount as a result of estimating the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses on goodwill are not reversed.

(13) Non-current assets or disposal groups classified as held for sale

For assets or asset groups that are not in continuing use and for which recovery through sale is expected, that are highly likely to be sold within one year, and that can be quickly sold in their current condition, assets held for sale and liabilities directly related to assets held for sale are classified as disposal groups in other assets and liabilities and recorded in the consolidated statement of financial position.

(14) Employee benefits

1) Post-retirement benefits

The Group employs defined benefit plans and defined contribution plans as post-retirement benefit plans for employees.

(a) Defined benefit plans

The Group calculates the present value of the defined benefit obligations, related current service cost and past service cost using the projected unit credit method.

For a discount rate, a discount period is determined based on the period until the expected date of benefit payment in each fiscal year, and the discount rate is determined by reference to market yields for the period corresponding to the discount period at the end of the fiscal year on high-quality corporate bonds.

Assets and liabilities related to the post-retirement benefit plans are calculated by the present value of the defined benefit obligation, deducting the fair value of any plan assets, and their amounts are recognized in the consolidated statement of financial position. The net amount of interest income related to plan assets in the post-retirement benefit plans, interest costs related to defined benefit obligation, and current service cost is recognized as profit or loss.

Differences arising from remeasurements of defined benefit plans are recognized in full in OCI in the period when they are incurred and transferred to retained earnings immediately. The entire amount of past service costs is recognized as profit or loss in the period when incurred.

(b) Defined contribution plans

The cost for defined-contribution post-retirement benefit plans is recognized as an expense at the time of contribution.

2) Short-term employee benefits

Short-term employee benefits are not discounted, but are recognized as expenses when related services are provided.

If the Group has a present legal or constructive obligation to pay bonuses and paid vacation expenses and the obligation can be estimated reliably, a liability is recognized for the estimated payment amounts.

(15) Share-based payments

The Group has in place for directors (excluding outside directors) and officers of the Company a share option plan as an equity-settled share-based payment plan. Share options are estimated at fair value at grant date and are recognized as an expense over the vesting period after considering the number of share options that are expected to be eventually vested. The corresponding amount is recognized as an increase in equity.

(16) Provisions

The Group has present legal or constructive obligations resulting from past events and recognizes provisions when it is probable that the obligations are required to be settled and the amount of the obligations can be estimated reliably.

Where the effect of the time value of money is material to the provisions, the amount of provisions is measured at the present value of the estimated future cash flows discounted to present value using the pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the liability. Reversals of discounts to reflect the passage of time are recognized as finance costs.

(17) Revenue

Revenue from the sale of goods in the course of ordinary business activities is measured at the fair value of the consideration received or receivable, less returns, discounts and rebates. The Group recognizes revenue from the sale of goods when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, the Group does not retain continuing managerial involvement over the goods sold, the amount of revenue can be estimated reliably, the recoverability of consideration is high and related costs of sales can be estimated reasonably.

The Group recognizes revenue from the provision of services, based on stage of completion of transactions at the fiscal year-end when the amount of revenue can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the Group; the stage of completion of transactions can be reliably measured at the fiscal year-end, and the expenses to be incurred in association with the transactions and the expenses required to conclude the transactions can be reliably measured.

Standards for recognizing revenue from the sale of goods and the provision of services are typically applied on a per-transaction basis. However, if individual transactions contain multiple recognizable elements, revenue may be recognized for each elemental unit in order to reflect the economic reality of the transactions.

(18) Government grants

The Group initially recognizes government grant as deferred income at fair value when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to it.

Grants associated with assets are recognized in profit or loss on a systematic basis over the useful lives of the assets. For grants associated with revenue, revenue is recognized on a systematic basis in the periods when related expenses are recognized.

(19) Income taxes

Current and deferred taxes are stated as income tax expense in the consolidated statement of profit or loss except when they relate to business combinations or on items recognized in OCI or directly in equity.

1) Current taxes

Current income taxes are measured at the amount that is expected to be paid to or refunded from the taxation authorities. For the calculation of the tax amount, the Group uses the tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year.

2) Deferred taxes

Deferred income taxes are calculated based on the temporary differences between the amounts used for tax purpose and the carrying amount for assets and liabilities at the fiscal year end. Deferred tax assets are recognized for deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax liabilities are recognized for taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the fiscal year when the asset is realized or the liability is settled, based on the tax laws that have been enacted or substantively enacted by the fiscal year end.

Deferred tax assets and deferred tax liabilities are not recognized for the following temporary differences:

- taxable temporary differences on initially recognized goodwill
- temporary differences arising from the initial recognition of assets or liabilities in transactions that are not business combinations and at the time of transaction affect neither accounting profit nor taxable profit or tax loss
- taxable temporary differences on investments in subsidiaries and associates to the extent that the timing of the reversal of the temporary difference is controlled and that it is probable the temporary difference will not reverse in the foreseeable future
- deductible temporary differences on investments in subsidiaries and associates to the extent that it is not probable the

temporary differences will reverse in the foreseeable future

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority on the same taxable entity (including consolidated tax payments).

4. Critical accounting estimates and determining estimates

(1) Estimation and determination

The consolidated financial statements for the Group incorporate management's estimates and judgments.

The assumptions serving as bases for estimation are reviewed on an ongoing basis. Effects due to changes in estimates are recognized in the period when the estimate is changed and for future fiscal periods.

Actual results may differ from accounting estimates and the assumptions forming their basis.

(2) Estimates and determinations that have significant effects on the amounts recognized in the consolidated financial statements of the Group are as follows.

1) Impairment of non-financial assets

The Group conducts impairment tests whenever there is any indication that the recoverable amount of a non-financial asset (excluding inventories, deferred tax assets and post-retirement benefit plan assets) may fall below its carrying amount.

When conducting an impairment test, principal factors indicating that impairment may have occurred include a substantial worsening of business performance compared with past or estimated operating performance, significant changes in the uses of acquired assets or changes in overall strategy, or a substantial worsening of industry or economic trends.

Goodwill is allocated to an assets CGU or groups of CGUs based on the region where business is conducted and business category, and impairment tests are conducted on goodwill once each year or when there is an indication of impairment.

Calculations of recoverable amounts used in impairment tests are based on assumptions set using such factors as an asset's useful life, future cash flows, pre-tax discount rates and long-term growth rates. These assumptions are based on the best estimates and judgments made by management. However, these assumptions may be affected by changes in uncertain future economic conditions, which may have a material impact on the consolidated financial statements in future periods.

The method for calculating recoverable amounts is described in note 3. (12) "Impairment of non-financial assets".

2) Provisions

The Group records various provisions in the consolidated statement of financial position, including provision for product warranties and provision for restructuring.

These provisions are recognized based on the best estimates of the expenditures required to settle the obligations taking into consideration of risks and the uncertainty related to the obligations as of the fiscal year-end date.

Expenditures required to settle the obligations are calculated by taking possible results into account comprehensively. However, they may be affected by the occurrence of unexpected events or changes in conditions which may have a material impact on the consolidated financial statements in future periods.

The nature and amount of provisions are described in note 19 "Provisions".

3) Employee benefits

The Group has in place various post-retirement benefit plans, including defined benefits plans. The present value of defined benefit obligations on each of these plans and the service costs are calculated based on actuarial assumptions. These actuarial assumptions require estimates and judgments on variables, such as discount rates. The Group obtains advice from external pension actuaries with respect to the appropriateness of these actuarial assumptions including these variables.

The actuarial assumptions are determined based on the best estimates and judgments made by management. However, there is the possibility that these assumptions may be affected by changes in uncertain future economic conditions, or by the publication or the amendment of related laws, which may have a material impact on the consolidated financial statements in future periods.

These actuarial assumptions and related sensitivity analysis are described in note 21 "Employee benefits".

4) Recoverability of deferred tax assets

In recognizing deferred tax assets, when judging the possibility of the future taxable income, the Group estimates the timing and amount of future taxable income based on the business plan.

The timing when taxable income arises and the amount of such income may be affected by changes in uncertain future economic conditions. Therefore, this may have a material impact on the consolidated financial statements in future periods.

The content and amount related to deferred tax assets are described in note 16 "Income taxes".

5. Operating segments

(1) Reportable segments

Reportable segments of 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. This results in three reportable business segments: Business Technologies, Healthcare and Industrial Business. The "Others" segment includes the planetarium business and other businesses that are not included in the three reportable segments mentioned previously.

The business activities of each reportable segment is as follows:

	Business activities	
Business Technologies	<Office services> Development, manufacture and sale of multi-functional peripherals and IT services, and the provision of related consumables, solutions and services	<Commercial/industrial printing> Development, manufacture and sale of digital printing equipment, various printing services and industrial inkjet printers, and the provision of related consumables, solutions and services
Healthcare	Development, manufacture, sale and provision of services for diagnostic imaging systems, e.g. digital X-ray diagnostic imaging systems and diagnostic ultrasound systems, etc.	
Industrial Business	<Industrial optical systems> Development, manufacture and sale of sensing equipment, lenses for industrial and professional use, etc.	<Performance materials> Development, manufacture and sale of TAC films used in liquid crystal displays, Organic Light Emitting Diode (OLED) lighting, functional films, etc.

(2) Financial information on reportable segments

Methods of accounting for reportable statements are described in note 3 "Significant accounting policies" and are consistent with the accounting policies of the Group.

Financial information on reportable segments is provided below. Segment profit refers to operating profit.

Transition Date (April 1, 2013)

	Millions of yen					
	2013					
	Business Technologies	Healthcare	Industrial Business	Subtotal	Others	Total
Segment assets	¥483,745	¥66,227	¥151,312	¥701,284	¥43,654	¥744,938
Segment liabilities	¥256,111	¥43,770	¥86,842	¥386,724	¥21,551	¥408,276

Previous consolidated fiscal year (From April 1, 2013 to March 31, 2014)

	Millions of yen					
	2014					
	Business Technologies	Healthcare	Industrial Business	Subtotal	Others	Total
Revenue						
External	¥731,371	¥82,375	¥116,126	¥929,874	¥ 5,340	¥935,214
Inter-segment (Note)	1,911	178	2,988	5,079	22,408	27,487
Total	733,283	82,554	119,115	934,953	27,748	962,701
Segment profit	71,517	2,962	217	74,697	806	75,504
Segment assets	585,260	69,851	122,000	777,111	26,598	803,710
Segment liabilities	305,079	50,158	65,029	420,267	10,312	430,580
Other items						
Depreciation and amortization expenses	27,533	2,613	8,418	38,565	262	38,828
Impairment losses on non-financial assets	410	25	12,801	13,236	-	13,236
Investments accounted for using the equity method	-	486	-	486	-	486
Capital expenditures on property, plant and equipment and intangible assets	¥ 24,188	¥ 2,708	¥ 13,302	¥ 40,200	¥ 903	¥ 41,103

(Note) Inter-segment revenue is based on market prices, etc.

Current consolidated fiscal year (From April 1, 2014 to March 31, 2015)

	Millions of yen					
	2015					
	Business Technologies	Healthcare	Industrial Business	Subtotal	Others	Total
Revenue						
External	**¥808,241**	**¥78,568**	**¥112,780**	**¥ 999,591**	**¥ 3,167**	**¥1,002,758**
Inter-segment (Note)	**1,895**	**316**	**2,425**	**4,636**	**23,103**	**27,740**
Total	**810,137**	**78,884**	**115,206**	**1,004,228**	**26,270**	**1,030,498**
Segment profit	**72,688**	**2,111**	**19,748**	**94,548**	**969**	**95,517**
Segment assets	**641,271**	**65,376**	**119,723**	**826,371**	**24,937**	**851,309**
Segment liabilities	**326,801**	**43,708**	**53,422**	**423,932**	**8,390**	**432,323**
Other items						
Depreciation and amortization expenses	**32,253**	**3,377**	**7,013**	**42,644**	**373**	**43,017**
Impairment losses on non-financial assets	**3,127**	**74**	**1,026**	**4,228**	**-**	**4,228**
Investments accounted for using the equity method	**-**	**524**	**-**	**524**	**-**	**524**
Capital expenditures on property, plant and equipment and intangible assets	**¥ 29,591**	**¥ 2,605**	**¥ 6,720**	**¥ 38,917**	**¥ 415**	**¥ 39,333**

(Note) Inter-segment revenue is based on market prices, etc.

	Thousands of U.S. dollars					
	2015					
	Business Technologies	Healthcare	Industrial Business	Subtotal	Others	Total
Revenue						
External	$6,725,813	$653,807	$938,504	$8,318,141	$ 26,354	$8,344,495
Inter-segment	15,769	2,630	20,180	38,579	192,253	230,840
Total	6,741,591	656,437	958,692	8,356,728	218,607	8,575,335
Segment profit	604,876	17,567	164,334	786,785	8,064	794,849
Segment assets	5,336,365	544,029	996,280	6,876,683	207,514	7,084,206
Segment liabilities	2,719,489	363,718	444,554	3,527,769	69,818	3,597,595
Other items						
Depreciation and amortization expenses	268,395	28,102	58,359	354,864	3,104	357,968
Impairment losses on non-financial assets	26,021	616	8,538	35,183	-	35,183
Investments accounted for using the equity method	-	4,360	-	4,360	-	4,360
Capital expenditures on property, plant and equipment and intangible assets	$ 246,243	$ 21,678	$ 55,921	$ 323,850	$ 3,453	$ 327,311

Differences between totals for reportable segments and the financial information in the consolidated financial statements are itemized and presented as below.

Revenue	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Total revenue of reportable segments	¥1,004,228	¥934,953	$8,356,728
Revenue categorized in “Others”	26,270	27,748	218,607
Total of reportable and Others segments	1,030,498	962,701	8,575,335
Adjustments (Note)	(27,740)	(27,487)	(230,840)
Revenue reported in consolidated statement of profit or loss	¥1,002,758	¥935,214	$8,344,495

(Note) Adjustments are due to inter-segment eliminations.

Profit	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Total profit of reportable segments	¥94,548	¥74,697	$ 786,785
Segment profit categorized in “Others”	969	806	8,064
Total of reportable and Others segments	95,517	75,504	794,849
Adjustments (Note)	(29,755)	(35,645)	(247,608)
Operating profit reported in consolidated statement of profit or loss	¥65,762	¥39,859	$ 547,241

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

Assets	Millions of yen 2015	Millions of yen 2014	Millions of yen 2013	Thousands of U.S. dollars 2015
Total assets of reportable segments	¥826,371	¥777,111	¥701,284	$6,876,683
Assets categorized in “Others”	24,937	26,598	43,654	207,514
Total of reportable and Others segments	851,309	803,710	744,938	7,084,206
Adjustments (Note)	142,946	181,528	213,500	1,189,531
Assets reported in consolidated statement of financial position	¥994,256	¥985,239	¥958,439	$8,273,746

(Note) Adjustments include eliminations for inter-segment transactions and corporate assets that are not attributable to any reportable segment. These corporate assets comprise operating funds (cash and cash deposits and securities), long-term investment funds (investment securities), property, plant and equipment and intangible assets, etc.

Liabilities	Millions of yen 2015	2014	2013	Thousands of U.S. dollars 2015
Total liabilities of reportable segments	**¥423,932**	¥420,267	¥386,724	**$3,527,769**
Liabilities categorized in “Others”	**8,390**	10,312	21,551	**69,818**
Total of reportable and Others segments	**432,323**	430,580	408,276	**3,597,595**
Adjustments (Note)	**32,429**	61,837	83,585	**269,859**
Liabilities reported in consolidated statement of financial position	**¥464,752**	¥492,417	¥491,862	**$3,867,454**

(Note) Adjustments include eliminations for inter-segment transactions and corporate liabilities, which are mainly interest-bearing debts (bonds and borrowings, etc.) not attributed to any reportable segment.

