(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Independent Auditors' Reports contained in this document have also been translated by the Company. KPMG AZSA LLC, the Accounting Auditor, has never been involved in this translation and therefore assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

NOTICE OF CONVOCATION OF THE 114TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Konica Minolta, Inc.

Konica Minolta Philosophy

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.

Our 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.

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.

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.

Message from the President

I would like to begin by expressing my appreciation to shareholders for your strong support.
I am pleased to share my thoughts about our goals as part of this notice of the 114th ordinary general meeting of shareholders.
In fiscal 2017 (from April 1, 2017 to March 31, 2018), the first year of our Medium-Term Business Plan "SHINKA 2019," we strengthened the earning power of our basic businesses and accelerated the transformation by the fostering of new businesses, including large-scale acquisitions in the area of precision medicine.
As society makes progress, social issues that should be solved have increased, such as the expansion of awareness of environmental problems, measures to cope with the aging and shrinking population and the increasing demand for safety and security. In addition, the improvement of people's productivity, namely the reform of their work styles, has been requested.
We aim at evolving into a "digital company with insight into implicit challenges" capable of proposing optimum solutions to social challenges. This aim should be achieved as we foresee implicit challenges of customers and society and extract and analyze the significance of images and data by combining our core technologies and advanced digital technologies.
To help our shareholders understand our efforts, we will display the examples of efforts of Konica Minolta Group at the general meeting of shareholders, as we did in the previous years. I would appreciate it very much if you could attend the meeting and take a look at the display.
Based on our management philosophy "The Creation of New Value," we are leveraging the collective strengths of the group as "One Konica Minolta" and aim to achieve sustainable growth.
I ask for your continued support and encouragement as we make progress toward our goals.

*SHINKA means evolution.

May 2018
Shoei Yamana
Director, President and CEO
Representative Executive Officer

Konica Minolta, Inc.

Securities Code: 4902
May 29, 2018

To Our Shareholders

Shoei Yamana
Director, President and CEO
Representative Executive Officer
Konica Minolta, Inc.
2-7-2 Marunouchi, Chiyoda-ku, Tokyo

NOTICE OF CONVOCATION OF THE 114TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

KONICA MINOLTA, INC. (“the Company”) respectfully requests your attendance at the 114th Ordinary General Meeting of Shareholders (“the Meeting”), which will be held as detailed below.

If you are unable to attend the Meeting, you may exercise your voting rights in writing or by an electronic method (via the Internet). In this case, please examine the attached Reference Documents for the General Meeting of Shareholders, indicate your approval or disapproval on the enclosed Voting Form and return it so it reaches us by 5:40 p.m., Monday, June 18, 2018, or vote on the website for exercising voting rights designated by the Company (https://evote.tr.mufg.jp/) no later than the above-mentioned deadline.

1. Date and Time: Tuesday, June 19, 2018 at 10.00 a.m.

2. Place: Tokyo Marriott Hotel, B1F “The GOTENYAMA Ballroom”
4-7-36, Kitashinagawa, Shinagawa-ku, Tokyo, Japan

3. Objectives:

Matters to be Reported:

1. Reports on the Business Report, the Consolidated Financial Statements for the 114th Fiscal Year (from April 1, 2017 to March 31, 2018); and Audit Reports by the Accounting Auditor and the Audit Committee on the Consolidated Financial Statements
2. Reports on the Non-consolidated Financial Statements for the 114th Fiscal Year (from April 1, 2017 to March 31, 2018)

Matters to be Resolved:

Agenda Item: Election of Twelve (12) Directors

4. Guide to the Exercise of Voting Rights, etc.

Please refer to “Guide to the Exercise of Voting Rights, etc.”

- Method of Publication in the Event of Revisions to the Reference Documents, Business Report, Consolidated Financial Statements and the Non-Consolidated Financial Statements

In case of any revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements, the revised matters will be posted on the Company’s website.

Website: http://www.konicaminolta.com/about/investors/event/stock/meeting.html

Guide to the Exercise of Voting Rights, etc.

You may exercise your voting rights in the following three ways.
Please examine the attached Reference Documents for the General Meeting of Shareholders and indicate your approval or disapproval.

Attending Meeting to exercise voting rights

Please bring the enclosed voting form and submit at the reception desk. Meeting will be held at 10:00 a.m., Tuesday, June 19, 2018.

Using mail to exercise voting rights

Please indicate your approval or disapproval of the proposals on the enclosed voting form and return it so it reaches us by 5:40 p.m., Monday, June 18, 2018.

Using the Internet to exercise voting rights

Please use the Company's designated voting website (https://evote.tr.mufg.jp/) to submit votes concerning the proposals. Votes can be submitted until 5:40 p.m., Monday, June 18, 2018.

Although the exercise of voting rights via the Internet will be acceptable until 5.40 p.m. on Monday, June 18, 2018, we recommend that you exercise your voting rights earlier. If you have any enquiries, please contact the helpdesk shown below.

For enquiries with respect to the system, etc.
Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department (helpdesk) Telephone: 0120-173-027 （Operating Hours: 9.00 to 21.00, toll-free number） (Japanese language only)

To Institutional Investors

As an additional method for exercising your voting rights via the Internet described above, any trust management bank or other nominal shareholders (including standing proxies) may use the electronic voting platform for institutional investors operated by ICJ, Inc. subject to prior request for the use of the platform.
The exercise deadline may be set earlier than the voting right exercise period designated by the Company in the voting rights exercise system which institutional investors contracted separately. Please check and we recommend that you exercise your voting rights earlier.

About the exercise of voting rights

1. Any voting right exercised without indicating approval or disapproval for a particular proposal will be counted as a vote for approval of the proposal.
2. If any voting right is exercised more than once by mail, the latest exercise will be upheld as a valid exercise of the voting right.
3. Shareholders are respectfully requested to notify the Company in writing of any diverse exercising of voting rights and the reason therefore not later than three days before the Meeting.
4. If any voting right is exercised both by mail and by the Internet, the exercise via the Internet will be upheld as valid exercise of the voting right.
5. If any voting right is exercised more than once via the Internet, the latest exercise will be upheld as a valid exercise of the voting right.
6. If you intend to attend the Meeting in person, voting in writing or using the Internet is unnecessary.

Note in exercising voting rights via the Internet:

- You may only exercise voting rights via the Internet by accessing the website for exercising voting rights designated by the Company (https://evote.tr.mufg.jp/) through a personal computer, smartphone or cellular phone (i-mode, EZweb or Yahoo! Mobile etc.)*. Please note that you will not be able to access the above URL from 2.00 a.m. to 5.00 a.m. each day during the exercise period.
  * “i-mode” is a trademark or registered trademark of NTT DoCoMo Inc., “EZweb” is a trademark or registered trademark of KDDI Corporation and “Yahoo!” is a trademark or registered trademark of Yahoo! Inc. in the United States.
- In some network environments (including, but not limited to, the case in which you use firewall, etc. antivirus programs or a Proxy Server for Internet access), you may not be able to exercise voting rights.
- On the website for exercising voting rights (https://evote.tr.mufg.jp/), please enter your approval or disapproval for the proposals by using your “Login ID” and “Temporary Password” described in the Voting Form and by following the instructions on the screen.
- Please note that if you wish to exercise your voting rights via the Internet, you will be asked to change your “Temporary Password” on the website for exercising voting rights in order to prevent unauthorized access (web spoofing) or alteration of the voting by any other person than you.
- The “Login ID” and the “Temporary Password” will be renewed and sent to you for each general meeting of shareholders to be held in the future.
- Any costs arising from access to the website for exercising voting rights (the Internet connection fees, communication fees, etc.) shall be paid by you. In addition, data transmission or other fees are required when using a cellular phone and you are responsible for these fees, too.

REFERENCE DOCUMENTS
FOR
THE GENERAL MEETING OF SHAREHOLDERS

AGENDA ITEM
Election of Twelve (12) Directors

Upon the close of this Ordinary General Meeting of Shareholders ("the Meeting") of Konica Minolta, Inc. ("the Company"), the terms of office of all the ten (10) Directors will expire. Accordingly, shareholders are requested to elect twelve (12) Directors based on the nominations of the Nominating Committee.

The candidates for the position of Director are as follows. For career histories, please refer to pages 9 through 26.

Please refer to pages 62 through 64 for information on the Company's corporate governance structure and refer to the following page for information on the policies regarding the nomination of Director candidates, procedures and other items.

No.	Name	Current Position and Responsibilities at the Company	
1	**Masatoshi Matsuzaki**	Director and Chairman of the Board Member of Nominating Committee	Up for re-election
2	**Shoei Yamana**	Director, President and CEO, and Representative Executive Officer	Up for re-election
3	**Hiroshi Tomono**	Director Chairman of Nominating Committee Member of Compensation Committee	Up for re-election Outside Independent
4	**Kimikazu Noumi**	Director Chairman of Compensation Committee Member of Audit Committee	Up for re-election Outside Independent
5	**Takashi Hatchoji**	Director Member of Nominating Committee, Audit Committee and Compensation Committee	Up for re-election Outside Independent
6	**Taketsugu Fujiwara**		First-time candidate Outside Independent
7	**Chikatomo Kenneth Hodo**		First-time candidate Outside Independent
8	**Ken Shiomi**	Director Member of Audit Committee and Compensation Committee	Up for re-election
9	**Toyotsugu Ito**	Senior Executive Officer	First-time candidate
10	**Seiji Hatano**	Director and Senior Executive Officer	Up for re-election
11	**Kunihiro Koshizuka**	Director and Senior Executive Officer	Up for re-election
12	**Toshimitsu Taiko**	Senior Executive Officer	First-time candidate

Note: If the twelve Directors are elected at the Meeting, the members of each of the committees will be appointed as shown on page 25.

Policies and Procedures for the Nomination of Director Candidates

The Nominating Committee has formulated Director election standards and independence standards for Outside Directors, which are shown on pages 24.

Prior to selecting candidates, the Nominating Committee reviews the composition of the Board of Directors and committees and deliberates on the number of Director candidates for the upcoming fiscal year. Concerning the size of the Board of Directors, the Company considers the current membership of 10 to12 Directors to be appropriate, considering the composition and combination of Inside Directors who do not concurrently serve as Executive Officers, Inside Directors who concurrently serve as Executive Officers and Outside Directors.

Based on principles prescribing limitations to the number of years re-election is possible and taking into account directors who are scheduled to step down, the Nominating Committee assumes the number of candidates for new election, separating them according to Inside Directors and Outside Directors, and proceeds with candidate selection.

Among candidates for Inside Directors of the Company, we find that those who can serve as Chairman of the Board of Directors and enhance the effectiveness of corporate governance and those who can secure a certain level of audit at meetings of the Audit Committee as full-time Members of the Audit Committee should be selected for Inside Directors who do not serve as Executive Officers. For Inside Directors who serve as Executive Officers, we find that those in title who are in charge of primary duties along with President and CEO, Representative Executive Officer, should be selected so that they are able to engage in active and essential discussions at meetings of the Board of Directors.

With regard to Directors diversity, the Nominating Committee Regulations specify “people with organizational management experience in industry, government or academia, or specialists in technology, accounting, law or some other field” and “Outside Directors who have professional records and visions in their respective fields.” While the Nominating Committee is well aware of the importance of gender diversity, the Board of Directors widely discusses what disposition and ability should be strengthened or procured so that it can establish strategic orientation regarding its business tasks, namely from the standpoint of securing the diversity of career skills.

As candidates for Outside Directors for this year, it was confirmed to select persons who have extensive experience or a broad range of knowledge in the bio healthcare business and the Internet of Things (IoT) and digital business, the key areas in the Company’s Medium Term Business Plan, and can provide useful advice and supervision. The Nominating Committee was in charge of selecting candidates regardless of gender at the next step.

<Outside Director Candidates>

a. Outside Director candidates are endorsed by a consensus of Nominating Committee members, other Outside Directors and President and CEO, Representative Executive Officer referring to a candidate database created by the Nominating Committee secretariat from among “chairmen” etc. of excellent companies, taking into account such factors as independence from the Company, their age, concurrent positions and amount of sales of their companies.

b. Taking into account the balance among such factors as candidates’ original fields of business, primary management experience and fields of expertise, including those of candidates for reelection as Outside Directors, the Nominating Committee refines the candidate pool and ranks candidates regardless of gender.

c. In order of ranking, the Chairman of the Nominating Committee and the Chairman of the Board visit candidates to inquire about taking office as Outside Directors.

<Inside Director Candidates>

For Inside Director candidates, a draft proposal is created in consultation with the Chairman of the Board of Directors and the President and CEO. The Nominating Committee decides on candidates following deliberations that take into consideration the appropriate composition of members with duties on the Board of Directors and three committees, the balance of work experience and the areas candidates would concurrently oversee as Executive Officers.

As a measure to improve the efficacy of the Board of Directors, The Nominating Committee appointed the Executive Officer in charge of the Company’s mainstay Business Technologies Business as a candidate of Inside Director.

No. 1

Masatoshi Matsuzaki

(July 21, 1950)

Up for re-election

・Number of shares of the Company held: **87,400 shares**

・Board of Directors meeting attendance: **14 times/14 times (100%)**

・Nominating Committee attendance **10 times/10 times (100%)**

・Term of office: **twelve years**

Career history, position and responsibilities at the Company

April 1976	Joined Konishiroku Photo Industry Co., Ltd.
November 1997	General Manager of Development Group No. 2, Color Business Machines Development Div., Business Machines Headquarters of Konica Corporation
May 1998	General Manager of Development Center No. 1, System Technology Development Div., Business Machines Headquarters of Konica Corporation
October 2003	Director of Konica Minolta Business Technologies, Inc.
April 2005	Executive Officer of the Company, and Representative Director and President of Konica Minolta Technology Center, Inc.
April 2006	Senior Executive Officer of the Company, and Representative Director and President of Konica Minolta Technology Center, Inc.
June 2006	Director and Senior Executive Officer of the Company, and Representative Director and President of Konica Minolta Technology Center, Inc.
April 2009	Director, President and CEO, and Representative Executive Officer of the Company
April 2014	Director and Chairman of the Board of the Company (positions which he continues to hold)

Important position concurrently held

Outside Director of Ichigo Inc.
Outside Director of Nomura Research Institute, Ltd.
Outside Director of Nippon Sheet Glass Co. Ltd.