	Millions of yen							
	Total of reportable segments		Others		Adjustments (Note)		Reported in consolidated financial statements	
Other items	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Depreciation and amortization expenses	**¥42,644**	¥38,565	**¥373**	¥262	**¥4,887**	¥4,999	**¥47,905**	¥43,827
Impairment losses on non-financial assets	**4,228**	13,236	**-**	-	**957**	4,250	**5,185**	17,487
Investments accounted for using the equity method	**524**	486	**-**	-	**-**	-	**524**	486
Capital expenditures on property, plant and equipment and intangible assets	**¥38,917**	¥40,200	**¥415**	¥903	**¥6,766**	¥6,280	**¥46,100**	¥47,383

(Note) Adjustments for depreciation and amortization expenses and impairment losses are mainly for buildings that are not attributed to any reportable segment.
In relation to other items, adjustments to capital expenditures are mainly for capital expenditures for buildings that are not attributed to any reportable segment.

	Thousands of U.S. dollars			
	Total of reportable segments	Others	Adjustments	Reported in consolidated financial statements
Other items	**2015**			
Depreciation and amortization expenses	**$354,864**	**$3,104**	**$40,667**	**$398,644**
Impairment losses on non-financial assets	**35,183**	**-**	**7,964**	**43,147**
Investments accounted for using the equity method	**4,360**	**-**	**-**	**4,360**
Capital expenditures on property, plant and equipment and intangible assets	**$323,850**	**$3,453**	**$56,304**	**$383,623**

(3) Financial information by geographical region

External revenue by geographical area is as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Japan	¥ 194,645	¥204,792	$1,619,747
United States	235,628	205,810	1,960,789
European countries	328,663	309,624	2,734,984
China	68,055	58,484	566,323
Asia, excluding Japan and China	88,578	85,472	737,106
Others	87,187	71,029	725,530
Total	¥1,002,758	¥935,214	$8,344,495

(Note) Revenue classifications are based on customers' geographical regions. However, individual items not allocable to a primary country are classified in "Others."

Summary by geographical region of the carrying amounts of non-current assets (excluding financial assets, deferred tax assets and post-retirement benefit assets) is set out as follows:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Japan	¥143,804	¥138,296	¥134,821	$1,196,671
United States	84,778	76,859	74,346	705,484
European countries	53,945	60,356	49,140	448,906
China	20,816	20,210	20,028	173,221
Asia, excluding Japan and China	9,568	5,794	17,408	79,621
Others	4,786	1,449	1,573	39,827
Total	¥317,699	¥302,966	¥297,317	$2,643,746

(4) Information on principal customers

No single external customer contributed to 10% of revenue or more.

6. Business Combinations

For fiscal year ended March 31, 2014, contingent consideration related to an equity interest acquired in Instrument Systems GmbH dated of November 30, 2012 are measured at fair value on the Transition Date and recorded in "other financial liabilities." Under the agreement with the acquired company, a contingent consideration is to be paid if performance levels exceed certain level. That estimated amount is calculated by taking into account the time value, of money specific to the acquired company. The fair value of the contingent consideration as of the Transition Date is ¥603 million, and the fair value of the contingent consideration as of the settlement date is ¥709 million. The changes in far value between the Transition Date and the settlement date, resulting from changes in exchange rates and time value are recorded as "finance costs."

There was no significant business combination in the fiscal year ended March 31, 2015.

7. Trade and other receivables

The components of trade and other receivables as of March 31, 2015, 2014, and the Transition Date are as follows:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Notes and accounts receivable–trade	¥225,816	¥219,247	¥192,851	$1,879,138
Finance lease receivables	23,010	21,211	16,007	191,479
Others	10,193	12,251	10,325	84,822
Allowance for doubtful accounts	(6,057)	(5,643)	(4,568)	(50,404)
Total	¥252,962	¥247,067	¥214,616	$2,105,035

8. Inventories

The components of inventories as of March 31, 2015, 2014, and the Transition Date are as follows:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	**2015**
Merchandise and finished goods	**¥ 92,335**	¥ 87,700	¥ 83,782	**$ 768,370**
Work in progress	**10,316**	9,615	10,610	**85,845**
Materials and supplies (Note 1)	**18,151**	17,858	19,080	**151,044**
Total	**¥120,803**	¥115,175	¥113,472	**$1,005,268**

(Note 1) Materials include spare parts for maintenance purpose to be used after 12 months from each fiscal year-end. They are included as inventories as they are held within the ordinary course of business.
(Note 2) The acquisition costs of inventories recognized as expenses during the current fiscal year is primarily included in "cost of sales."
(Note 3) The amount of inventories written down to their net realizable value in the current fiscal year is ¥1,546 million (previous fiscal year: ¥1,552 million), which is included in "cost of sales."

9. Other financial assets

The components of other financial assets as of March 31, 2015, 2014, and the Transition Date are as follows:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	**2015**
Loans receivable	**¥ 198**	¥ 1,189	¥ 1,065	**$ 1,648**
Investment securities	**30,534**	27,621	20,325	**254,090**
Lease and guarantee deposits	**7,163**	7,390	6,772	**59,607**
Others	**6,093**	4,370	4,106	**50,703**
Allowance for doubtful accounts	**(853)**	(883)	(1,366)	**(7,098)**
Total	**43,135**	39,688	30,903	**358,950**
Current	**1,715**	1,537	1,386	**14,271**
Non-current	**¥41,420**	¥38,151	¥29,517	**$344,678**

10. Non-current assets held-for-sale and disposal groups

For fiscal year ended March 31, 2014, the board of directors of the Group resolved on October 31, 2013 to withdraw from the manufacturing of glass substrates used for hard disk drives (HDDs), a constituent of the Industrial Business segment. Accordingly, the Group presented this business as a non-current assets held for sale. Production ceased in November 2013, and sales were suspended December 2013. The assets and liabilities of the business that were classified as non-current assets held for sale were sold in June and July 2014. The value of the non-current assets held-for-sale, excluding selling costs, was measured at fair value, recognizing ¥10,717 million in impairment losses. These impairment losses are recognized as "other expenses" in the consolidated statements of profit or loss for the previous fiscal year. Fair value excluding selling costs was calculated using a valuation technique (market approach), which included unobservable inputs. It is therefore classified within level 3 of fair value hierarchy.

For fiscal year ended March 31, 2015, in line with the mid-term management plan to improve asset efficiency, the Group resolved to sell land, buildings, and other items in North America and Japan that are not attributable to reportable segments.

11. Property, plant and equipment

Changes in the carrying amounts of property, plant and equipment for fiscal years ended March 31, 2015 and 2014, are as follows:

(Cost)

	Millions of yen						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at April 1, 2013	¥181,050	¥256,304	¥148,330	¥41,700	¥35,303	¥ 7,020	¥669,711
Acquisitions	1,324	2,078	9,584	6,762	-	25,188	44,939
Acquisitions through business combinations	-	3	26	7	-	-	37
Transfer from construction in progress to other account	5,461	7,174	5,713	-	-	(18,348)	-
Disposals	(6,604)	(32,310)	(13,452)	(4,696)	-	(180)	(57,243)
Others	62	(8,326)	(1,249)	(4,131)	(33)	31	(13,647)
Effect of foreign currency exchange differences	3,829	2,721	4,323	3,167	455	180	14,677
Balance at March 31, 2014	185,124	227,644	153,278	42,810	35,725	13,891	658,475
Acquisitions	**674**	**1,732**	**8,582**	**8,627**	**472**	**25,110**	**45,200**
Acquisitions through business combinations	**11**	**58**	**46**	**-**	**-**	**-**	**115**
Transfer from construction in progress to other account	**13,310**	**15,206**	**5,557**	**-**	**-**	**(34,074)**	**-**
Disposals	**(9,611)**	**(7,882)**	**(11,165)**	**(4,504)**	**(2,538)**	**(120)**	**(35,824)**
Others	**197**	**(14)**	**(512)**	**(3,931)**	**(689)**	**(718)**	**(5,669)**
Effect of foreign currency exchange differences	**2,722**	**2,530**	**5,063**	**954**	**326**	**148**	**11,746**
Balance at March 31, 2015	**¥192,428**	**¥239,275**	**¥160,849**	**¥43,957**	**¥33,296**	**¥ 4,236**	**¥674,043**

(Note) Others is transfer to other account.

	Thousands of U.S. dollars						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at March 31, 2014	$1,540,518	$1,894,350	$1,275,510	$356,245	$297,287	$115,595	$5,479,529
Acquisitions	**5,609**	**14,413**	**71,415**	**71,790**	**3,928**	**208,954**	**376,134**
Acquisitions through business combinations	**92**	**483**	**383**	**-**	**-**	**-**	**957**
Transfer from construction in progress to other account	**110,760**	**126,537**	**46,243**	**-**	**-**	**(283,548)**	**-**
Disposals	**(79,978)**	**(65,590)**	**(92,910)**	**(37,480)**	**(21,120)**	**(999)**	**(298,111)**
Others	**1,639**	**(117)**	**(4,261)**	**(32,712)**	**(5,734)**	**(5,975)**	**(47,175)**
Effect of foreign currency exchange differences	**22,651**	**21,054**	**42,132**	**7,939**	**2,713**	**1,232**	**97,745**
Balance at March 31, 2015	**$1,601,298**	**$1,991,138**	**$1,338,512**	**$365,790**	**$277,074**	**$ 35,250**	**$5,609,079**

(Accumulated depreciation and impairment losses)

	Millions of yen						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at April 1, 2013	(¥112,400)	(¥222,040)	(¥123,374)	(¥30,243)	(¥1,290)	(¥51)	(¥489,399)
Depreciation expenses	(5,708)	(9,830)	(10,181)	(5,774)	(2)	-	(31,497)
Impairment losses	(9,397)	(7,293)	(648)	(25)	-	(37)	(17,401)
Disposals	6,337	30,964	12,291	4,225	-	3	53,822
Others	(129)	7,674	502	3,628	(119)	13	11,569
Effect of foreign currency exchange differences	(2,008)	(1,701)	(2,845)	(1,953)	(2)	0	(8,512)
Balance at March 31, 2014	(123,307)	(202,226)	(124,255)	(30,142)	(1,415)	(72)	(481,418)
Depreciation expenses	**(5,513)**	**(8,747)**	**(12,423)**	**(7,180)**	**(3)**	**-**	**(33,868)**
Impairment loss	**(826)**	**(1,188)**	**(128)**	**(15)**	**(275)**	**(10)**	**(2,444)**
Disposals	**7,531**	**7,423**	**9,631**	**4,346**	**386**	**-**	**29,319**
Others	**(82)**	**(244)**	**344**	**2,819**	**-**	**-**	**2,837**
Effect of foreign currency exchange differences	**(1,425)**	**(1,572)**	**(3,288)**	**(545)**	**3**	**-**	**(6,828)**
Balance at March 31, 2015	**(¥123,623)**	**(¥206,554)**	**(¥130,120)**	**(¥30,717)**	**(¥1,304)**	**(¥82)**	**(¥492,402)**

(Note) Others is transfer to other account.

	Thousands of U.S. dollars						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at March 31, 2014	($1,026,105)	($1,682,833)	($1,033,994)	($250,828)	($11,775)	($599)	($4,006,141)
Depreciation expenses	**(45,877)**	**(72,789)**	**(103,379)**	**(59,749)**	**(25)**	**-**	**(281,834)**
Impairment loss	**(6,874)**	**(9,886)**	**(1,065)**	**(125)**	**(2,288)**	**(83)**	**(20,338)**
Disposals	**62,670**	**61,771**	**80,145**	**36,165**	**3,212**	**-**	**243,979**
Others	**(682)**	**(2,030)**	**2,863**	**23,458**	**-**	**-**	**23,608**
Effect of foreign currency exchange differences	**(11,858)**	**(13,081)**	**(27,361)**	**(4,535)**	**25**	**-**	**(56,820)**
Balance at March 31, 2015	**($1,028,734)**	**($1,718,848)**	**($1,082,799)**	**($255,613)**	**($10,851)**	**($682)**	**($4,097,545)**

(Carrying amount)

	Millions of yen						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at April 1, 2013	¥68,650	¥34,264	¥24,956	¥11,457	¥34,013	¥ 6,969	¥180,311
Balance at March 31, 2014	61,816	25,418	29,023	12,668	34,310	13,819	177,056
Balance at March 31, 2015	**¥68,805**	**¥32,720**	**¥30,729**	**¥13,240**	**¥31,992**	**¥ 4,153**	**¥181,641**

	Thousands of U.S. dollars						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at March 31, 2015	**$572,564**	**$272,281**	**$255,713**	**$110,177**	**$266,223**	**$34,559**	**$1,511,534**

The carrying amount of property, plant and equipment as of March 31, 2015, 2014 and the Transition Date includes the carrying amount of the following leased assets:

(Carrying amount of lease assets)

	Millions of yen				
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land
Balance at April 1, 2013	¥2,246	¥320	¥641	¥1,663	¥762
Balance at March 31, 2014	2,380	306	806	1,795	831
Balance at March 31, 2015	**¥1,188**	**¥264**	**¥694**	**¥2,055**	**¥966**

	Thousands of U.S. dollars				
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land
Balance at March 31, 2015	**$9,886**	**$2,197**	**$5,775**	**$17,101**	**$8,039**

12. Goodwill and intangible assets

The changes in goodwill and intangible assets for fiscal years ended March 31, 2015 and 2014, are set out as follows:

(Cost)

	Millions of yen				
	Goodwill	Customer relationships	Softwares	Others (Note 1)	Total
Balance at April 1, 2013	¥69,465	¥23,654	¥48,931	¥14,382	¥156,434
Acquisitions	-	-	2,785	5,919	8,705
Acquisitions through business combinations	1,468	1,897	-	9	3,375
Disposal	-	-	(4,269)	(470)	(4,739)
Others	(245)	-	7,551	(4,639)	2,666
Effect of foreign currency exchange differences	3,247	2,739	3,029	1,578	10,594
Balance at March 31, 2014	73,935	28,291	58,028	16,780	177,036
Acquisitions	**-**	**-**	**2,366**	**6,310**	**8,676**
Acquisitions through business combinations	**5,819**	**4,471**	**26**	**842**	**11,160**
Disposal	**(2,626)**	**-**	**(7,127)**	**(116)**	**(9,870)**
Others	**-**	**(215)**	**7,221**	**(5,171)**	**1,834**
Effect of foreign currency exchange differences	**715**	**3,744**	**1,005**	**(279)**	**5,186**
Balance at March 31, 2015	**¥77,843**	**¥36,292**	**¥61,521**	**¥18,366**	**¥194,023**

(Note 1) Software in progress is included in “others” within intangible assets.
(Note 2) There is no significant internally generated intangible asset as of March 31, 2014 and 2015.

	Thousands of U.S.dollars				
	Goodwill	Customer relationships	Softwares	Others	Total
Balance at March 31, 2014	$615,253	$235,425	$482,883	$139,636	$1,473,213
Acquisitions	**-**	**-**	**19,689**	**52,509**	**72,198**
Acquisitions through business combinations	**48,423**	**37,206**	**216**	**7,007**	**92,868**
Disposal	**(21,852)**	**-**	**(59,308)**	**(965)**	**(82,134)**
Others	**-**	**(1,789)**	**60,090**	**(43,031)**	**15,262**
Effect of foreign currency exchange differences	**5,950**	**31,156**	**8,363**	**(2,322)**	**43,156**
Balance at March 31, 2015	**$647,774**	**$302,005**	**$511,950**	**$152,833**	**$1,614,571**

(Accumulated amortization and accumulated impairment losses)

	Millions of yen				
	Goodwill	Customer relationships	Softwares	Others (Note 1)	Total
Balance at April 1, 2013	¥ -	(¥ 8,842)	(¥32,768)	(¥3,881)	(¥45,492)
Amortization expenses (Note 2)	-	(3,316)	(7,746)	(1,267)	(12,329)
Impairment losses	-	-	(76)	(8)	(85)
Disposals	-	-	4,089	146	4,235
Others	-	-	162	56	219
Effect of foreign currency exchange differences	-	(976)	(2,499)	(545)	(4,021)
Balance at March 31, 2014	-	(13,136)	(38,838)	(5,499)	(57,473)
Amortization expenses (Note 2)	**-**	**(4,016)**	**(8,628)**	**(1,392)**	**(14,037)**
Impairment losses	**(2,551)**	**-**	**(188)**	**0**	**(2,740)**
Disposals	**2,626**	**-**	**7,040**	**86**	**9,753**
Others	**-**	**1**	**(343)**	**112**	**(229)**
Effect of foreign currency exchange differences	**(75)**	**(2,265)**	**(869)**	**45**	**(3,164)**
Balance at March 31, 2015	**¥ -**	**(¥19,416)**	**(¥41,828)**	**(¥6,646)**	**(¥67,891)**

(Note 1) Software in progress is included in “others” within intangible assets.
(Note 2) Amortization expenses on intangible assets are included in “cost of sales” and “selling, general and administrative expenses” in the consolidated statements of profit or loss.
(Note 3) There is no significant internally generated intangible asset as of March 31, 2014 and 2015.