- Reasons for selecting the candidate for Director

  Mr. Masatoshi Matsuzaki has extensive experience and expertise. At the Company and its Group companies, under the company split and holding company structure, Mr. Matsuzaki has been in charge of research for the Business Technologies Business, served as president of a subsidiary handling basic research and development of elemental technologies and served as Executive Officer in charge of technology strategy at the Company. In addition, Mr. Matsuzaki led the management of the Konica Minolta Group ("the Group"), serving as President and CEO from April 2009 through March 2014. Since April 2014, as Chairman of the Board of Directors, he has worked to further enhance corporate governance.

  In its Basic Policy on Corporate Governance, the Company states that "The Chairman of the Board is selected from among Directors not concurrently serving as Executive Officers." The Company is to select an appropriate person, who may be either an Inside Director or an Outside Director, as the Chairman of the Board of Directors.

  The Company believes that having an Inside Director who does not concurrently serve as Executive Officer with this level of familiarity of the Company's management as the Chairman of the Board of Directors will contribute to helping the Company's governance system function effectively, thereby leading to enhanced corporate value. Therefore, the Company requests that shareholders elect for him to continue. Mr. Matsuzaki will be in charge of supervision of management, securing sufficient time to fulfill his duties as full-time Inside Director.

No.
2

Shoei Yamana

(November 18, 1954)

Up for
re-election

・Number of shares of the Company held:
63,300 shares

・Board of Directors meeting attendance:
14 times/14 times (100%)

・Term of office:
twelve years

Career history, position and responsibilities at the Company

April 1977	Joined Minolta Camera Co., Ltd.
July 1996	General Manager of Management Planning Div. of Minolta Co., Ltd.
January 2001	CEO of Minolta QMS Inc.
July 2002	Executive Officer, General Manager of Management Planning Div., Deputy General Manager of Image Information Products General Headquarters, Image Information Products Company of Minolta Co., Ltd.
August 2003	Senior Executive Officer of the Company, and Executive Officer and General Manager of MFP Operations and Deputy General Manager of Image Information Products General Headquarters, Image Information Products Company of Minolta Co., Ltd.
October 2003	Senior Executive Officer of the Company, and Managing Director of Konica Minolta Business Technologies, Inc.
April 2006	Senior Executive Officer of the Company
June 2006	Director and Senior Executive Officer of the Company
April 2011	Director and Senior Executive Officer of the Company, and Representative Director and President of Konica Minolta Business Technologies, Inc.
April 2013	Director and Senior Managing Executive Officer of the Company
April 2014	Director, President and CEO, and Representative Executive Officer of the Company (positions which he continues to hold)

Important position concurrently held

None

- Reasons for selecting the candidate for Director
  Mr. Shoei Yamana has extensive experience and expertise. At the Company and its Group companies, Mr. Yamana has been an Executive Officer in charge of management strategy and IR, served as General Manager of the Sales Division of Image Information Products and been in charge of operations, among other positions. Mr. Yamana has led the management of the Group, serving as President and CEO since April 2014, and has worked to enhance corporate value by promoting “TRANSFORM 2016,” the Company’s Medium-Term Business Plan.
  As the Chief Executive Officer for the Group, Mr. Yamana has led the Company to ongoing profit growth by steadily implementing the medium-term business plan “SHINKA2019” that began in fiscal 2017. In addition to demonstrating accountability as Representative Executive Officer for supervising management on the Board of Directors, Mr. Yamana has contributed to the enhancement of the function of making important decisions from a management standpoint. Therefore, the Company requests that shareholders elect for him to continue.

No. 3

Hiroshi Tomono

(July 13,1945)

Up for re-election

Outside

Independent

・Number of shares of the Company held:
0 shares

・Board of Directors meeting attendance:
13 times/14 times (93%)

・Nominating Committee attendance
10 times/10 times (100%)

・Audit Committee attendance
3 times/3 times (100%)

・Compensation Committee attendance
7 times/7 times (100%)

・Term of office:
three years

Career history, position and responsibilities at the Company

April 1971	Joined Sumitomo Metal Industries, Ltd.
June 1998	Director of Sumitomo Metal Industries, Ltd.
June 1999	Managing Executive Officer of Sumitomo Metal Industries, Ltd.
April 2003	Senior Managing Executive Officer of Sumitomo Metal Industries, Ltd.
June 2003	Director and Senior Managing Executive Officer of Sumitomo Metal Industries, Ltd.
April 2005	Representative Director and Executive Vice President of Sumitomo Metal Industries, Ltd.
June 2005	Representative Director and President of Sumitomo Metal Industries, Ltd.
October 2012	Representative Director, President and Chief Operating Officer (COO) of Nippon Steel & Sumitomo Metal Corporation
April 2014	Representative Director and Vice Chairman of Nippon Steel & Sumitomo Metal Corporation
April 2015	Director and Senior Advisor of Nippon Steel & Sumitomo Metal Corporation
June 2015	Senior Advisor of Nippon Steel & Sumitomo Metal Corporation (position which he continues to hold)
June 2015	Director of the Company (position which he continues to hold)

Important position concurrently held

Senior Advisor of Nippon Steel & Sumitomo Metal Corporation
Outside Director of Japan Nuclear Fuel Limited
Outside Director of Sumitomo Chemical Company, Limited
Administrative Director of Tekkou Gakuen

- Reasons for selecting the candidate for Outside Director (Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act)

  Mr. 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 extensive experience and a broad range of knowledge as a corporate executive. In addition, Mr. Tomono has a high degree of independence from the Company as stated below.

  Following his election as a Director in June 2015, Mr. Tomono has performed well as a member of the Board of Directors and other committees. Fiscal 2017 activities are listed in "Primary activities of Outside Directors" in the business report (page 56). Mr. Tomono has been in charge of the duty, securing sufficient time.

  Therefore, the Company believes that Mr. Tomono can continue contributing to the maintenance and upgrading of corporate governance through the activities of the Board of Directors and the committees, and requests shareholders to elect him as an Outside Director.

- Information concerning independence
  Nippon Steel & Sumitomo Metal Corporation and the Company are not major customers of each other because these sales accounted for less than 1% of the consolidated net sales of each company. Furthermore, the two companies are not major shareholders of each other.
  Mr. Tomono meets the independence standards for Outside Directors established by the Company’s Nominating Committee as well as the standards for independence of Tokyo Stock Exchange, Inc. The Company has submitted a notice to this exchange designating Mr. Tomono as an Independent Director as defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.
- Other
  Japan Nuclear Fuel Limited, where Mr. Tomono took office as Outside Director in June 2016, received in December 2016 an order from the Nuclear Regulation Authority to submit a report over a violation of the safety regulations.
  Mr. Tomono has made comments from the standpoint of compliance with laws and regulations at JNFL’s Board of Directors meetings and other occasions. After the receipt of the order, he gave instructions to conduct thorough investigation and adopt measures to prevent recurrence of the violation.

No. 4 **Kimikazu Noumi**
(October 24,1945)

Up for re-election

Outside

Independent

Career history, position and responsibilities at the Company

April 1969	Joined The Norinchukin Bank
June 1999	Senior Executive Trustee of The Norinchukin Bank
June 2002	Senior Managing Executive Trustee of The Norinchukin Bank
June 2004	Representative Director and President of Norinchukin Zenkyoren Asset Management Co., Ltd
June 2006	Representative Director and Vice Chairman of Aozora Bank, Ltd.
February 2007	Representative Director, Chairman and CEO of Aozora Bank, Ltd.
July 2009	Representative Director, President and CEO of Innovation Network Corporation of Japan
July 2015	Executive Advisor of J-WILL CORPORATION (position which he continues to hold)
June 2016	Director of the Company (position which he continues to hold)

・Number of shares of the Company held:
2,900 shares

・Board of Directors meeting attendance:
14 times/14 times (100%)

・Nominating Committee attendance
2 times/2 times (100%)

・Audit Committee attendance
13 times/13 times (100%)

・Compensation Committee attendance
8 times/8 times (100%)

・Term of office:
two years

Important position concurrently held

Executive Advisor of J-WILL CORPORATION
Outside Director of Nishimoto Co., Ltd.
Outside Director of SPARX Group Co., Ltd.

- Reasons for selecting the candidate for Outside Director (Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act)
  Mr. Kimikazu Noumi has experience at The Norinchukin Bank and Aozora Bank, Ltd. in the management of the finance sector and also engaged in new business cultivation through investment activities, as well as supporting corporate transformation at Innovation Network Corporation of Japan. He has extensive experience and a broad range of knowledge as a corporate executive. In addition, Mr. Noumi has a high degree of independence from the Company as stated below. Following his election as a Director in June 2016, Mr. Noumi has performed well as a member of the Board of Directors and other committees. Fiscal 2017 activities are listed in "Primary activities of Outside Directors" in the business report (page 56). Mr. Noumi has been in charge of the duty, securing sufficient time.
  Therefore, the Company believes that Mr. Noumi can continue contributing to the maintenance and upgrading of corporate governance through the activities of the board of Directors and the committees, and requests shareholders to elect him as an Outside Director.

- Information concerning independence
  J-WILL CORPORATION and the Company do not have any business transaction. Furthermore, the two companies are not major shareholders of each other.Mr. Noumi meets the independence standards for Outside Directors established by the Company's Nominating Committee as well as the standards for independence of Tokyo Stock Exchange, Inc. and is an eligible candidate of Independent Director as defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

No. 5

Takashi Hatchoji
(January 27,1947)

Up for re-election

Outside

Independent

Career history, position and responsibilities at the Company

April 1970	Joined Hitachi, Ltd.
June 2003	Vice President and Executive Officer of Hitachi, Ltd.
April 2004	Senior Vice President and Executive Officer of Hitachi, Ltd.
April 2006	Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd.
April 2007	Director of Hitachi Research Institute
June 2007	President and Representative Director of Hitachi Research Institute
April 2009	Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd.
June 2011	Director of Hitachi, Ltd.
June 2015	Advisor of Hitachi, Ltd.
June 2016	Retired from Advisor of Hitachi, Ltd. (position which he continues to hold)
June 2017	Director of the Company (position which he continues to hold)

・Number of shares of the Company held:
0 shares

・Board of Directors meeting attendance:
10 times/10 times (100%)

・Nominating Committee attendance
8 times/8 times (100%)

・Audit Committee attendance
10 times/10 times (100%)

・Compensation Committee attendance
7 times/7 times (100%)

・Term of office:
one year

Important position concurrently held

Outside Director of Nitto Denko Corporation
Outside Auditor of Marubeni Corporation

- Reasons for selecting the candidate for Outside Director (Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act)
- At Hitachi, Ltd., Mr. Takashi Hatchoji was involved for many years in the management of the electronics manufacturing business, including promotion of global management and business transformation. He has extensive experience and a broad range of knowledge as a corporate executive. In addition, Mr. Hatchoji has a high degree of independence from the Company as stated below. Following his election as a Director in June 2017, Mr. Hatchoji has performed well as a member of the Board of Directors and other committees. Fiscal 2017 activities are listed in "Primary activities of Outside Directors" in the business report (page 56). Mr. Hatchoji has been in charge of the duty, securing sufficient time. Therefore, the Company believes that Mr. Hatchoji can continue contributing to the maintenance and upgrading of corporate governance through the activities of the board of Directors and the committees, and requests shareholders to elect him as an Outside Director.
- Information concerning independence
  Hitachi, Ltd. and the Company are not major customers of each other because these sales accounted for less than 1% of the consolidated net sales of each company. Furthermore, the two companies are not major shareholders of each other.
  Mr. Hatchoji meets the independence standards for Outside Directors established by the Company's Nominating Committee as well as the standards for independence of Tokyo Stock Exchange, Inc. and is an eligible candidate of Independent Director as defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

No. 6

Taketsugu Fujiwara

(February 19,1947)

First-time candidate

Outside

Independent

・Number of shares of the Company held:

0 shares

Career history, position and responsibilities at the Company

April 1969	Joined Asahi Chemical Industry Co., Ltd.
June 1998	President and Representative Director of Asahi-Schwebel Co., Ltd.
June 2000	Director of Asahi Chemical Industry Co., Ltd.
June 2003	Senior Executive Officer of Asahi Kasei Corporation
October 2003	President of Asahi Kasei Chemicals Corporation
April 2009	Vice-Presidential Executive Officer of Asahi Kasei Corporation
June 2009	Director, Vice-Presidential Executive Officer of Asahi Kasei Corporation
April 2010	President and Representative Director, Asahi Kasei Corporation
April 2014	Vice Chairman and Director of Asahi Kasei Corporation
June 2014	Vice Chairman of Asahi Kasei Corporation
June 2015	Standing Counsellor of Asahi Kasei Corporation (position which he continues to hold)

Important position concurrently held

Standing Counsellor of Asahi Kasei Corporation
Outside Director of IHI Corporation
Outside Director of SHIMADZU CORPORATION
Chairman of Japan Society for Safety Engineering (scheduled to assume office in May 2018)
Outside Director of KOKUYO Co., Ltd.

- Reasons for selecting the candidate for Outside Director (Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act)

  Mr. Taketsugu Fujiwara has been in charge of management of a comprehensive chemicals maker for years at Asahi Kasei Corporation, which diversified from chemicals and textiles to electronic materials, pharmaceuticals, and housing. His duties at Asahi Kasei included fostering businesses through mergers and acquisitions. He has extensive experience and a broad range of knowledge as a corporate executive. In addition, Mr. Fujiwara has a high degree of independence from the Company as stated below. Therefore, the Company believes that Mr. Fujiwara can contribute to the maintenance and upgrading of corporate governance through his activities at the Board of Directors and the committees, and requests shareholders to newly elect him as an Outside Director.
- Information concerning independence

  Asahi Kasei Corporation and the Company are not major customers of each other because these sales accounted for less than 1% of the consolidated net sales of each company. Furthermore, the two companies are not major shareholders of each other.

  Mr. Fujiwara meets the independence standards for Outside Directors established by the Company's Nominating Committee as well as the standards for independence of Tokyo Stock Exchange, Inc. and is an eligible candidate of Independent Director as defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

- Other
  Mr. Fujiwara served as a Director of Asahi Kasei Corporation from June 2009 through June 2014. In 2015, it came to light that Asahi Kasei Construction Materials Corporation, an a subsidiary of Asahi Kasei Corporation engaging in construction materials business, had appropriated and manipulated data in 360 of 3,052 cases of piling work for building construction it had undertaken in the preceding ten years. Mr. Fujiwara had no previous knowledge about the facts. While assuming the office as a Director, he made proper remarks about the importance of full compliance with laws and regulations at Board of Directors meetings.