	Thousands of U.S.dollars				
	Goodwill	Customer relationships	Softwares	Others	Total
Balance at March 31, 2014	$ -	($109,312)	($323,192)	($45,760)	($478,264)
Amortization expenses	**-**	**(33,419)**	**(71,798)**	**(11,584)**	**(116,810)**
Impairment losses	**(21,228)**	**-**	**(1,564)**	**0**	**(22,801)**
Disposals	**21,852**	**-**	**58,584**	**716**	**81,160**
Others	**-**	**8**	**(2,854)**	**932**	**(1,906)**
Effect of foreign currency exchange differences	**(624)**	**(18,848)**	**(7,231)**	**374**	**(26,329)**
Balance at March 31, 2015	**$ -**	**($161,571)**	**($348,074)**	**($55,305)**	**($564,958)**

(Carrying amount)

	Millions of yen				
	Goodwill	Customer relationships	Softwares	Others (Note 1)	Total
Balance at April 1, 2013	¥69,465	¥14,812	¥16,163	¥10,501	¥110,942
Balance at March 31, 2014	73,935	15,155	19,190	11,281	119,563
Balance at March 31, 2015	**¥77,843**	**¥16,876**	**¥19,693**	**¥11,719**	**¥126,132**

(Note 1) Software in progress is included in “others” within intangible assets.
(Note 2) There is no significant internally generated intangible asset as of March 31, 2014 and 2015.

	Thousands of U.S.dollars				
	Goodwill	Customer relationships	Softwares	Others	Total
Balance at March 31, 2015	**$647,774**	**$140,434**	**$163,876**	**$97,520**	**$1,049,613**

13. Impairment losses on non-financial assets

The Group recognizes impairment losses when the recoverable amount of assets falls below their carrying amount. Impairment losses are included in other expenses in the consolidated statements of profit or loss.

Impairment losses on property, plant and equipment and goodwill and intangible assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Property, plant and equipment	**¥2,444**	¥17,401	**$20,338**
Goodwill	**2,551**	-	**21,228**
Intangible assets	**188**	85	**1,564**
Total	**¥5,185**	¥17,487	**$43,147**

(1) Impairment losses

For fiscal year ended March 31, 2014, impairment losses were recognized on manufacturing equipment of glass substrates for HDDs as a result of the resolution to withdraw from this business and on manufacturing equipments of medical-use X-ray films as no further use was expected due to the cessation of manufacturing.

Manufacturing equipments of glass substrates for HDDs ("machinery and vehicles," "buildings and structures," etc.) was written down to the recoverable amounts of ¥3,852 million for these assets, and impairment losses of ¥11,910 million were recognized for the Industrial Business segment. The recoverable amounts were calculated using a valuation technique (market approach) which included unobservable inputs. They are therefore classified within level 3 of fair value hierarchy.

As manufacturing equipments for medical-use X-ray films ("buildings and structures") are specialty assets that cannot be easily converted or sold, the recoverable amounts of these assets were estimated at zero, and impairment losses of ¥3,516 million were recorded. These impairment losses were generated on assets not attributed to reportable segments.

For fiscal year ended March 31, 2015, impairment losses were recognized on goodwill at sales sites in Europe due to ongoing losses stemming from worsening of market environment, on manufacturing equipments of optical products and film manufacturing equipments located in Japan in the Industrial Business segment due to reduced utilization rates, and on company-wide idle assets, etc., due to reduced utilization rates and review of asset values.

With regard to sales sites in Europe, the recoverable amount of goodwill and intangible assets associated with the acquisition of sales subsidiaries was estimated at zero, and impairment losses of ¥2,733 million were recognized in the Business Technologies business.

With regard to manufacturing equipments of optical products ("machinery and vehicles" and "tools and equipment," etc.), the recoverable amounts of these assets was written down to ¥188 million, and impairment losses of ¥473 million were recognized for the Industrial Business segment. The recoverable amounts is the fair value less costs of disposal, calculated using the valuation technique (market approach) which included unobservable inputs.It is therefore classified within level 3 of fair value hierarchy.

With regard to film manufacturing equipment located in Japan ("machinery and vehicles" and "tools and equipment"), as these are specialty assets that cannot be easily converted or sold, the recoverable amounts of these assets was estimated at zero, and impairment losses of ¥553 million were recorded in the Industrial Business segment.

With regard to idle assets, etc. ("buildings and structures," "machinery and vehicles" and "land," etc.), the recoverable amount for land was written down to ¥50 million, the recoverable amount of assets other than land was estimated at zero, and company-wide impairment losses of ¥957 million were recognized. The recoverable amount of land is fair value less costs of disposal, calculated using the valuation technique (market approach) which included unobservable inputs. It is therefore classified within level 3 of fair value hierarchy. These impairment losses were generated on assets not attributable to reportable segments.

(2) Goodwill impairment tests

Goodwill of ¥46,208 million was generated during management integration with Minolta Co., Ltd. At the Transition Date and for each fiscal year, ¥41,613 million is allocated to Business Technologies and ¥4,595 million to the Industrial Business segment. No impairment losses were recognized at the Transition Date or in any fiscal year. Calculation of the recoverable amount for each cash-generating unit is based on value in use. Value in use is calculated as future cash flows discounted to the present value, based on the most recent business plans approved by the Board of Directors. Estimated future cash flows for periods subsequent to approved business plans are calculated by using a fixed growth rate based on the long-term average rate of growth for markets to which the cash-generating unit belongs. The pre-tax discount rate used during the fiscal year under review was 7.52% (previous fiscal year: 7.89%, Transition Date: 7.62%). In the event of changes in principal assumptions used in the impairment tests within the scope of rational forecasting possibility, management judges that the likelihood that significant impairment losses will be generated for these cash-generating units is low.

14. Investments accounted for using the equity method

Information related to associates is below. The Company has no material associates.

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Carrying amount of investments accounted for using the equity method	¥524	¥486	¥1,490	$4,360

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Share of profit in investments accounted for using the equity method	¥35	(¥1,163)	$291
Share of other comprehensive income of investments accounted for using the equity method	5	2	42
Total share of comprehensive income for the year	¥41	(¥1,160)	$341

15. Leases

(1) As lessee

1)Finance leases

The Group leases a variety of property, plant and equipment under finance lease agreements. Some of these leases include a renewal-or-purchase option. The Group does not engage in sublease agreements, escalation clauses or restrictions imposed by lease agreement (such as limitations on dividend, additional borrowing or additional leases).

For each reporting date, future minimum lease payments and their present values based on finance lease agreements for each repayment period are as follows:

	Millions of yen			Thousands of U.S. dollars	Millions of yen			Thousands of U.S. dollars
	Minimum lease payments				Present value of minimum lease payments			
	2015	2014	2013	2015	2015	2014	2013	2015
Less than 1 year	¥2,948	¥2,365	¥1,921	$24,532	¥2,704	¥1,973	¥1,686	$22,501
1-5 years	3,679	4,412	4,022	30,615	3,428	4,218	3,702	28,526
More than 5 years	115	130	151	957	111	122	149	924
Total	6,743	6,908	6,095	56,112	¥6,244	¥6,315	¥5,538	$51,960
Less:Future finance cost	498	593	556	4,144				
Present value of minimum lease payments	¥6,244	¥6,315	¥5,538	$51,960				

2) Operating leases

The Group uses a variety of property, plant and equipment under non-cancellable operating lease agreements.

Lease expenses presented in the consolidated statements of profit or loss for fiscal year ended March 31, 2014 and 2015 are ¥5,696 million and ¥8,913 million, respectively.

Future minimum lease payments under non-cancellable operating leases are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Less than 1 year	¥ 7,546	¥ 7,532	$ 62,794
1-5 years	11,804	12,767	98,228
More than 5 years	1,379	1,221	11,475
Total	¥20,729	¥21,521	$172,497

(2) As lessor

1)Finance leases

The Group primarily leases business technologies equipments based on finance lease agreements.

Gross investment in leases under finance lease agreements and the present value of minimum lease payments receivables are as follows:

	Millions of yen			Thousands of U.S. dollars	Millions of yen			Thousands of U.S. dollars
	Gross investment in the lease				Present value of minimum lease receivable			
	2015	2014	2013	2015	2015	2014	2013	2015
Less than 1 year	¥ 9,382	¥ 9,183	¥ 7,405	$ 78,073	¥ 8,514	¥ 8,615	¥ 6,953	$ 70,850
1-5 years	15,415	13,085	9,446	128,277	14,395	12,480	9,014	119,789
More than 5 years	103	127	41	857	100	115	39	832
Total	24,901	22,396	16,893	207,215	¥23,010	¥21,211	¥16,007	$191,479
Less: Unearned finance income	1,891	1,185	886	15,736				
Present value of minimum lease payments receivable	¥23,010	¥21,211	¥16,007	$191,479				

(Note 1) No material unguaranteed residual values are set for the lease transactions stated above.
(Note 2) No material allowance for doubtful accounts is recorded for finance lease receivables.

2) Operating leases

The Group principally leases business information equipments under non-cancellable operating lease agreements.

Future minimum lease receivables under non-cancellable operating leases are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Less than 1 year	¥4,157	¥2,076	$34,593
1-5 years	5,163	3,007	42,964
More than 5 years	14	2	117
Total	¥9,334	¥5,087	$77,673

16. Income taxes

(1)Deferred tax assets and deferred tax liabilities

1) Recognized deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are attributable to the following factors:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Retirement benefits	¥27,565	¥30,626	¥30,660	$229,383
Property, plant and equipment	2,851	3,157	3,700	23,725
Intangible assets	(2,927)	(2,834)	(2,859)	(24,357)
Inventories	13,145	12,086	8,728	109,387
Others	7,122	10,707	5,882	59,266
Net losses carried forward	19,501	35,192	50,283	162,278
Valuation allowance	(5,912)	(17,382)	(27,424)	(49,197)
Total	61,346	71,553	68,970	510,493
Deferred tax assets	64,291	74,348	71,605	535,000
Deferred tax liabilities	¥ 2,944	¥ 2,794	¥ 2,634	$ 24,499

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance, beginning of the year	¥71,553	¥68,970	$595,431
Recognized in profit or loss	(10,056)	2,318	(83,681)
Recognized in other comprehensive income	(1,651)	(780)	(13,739)
Business combinations	19	-	158
Others	1,481	1,044	12,324
Balance, end of the year	¥61,346	¥71,553	$510,493

2) Temporary differences not recognized as deferred tax assets

The Group recognizes deferred tax assets after taking into consideration deductible temporary differences, the forecasted future taxable profits and tax planning. Deductible temporary differences and net losses carried forward that are not recognized for deferred tax assets on this basis are as follows:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Deductible temporary differences	¥ 1,463	¥16,958	¥20,094	$ 12,174
Net losses carried forward	¥15,625	¥30,651	¥52,207	$130,024

Net losses carried forward that are not expected to recognized for deferred tax assets, as of the end of the current fiscal year is as follows;

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
5 years or less	¥ 636	¥ 7,721	¥ 5,122	$ 5,293
More than 5 years	14,988	22,929	47,084	124,723
Total	¥15,625	¥30,651	¥52,207	$130,024

(2)Income tax expense

1) Income tax expense recognized in profit or loss

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Current income tax expense	¥14,465	¥11,624	$120,371
Deferred income tax expense			
(Increase) Decrease in temporary differences	5,834	(7,367)	48,548
(Increase) Decrease in net losses carried forward	15,690	15,091	130,565
Increase (Decrease) in valuation allowance	(11,469)	(10,042)	(95,440)
Subtotal	10,056	(2,318)	83,681
Total	¥24,521	¥ 9,305	$204,053

2) Income tax expense recognized in other comprehensive income

Income tax expense recognized in other comprehensive income is indicated in note 30 “Other Comprehensive Income”.

3) Reconciliation of the effective tax rate

The Japanese statutory income tax rate is used by the Company and its domestic consolidated subsidiaries as a basis for calculating corporate tax, inhabitant tax and business tax deductions. The tax rate is 38.01% for the previous fiscal year, 35.64% for the current fiscal year, 33.10% for the next fiscal year (ending March 31, 2016) and 32.34% for the following fiscal year (ending March 31, 2017). These figures are the result of decreases in the corporate tax rate and the cessation of the Special Reconstruction Surtax.

Income taxes for foreign operations are based on the tax laws of the respective jurisdictions.

Differences in the statutory income tax rate and average effective tax rate are attributable to the following.

	%	
	2015	2014
Statutory income tax rate	35.6	38.0
Valuation allowance	(10.3)	(25.0)
Non-taxable revenue	(2.6)	(1.4)
Non-deductible expenses	4.3	2.5
Difference in statutory tax rate of foreign subsidiaries	(2.9)	(3.1)
Tax credits for research and development cost and others	(4.7)	(1.3)
Year-end adjustment to deferred tax assets due to tax rate revisions	11.6	5.0
Others	6.5	9.9
Average effective tax rate after application of tax effect accounting	37.4	24.7

17. Trade and other payables

The components of trade and other payables as of March 31, 2015, 2014, and the Transition Date are as follows:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Notes and accounts payable-trade	¥ 98,152	¥ 96,240	¥ 85,534	$ 816,776
Accounts payable-capital expenditure	5,128	6,768	4,526	42,673
Accounts payable-others	73,868	67,898	56,075	614,696
Others	414	402	469	3,445
Total	¥177,564	¥171,309	¥146,605	$1,477,607

18. Bonds and borrowings

Summary of bonds and borrowings is as follows:

	Millions of yen					Millions of U.S. dollars
	2015	2014	2013	interest rate (%) (Note1)	Repayment or redemption date	2015
Short-term loans payable	¥ 25,644	¥ 37,078	¥ 67,398	1.080	-	$ 213,398
Current portion of bonds	20,000	-	-	0.609	-	166,431
Current portion of long-term loans payable	5,001	27,003	23,990	2.012	-	41,616
Current portion of lease obligations (Note 2)	2,704	1,973	1,686	-	-	22,501
Non-current portion of bonds (Note 3)(Note 4)	50,000	70,000	70,000	0.796	-	416,077
Non-current portion of long-term loans payable (Note 4)	58,696	62,042	63,507	1.144	May 2016 to February 2022	488,441
Non-current portion of lease obligations (Note 2)(Note 4)	3,540	4,341	3,852	-	April 2016 to September 2026	29,458
Total	165,586	202,439	230,435	-		1,377,931
Current	53,349	66,054	93,076	-		443,946
Non-current	¥112,236	¥136,384	¥137,359	-		$ 933,977

(Note 1) Interest rates indicated are weighted average interest rates at the end of the fiscal year.
(Note 2) Interest rates on lease obligations are not indicated, as lease obligations stated in the consolidated statement of financial position are inclusive of the interests.
(Note 3) The carrying amounts of bond are as follows:

			Millions of yen					Millions of U.S. dollars
Company	Name	Issue date	2015	2014	2013	interest rate (%)	Redemption date	2015
Konica Minolta	No1 Unsecured Bonds	December 2, 2010	¥20,000	¥20,000	¥20,000	0.609	December 2, 2015	$166,431
Konica Minolta	No2 Unsecured Bonds	December 2, 2010	10,000	10,000	10,000	0.956	December 1, 2017	83,215
Konica Minolta	No3 Unsecured Bonds	December 2, 2011	20,000	20,000	20,000	0.610	December 2, 2016	166,431
Konica Minolta	No4 Unsecured Bonds	December 2, 2011	20,000	20,000	20,000	0.902	November 30, 2018	166,431
Total	-	-	¥70,000	¥70,000	¥70,000	-	-	$582,508

(Note 4) Bonds, long-term borrowings and lease obligations that are as due for repayment after one year but within five years of the end of the fiscal year are listed in note 32 “Financial instruments”.