No.
7

Chikatomo Kenneth Hodo

(July 31,1960)

First-time candidate

Outside

Independent

・Number of shares of the Company held:
0 shares

Career history, position and responsibilities at the Company

September 1982	Joined Accenture Japan Ltd
September 2005	Representative Director of Accenture Japan Ltd
April 2006	Representative Director and President of Accenture Japan Ltd
September 2015	Director and Chairman of Accenture Japan Ltd
September 2017	Director and Senior Corporate Advisor of Accenture Japan Ltd (position which he continues to hold)

Important position concurrently held

Director and Senior Corporate Advisor of Accenture Japan Ltd
Outside Director of Sumitomo Mitsui Asset Management Company, Limited
Outside Director of Mynavi Corporation

- Reasons for selecting the candidate for Outside Director (Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act)
  Mr. Chikatomo Kenneth Hodo has been in management of a company providing business consulting and IT services for years at Accenture Japan Ltd. He has extensive experience and a broad range of knowledge on digital business as a corporate executive. In addition, Mr. Hodo has a high degree of independence from the Company as stated below. Therefore, the Company believes that Mr. Hodo can contribute to the maintenance and upgrading of corporate governance through his activities at the Board of Directors and the committees, and requests shareholders to newly elect him as an Outside Director.
- Information concerning independence
  Accenture Japan Ltd and the Company are not major customers of each other because these sales accounted for less than 1% of the consolidated net sales of each company. Furthermore, the two companies are not major shareholders of each other.
  Mr. Hodo meets the independence standards for Outside Directors established by the Company’s Nominating Committee as well as the standards for independence of Tokyo Stock Exchange, Inc. and is an eligible candidate of Independent Director as defined in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

No. 8

Ken Shiomi

(December 12, 1954)

Up for re-election

Career history, position and responsibilities at the Company

April 1977	Joined Minolta Camera Co., Ltd.
April 2000	General Manager, Corporate Business Management Division of Minolta Co., Ltd.
October 2003	General Manager, Corporate Accounting Division of Konica Minolta Camera, Inc.
April 2006	President of Konica Minolta Sensing Europe B.V.
January 2008	General Manager of Business Management of Konica Minolta Sensing, Inc.
June 2008	Director, General Manager, Corporate Business Management Division of Konica Minolta Sensing, Inc.
April 2012	Executive Officer of the Company, Director of Konica Minolta Optics, Inc.
April 2013	Executive Officer of the Company
June 2015	Director of the Company (position which he continues to hold)

・Number of shares of the Company held: **31,600 shares**

・Board of Directors meeting attendance: **14 times/14 times (100%)**

・Audit Committee attendance **13 times/13 times (100%)**

・Compensation Committee attendance **8 times/8 times (100%)**

・Term of office: **three years**

Important position concurrently held

None

- Reasons for selecting the candidate for Director

  The Company believes that it is important for the Audit Committee to include a full-time Inside Director who has extensive business management experience and expertise involving the collection of information. Mr. Ken Shiomi attends management meetings of Executive Officers as a Member of the Audit Committee. He works to optimize the quality and quantity of information for the audit by the Committee as he grasps and confirms validity of the determination process about operations, which are commissioned to the Executive Officers by the Board of Directors, as well as the operational status of the internal control system and provides the Audit Committee with feedback on such information.

  Mr. Shiomi has extensive experience and considerable expertise related to business administration from serving as Executive Officer in the Company’s sensing and optics businesses. Since 2015, as an Inside Director at the Company not concurrently serving as Executive Officer Mr. Shiomi engages in supervising management and properly fulfills his duties at the Company’s Audit and Compensation Committees.

  Therefore, the Company believes that Mr. Shiomi can enhance corporate value by maintaining and strengthening the corporate governance, and requests that shareholders elect for him to continue.

No.
9

Toyotsugu Ito

(December 20,1955)

First-time candidate

・Number of shares of the Company held:
21,400 shares

Career history, position and responsibilities at the Company

April 1979	Joined Konishiroku Photo Industry Co., Ltd.
October 2002	General Manager, Technology Center of Konica Minolta Technoproducts Co., Ltd.
October 2003	General Manager, Production Technology Center, Production Technology Headquarters of Konica Minolta Business Technologies, Inc.
April 2005	Vice President (in charge of Corporate Planning, Quality, Environment, Technology) of Konica Minolta Business Technologies (Wuxi) Co. Ltd.
October 2008	General Manager, Manufacturing Technology Center of Konica Minolta Technology Center, Inc.
June 2011	Director, General Manager, Manufacturing Technology Center of Konica Minolta Technology Center, Inc.
April 2013	Executive Officer, General Manager, Corporate Production Operation Division of the Company
April 2015	Senior Executive Officer, General Manager, Corporate Production Operation Division in charge of Group Production Engineering of the Company
April 2016	Senior Executive Officer in charge of Management Quality Improvement of the Company
April 2018	Senior Executive Officer of the Company (position which he continues to hold)

Important position concurrently held

None

- Reasons for selecting the candidate for Director
  The Company believes that it is important for the Audit Committee to include a full-time Inside Director who has extensive business management experience and expertise involving the collection of information. Mr. Toyotsugu Ito will attend management meetings of Executive Officers as a Member of the Audit Committee. He will work to optimize the quality and quantity of information for the audit by the Committee as he will grasp and confirm validity of the determination process about operations, which are commissioned to the Executive Officers by the Board of Directors, as well as the operational status of the internal control system and will provide the Audit Committee with feedback on such information.
  Mr. Ito has engaged in operations of the Company, such as production technologies, business administration of subsidiaries, and reforms of the management quality as the Company’s Senior Executive Officer and has extensive experience and considerable expertise related to business administration and internal control. The Company expects that Mr. Ito will engage in supervising management as an Inside Director at the Company not concurrently serving as Executive Officer and properly fulfill his duties at the Nominating, Audit and Compensation Committees as an Inside Member. Therefore, the Company believes that Mr. Ito can enhance corporate value by maintaining and strengthening the corporate governance, and requests shareholders to newly elect him as a Director.

No. 10 **Seiji Hatano**
(December 17, 1959)

Up for re-election

- Number of shares of the Company held: **15,700 shares**
- Board of Directors meeting attendance: **14 times/14 times (100%)**
- Term of office: **four years**

Career history, position and responsibilities at the Company

April 1982	Joined the Mitsubishi Bank, Ltd.
June 2011	Resigned the Bank of Tokyo-Mitsubishi UFJ, Ltd.
July 2011	Joined the Company
April 2013	Executive Officer and General Manager, Corporate Strategy Division of the Company
April 2014	Senior Executive Officer and General Manager, Corporate Strategy Division of the Company
June 2014	Director, Senior Executive Officer and General Manager, Corporate Strategy Division of the Company
April 2016	Director, Senior Executive Officer and General Manager, Management Planning Division of the Company
April 2017	Director and Senior Executive Officer of the Company (position which he continues to hold)

Important position concurrently held

None

- Reasons for selecting the candidate for Director

  As a Senior Executive Officer in charge of business administration, finance and accounting, and risk management, Mr. Seiji Hatano has worked to enhance corporate value of the Group by promoting the medium-term business plan. The Company believes Mr. Hatano will demonstrate accountability to the Board of Directors and participate in important management decisions. Therefore, the Company requests that shareholders elect for him to continue.

No. 11 **Kunihiro Koshizuka** (September 30, 1955)

Up for re-election

・Number of shares of the Company held:
22,400 shares

・Board of Directors meeting attendance:
14 times/14 times (100%)

・Term of office:
three years

Career history, position and responsibilities at the Company

April 1981	Joined Konishiroku Photo Industry Co., Ltd.
October 2003	GI System Group Leader (Manager), R&D Center, of Konica Minolta Medical & Graphic, Inc.
June 2004	General Manager, Development Center, of Konica Minolta Medical & Graphic, Inc.
June 2008	Director and General Manager, Development Center, of Konica Minolta Medical & Graphic, Inc.
April 2012	Executive Officer and General Manager, Technology Strategy Division of the Company
April 2014	Senior Executive Officer and General Manager, Corporate R&D Headquarters of the Company
April 2015	Senior Executive Officer and General Manager, Business Development Headquarters of the Company
June 2015	Director, Senior Executive Officer and General Manager, Business Development Headquarters of the Company
April 2016	Director and Senior Executive Officer of the Company (position which he continues to hold)

Important position concurrently held

None

- Reasons for selecting the candidate for Director
  As a Senior Executive Officer of the Company in charge of all aspects of the technology sector, Mr. Kunihiro Koshizuka has worked to enhance corporate value of the Group by promoting the medium-term business plan. The Company believes Mr. Koshizuka will demonstrate accountability to the Board of Directors and participate in important management decisions. Therefore, the Company requests that shareholders elect for him to continue.

No. 12

Toshimitsu Taiko

(November 30,1962)

First-time candidate

・Number of shares of the Company held:
10,800 shares

Career history, position and responsibilities at the Company

April 1986	Joined Minolta Camera Co., Ltd.
April 2002	Executive Vice President of Minolta QMS Printing Solutions USA Inc.
April 2005	General Manager, Business Strategy Division, Business Headquarters of Konica Minolta Business Technologies, Inc.
June 2012	Director, General Manager, Corporate Planning Division, General Manager, Business Innovation Division of Konica Minolta Business Technologies, Inc.
April 2013	CEO of Konica Minolta Business Solutions U.S.A., Inc.
April 2015	Executive Officer of the Company, CEO of Konica Minolta Business Solutions U.S.A., Inc.
April 2016	Executive Officer, General Manager, Business Technologies Business, Business Planning Headquarters of the Company
April 2017	Executive Officer, General Manager, Professional Printing Business Headquarters of the Company
April 2018	Senior Executive Officer, lead officer responsible for Business Technologies Business, General Manager, Office Business Headquarters of the Company (position which he continues to hold)

Important position concurrently held

None

- Reasons for selecting the candidate for Director
  As a Senior Executive Officer of the Company, lead officer responsible for supervision of the Company’s mainstay Business Technologies Business, Mr. Toshimitsu Taiko has worked to enhance corporate value of the Group by promoting the medium-term business plan. The Company believes Mr. Taiko will demonstrate accountability to the Board of Directors and participate in important management decisions. Therefore, the Company requests shareholders to newly elect him as a Director.

Notes: 1. No conflicts of interest exist between the Company and the Director candidates.
2. The Company has entered into liability limitation agreements with Outside Directors Mr. Hiroshi Tomono, Mr. Kimikazu Noumi and Mr. Takashi Hatchoji, the content of which is summarized in "Liability limitation agreements" on page 56 of the Business Report. The Company will enter into similar agreements with them if they are re-elected, and with Mr. Taketsugu Fujiwara and Mr. Chikatomo Kenneth Hodo, the first-time candidate for Outside Director, if they are elected.

[Director election standards]

The Nominating Committee has selected candidates who satisfy the following standards as being suitable Directors for achieving good corporate governance i.e. ensuring the transparency, soundness and efficiency of the Company's operations.

(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

[Independence standards for Outside Directors]

Regarding standards for the independence of Outside Directors, the Company's Nominating Committee selects Outside Director candidates, provided that none of the following criteria apply.

(1) Person affiliated with Konica Minolta
- Former employee of the Group
- Having a family member (spouse, child, or any blood or marital relative twice removed or less) that has served as a Director, executive officer, auditor or top manager in the Group during the past five years

(2) Person affiliated with a major supplier/client
- Currently serving as a managing director, executive officer, or employee of a major supplier/client company/group that receives 2% or more of its consolidated sales from the Group or vice versa

(3) Specialized service provider (lawyer, accountant, consultant, etc.)
- Specialized service provider that received annual compensation of ¥5 million or more from the Group for the past two years

(4) Other
- A shareholder holding 10% or more of the voting rights in the Company (executive director, executive officer, or employee in the case of a corporate body)
- A director taking part in a director exchange
- A director, executive officer, auditor or equivalent position-holder of a company that competes with the Group, or a person holding 3% or more of the shares of a competing company
- Having some other significant conflict of interest with the Group

[The members of each of the committees (planned)]

If the twelve Directors are elected at the Meeting, the members of each of the committees under the company with three committees provided for in Article 2, Item 12 of the Companies Act will be appointed as follows from among three Inside Directors, Mr. Masatoshi Matsuzaki, Mr. Ken Shiomi and Mr. Toyotsugu Ito who do not concurrently hold Executive Officer posts, and the five Outside Directors.
The Company appoints the Chairman of each committee especially from among Outside Directors. The Representative Executive Officer and President serves as neither member of the committees. Thus, the Company continues to strive to ensure the transparency of the administration of three committees.

Committees are composed of four Outside Directors and two Inside Directors who do not concurrently serve as Executive Officers, and consideration is given to cooperation among the committees and between the individual committees and the senior management.

Nominating Committee	Hiroshi Tomono (Chairman), Kimikazu Noumi, Taketsugu Fujiwara, Chikatomo Kenneth Hodo, Masatoshi Matsuzaki, Toyotsugu Ito
Audit Committee	Takashi Hatchoji (Chairman), Hiroshi Tomono, Taketsugu Fujiwara, Chikatomo Kenneth Hodo, Ken Shiomi, Toyotsugu Ito
Compensation Committee	Kimikazu Noumi (Chairman), Takashi Hatchoji, Taketsugu Fujiwara, Chikatomo Kenneth Hodo, Ken Shiomi, Toyotsugu Ito

[Frequently Asked Questions]

Q: The Company has no female Director. What do you think about diversity?
A: The Company copes with diversity of Directors as described in page 8 of this Notice of Convocation. The Nominating Committee selects candidates who can provide appropriate supervision and advice concerning the Company's management issues. In doing so, the committee considers that Outside Directors should be balanced well in terms of diversity, including industrial sectors of companies they come from, their specialized fields, and their experiences, regardless of gender. In the discussions to narrow down the candidates to be elected at the Meeting, several female candidates were quoted, but there has been no female Director so far, unfortunately. The Company recognizes the importance of diversity in management, offering occasions where female employees can excel and promoting younger officials and foreigners to top managers. It selected its first foreign Executive Officer in fiscal 2016 and its first female Executive Officer in fiscal 2018.

Q: Isn't there any problem that an Inside Director becomes a Member of the Audit Committee?
The Company does not believe that the Audit Committee comprised of only Outside Directors can secure the quality of audits. In order to secure the auditing quality, Inside Directors become full-time members of the Audit Committee and are in charge of investigation under the Companies Act. Due to collection of information by the Inside Members, the committee not only fulfills its own auditing function, but also enhances information brought to the committee, where Outside Directors account for a majority, and secures the quality of its auditing function.