19. Provisions

Summary of provisions and the changes are as follows:

	Millions of yen				
	Provision for product warranties (Note 1)	Provision for restructuring (Note 2)	Asset retirement obligations (Note 3)	Other provisions (Note 4)	Total
Balance at March 31,2014	¥1,441	¥3,092	¥1,268	¥2,146	¥7,948
Provisions made	1,092	798	111	1,749	3,751
Provisions utilized	(534)	(2,692)	(81)	(817)	(4,125)
Provisions reversed	(245)	(78)	(158)	(399)	(882)
Effects of changes in foreign exchange rates	16	(24)	1	(8)	(14)
Balance at March 31,2015	**1,770**	**1,095**	**1,141**	**2,671**	**6,678**
Current	1,770	1,095	164	2,512	5,542
Non-current	¥ -	¥ -	¥ 976	¥ 159	¥1,135

	Thousands of U.S. dollars				
	Provision for product warranties (Note 1)	Provision for restructuring (Note 2)	Asset retirement obligations (Note 3)	Other provisions (Note 4)	Total
Balance at March 31,2014	$11,991	$25,730	$10,552	$17,858	$66,140
Provisions made	9,087	6,641	924	14,554	31,214
Provisions utilized	(4,444)	(22,402)	(674)	(6,799)	(34,326)
Provisions reversed	(2,039)	(649)	(1,315)	(3,320)	(7,340)
Effects of changes in foreign exchange rates	133	(200)	8	(67)	(117)
Balance at March 31,2015	**14,729**	**9,112**	**9,495**	**22,227**	**55,571**
Current	14,729	9,112	1,365	20,904	46,118
Non-current	$ -	$ -	$ 8,122	$ 1,323	$ 9,445

(Note 1) The provision for product warranties is the amount set by the Group to guarantee the reliability and functionality of its products. This provision is calculated based on the historical customer claim. Future occurrence of such claims may differ from past experience. However, the company is of the opinion that the provision amounts will not be significantly different should the assumptions and estimates change.
(Note 2) The provision for restructuring is an expense recognized for rationalization or business restructuring to improve the profitability of the Group's businesses. Payment periods are affected by future business plans and other factors.
(Note 3) Asset retirement obligations are provided for the Group's obligation to restore leased offices, buildings and other facilities to their original condition. Recognized amounts are future payment estimated based on past experience with restoring properties to their original condition. In principle, these obligations are paid more than one year after incurred. However, they may be affected by future business plans and other factors.
(Note 4) Others include a provision for loss on litigation.

20. Other financial liabilities

The components of other financial liabilities as of March 31, 2015, 2014, and the Transition Date are as follows:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	**2015**
Derivative financial liabilities	**¥1,559**	¥758	¥1,342	**$12,973**
Contingent consideration	**-**	494	1,230	**-**
Total	**1,559**	1,252	2,573	**12,973**
Current	**1,020**	1,026	2,342	**8,488**
Non-current	**¥ 539**	¥ 226	¥ 230	**$ 4,485**

21. Employee benefits

The Group has in place a corporate pension plan and a lump-sum payments on retirement plan as defined benefit pension plans, and a defined contribution-type corporate pension plan as a defined contribution pension plan.

In some cases, the Group pays additional severance benefits to retiring employees.

An employee pension trust has been established for the Company's plan assets.

Funding standards, fiduciary responsibility and disclosure are consistent for domestic corporate pension plans, and the Asset Investment Committee meets regularly. An actuarial review is conducted every five years based on the Company's financial condition and asset investment forecast. If funding standards are not satisfied, premiums are increased.

Plan assets are legally separate from the Group. Asset investment beneficiaries are responsible for plan assets and have a duty of loyalty to pension plan enrollees, such management responsibilities as a dispersed investment obligation, and a duty to prevent conflicts of interest.

Plan assets are invested on the basis of soundness. However financial instruments have inherent investment risks. Discount rates and other aspects of defined benefit plan obligations are based on pension actuarial assumptions. Accordingly, there exists a risk that these assumptions may change.

A defined contribution plan is a post-retirement benefit plan under which an employer contributes a fixed amount to an independent company and has no legal or constructive obligation to pay an amount in excess of the contributed amount.

1) Defined benefit plan

Amounts of defined benefit plan in the consolidated statement of financial position are as follows:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	**2015**
Present value of the defined benefit obligation	**¥197,483**	¥183,425	¥173,976	**$1,643,364**
Fair value of the plan assets	**135,649**	118,718	109,085	**1,128,809**
Net liability in the consolidated statement of financial position	**61,833**	64,707	64,890	**514,546**
Defined benefit assets	**205**	221	191	**1,706**
Defined benefit liabilities	**¥ 62,039**	¥ 64,928	¥ 65,082	**$ 516,260**

Changes in the present value of the defined benefit obligation are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Balance, beginning of the year	**¥183,425**	¥173,976	**$1,526,379**
Current service cost	**5,689**	4,849	**47,341**
Past service cost	**(81)**	-	**(674)**
Interest cost	**3,121**	3,583	**25,972**
Remeasurement:			
Actuarial gains and losses arising from changes in demographic assumptions	**1,566**	(145)	**13,032**
Actuarial gains and losses arising from changes in financial assumptions	**11,565**	4,806	**96,239**
Benefits paid	**(9,298)**	(9,453)	**(77,374)**
Effect of changes in foreign exchange rates and others	**1,495**	5,809	**12,441**
Balance, end of the year	**¥197,483**	¥183,425	**$1,643,364**

(Note) As of the end of the current fiscal year, the weighted average payment period for defined benefit plan obligations was 12.2 years.

Changes in the fair value of the plan assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Balance, beginning of the year	¥118,718	¥109,085	$ 987,917
Interest income	2,407	2,593	20,030
Remeasurement:			
Return on plan assets (net)	13,109	2,929	109,087
Contributions by the employer	7,246	7,104	60,298
Benefits paid	(7,328)	(7,881)	(60,980)
Effect of changes in foreign exchange rates and others	1,496	4,886	12,449
Balance, end of the year	¥135,649	¥118,718	$1,128,809

Summary of the fair value of the plan assets is as follows:

	Millions of yen								
	2015			2014			2013		
	Quoted market price in an active market			Quoted market price in an active market			Quoted market price in an active market		
	Yes	No	Total	Yes	No	Total	Yes	No	Total
Debt securities (Foreign)	¥27,010	¥ -	¥ 27,010	23,208	¥ -	¥ 23,208	22,038	¥ -	¥ 22,038
Debt securities (Domestic)	3,870	-	3,870	11,030	-	11,030	15,968	-	15,968
Equity securities (Foreign)	7,151	-	7,151	10,417	-	10,417	8,294	-	8,294
Equity securities (Domestic)	19,552	-	19,552	17,994	-	17,994	11,063	-	11,063
Employee pension trust (Foreign equity securities)	18,931	-	18,931	11,773	-	11,773	10,354	-	10,354
Employee pension trust (Domestic equity securities)	10,801	-	10,801	11,824	-	11,824	9,949	-	9,949
Life insurance company general accounts	-	11,920	11,920	-	11,824	11,824	-	17,544	17,544
Others	28,317	8,091	36,409	18,624	2,021	20,645	12,277	1,594	13,872
Total			¥135,649			¥118,718			¥109,085

(Note 1) Plan assets are invested in securities, shares and derivatives.
(Note 2) In accordance with the requirements of defined-benefit pension plans, a regular contribution must be made at least annually. To ensure a financial balance between forecasted benefit requirement and expected investment income, this amount is calculated based on the assumptions of interest rates, rates of mortality, withdrawal rates and forecast amounts for other required benefit expenses. Furthermore, this contribution amount is subject to actuarial review every five years. If the reserve amount is below that provided by minimum funding standards, a fixed amount must be contributed. The calculation method used for the Company's defined benefit plans takes into consideration deductible amounts under tax law, the status of plan assets reserves and various actuarial calculations.
(Note 3) Expected contributions to plan assets in the next fiscal year are ¥7,211 million.

	Thousands of U.S. dollars		
	2015		
	Quoted market price in an active market		
	Yes	No	Total
Debt securities (Foreign)	$224,765	$ -	$ 224,765
Debt securities (Domestic)	32,204	-	32,204
Equity securities (Foreign)	59,507	-	59,507
Equity securities (Domestic)	162,703	-	162,703
Employee pension trust (Foreign equity securities)	157,535	-	157,535
Employee pension trust (Domestic equity securities)	89,881	-	89,881
Life insurance company general accounts	-	99,193	99,193
Others	235,641	67,330	302,979
Total			$1,128,809

Principal actuarial assumptions used to measure defined benefit obligations are as follows:

	%		
	2015	2014	2013
Discount rate	**0.71**	1.00	1.42

The table below indicates the effect of a 0.5% increase or decrease in major actuarial assumptions, while other variables are kept constant. In reality, individual assumptions may be simultaneous affected by fluctuations in economic indicators and conditions. Accordingly, because fluctuations may occur independently or mutually, the actual impact of these fluctuations on defined benefit plan obligations may differ from these assumptions.

	Millions of yen				Thousands of U.S. dollars	
	2015		2014		**2015**	
	Increase	**Decrease**	Increase	Decrease	**Increase**	**Decrease**
Effect of change of discount rate	**(¥6,522)**	**¥6,698**	(¥6,467)	¥6,897	**($54,273)**	**$55,738**

2) Defined contribution plan

The amount recorded as expenses in relation to defined contribution plans are the amounts contributed to these plans during the year. This amount was ¥4,560 million for the current fiscal year (previous fiscal year: ¥4,102 million).

3) Other employee benefits

Certain U.S. subsidiaries employ a Supplemental Executive Retirement Plan (SERP). Obligations incurred under this plan amounted to ¥2,362 million for the current fiscal year (previous fiscal year: ¥1,646 million, Transition Date: ¥1,197 million). These amounts are recognized as other non-current liabilities.

22. Equity and other equity items

(1)Share capital and Treasury shares

	Number of authorized shares	Number of issued shares (Note 1) (Note 2)	Number of treasury shares
At April 1, 2013	1,200,000,000	531,664,337	1,346,048
Increase (Note 3)	-	-	15,402,953
Decrease	-	-	28,313
At March 31, 2014	1,200,000,000	531,664,337	16,720,688
Increase (Note 3)	**-**	**-**	**13,143,715**
Decrease (Note 4)	**-**	**20,000,000**	**20,063,332**
At March 31, 2015	**1,200,000,000**	**511,664,337**	**9,801,071**

(Note 1) Shares issued by the Company are non-par value ordinary shares.
(Note 2) Issued shares are fully paid.
(Note 3) Based on a Board of Directors resolution on January 30, 2014, and a Board of Directors resolution on July 30, 2014, 15,365,000 treasury shares were acquired in the previous fiscal year, and 13,135,900 treasury shares were acquired in the current fiscal year.
(Note 4) Based on a Board of Directors resolution on July 30, 2014, 20,000,000 treasury shares were cancelled on August 29, 2014.

(2) Share premium

Under the Companies Act of Japan (“Companies Act”), at least 50% of the proceeds of certain issues of common shares shall be credited to share capital. The remainder of the proceeds shall be credited to share premium. The Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to share capital.

(3)Retained earnings

The Companies Act provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as a legal reserve until the aggregate amount of the additional paid-in capital and the legal reserve equals 25% of share capital. The legal reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

(4)Other Components of Equity

	Millions of yen					
	Remeasurements of defined benefit plans (Note 1)	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income (Note 2)	Net gain (loss) on derivatives designated as cash flow hedges (Note 3)	Exchange differences on translating foreign operations (Note 4)	Share of other comprehensive income of investments accounted for using the equity method (Note 5)	Total
Balance at April 1, 2013	¥ -	¥3,322	(¥163)	¥ -	(¥7)	¥ 3,150
Increase (decrease)	(1,428)	1,776	187	22,999	2	23,537
Transfer to retained earnings	1,428	(16)	-	-	-	1,411
Balance at March 31, 2014	-	5,081	23	22,999	(4)	28,100
Increase (decrease)	**(222)**	**3,840**	**(348)**	**15,022**	**5**	**18,297**
Transfer to retained earnings	**222**	**(714)**	**-**	**-**	**-**	**(492)**
Balance at March 31, 2015	**¥ -**	**¥8,207**	**(¥324)**	**¥38,022**	**¥0**	**¥45,905**

(Note 1) Remeasurements of defined benefit pension plans are differences in return on plan assets and interest income on plan assets due to differences between actuarial assumptions at the start of the year and actual results.
(Note 2) Net gain (loss) on revaluation of financial assets measured at fair value through OCI is cumulative in nature.
(Note 3) Net gain (loss) on derivatives designated as cash flow is that the effective portion of the cumulative differences in fair value of derivative transactions designated as cash flow hedges.
(Note 4) Exchange differences on translation of foreign operations are exchange differences resulting from the translation of financial statements of foreign operations and exchange differences on the net investment hedge on foreign operations.
(Note 5) Share of other comprehensive income of associates accounted for using the equity method includes the cumulative net gain (loss) on revaluation of financial assets measured at fair value held by associates.

	Thousands of U.S. dollars					
	Remeasurements of defined benefit plans	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Net gain (loss) on derivatives designated as cash flow hedges	Exchange differences on translating foreign operations	Share of other comprehensive income of investments accounted for using the equity method	Total
Balance at March 31, 2014	$ -	$42,282	$ 191	$191,387	($33)	$233,835
Increase (decrease)	**(1,847)**	**31,955**	**(2,896)**	**125,006**	**42**	**152,259**
Transfer to retained earnings	**1,847**	**(5,942)**	**-**	**-**	**-**	**(4,094)**
Balance at March 31, 2015	**$ -**	**$68,295**	**($2,696)**	**$316,402**	**$ 0**	**$382,000**

23. Dividends

Dividend payments are as follows. The source of dividends is retained earnings.

Previous fiscal year (From April 1, 2013 to March 31, 2014)

		Millions of Yen	Yen		
Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date
Board of Directors' meeting held on May 10, 2013	Ordinary shares	¥3,977	¥ 7.50	March 31, 2013	May 27, 2013
Board of Directors' meeting held on October 31, 2013	Ordinary shares	¥5,303	¥10.00	September 30, 2013	November 27, 2013

(Note) Based on a resolution at a Board of Directors meeting held on October 31, 2013, the interim dividend of ¥10 per share includes a commemorative dividend of ¥2.50.

Current fiscal year (From April 1, 2014 to March 31, 2015)

		Millions of Yen	Yen			Thousands of U.S. dollars	U.S.dollars
Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date	Amount of dividends	Dividends per share
Board of Directors' meeting held on May 9, 2014	Ordinary shares	**¥3,862**	**¥ 7.50**	March 31, 2014	May 27, 2014	**$32,138**	**$0.06**
Board of Directors' meeting held on October 31, 2014	Ordinary shares	**¥5,039**	**¥10.00**	September 30, 2014	November 27, 2014	**$41,932**	**$0.08**

Dividends with an effective date in the following fiscal year are as follows. The source of dividends is retained earnings.

		Millions of Yen	Yen			Thousands of U.S. dollars	U.S.dollars
Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date	Amount of dividends	Dividends per share
Board of Directors' meeting held on May 13, 2015	Ordinary shares	**¥5,018**	**¥10.00**	March 31, 2015	May 28, 2015	**$41,758**	**$0.08**

24. Revenue

The components of revenue for fiscal years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Sales of goods	**¥ 591,891**	¥592,222	**$4,925,447**
Rendering of services	**410,866**	342,992	**3,419,040**
Total	**¥1,002,758**	¥935,214	**$8,344,495**

25. Other income

The components of other income for the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Gain on sale of property, plant and equipment and intangible assets (Note)	**¥3,486**	¥ 624	**$29,009**
Gain on sale of patents	**81**	809	**674**
Others	**3,249**	3,433	**27,037**
Total	**¥6,817**	¥4,866	**$56,728**

(Note) The gain on sale of property, plant and equipment and intangible assets in the current fiscal year was primarily attributable to the sale of idle assets in Japan.