Q: Isn't there any problem that Outside Directors do not account for a majority of the Board of Directors?
In its "Basic Policy on Corporate Governance," the Company provides that "one-third or more of Directors are Independent Outside Directors, and (Outside and Inside) Directors who do not concurrently serve as Executive Officers constitute the majority of the total number of Directors." This is because the Company is aware of the need not only for Outside Directors, but also for "Directors who do not concurrently serve as Executive Officers" versed in the Company, as the Chairman of the Board of Directors or as full-time members of the Audit Committee. Namely, the Company believes that (Outside and Inside) Directors who do not concurrently serve as Executive Officers constitute the majority of the total number of Directors.
The Nominating Committee reviews the structure of the Board of Directors every year and selects candidates for Directors after confirming the validity of the structure of the Board of Directors.
Please refer to "Reference: Corporate Governance" on pages 62 through 64.

Q: Is there any impact of concurrent positions served by Directors on their duties as the Company's Directors?
A: In selecting candidates for Directors, the Company makes deliberate consideration from the standpoint of whether they are able to secure sufficient time for the duties at the Board of Directors and each committee. They make sufficient contribution to the Company's governance as we showed attendance and comments at Board of Directors meetings and each committee meetings of the Outside Directors in fiscal 2017 on pages 55 through 56 of the business report and attendance at Board of Directors meetings and each committee meetings of eight candidates up for re-election on the page of each candidate in this proposal.

[Provided Documents]

BUSINESS REPORT

From April 1, 2017 to March 31, 2018

1. Overview of Konica Minolta Group business activities

(1) Developments and results of business activities

Looking back at the economic situation during the fiscal year ended March 31, 2018 (hereafter, “the fiscal year under review”), economic growth continued steady against a background of solid personal consumption in the US, and in Europe as well economies posted solid growth, primarily on the back of exports, in addition to improved personal consumption. China maintained stable growth, supported by fiscal policy and personal consumption, and the economies of emerging countries such as those of ASEAN, and India, continued to expand. In Japan, the strength of the global economy supported improvements in corporate earnings, and the economy trended toward moderate recovery.

In the context of this economic environment, consolidated revenue in the fiscal year under review of the Konica Minolta Group (hereafter, “the Group”) reached ¥1,031.2 billion (up 7.1% year on year), with all business segments posting higher revenue. In the Office Business, in addition to strong sales of color MFPs (Multi-functional peripherals) in North America, sales in China grew significantly. In the Professional Print Business, sales of digital color printing systems strongly increased in China, and rose in Europe as well, while the industrial printing business unit also expanded, primarily in North America. In the Healthcare Business, digital product sales rose in North America, while in the Industrial Business the solid performance of the measuring instruments business unit continued throughout the fiscal year, leading to a substantial increase in revenue.

In order to accelerate the transformation of the business in line with the policies of the Medium Term Business Plan SHINKA 2019, structural reform expenses were posted of ¥5.3 billion in Japan and ¥4.6 billion overseas. Moreover, the Group optimized the use of its facilities (land, buildings) as part of its corporate real estate strategy, generating ¥20.3 billion in income from asset liquidation through sale and leaseback, which enabled it to offset structural reform expenses and investment in new businesses, including expenses associated with major acquisitions.

As a result of the above, operating profit was ¥53.8 billion (up 7.4% year on year). All business segments recorded growth in earnings, and the Group as a whole also posted higher profits.

Profit before tax came in at ¥49.1 billion (down 0.4% year on year), while profit attributable to owners of the company was ¥32.2 billion (up 2.2% year on year).

With the aim of becoming a high-profitability company, we are actively working to nurture businesses in the following three fields, as part of the Medium Term Business Plan SHINKA 2019.

1. High value-added services appropriate to an IoT era in which things are connected to other things
2. Full-scale promotion of digitalization in commercial and industrial printing
3. Full-scale entry into the area of precision medicine

During this fiscal year, which was the first year of the Medium Term Business Plan, we continued the development of Workplace Hub, Konica Minolta’s edge IoT platform, with our corporate partners, moving forward with demonstrations of its value to customers, and progressing steadily towards commercialization. With regard to the promotion of the digitalization of commercial and industrial printing, in commercial printing we launched new products, including an optional unit providing proprietary Konica Minolta functionality, and in industrial printing the value-added products that we offered penetrated the market widely, leading to an acceleration in sales. In the field of precision medicine, we completed the acquisitions of Ambry Genetics Corporation and Invicro, LLC in October and November, respectively, inaugurating a business promotion structure that combines the strengths of those two companies with our proprietary High-Sensitivity Tissue Testing (HSTT) technology, in a move aimed at establishing of a bio-healthcare business unique to Konica Minolta.

In addition, in order to accelerate our business transformation, we are promoting structural reform in accordance with the Medium Term Business Plan, such as through the ongoing shifts in human resources, the consolidation of locations, and the conversion of fixed costs to variable costs. Also, while working to improve earnings power by reducing manufacturing costs and service costs, we continue to invest aggressively in new businesses that will form future pillars of earnings.

As a result of these initiatives, our progress was in line with projections as we prepared to meet the management targets of FY2019, the final year of the SHINKA 2019 business plan.

Business conditions in each segment during the fiscal year under review are as follows.

(Hundred millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017	Increase (Decrease)	
Office Business				
Revenue	5,838	5,582	256	4.6%
Operating profit	449	443	5	1.3%
Professional Print Business				
Revenue	2,142	2,039	102	5.0%
Operating profit	92	82	10	12.4%
Healthcare Business				
Revenue	965	899	65	7.3%
Operating profit	55	28	27	94.6%
Industrial Business				
Revenue	1,182	1,015	166	16.4%
Operating profit	234	220	14	6.4%
Subtotal				
Revenue	10,129	9,536	592	6.2%
Operating profit	832	774	57	7.4%
Others and Adjustments				
Revenue	183	88	94	107.0%
Operating profit	(293)	(273)	(20)	—
Total				
Revenue	10,312	9,625	687	7.1%
Operating profit	538	501	37	7.4%

Notes: 1. Business conditions have been prepared on the basis of International Financial Reporting Standards (“IFRS”).
2. “Revenue” refers to revenue from external customers.
3. The Company Group reclassified its reporting segments, reflecting the reorganization to promote the strategies in the Medium-Term Business Plan “SHINKA 2019.” The figures in the previous fiscal year are based on the reclassified segments.

Regarding the payment of dividends from retained earnings at the end of the fiscal year, we will pay ¥15 per share as planned. Including the dividend distributed on September 30, 2017, we will pay a full-year dividend of ¥30 per share.

Business Activity Highlights of the fiscal year

July 2017
Konica Minolta was named to all the three socially responsible investment indexes adopted by Japan's Government Pension Investment Fund (GPIF).

October 2017
The Company received the Platinum Kurumin certification from Japan's Ministry of Health, Labour and Welfare as a company that has executed measures to support employees' child care needs at a highest standard.

October 2017
CDP, an international non-governmental organization, awarded the Company a spot on the Climate A List of companies recognized as global leaders for their actions and strategies in response to climate change.

December 2017
The Company lifted its ban on secondary jobs and sideline business by employees, and introduced the Job Return system, in which retirees can work again for the Company, to optimize employees' individual uniqueness and create an innovative environment at the Company.