26. Other expenses

The components of other expenses for the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Impairment losses (Note 1) (Note 6)	¥ 5,185	¥17,487	$ 43,147
Business restructuring improvement expenses (Note 2)	3,857	8,927	32,096
Loss on sales and disposals of property, plant and equipment and intangible assets	2,333	2,672	19,414
Environmental expenditures (Note 3)	1,169	641	9,728
Loss on disposal of mass-produced trial products (Note 4)	1,096	-	9,120
Loss on sales of shares of subsidiaries and associates (Note 5)	1,016	-	8,455
Loss on business withdrawal (Note 6)	-	4,222	-
Others	4,936	3,855	41,075
Total	¥19,595	¥37,806	$163,061

(Note 1) For details on impairment losses, please refer to “13 Impairment losses on non-financial assets.”
(Note 2) Business restructuring expenses for the current fiscal year include expenses related to structural reform of sales sites in Europe in the Business Technologies Business, discontinuation of in-house silver nitrate manufacturing for the Healthcare Business, and improvement of the production system of optical products for the Industrial Business. Business restructuring expenses for the previous consolidated fiscal year include expenses related to structural reform of sales sites in Europe and North America for the Business Technologies Business, a review of the production system for lens units used in mobile phones in the Industrial Business and termination of the Group’s film production in the Healthcare Business, as well as extra retirement payments to early retirees in line with the implementation of an early retirement incentive program.
(Note 3) Environmental expenditures primarily comprise expenses related to soil remediation on idle land in North America and Japan.
(Note 4) Loss on disposal of mass-produced trial products is the loss on disposal of mass-produced trial products generated by the Industrial Business in the process of launching new products.
(Note 5) Loss on sales of shares of subsidiaries and associates is a loss on the transfer of shares in subsidiaries and associates in relation to the structural reform of sales sites of Europe for the Business Technologies Business.
(Note 6) In the previous fiscal year, the loss on business withdrawal included an impairment loss associated with the withdrawal from the glass substrates for HDDs business for the Industrial Business, and losses on the disposal of inventories. Also, impairment losses include a loss of ¥11,910 million generated from the withdrawal of the glass substrates for HDDs business.

27. Operating expenses by nature

Principal components within operating expenses (total of cost of sales, selling, general and administrative expenses and other expenses) by nature are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Personnel expenses	¥321,111	¥299,559	$2,672,139
Depreciation and amortization expenses	¥ 47,905	¥ 43,827	$ 398,644

The total amount of research and development expenses included in operating expenses for the current fiscal year is ¥74,295 million (Previous fiscal year: ¥69,599 million).

28. Finance income and costs

The components of finance income and costs, for fiscal years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Finance income			
Interest income (Note 1)			
Financial assets measured at amortized cost	¥1,689	¥1,641	$14,055
Dividends received			
Financial assets measured at FVTOCI	844	480	7,023
Gain on valuation of investment securities			
Financial assets measured at FVTPL	7	3	58
Total	2,541	2,125	21,145
Finance costs			
Interest expense (Note 1)			
Financial assets measured at amortized cost	2,276	2,642	18,940
Financial assets measured at FVTPL	121	209	1,007
Foreign exchange loss (net) (Note 2)	449	232	3,736
Total	¥2,848	¥3,084	$23,700

(Note 1) Valuation gains or losses on interest rate derivatives are included in interest income or interest expense.
(Note 2) Valuation gains or losses on currency derivatives are included in foreign exchange differences.

29. Earnings per share

A calculation of basic and diluted earnings per share attributable to owners of the Company for fiscal years ended March 31, 2015 and 2014 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Basis of calculating basic earnings per share			
Profit for the year attributable to owners of the Company	¥40,934	¥28,354	$340,634
Profit for the year not attributable to owners of the Company	-	-	-
Profit for the year to calculate basic earnings per share	40,934	28,354	340,634
Adjustments of profit for the year	-	-	-
Profit for the year to calculate diluted earnings per share	¥40,934	¥28,354	$340,634

	Thousands of shares	
	2015	2014
Weighted average number of ordinary shares outstanding during the period	505,282	528,269
Increase in the number of ordinary shares under subscription rights to shares	1,412	1,281
Weighted average number of diluted ordinary shares outstanding during the period	506,695	529,550

	Yen		U.S. dollars
	2015	2014	2015
Basic earnings per share attributable to owners of the Company	¥81.01	¥53.67	$0.67
Diluted earnings per share attributable to owners of Company	¥80.79	¥53.54	$0.67

30. Other comprehensive income

Changes in other comprehensive income during the year are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Items that will not be reclassified to profit or loss			
Remeaurements of defined benefit pension plans			
Amount arising during the year	**(¥ 21)**	(¥ 1,731)	**($ 175)**
Income tax expense	**(201)**	303	**(1,673)**
Net of tax effects	**(222)**	(1,428)	**(1,847)**
Net gain (loss) on revaluation of financial assets measured at fair value			
Amount arising during the year	**5,468**	2,759	**45,502**
Income tax expense	**(1,627)**	(983)	**(13,539)**
Net of tax effects	**3,840**	1,776	**31,955**
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	**5**	2	**42**
Subtotal	**3,623**	350	**30,149**
Items that may be subsequently reclassified to profit or loss			
Net gain (loss) on derivatives designated as cash flow hedge			
Amount arising during the year	**327**	(1,405)	**2,721**
Reclassification adjustments	**(848)**	1,692	**(7,057)**
Income tax expense	**171**	(99)	**1,423**
Net of tax effects	**(348)**	187	**(2,896)**
Exchange differences on translation of foreign operations			
Amount arising during the year	**14,778**	23,051	**122,976**
Reclassification adjustments	**245**	-	**2,039**
Income tax expense	**5**	-	**42**
Net of tax effects	**15,029**	23,051	**125,064**
Subtotal	**14,680**	23,239	**122,160**
Total	**¥18,304**	¥23,590	**$152,318**

In addition to the above, amounts attributable to non-controlling interests are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Exchange differences on translation of foreign operations	**¥6**	¥52	**$50**
Total	**¥6**	¥52	**$50**

31. Share-based payments

The Group's share-based payments arise from the share options to the Company's directors (excluding outside directors) and executive officers.

No vesting conditions are attached, but in the event that an executive officer retires prior to the completion of his target service period, he may retain a number of subscription rights to shares corresponding to that number granted multiplied by the number of months in appointment (from the month prior to the month in which the target service period started until the month in which the executive retired) and divided by 12. The remaining subscription rights to shares are to be returned free of charge.

The exercise period is defined in an allocation agreement, and the options are forfeited if not exercised during that period. Options are also forfeited if the executive retires between the grant date and the date of rights allotment.

Rights exercise conditions stipulate that the rights exercise period as one year from the date when the executive steps down from his position.The Group accounts for share-based payments as equity-settled share-based payments. Expenses related to equity-settled share-based payment transactions are recognized as selling, general and administrative expenses in the consolidated statements of profit or loss. This amount for the current fiscal year is ¥159 million (previous fiscal year: ¥165 million)

	Number of share options granted	Grant date	Exercise Period	Exercise price (Yen)	Fair value at the grant date (Yen)
1st	194,500	August 23, 2005	June 30, 2025	¥1	¥1,071
2nd	105,500	September 1, 2006	June 30, 2026	1	1,454
3rd	113,000	August 22, 2007	June 30, 2027	1	1,635
4th	128,000	August 18, 2008	June 30, 2028	1	1,419
5th	199,500	August 19, 2009	June 30, 2029	1	776
6th	188,000	August 27, 2010	June 30, 2030	1	664
7th	239,500	August 23, 2011	June 30, 2031	1	428
8th	285,500	August 22, 2012	June 30, 2032	1	518
9th	257,500	August 22, 2013	June 30, 2043	1	678
10th	159,600	September 11, 2014	June 30, 2044	¥1	¥1,068

	2015		2014	
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)
Outstanding at April 1, 2014	**1,373,000**	**¥1**	1,148,000	¥1
Granted	**159,600**	**1**	257,500	1
Exercised	**63,000**	**1**	27,500	1
Forfeited	**9,500**	**1**	5,000	1
Outstanding at March 31, 2015	**1,460,100**	**1**	1,373,000	1
Exercisable at March 31, 2015	**1,460,100**	**¥1**	1,373,000	¥1

(Note 1) The number of share options outstanding for each fiscal year is converted to the number of shares.
(Note 2) The weighted average share price for share options exercised during the year was ¥1,013 (Previous consolidated fiscal year: ¥833).
(Note 3) The weighted average remaining number of years for unexercised share options in the current fiscal year was 18 years (previous fiscal year: 18 years).

The Group uses valuation technique, i.e. Black-Scholes model, to estimate the fair value of the share options, and the primary underlying data and estimation methods are as follows:

	2015	2014
	10th	9th
Share price at the date of grant (Yen)	¥1,228	¥799
Exercise price (Yen)	¥ 1	¥ 1
Expected volatility (Note 1)	39.743%	40.573%
Expected option life (Note 2)	9yrs10mnts	8yrs10mnts
Expected dividends (Per share) (Note 3)	¥ 17.50	¥ 15.00
Risk-free interest rate (Note 4)	0.530%	0.669%

(Note 1) Calculations are based on share price performance up to the grant date, according to expected option life.
(Note 2) Estimates are based on the weighted average appointment period of grantees and the subsequent exercisable period for rights.
(Note 3) Estimates are based on past dividend performance and the Company's dividend policy.
(Note 4) This is the compound interest yield on long-term interest-bearing government bonds within three months of the redemption date from the expected option life.

32. Financial instruments

(1) Capital management

The Group actively monitors and manages its capital and debt structure in relation to economic conditions and current company circumstances, and raises necessary funds for working capital, capital expenditure, investment and loans and other items. Short-term working capital is primarily funded through bank loans. In addition, the Group maintains commitment-type credit lines with financial institutions. These credit lines are limited to 100 billion Japanese yen and with expire at the end of September 2019. Temporary surpluses are invested in extremely safe financial assets.

Under "TRANSFORM 2016," the Group's three-year medium-term plan from fiscal year 2014 through fiscal year 2016, the Group is working to boost capital efficiency, streamline the balance sheet and strengthen shareholder returns. The Group aims to achieve return on equity (ROE) of 10% or more by fiscal year 2016 . (This figure is based on shareholders' equity under Japanese GAAP, and is the total of share capital, share premium, retained earnings and treasury shares.) The Group is not subject to any material capital restrictions.

The principal indicators the Company uses for capital management are as follows:

	2015	2014
ROE (Note)	8.0%	5.9%

(Note) Profit for the year attributable to owners of the Company / equity attributable to owners of the Company (average for the period)

	2015	2014	2013
Equity ratio (Note 1)	53.1%	49.9%	48.6%
D/E ratio (Note 2)	0.31 times	0.41 times	0.49 times
Net D/E ratio (Note 3)	- 0.02 times	0.03 times	0.03 times

(Note 1) Equity attributable to owners of the Company / total equity
(Note 2) Interest-bearing debt / equity attributable to owners of the Company
(Note 3) (Interest-bearing debt - cash and cash equivalents) / equity attributable to owners of the Company

(2)Categories of financial instruments

1) The Group classifies financial instruments as follows:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Financial assets				
Cash and cash equivalents	¥177,496	¥188,489	¥214,556	$1,477,041
Financial assets measured at amortized cost				
Trade and other receivables (net)	252,962	247,067	214,616	2,105,035
Other financial assets	7,690	8,960	8,374	63,993
Financial assets measured at FVTOCI				
Other financial assets	30,428	27,514	20,237	253,208
Financial assets measured at FVTPL				
Other financial assets	5,017	3,213	2,291	41,749
Total	473,594	475,245	460,076	3,941,034
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade and other payables	177,564	171,309	146,605	1,477,607
Bonds and borrowings	165,586	202,439	230,435	1,377,931
Financial liabilities measured at FVTPL				
Other financial liabilities	1,559	1,252	2,573	12,973
Total	¥344,710	¥375,001	¥379,614	$2,868,520

2) Financial assets designated as FVTOCI

Shares and other equity financial instruments are held primarily for the purpose of participating in the management of the investees, encouraging an alliance of enterprises or reinforcing sales foundations. These are financial assets designated as FVTOCI.

The names and fair value of principal equity financial instruments are as follows:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
OMRON Corporation	¥2,900	¥2,248	¥1,291	$24,132
Marubeni Corporation	2,593	2,527	2,588	21,578
MGI Digital Graphic Technology S.A.	1,829	2,884	-	15,220
ROHM Co., Ltd.	1,813	1,068	-	15,087
Mitsubishi Logistics Corporation	¥1,642	¥1,200	¥1,486	$13,664

To increase the efficiency of held assets, the fair value of equity financial instruments is periodically reviewed. The financial condition of the issuers determined and the ongoing holding status of these instruments are reviewed.

The fair value at the time of sale of shares during the year, cumulative gains or losses recognized in other components of equity (net of tax effects), and total dividends received are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Fair value at time of sale	¥3,266	¥397	$27,178
Cumulative gains (net of tax effects)	1,065	75	8,862
Dividends received	¥ 112	¥ 2	$ 932

(3)Financial risk management

1) Credit risk (risk that counterparties will fail to fulfill their contractual obligations)

Customer credit risk is an inherent part of trade and other receivables. For that reason, with regard to its trade receivables the Group regularly monitors the condition of its key business partners to determine potential unrecoverability due to worsening financial conditions at an early stage and to reduce this risk. The Group also has a policy of managing receivables for each of its transaction partners by date and balance. For new customers, the Group employs third-party credit ratings, bank references and other available information to analyze individual credit conditions. The Group's policy is to set credit limits for each customer and monitor these on an ongoing basis.

The Group uses derivative transactions to hedge foreign exchange fluctuation risk and interest rate fluctuation risk. The financial institutions that are counterparties to such transactions present credit risks. However, the Group believes its credit risk related to counterparties failing to fulfill their obligations is low, as the Group only conducts such transactions with financial institutions of high credit ratings. Any major exposure to credit risk in financial assets is stated in the carrying amounts presented in the consolidated statement of financial position.

(a) Past-due receivables

The allowance for doubtful accounts on past-due trade and other receivables is as follows:

As of April 1, 2013

	Millions of yen			
	Amount past due			
	Less than 3 months	More than 3 months, less than 6 months	More than 6 months, less than 12 months	More than 12 months
Trade and other receivables (Gross)	¥20,113	¥3,483	¥1,892	¥3,681
Allowance for doubtful accounts	(462)	(690)	(702)	(1,798)
Trade and other receivables (Net)	¥19,650	¥2,793	¥1,190	¥1,883

As of March 31, 2014

	Millions of yen			
	Amount past due			
	Less than 3 months	More than 3 months, less than 6 months	More than 6 months, less than 12 months	More than 12 months
Trade and other receivables (Gross)	¥25,617	¥3,797	¥2,988	¥4,633
Allowance for doubtful accounts	(816)	(604)	(929)	(2,265)
Trade and other receivables (Net)	¥24,800	¥3,193	¥2,059	¥2,367

As of March 31, 2015

	Millions of yen			
	Amount past due			
	Less than 3 months	More than 3 months, less than 6 months	More than 6 months, less than 12 months	More than 12 months
Trade and other receivables (Gross)	**¥26,958**	**¥3,938**	**¥3,022**	**¥4,406**
Allowance for doubtful accounts	**(458)**	**(453)**	**(1,401)**	**(2,758)**
Trade and other receivables (Net)	**¥26,500**	**¥3,484**	**¥1,621**	**¥1,647**

As of March 31, 2015

	Thousands of U.S. dollars			
	Amount past due			
	Less than 3 months	More than 3 months, less than 6 months	More than 6 months, less than 12 months	More than 12 months
Trade and other receivables (Gross)	**$224,332**	**$32,770**	**$25,148**	**$36,665**
Allowance for doubtful accounts	**(3,811)**	**(3,770)**	**(11,658)**	**(22,951)**
Trade and other receivables (Net)	**$220,521**	**$28,992**	**$13,489**	**$13,706**

(b) Allowance for doubtful accounts

The Group uses an allowance for doubtful accounts to record impairment losses on individually significant financial assets for their non-recoverable amounts and on financial assets that are not individually significant for the non-recoverable amounts estimated based on such factors as past performance of such financial assets.

The allowance for doubtful accounts for these financial assets is included in “trade and other receivables” and “other financial assets” in the consolidated statement of financial position. Changes in allowances for doubtful accounts for trade receivables and other financial assets in the respective fiscal years are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Balance, beginning of the year	**¥6,527**	¥5,934	**$54,315**
Provisions made	**2,210**	1,267	**18,391**
Provisions utilized	**(1,061)**	(1,192)	**(8,829)**
Provisions reversed	**(768)**	(410)	**(6,391)**
Effects of changes in foreign exchange rates	**3**	928	**25**
Balance, end of the year	**¥6,911**	¥6,527	**$57,510**

Taking into account such factors as customers’ financial conditions and past-due status, impairment losses recognized on trade and other receivables were ¥6,000 million, ¥6,218 million and ¥10,002 million at the Transition Date, end of the previous fiscal year and end of the current fiscal year, respectively. Allowances for doubtful accounts on these receivables were ¥685 million, ¥785 million and ¥1,407 million, respectively.

2) Liquidity risk (Risk of not being able to pay on the payment due date)

The Group raises funds through borrowings and other means. With these liabilities, the Group assumes liquidity risk arising from the possibility that it may become unable to meet its payment obligations on their due date, owing to deterioration in the fund-raising environment.

To control liquidity risk, the Company’s finance department creates and updates cash plans as necessary, based on information obtained from its consolidated subsidiaries and various departments. At the same time, the Company constantly monitors the operating environment to maintain and ensure appropriate on-hand liquidity in response to changing conditions.

Balances of long-term financial liabilities by due date are shown below. Contractual cash flows are undiscounted cash flows that do not include interest payment amounts.

As of April 1, 2013

	Millions of yen							
	Carrying amounts	Contractual cash flows	Less than 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years
Long-term loans payable	¥ 87,498	¥ 87,498	¥23,990	¥27,004	¥ 5,000	¥ 4,000	¥ 9,000	¥18,501
Bonds	70,000	70,000	-	-	20,000	20,000	10,000	20,000
Lease obligations	5,538	5,538	1,686	1,445	1,543	520	192	149
Others	2,573	2,573	2,342	230	-	-	-	-
Total	¥165,610	¥165,610	¥28,020	¥28,680	¥26,544	¥24,520	¥19,193	¥38,650

As of March 31, 2014

	Millions of yen							
	Carrying amounts	Contractual cash flows	Less than 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years
Long-term loans payable	¥ 89,045	¥ 89,045	¥27,003	¥ 5,001	¥ 4,001	¥ 9,001	¥ 3,000	¥41,038
Bonds	70,000	70,000	-	20,000	20,000	10,000	20,000	-
Lease obligations	6,315	6,315	1,973	2,333	1,123	575	186	122
Others	1,252	1,252	1,026	-	-	-	-	226
Total	¥166,613	¥166,613	¥30,003	¥27,335	¥25,124	¥19,576	¥23,186	¥41,387

As of March 31, 2015

	Millions of yen							
	Carrying amounts	Contractual cash flows	Less than 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years
Long-term loans payable	¥ 63,697	¥ 63,697	¥ 5,001	¥ 4,001	¥ 9,000	¥ 3,000	¥5,500	¥37,193
Bonds	70,000	70,000	20,000	20,000	10,000	20,000	-	-
Lease obligations	6,244	6,244	2,704	1,818	1,012	487	109	111
Others	1,559	1,559	1,020	-	-	-	-	539
Total	¥141,501	¥141,501	¥28,725	¥25,820	¥20,013	¥23,488	¥5,610	¥37,844

As of March 31, 2015

	Thousands of U.S. dollars							
	Carrying amounts	Contractual cash flows	Less than 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years
Long-term loans payable	$ 530,057	$ 530,057	$ 41,616	$ 33,294	$ 74,894	$ 24,965	$45,768	$309,503
Bonds	582,508	582,508	166,431	166,431	83,215	166,431	-	-
Lease obligations	51,960	51,960	22,501	15,129	8,421	4,053	907	924
Others	12,973	12,973	8,488	-	-	-	-	4,485
Total	$1,177,507	$1,177,507	$239,036	$214,862	$166,539	$195,456	$46,684	$314,921

3) Market risks (foreign exchange, share price and interest rate fluctuation risks)

(a) Foreign exchange fluctuation risk

As part of developing its global business, the Group has foreign currency receivables and payables, which are subject to foreign exchange fluctuation risk. To manage this risk, the Group determines its foreign exchange fluctuation risk in each currency every month and, in principle, hedges this risk by using forward exchange transactions and currency option transactions. Depending on foreign exchange market conditions, the Group may also enter into forward exchange contracts and currency option transactions on foreign currency receivables and payables for expected transactions it deems certain to occur.

Foreign exchange sensitivity analysis

The table below shows the impact on profit before tax in the consolidated statement of profit or loss of a 1% change in value of the U.S.dollar, the euro and the pound sterling against the yen due to its holdings of foreign currency receivables and payables at the end of each fiscal year. In making these calculations, the Group has assumed no changes in currencies other than those used.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
U.S. dollar	¥246	¥127	$2,047
Euro	(9)	(17)	(75)
Pound sterling	¥ 17	¥ 67	$ 141

(b) Share price fluctuation risk

The Group holds shares in other listed companies in the interest of cultivating business relationships, and these equity financial instruments are subject to share price fluctuation risk. Equity financial instruments are held to ensure the smooth operation of business strategies by participating in the management of the investees, encouraging an alliance of enterprises or reinforcing sales foundations, and not for earning investment returns through sales. With regard to equity financial instruments, the Group regularly monitors share prices and checks the issuing entity's financial condition.

Share price fluctuation sensitivity analysis

In the sensitivity analysis below, the Group calculates sensitivity based on the price risk on equity financial instruments at the end of the fiscal year. A 1% increase or decrease in share prices had a ¥261 million impact on cumulative other comprehensive income (net of taxes) as of the end of the previous fiscal year. As of the end of the current fiscal year, the sensitivity was a 283 million.

(c) Interest rate fluctuation risk

For debt instrument bearing variable interest rates, the Company enters into interest-rate swap contracts to hedge the potential risk to cash flows of interest rate fluctuations. The Company uses these derivative transactions according to defined policies for the purpose of reducing risk. No interest rate sensitivity analysis is conducted, as interest rate payments have only a slight impact on profits and losses on the Group's performance.

(4) Fair value of financial instruments

Fair value calculation method

The fair value of financial assets and financial liabilities is calculated as described below.

1) Derivative financial assets and liabilities

Fair value of currency derivatives is based on forward quotations and prices quoted by financial institutions that enter into these contracts. Fair value of interest rate derivatives is based on prices quoted by financial institutions that enter into these contracts.

2) Investment securities

Where market prices are available, fair value is based on market prices. For financial instruments whose market prices are not available, fair value is measured by discounting future cash flows or using other appropriate valuation methods, taking into account the individual nature, characteristics and risks of the assets.

3) Borrowings

As short-term loans payable are to be settled in a short period of time, their fair value is assumed to be equivalent to the carrying amounts.

For long-term borrowings with fixed interest rates, fair value is calculated by discounting the total amount of principal and interest using assumed interest rate of a new similar borrowing. As the fair value of long-term borrowings with variable interest rates is revised for each repricing period the carrying amounts,their fair value is assumed to be equivalent to carrying amounts.

4) Bonds

Fair value is calculated on the basis of market value.

5) Financial instruments other than those indicated above

Financial instruments other than those indicated above are mainly settled in the short term, so fair value is assumed to be equivalent to their carrying amounts.

The carrying amounts and fair values of principal financial instruments are as follows:

	Millions of yen						Thousands of U.S. dollars	
	2015		2014		2013		**2015**	
	Carrying amounts	Fair value	Carrying amounts	Fair value	Carrying amounts	Fair value	Carrying amounts	Fair value
Long-term loans payable	**¥ 63,697**	**¥ 63,317**	¥ 89,045	¥ 87,926	¥ 87,498	¥ 87,440	**$ 530,057**	**$ 526,895**
Bonds	**70,000**	**70,887**	70,000	71,040	70,000	71,309	**582,508**	**589,889**
Total	**¥133,697**	**¥134,204**	¥159,045	¥158,966	¥157,498	¥158,749	**$1,112,566**	**$1,116,785**

(Note) Long-term borrowings and bonds include balances redeemable within one year.

(5)Fair value hierarchy

Financial instruments which are measured at fair value are classified according to fair value hierarchy. The fair value hierarchy comprises levels 1 through 3, defined as follows:

Level 1: Fair value measured at the quoted price in the active market
Level 2: Fair value that is calculated using the observable market inputs other than quoted price directly or indirectly
Level 3: Fair value that is calculated based on valuation techniques which include inputs that are not based on observable market data

Transfers between fair value hierarchy levels are recognized on the date the event or condition prompting the transfer occurred.

Financial assets and financial liabilities measured at fair value as of the Transition Date, previous fiscal year and current fiscal year, by fair value hierarchy are as follows:

	Millions of yen			
	2013			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities	¥18,889	¥ -	¥1,436	¥20,325
Others	1,933	15	254	2,203
Total	20,823	15	1,690	22,529
Financial liabilities				
Others	-	1,342	1,230	2,573
Total	¥ -	¥1,342	¥1,230	¥ 2,573

	Millions of yen			
	2014			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities	¥26,103	¥ -	¥1,517	¥27,621
Others	2,478	324	303	3,106
Total	28,581	324	1,821	30,728
Financial liabilities				
Others	-	758	494	1,252
Total	¥ -	¥758	¥ 494	¥ 1,252

	Millions of yen			
	2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities	**¥28,305**	**¥ -**	**¥2,228**	**¥30,534**
Others	**3,111**	**1,235**	**564**	**4,911**
Total	**31,416**	**1,235**	**2,793**	**35,445**
Financial liabilities				
Others	**-**	**1,559**	**-**	**1,559**
Total	**¥ -**	**¥1,559**	**¥ -**	**¥ 1,559**

(Note) No transfers between levels 1, 2 and 3 occurred during these fiscal years.

	Thousands of U.S. dollars			
	2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities	**$235,541**	**$ -**	**$18,540**	**$254,090**
Others	**25,888**	**10,277**	**4,693**	**40,867**
Total	**261,430**	**10,277**	**23,242**	**294,957**
Financial liabilities				
Others	**-**	**12,973**	**-**	**12,973**
Total	**$ -**	**$12,973**	**$ -**	**$ 12,973**

Increases or decreases in financial instruments classified as Level 3

Increases or decreases in financial instruments classified as Level 3 in each fiscal year are as follows:

	Millions of yen	
	Financial assets	Financial liabilities
Balance at April 1, 2013	¥1,690	¥1,230
Gains (losses) (Note 1)		
Profit for the year	3	106
Other comprehensive income	98	-
Acquisitions	50	-
Disposals and settlements	(35)	(1,083)
Business combinations (Note 2)	-	187
Effects of changes in foreign exchange rates	13	54
Balance at March 31, 2014	1,821	494
Gains (losses) (Note 1)		
Profit for the year	**7**	**-**
Other comprehensive income	**6**	**-**
Acquisitions	**977**	**-**
Disposals and settlements	**(0)**	**(499)**
Business combinations (Note 2)	**-**	**-**
Effects of changes in foreign exchange rates	**(19)**	**4**
Balance at March 31, 2015	**¥2,793**	**¥ -**

(Note 1) Gains or losses recognized in profit for the year are presented in the consolidated statements of profit or loss as “finance income” or “finance costs.” Gains or losses recognized in other comprehensive income are presented in the consolidated statement of comprehensive income as “net gain (loss) on revaluation of financial assets measured at fair value.”

(Note 2) When acquiring shares in acquired companies through business combinations, the Company and its consolidated subsidiaries recognize the obligation of a portion of consideration as contingent consideration.

	Thousands of U.S. dollars	
	Financial assets	Financial liabilities
Balance at March 31, 2014	$15,154	$ 4,111
Gains (losses)		
Profit for the year	**58**	**-**
Other comprehensive income	**50**	**-**
Acquisitions	**8,130**	**-**
Disposals and settlements	**(0)**	**(4,152)**
Business combinations	**-**	**-**
Effects of changes in foreign exchange rates	**(158)**	**33**
Balance at March 31, 2015	**$23,242**	**$ -**

(6) Derivatives and hedge accounting

The Group enters into derivative contracts with financial institutions, hedging fluctuations in cash flows on its financial assets and financial liabilities, and not for speculation purposes. In principle, the Group uses forward exchange contracts and currency options to hedge foreign exchange fluctuation risk categorized by currency and by month. Depending on foreign exchange market conditions, the Group may enter into forward exchange contracts and conduct currency option transactions for limited time periods on foreign currency receivables and payables for expected transactions it deems are certain to occur.

The Group uses currency swap and interest-rate swap transactions to reduce interest rate fluctuation risk for borrowings with variable interest rates, as well as to mitigate fluctuation risk on expected future funding costs, and makes use of cash flow hedges.

The contact amounts and fair value of derivatives are as follows:

	Millions of yen									Thousands of U.S. dollars		
	2015			2014			2013			**2015**		
	Contract amounts	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts	Contract amounts (of which maturing in more than one year)	Fair value
Derivatives employing hedge accounting												
Currency derivatives	**¥ 7,536**	**¥ -**	**¥238**	¥10,939	¥ -	(¥ 59)	¥ 5,789	¥ -	¥ 103	**$ 62,711**	**$ -**	**$1,981**
Interest rate derivatives	**23,570**	**23,570**	**(539)**	22,450	22,450	95	36,058	7,450	(353)	**196,139**	**196,139**	**(4,485)**
Derivatives not employing hedge accounting												
Currency derivatives	**34,121**	**-**	**(23)**	28,341	-	(470)	25,711	-	(1,076)	**283,939**	**-**	**(191)**
Total	**¥65,227**	**¥23,570**	**(¥323)**	¥61,731	¥22,450	(¥433)	¥67,558	¥7,450	(¥1,327)	**$542,789**	**$196,139**	**($2,688)**

(Note 1) Interest rate derivatives in the table is including cross-currency interest rate swaps.
(Note 2) In addition to the items, from the current fiscal year, hedging instruments are designated to hedge foreign-currency borrowings of ¥5,587 million as part of the net investments in foreign operations, and a net investment hedge is used.

33. Related parties

(1) Principal subsidiaries

The Company's subsidiaries as of March 31, 2015 are as follows:

Name	Location	Ownership interest (%)
Konica Minolta Business Solutions Japan Co., Ltd.	Minato-ku, Tokyo	100
Kinko's Japan Co., Ltd.	Minato-ku, Tokyo	100
Konica Minolta Supplies Manufacturing Co., Ltd.	Kofu, Yamanashi	100
Konica Minolta Opto Products Co., Ltd.	Fuefuki, Yamanashi	100
Konica Minolta Health Care Co., Ltd.	Shinjyuku-ku, Tokyo	100
Konica Minolta Technoproducts Co., Ltd.	Sayama, Saitama	100
Konica Minolta Planetarium Co., Ltd.	Toshima-ku, Tokyo	100
Konica Minolta Business Associates Co., Ltd.	Hino, Tokyo	100
Konica Minolta Engineering Co., Ltd.	Hino, Tokyo	100
Konica Minolta Information System Co., Ltd.	Tachikawa, Tokyo	100
Konica Minolta Business Solutions U.S.A., Inc.	New Jersey, U.S.A.	100
Konica Minolta Business Solutions Europe GmbH	Langenhagen, Germany	100
Konica Minolta Business Solutions Deutschland GmbH	Langenhagen, Germany	100
Konica Minolta Business Solutions France S.A.S.	Carrieres-sur-Seine, France	100
Konica Minolta Business Solutions (UK) Ltd.	Essex, United Kingdom	100
Charterhouse PM Ltd.	Hertfordshire, United Kingdom	100
Konica Minolta Business Solutions Australia Pty. Ltd.	New South Wales, Australia	100
Ergo Asia Pty Limited	Sydney, Australia	100
Konica Minolta Business Solutions (CHINA) Co., Ltd.	Shanghai, China	100
Konica Minolta Business Technologies Manufacturing (HK) Ltd.	Hong Kong, China	100
Konica Minolta Business Technologies (WUXI) Co., Ltd.	Wuxi, China	100
Konica Minolta Business Technologies (DONGGUAN) Ltd.	Dongguan, China	100
Konica Minolta Business Technologies (Malaysia) Sdn. Bhd.	Melaka, Malaysia	100
Konica Minolta Medical Imaging U.S.A., Inc.	New Jersey, U.S.A.	100
Konica Minolta Medical & Graphic Imaging Europe B.V.	Amsterdam, The Netherlands	100
Konica Minolta Medical & Graphic (Shanghai) Co., Ltd.	Shanghai, China	100
Konica Minolta Sensing Americas, Inc.	New Jersey, U.S.A.	100
Instrument Systems GmbH	Munich, Germany	100
Konica Minolta Sensing Europe B.V.	Nieuwegein, The Netherlands	100
Konica Minolta Sensing Singapore, Pte. Ltd.	Singapore	100
Konica Minolta Glass Tech Malaysia Sdn. Bhd.	Melaka, Malaysia	100
Konica Minolta Opto (Shanghai) Co., Ltd.	Shanghai, China	100
Konica Minolta Opto (Dalian) Co., Ltd.	Dalian, China	100
Konica Minolta Holdings U.S.A., Inc.	New Jersey, U.S.A.	100
Konica Minolta (China) Investment Ltd.	Shanghai, China	100
105 other companies		

(2) Remuneration for directors and audit and supervisory board members

Remuneration for directors and audit and supervisory board members for the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Fixed remuneration	**¥ 636**	721	**$5,293**
Performance-linked remuneration	**233**	238	**1,939**
Share-based remuneration	**159**	165	**1,323**
Total	**¥1,029**	¥1,125	**$8,563**

34. Commitments

The amount of contractual commitments to acquire assets is negligible.

35. Contingencies

The Group guarantees borrowings and lease obligations, etc., to financial institutions for companies outside the Group. As of the end of the current fiscal year, guarantee obligations totaled to ¥277 million (previous fiscal year: ¥427 million, Transition Date: ¥456 million). As the likelihood of performance of these guarantee obligations is low, they are not recognized as financial liabilities.

36. Events after the reporting period

(1) Acquisition of own shares and cancellation of treasury stocks

At the Board of Directors meeting held on May 13, 2015, the Company approved the item related to the acquisition of its own shares based on Article 156 of the Company Act, which is applicable in accordance with Article 165, Paragraph 3 of the same law as well as the cancellation of treasury shares based on Article 178 of the same act. Details are as follows.

1) Reason for acquisition of own shares and cancellation of treasury shares

The Company decided to acquire its own shares and cancel its treasury shares with the aim of shareholders' benefit, improving capital efficiency and ensuring a flexible capital policy.

2) Details of the acquisition of own shares

(a) Type of shares to be acquired: .... Ordinary shares
(b) Number of shares to be acquired: .... Limited to 10 million
(2.0% of the total number of outstanding shares (excluding treasury shares))
(c) Total value of shares to be acquired: .... Limited to ¥10 billion
(d) Acquisition period: .... May 14, 2015 to August 31, 2015
(e) Method of acquisition: .... Discretionary trading by a securities company

3) Details of the cancellation of treasury shares

(a) Type of shares to be canceled: .... Ordinary shares
(b) Number of shares to be canceled: .... 9 million
(1.8% of the total number of issued shares prior to cancellation (including treasury shares))
(c) Number of issued shares after cancellation: .... 502, 664, 337 shares
(d) Planned date of cancellation: .... June 30, 2015

Note: Treasury shares as of March 31, 2015

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

(2) Business Combinations

On August 3, 2015, the Group acquired, in cash, 100% of the shares in 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 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 includes the base amount of US$230 million and adjusted based on the statement of financial position of Radiant as of the acquisition date.

Detailed information relating to the accounting for this business combination is not specified because the initial accounting for acquisition of shares of Radiant has not been completed as of the date the Group's consolidated financial statements for the fiscal year ended March 31, 2015 were authorized to issue.

37. Disclosure of interests in other entities

Principal subsidiaries
For information on principal subsidiaries and associates, please refer to note 33 “Related parties”.

The Group has no material non-controlling interests in subsidiaries and no associates are individually material.

No significant legal or contractual limitations exist with regard to the transfer or use of assets or liability settlement capabilities within the Group.

38. First-time adoption

The Group prepared its consolidated financial statements in conformity with IFRS for the first time for fiscal year ended March 31, 2015. The most recent consolidated financial statements prepared in conformity with Japanese GAAP are for the fiscal year ended March 31, 2014. The Transition Date is April 1, 2013.

IFRS 1 “First-Time Adoption of International Financial Reporting Standards” requires that an entity adopting IFRS for the first time must retroactively apply IFRS. However, certain limited exemptions are granted with regard to the retroactive application of these standards. The Group has applied the exemptions outlined below.

(1) Business Combinations

The Group has elected not to retroactively apply IFRS 3 “Business Combinations” for business combinations that occurred prior to the Transition Date. Consequently, goodwill generated from business combinations that occurred prior to the Transition Date is presented at the carrying amount under Japanese GAAP. Impairment tests have been conducted on this goodwill as of the Transition Date, regardless of whether indicators of impairment exist.

(2) Accumulated Exchange Differences on Translation of Foreign Operations

The Group has elected not to retroactively apply IAS 21 “The Effects of Changes in Foreign Exchange Rates” for cumulative exchange differences on foreign operations. Consequently, cumulative exchange differences on foreign operations have been set to zero as of the Transition Date, and all such differences have been reclassified to retained earnings.

The following tables present the adjustment required for first-time adoption of IFRS.

The “reclassification” column present the adjustments that do not affect retained earnings and total comprehensive income, while the “differences in recognition and measurement” column present the adjustments that affect retained earnings and total comprehensive income.

Reconciliation of equity as of the Transition Date (April 1, 2013) (Millions of yen)

Japanese GAAP Accounts	Japanese GAAP Amounts	Reclassification	Differences in recognition and measurement	IFRS Amounts	Notes	IFRS Accounts
Assets						Assets
Current assets						Current assets
Cash and deposits	¥ 94,055	¥120,501	¥ -	¥214,556		Cash and cash equivalents
Securities	120,501	(120,501)	-			
Notes and accounts receivable–trade	193,555	21,060	-	214,616		Trade and other receivables
Lease receivables and investment assets	16,007	(16,007)	-			
Accounts receivable–other	12,507	(12,507)	-			
Allowance for doubtful accounts	(4,568)	4,568	-			
Inventories	113,472	-	-	113,472		Inventories
Deferred tax assets	20,259	(20,259)	-			
Other	14,978	(14,978)	-			
		2,470	-	2,470		Income tax receivables
		1,386	-	1,386		Other financial assets
		13,304	-	13,304		Other current assets
Total current assets	580,769	(20,963)	-	559,806		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	180,113	-	198	180,311	A,B	Property, plant and equipment
Intangible assets	110,942	-	-	110,942		Goodwill and intangible assets
Investment securities	22,553	(21,062)	-	1,490		Investments accounted for using the equity method
Long-term loans receivable	126	28,995	395	29,517	F	Other financial assets
Allowance for doubtful accounts	(1,366)	1,366	-			
Deferred tax assets	33,000	16,213	22,391	71,605	A,B,E, F,G,H, I,J	Deferred tax assets
Long-term prepaid expenses	2,387	3,435	(1,058)	4,764	G	Other non-current assets
Other	12,735	(12,735)	-			
Total non-current assets	360,491	16,213	21,927	398,632		Total non-current assets
Total assets	¥941,261	(¥ 4,749)	¥21,927	¥958,439		Total assets

Reconciliation of equity as of the Transition Date (April 1, 2013) (Millions of yen)

Japanese GAAP Accounts	Japanese GAAP Amounts	Reclassification	Differences in recognition and measurement	IFRS Amounts	Notes	IFRS Accounts
Liabilities						Liabilities
Current liabilities						Current liabilities
Notes and accounts payable–trade	¥ 85,534	¥61,071	¥ -	¥146,605		Trade and other payables
Notes payable–facilities	975	(975)	-			
Accounts payable–other	32,462	(32,462)	-			
Accrued expenses	28,993	(28,993)	-			
Short-term loans payable	67,398	25,600	77	93,076	B	Bonds and borrowings
Current portion of long-term loans payable	23,990	(23,990)	-			
Income taxes payable	7,376	557	-	7,934		Income tax payables
Provision for product warranties	1,199	3,280	(267)	4,212	I	Provisions
Asset retirement obligations	33	(33)	-			
Provision for bonuses	10,841	(10,841)	-			
Provision for directors' bonuses	229	(229)	-			
Other	24,086	(24,086)	-			
		1,470	872	2,342	E,F	Other financial liabilities
		28,218	141	28,360	J	Other current liabilities
Total current liabilities	283,122	(1,415)	823	282,530		Total current liabilities
Non-current liabilities						Non-current liabilities
Bonds payable	70,000	67,238	121	137,359	B	Bonds and borrowings
Long-term loans payable	63,507	(63,507)	-			
Provision for retirement benefits	43,754	251	21,076	65,082	G	Retirement benefit liabilities
Deferred tax liabilities for land revaluation	3,269	(635)	-	2,634		Deferred tax liabilities
Provision for directors' retirement benefits	282	(282)	-			
Asset retirement obligations	981	(981)	-			
Other	9,671	(9,671)	-			
		1,136	-	1,136		Provisions
		230	-	230		Other financial liabilities
		2,888	-	2,888		Other non-current liabilities
Total non-current liabilities	191,467	(3,334)	21,197	209,331		Total non-current liabilities
Total liabilities	¥474,590	(¥ 4,749)	¥22,021	¥491,862		Total liabilities

Reconciliation of equity as of the Transition Date (April 1, 2013) (Millions of yen)

Japanese GAAP Accounts	Amounts	Reclassification	Differences in recognition and measurement	IFRS Amounts	Notes	IFRS Accounts
Net assets						Equity
Shareholders' equity						
Capital stock	¥ 37,519	¥ -	¥ -	¥ 37,519		Share capital
Capital surplus	204,140	-	-	204,140		Share premium
Retained earnings	229,890	-	(8,087)	221,802	A,B,E, G,H,I, J,K	Retained earnings
Treasury shares	(1,548)	-	-	(1,548)		Treasury shares
Subscription rights to shares	764	-	-	764		Subscription rights to shares
Valuation difference on available-for-sale securities	3,345	(8,189)	7,994	3,150	F,G, H,K	Other components of equity
Deferred gains or losses on hedges	2	(2)	-			
Foreign currency translation adjustment	(8,191)	8,191	-			
Minority interests	747	-	-	747		Non-controlling interests
Total net assets	466,670	-	(93)	466,577		Total equity
Total liabilities and net assets	¥941,261	(¥4,749)	¥21,927	¥958,439		Total liabilities and equity

(Note) Amounts under Japanese GAAP include the assets, liabilities and net assets of subsidiaries included in the scope for consolidation as of April 1, 2013.

Reconciliation of equity as of March 31, 2014 (Millions of yen)

Japanese GAAP Accounts	Amounts	Reclassification	Differences in recognition and measurement	IFRS Amounts	Notes	IFRS Accounts
Assets						Assets
Current assets						Current assets
Cash and deposits	¥ 95,490	¥92,999	¥ -	¥188,489		Cash and cash equivalents
Securities	92,999	(92,999)	-			
Notes and accounts receivable–trade	220,120	26,946	-	247,067		Trade and other receivables
Lease receivables and investment assets	21,211	(21,211)	-			
Accounts receivable–other	14,636	(14,636)	-			
Allowance for doubtful accounts	(5,643)	5,643	-			
Inventories	115,275	-	(100)	115,175	A	Inventories
Deferred tax assets	18,806	(18,806)	-			
Other	16,435	(16,435)	-			
		2,727	-	2,727		Income tax receivables
		1,537	-	1,537		Other financial assets
		13,961	-	13,961		Other current assets
		594	-	594		Assets held for sale
Total current assets	589,331	(19,679)	(100)	569,552		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	173,362	-	3,693	177,056	A,B	Property, plant and equipment
Intangible assets	111,362	-	8,200	119,563	C,D,E	Goodwill and intangible assets
Investment securities	29,256	(28,769)	-	486		Investments accounted for using the equity method
Long-term loans receivable	83	37,312	755	38,151	F	Other financial assets
Allowance for doubtful accounts	(883)	883	-			
Deferred tax assets	48,040	14,534	11,772	74,348	A,B,F, G,H,I,J	Deferred tax assets
Long-term prepaid expenses	3,230	2,850	-	6,080		Other non-current assets
Other	12,277	(12,277)	-			
Total non-current assets	376,729	14,534	24,422	415,687		Total non-current assets
Total assets	¥966,060	(¥ 5,144)	¥24,322	¥985,239		Total assets

Reconciliation of equity as of March 31, 2014

(Millions of yen)

Japanese GAAP Accounts	Amounts	Reclassification	Differences in recognition and measurement	IFRS Amounts	Notes	IFRS Accounts
Liabilities						Liabilities
Current liabilities						Current liabilities
Notes and accounts payable–trade	¥ 96,240	¥75,069	¥ -	¥171,309		Trade and other payables
Notes payable–facilities	1,185	(1,185)	-			
Accounts payable–other	39,824	(39,824)	-			
Accrued expenses	34,509	(34,509)	-			
Short-term loans payable	37,078	28,910	65	66,054	B	Bonds and borrowings
Current portion of long-term loans payable	27,003	(27,003)	-			
Income taxes payable	5,652	585	-	6,238		Income tax payables
Provision for product warranties	1,441	5,489	(144)	6,787	I	Provisions
Asset retirement obligations	256	(256)	-			
Provision for bonuses	13,007	(13,007)	-			
Provision for directors' bonuses	244	(244)	-			
Provision for discontinued operations	195	(195)	-			
Other	28,580	(28,580)	-			
		1,026	-	1,026		Other financial liabilities
		32,001	177	32,178	J	Other current liabilities
Total current liabilities	285,220	(1,723)	99	283,595		Total current liabilities
Non-current liabilities						Non-current liabilities
Bonds payable	70,000	66,266	117	136,384	B	Bonds and borrowings
Long-term loans payable	62,042	(62,042)	-			
Retirement benefit liabilities	53,563	251	11,113	64,928	G	Retirement benefit liabilities
Deferred tax liabilities for land revaluation	3,269	(475)	-	2,794		Deferred tax liabilities
Provision for directors' retirement benefits	237	(237)	-			
Asset retirement obligations	1,012	(1,012)	-			
Other	10,658	(10,658)	-			
		1,161	-	1,161		Provisions
		-	226	226	F	Other financial liabilities
		3,327	-	3,327		Other non-current liabilities
Total non-current liabilities	200,785	(3,420)	11,457	208,821		Total non-current liabilities
Total liabilities	¥486,005	(¥ 5,144)	¥11,556	¥492,417		Total liabilities

Reconciliation of equity as of March 31, 2014

(Millions of yen)

Japanese GAAP Accounts	Amounts	Reclassification	Differences in recognition and measurement	IFRS Amounts	Notes	IFRS Accounts
Net assets						Equity
Shareholders' equity						
Capital stock	¥ 37,519	¥ -	¥ -	¥ 37,519		Share capital
Capital surplus	204,140	-	(719)	203,421	D	Share premium
Retained earnings	242,460	-	(3,007)	239,453	A,B,C, E,G,H, I,J,K	Retained earnings
Treasury shares	(17,322)	-	-	(17,322)		Treasury shares
Subscription rights to shares	910	-	-	910		Subscription rights to shares
Valuation difference on available-for-sale securities	5,086	6,520	16,492	28,100	C,D,E, F,G,H, I,K	Other components of equity
Deferred gains or losses on hedges	(38)	38	-			
Foreign currency translation adjustment	15,055	(15,055)	-			
Remeasurements of retirement benefit plans	(8,497)	8,497	-			
Minority interests	740	-	-	740		Non-controlling interests
Total net assets	480,055	-	12,766	492,822		Total equity
Total liabilities and net assets	¥966,060	(¥ 5,144)	¥24,322	¥985,239		Total liabilities and equity

Reconciliation of total comprehensive income for the fiscal year March 31, 2014

(Millions of yen)

Japanese GAAP Accounts	Amounts	Reclassification	Differences in recognition and measurement	IFRS Amounts	Notes	IFRS Accounts
Net Sales	¥943,759	¥ -	(¥ 8,545)	¥935,214	L	Revenue
Cost of sales	492,269	-	(1,789)	490,479	A,G,J	Cost of sales
Gross profit	451,490	-	(6,755)	444,734		Gross profit
		4,882	(15)	4,866	A	Other income
Selling, general and administrative expenses	393,346	-	(21,410)	371,935	A,B,C, G,J,L	Selling, general and administrative expenses
		37,533	273	37,806	A,I	Other expenses
Operating income	58,144	(32,651)	14,365	39,859		Operating profit
Non-operating income	5,559	(5,559)	-			
Non-operating expenses	9,083	(9,083)	-			
Extraordinary income	1,524	(1,524)	-			
Extraordinary losses	32,642	(32,642)	-			
		2,201	(75)	2,125	F	Finance income
		3,028	56	3,084	B,E,F	Finance costs
		(1,163)	-	(1,163)		Share of profit of investments accounted for using the equity method
Income before income taxes and minority interests	23,503	-	14,233	37,736		Profit before tax
Income taxes–current	11,624	(11,624)	-			
Income taxes–deferred	(10,060)	10,060	-			
Total income taxes	1,564	-	7,741	9,305	A,B,E, F,G,H, I,J	Income tax expense
Income before minority interests	21,939	(21,939)	-			
Minority interests in income	77	(77)	-			
Net income	21,861	77	6,492	28,431		Profit for the year
						Profit for the year attributable to:
		21,861	6,492	28,354		Owners of the Company
		¥ 77	¥ -	¥ 77		Non-controlling interests

(Millions of yen)

Japanese GAAP Accounts	Amounts	Reclassification	Differences in recognition and measurement	IFRS Amounts	Notes	IFRS Accounts
Income before minority interests	¥21,939	¥-	¥6,492	¥28,431		Profit for the year
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
			(1,428)	(1,428)	G	Remeasurements of defined benefit pension plans (net of tax)
Valuation difference on available-for-sale securities	1,738	-	37	1,776	F	Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)
Share of other comprehensive income of associates accounted for using equity method	2	-		2		Share of other comprehensive income of investments accounted for using the equity method (net of tax)
						Items that may be subsequently reclassified to profit or loss
Deferred gains or losses on hedges	(40)	-	228	187	F	Net gain (loss) on derivatives designated as cash flow hedges (net of tax)
Foreign currency translation adjustment	23,299	-	(247)	23,051	C,D,E, G,I	Exchange differences on translation of foreign operations (net of tax)
Total other comprehensive income	25,000	-	(1,410)	23,590		Total other comprehensive income
Comprehensive income	46,939	-	5,081	52,021		Total comprehensive income for the year
Comprehensive income attributable to owners of the Company	46,810	-	5,081	51,892		Total comprehensive income for the year attributable to: Owners of the Company
Comprehensive income attributable to minority interests	¥ 129	¥-	¥ -	¥ 129		Non-controlling interests

(Note) Amounts under Japanese GAAP include the assets, liabilities and net assets of subsidiaries included in the scope for consolidation as of April 1, 2013.

Notes related to adjustments to equity and total comprehensive income from Japanese GAAP to IFRS

A. Methods of depreciation property, plant and equipment
Under Japanese GAAP, the Company and its domestic subsidiaries mainly use the declining- balance method to calculate depreciation expenses. Under IFRS, however, the straight-line method is used.

B. Leases
Under Japanese GAAP, finance lease transactions less than a certain fixed amount are accounted for in the same manner as operating leases. Under IFRS, they are accounted for as finance leases.

C. Goodwill
Under Japanese GAAP, goodwill is amortized evenly over a rational time period within 20 years. However, the amortization of goodwill has been suspended as of the Transition Date to IFRS, with impairment tests conducted annually.

D. Changes in interest in a subsidiary without loss of control
Additional purchase of shares in subsidiaries resulting in the acquisition of control and the partial sale of shares in subsidiaries without loss of control are handled as income or expense transactions under Japanese GAAP. Under IFRS, these are handled as equity transactions.

E. Contingent consideration
Contingent consideration in business combinations is recognized under Japanese GAAP at the point when delivery or transfer is certain. Under IFRS, these are recognized at fair value at the time of business combinations.

F. Financial instruments
Investments in equity financial instruments with no market value are measured at historical cost under Japanese GAAP. Under IFRS, these are measured at fair value.

Financial assets whose fair value is measured through other comprehensive income are reclassified to income/loss under Japanese GAAP. Under IFRS, these are not reclassified.

Under Japanese GAAP, designated accounting applies to currency swaps that fulfill specified requirements, and specified accounting is used for interest-rate swaps that fulfill specified requirements. Under IFRS, these are measured at fair value and recognized as assets or liabilities respectively.

G. Retirement benefit liabilities
Under Japanese GAAP, actuarial gains and losses are amortized as incurred for each fiscal year using the straight-line method over certain periods within the average remaining years of service of the employees at the time the service costs is generated. Under IFRS, after recognizing these entire amounts as incurred as components of equity through other comprehensive income, they are immediately reclassified to retained earnings.

Under Japanese GAAP, prior service cost is recognized as income or expense as incurred using the straight-line method over certain periods within the average remaining years of service of the employees. Under IFRS, the entire amount is recognized as income or expense as incurred.

H. Income taxes
Under Japanese GAAP, the deferral approach is used for tax effects related to the extinguishment of unrealized gains and losses. Under IFRS, the asset and liability approach is used.

In addition, the recoverability for deferred tax assets are measured based on IFRS and the carrying amount deferred tax assets increases as a result.

I. Provisions
A portion of the provision for restructuring under Japanese GAAP does not fulfill the condition for provisions under IFRS, and is therefore not recognized as such.

J. Unused paid vacation entitlement
Under Japanese GAAP, the unused paid vacation entitlement is not recognized as a liability. Under IFRS, this is recognized as a liability.

K. Exchange differences on translation of foreign operations
As an exemption selected under the provisions of IFRS 1, the entire amount of cumulative exchange differences on foreign operations as of the Transition Date to IFRS is reclassified to retained earnings.

L. Revenue
A portion of rebates is presented as selling, general and administrative expenses under Japanese GAAP. Under IFRS, these are deducted from total revenue.

M. Reclassification in the consolidated statement of financial position
Principal reclassification based on IFRS provisions for presentation are as follows:
•Net deferred tax position are reclassified as non-current assets.
•Financial assets and liabilities are presented separately.
•Investments accounted for using the equity method are presented separately.
•Non-current assets or disposal groups held for sale are presented separately.

N. Changes in presentation in the consolidated statements of profit or loss
With regard to items presented as non-operating income, non-operating expenses, extraordinary income and extraordinary loss under Japanese GAAP, based on IFRS presentation provisions, finance-related items are presented as finance income or finance costs. Other items are, according to their nature, presented as other income and expenses, share of profit of entities accounted for using the equity method, selling, general and administrative expenses, etc.

Principal adjustments to the consolidated statements of cash flow for the fiscal year ended March 31, 2014
No significant differences exist between the consolidated statements of cash flow presented under Japanese GAAP and those presented under IFRS for fiscal year ended March 31, 2014.

KPMG

Independent Auditor's Report

To the Shareholders and Board of Directors of Konica Minolta, Inc.:

We have audited the accompanying consolidated financial statements of Konica Minolta, Inc. and its consolidated subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Konica Minolta, Inc. and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience of the reader. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

KPMG AZSA LLC

August 11, 2015
Tokyo, Japan

Company Overview (as of March 31, 2015)

Company name	KONICA MINOLTA, INC.
Stock code	4902 Included in the “JPX-Nikkei Index 400”
Date established	1873
Establishment as joint-stock company	1936
Capital	37,519 million yen
Number of employees	Consolidated: 41,598
Head office	JP TOWER, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo 100-7015, Japan
Kansai office	Nishi-honmachi Intes, 2-3-10, Nishi-honmachi, Nishi-ku, Osaka-shi, Osaka 550-0005, Japan

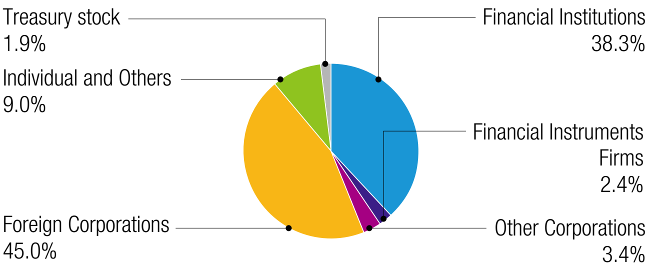
Stock Information (as of March 31, 2015)

Stock Information

Total number of shares authorized to be issued	1,200,000,000 shares
Total number of shares issued	511,664,337 shares
Number of shareholders	31,018
Minimum trading units	100 Shares

(In conformance with revisions to our Articles of Incorporation effective April 1, 2014, the number of shares constituting one unit of shares was reduced from 500 shares to 100 shares.)

Shareholder Composition

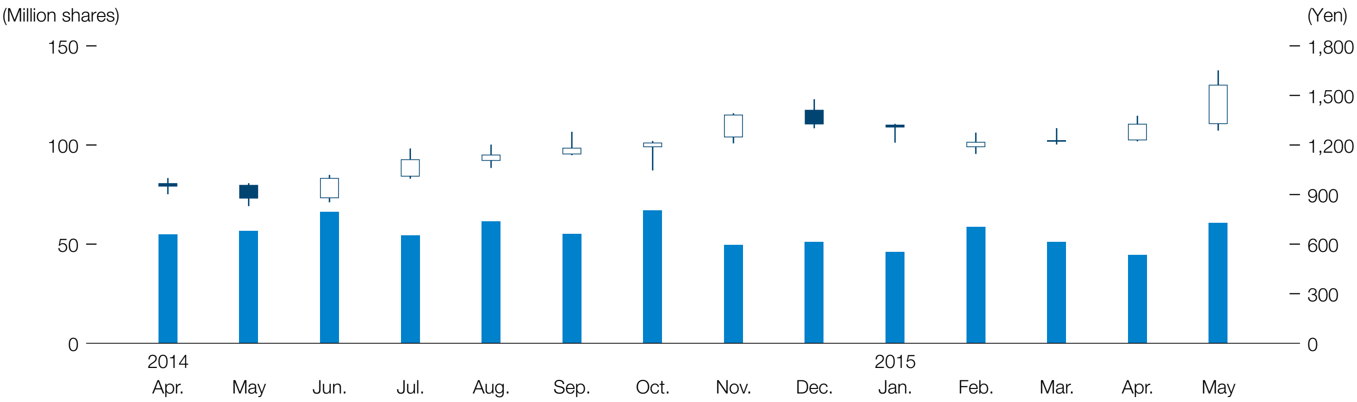


Major shareholders (the top five shareholders)

Name of shareholder	Number of shares held (thousand shares)	Ratio of shares held (%)*
Japan Trustee Services Bank, Ltd. (Trust account)	27,846	5.5
The Master Trust Bank of Japan, Ltd. (Trust account)	24,702	4.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,945	2.7
JP MORGAN CHASE BANK 385167	11,948	2.3
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited Retrust Portion, Sumitomo Mitsui Banking Corporation Pension Trust Account)	11,875	2.3

*The list of major shareholders does not include the 9,801,071 shares of treasury stock held by the Company.

Stock Price Chart (Tokyo Stock Exchange)



Glossary

- **AeroDR**
The FPD (flat panel detector) that we sell.
AeroDR PREMIUM, which went on sale in August 2014, is a wireless cassette-type digital X-ray system that can transmit image data wirelessly, and at 2.6 kg is one of the world's lightest of its kind. It is highly regarded by many in the medical field for its high-quality performance even at low doses. In addition to being lightweight and robust, the AeroDR offers high sensitivity, high definition, and good connectivity with other manufacturers' X-ray equipment. The original model in the AeroDR series, launched in March 2011, was awarded a 2011 Good Design Award.

- **bizhub**
Our product brand for general office MFPs. It is a word we coined to evoke the center and core (hub) of a business.

- **Cassette**
A container for loading film used in general radiography. "Cassette" comes from French and corresponds to "cartridge" in English. The prevalence of CR systems in recent years has seen most film replaced by mounted imaging plates.

- **DR**
Abbreviation for Digital Radiography. Also referred to as digital X-rays. A technique that detects the intensity distribution of the X-rays that pass through the body when an X-ray is taken, and then converts the data to a digital signal, which is processed by computer. Also refers to systems that do this.

- **GMA**
Abbreviation for Global Major Account. Refers to our major enterprise customers (businesses) that operate on a global scale.

- **Imaging CRO I**
Evaluation of the safety and efficacy of medical and pharmaceutical products, for example clinical trials of new drugs, using medical images taken by CT, MRI and other imaging equipment, with a focus on areas such as cancer. Konica Minolta offers integrated services to support image evaluation in clinical trials, from support for test planning through information collection, quality control, image evaluation and data storage.

- **Informity**
Our ICT service platform for helping hospitals and clinics deliver care in a variety of ways. Offerings include our Collaboration Box Service, which allows multiple institutions to share medical data such as examination images and reports, and remote diagnostic support services that facilitate requests for image interpretation.

- **MCS**
Abbreviation for Managed Content Services. The collective term given to services for centrally managing paper or digital documents, e-mails, forms, diagrams, and other such business content, and for building systems to properly use, store, and dispose of this content.

- **MFP**
Abbreviation for Multi-Functional Peripherals. Units that support a variety of functions otherwise handled by separate equipment, such as copiers, printers, scanners, and facsimiles.
We manufacture and sell color and monochrome MFPs under the "bizhub" brand.

- **MIF**
Abbreviation for Machines In the Field. In the market for MFPs (multi-functional peripherals), production print machines, etc., it refers to the total installed base (number of working units).

- **MMS**
Abbreviation for Marketing Management Services. Covering everything from planning to media creation and usage, these services are informed by customer preferences and purchase analyses and are developed in line with communication strategies that rely on a combination of printed materials and digital media. They seek to maximize return on investment while also improving customer loyalty and enhancing the client company's brand strength.

- **MPM**
Abbreviation for Marketing Print Management, which provides services optimizing the production cost of marketing materials for customers using our own supplier network. Konica Minolta acquired Charterhouse PM Limited (headquartered in the UK) and Ergo Asia Pty Limited (headquartered in Australia), both major print management service providers, to strengthen our global MPM business.

- **MPS**
Abbreviation for Managed Print Services. Refers to comprehensive services for optimizing the office printing environment and reducing costs, as provided by our own OPS.

- **OLED**
Abbreviation for Organic Light Emitting Diode. Organic matter comes in an infinite array of molecular structures, each with a different color and durability. We are presently strengthening and growing our lighting business in this area as a future pillar of the business, building on our strengths in materials and coating technologies developed in photosensitive materials.

- **OPS**
Abbreviation for Optimized Print Services, which is the name of our Managed Print Services (MPS) offering. OPS provides services to boost efficiency and reduce costs through optimization of the customer's print environment (output and document management environment).

- **PP**
Abbreviation for Production Print. One of the business units of our Business Technologies Business.
In addition to its existing business areas, such as Centralized Reprographic, as well as convenience stores that perform copy and data output services, it is expanding its manufacturing and sale of digital printing systems and its services business in the commercial printing area, where substantial high-mix low-volume market growth is expected in the future.

- **PV**
Abbreviation for Print Volume. The print output quantity. (Also called Copy Volume.)

- **QWP film**
Films that help emulate unpolarized light on device screens, allowing people to see true colors even when wearing polarized sunglasses. This is made possible by Konica Minolta's proprietary optical design technology, coupled with the optical properties of cellulosic materials suitable for this product.
Besides being good on the eyes and enhancing display visibility when viewed through polarized sunglasses, a piece of QWP film also serves as a polarizer protection film, thus contributing to reducing the thickness of displays and the number of parts required for their production.

- **TAC**
Abbreviation for triacetylcellulose. Primarily composed of cellulose acetate, it is mainly used as a protective film for polarizers, a component of LCDs.
TAC was originally developed as a substrate for photographic film, but because of its transparency, surface appearance, water permeability and coating suitability, we are pursuing development of applications outside of photographic film.

KONICA MINOLTA

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