February 2018
The Company was selected as one of the Health & Productivity Stock Selection of companies considering employees' healthcare from a management perspective and working strategically on the issue, following its inclusion in the selection in 2015 and 2016.

October 2017
Konica Minolta and Innovation Network Corporation of Japan closed their joint acquisition of U.S.-based Ambry Genetics Corporation. Through this acquisition, the Company will accelerate the development of precision medicine business, which is expected to play a significant role in cancer treatment and other medical field.


Ambry Genetics Headquarters

October 2017
The Company started an agricultural management support project jointly with Yanmar Co., Ltd. The project aims to improve work efficiency and reduce labor input for farming by visualizing product growth conditions through drone photography and analysis.


Sensing by a drone

November 2017
The Company launched the CA-410, a color analyzer for measuring displays such as OLED displays. It offers high-speed, high-accuracy measurement for evolving High Dynamic Range (HDR) displays.


CA-410

January 2018
The Company received Grand Prize in NIKKEI Smart Work Awards 2018. The Company was selected as a Grand Prize winner by an external jury that comprehensively evaluating companies based on the viewpoints of four areas, namely, Human Resources, Innovation, Marketing and Management Fundamentals, as well as on 18 indicators.

i. Office Business

Business Details

Development, manufacturing and sale of multifunctional peripherals and related supplies, and provision of related solution services

Business report for the fiscal year under review

In the office products business unit, sales volumes of both monochrome and color A3 MFPs grew year on year, and at a rate higher than that of the market. In particular, for color models, high-speed models posted high rates of expansion following the launch of new products. By region, sales volumes in Europe fell in comparison to the same period of the previous year, in which some major projects were established and major equipment installed, but sales grew in the second half of the fiscal year, primarily high-speed color models. In North America sales remained strong from the beginning of the fiscal year, and China also posted impressive year-on-year growth in sales volumes. Among sales to major companies that operate globally, sales to existing customers were robust, in addition to which there was an increase in major new projects, and the total value of contracts increased significantly.

In the IT services solution business unit, in addition to the impact of newly consolidated subsidiaries, sales of highly profitable security solutions contributed to increased revenue in the US. In Europe also, a company acquired in the second half of the fiscal year began to make a contribution to earnings, and revenue for the IT services solution business unit as a whole rose year on year, due to such factors as expanded sales of Managed Content Services*, where margins rose due to improvement of service and support structure.

As a result of the above, revenue for the Office Business came in at ¥583.8 billion (up 4.6% year on year), while operating profit was ¥44.9 billion (up 1.3% year on year).

(Company-business related glossary)

* Managed Content Services

A general name for a service of establishing a system that totally manages business contents, such as documents on paper and electronic data, mails, forms and drawings, properly uses, stores, and abolishes the contents.

ii. Professional Print Business

Business Details

Development, manufacturing, and sale of digital printing systems and related supplies, and provision of various printing service and solution services

Business report for the fiscal year under review

For the production print business unit, markets were sluggish, primarily in developed countries, but although sales volumes in North America fell slightly year on year, sales in Europe expanded, centered on top-of-the-line models. In China, sales volumes greatly increased, leading to an overall year-on-year increase. The value of the intelligent quality optimizer "IQ-501," which is equipped with proprietary Konica Minolta functionality that automatically controls output, in improving the efficiency of customer workflows has been widely accepted by customers, further enhancing our advantage over the competition.

In the industrial printing business unit, sales of the "AccurioJet KM-1" digital inkjet press, label printers, and digital decoration printing* equipment made by French subsidiary MGI accelerated, primarily in North America and Europe, and sales volumes increased compellingly.

In the marketing services business unit, there was growth in on-demand printing, which is being developed under the Kinko's brand, but in marketing print the impact of constraints on marketing costs at major customers in the first half of the fiscal year lingered, and revenue fell year on year.

As a result of the above, revenue for the Professional Print Business came in at ¥214.2 billion (up 5.0% year on year), while operating profit was ¥9.2 billion (up 12.4% year on year).

(Company-business related glossary)

* Decoration printing

Printing that adds values to printed matters, such as expression of a three-dimensional effect through raised printing with varnish and embossing jobs by gold and silver.

iii. Healthcare Business

Business Details

Development, manufacturing, and sale of medical diagnostic imaging systems (such as X-ray photography and ultrasonic diagnostic imaging system), provision of services related to those systems and other solution services for digitizing and networking medical treatment.

Business report for the fiscal year under review

In the healthcare (modality) business unit, sales volumes of digital radiography (DR)* systems expanded, primarily in the US, due to strengthening our cooperation with X-ray device manufacturers, and the winning of a major project. Sales of diagnostic ultrasound systems remained solid in Japan, and sales volumes also expanded in China, Europe, and the US. There was an additional impact in the second half of the fiscal year from the contribution of newly launched products, leading to powerful growth in sales volumes.

In the medical IT business unit, higher revenue in the US contributed to higher profit and service contracts also expanded steadily.

As a result of the above, revenue for the Healthcare Business came in at ¥96.5 billion (up 7.3% year on year), while operating profit was ¥5.5 billion (up 94.6% year on year).

(Company-business related glossary)

* Digital Radiography (DR)

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 perform this function. We provide the cassette-type digital X-ray system “AeroDR” as DR.

iv. Industrial Business

Business Details
<Materials and components>
Development, manufacturing and sale of TAC film*[1] used for liquid crystal displays, OLED lighting, ink jet heads for industrial use and lenses for industrial and professional uses and others.

<Optical systems for industrial use>
Development, manufacturing and sale of measuring equipment and others

Business report for the fiscal year under review
In the field of materials and components, against the background of the increasing size of LCD TVs, the strategic shift to such high value-added products as new water-resistant VA-TAC films and ZeroTAC film for IPS*[2] panels bore fruit in the performance materials business unit, and revenues grew despite price pressure. The optical component business unit recorded higher revenue, and the IJ (inkjet) component business unit saw continued strong sales, leading to an increase in revenue.
In the field of optical systems for industrial use, as a result of the measuring instruments business unit providing solutions that respond to innovations in display products, we were able to capture waves of demand from several customers, and revenue grew significantly.
As a result of the above, revenue for the Industrial Business came in at ¥118.2 billion (up 16.4% year on year), while operating profit was ¥23.4 billion (up 6.4% year on year).

(Company-business related glossary)
*[1] TAC (triacetyl cellulose) film
Primarily composed of cellulose acetate, it is mainly used as a protective film for polarizers, a key component of LCDs. TAC was originally developed as a substrate for photographic film, but because of its superior flame resistance, transparency, surface appearance, and electric insulation characteristics, we are pursuing development of applications outside of photographic film.

*[2] IPS (In Plane Switching)
A type of display technology for liquid crystal panels. It accounts for about 20% of LCDs, and is widely adopted for touch panels for tablets, etc.

(2) Financing, etc.

a. Financing

In the fiscal year under review, the Company procured funds worth ¥100 billion yen for the acquisition of an overseas company by way of hybrid loans (subordinated loans) in October 2017. The Company also issued unsecured corporate bonds worth ¥40 billion for the reimbursement of corporate bonds and repayment of loans in December 2017.
The Company did not procure new funds by issuing new shares or corporate bonds.

b. Capital expenditure

The capital expenditure of the Group during the fiscal year under review totaled ¥38.7 billion, with the emphasis on expenditure for the development and manufacture of new products mainly in the Office Business, the Professional Printing Business and the Industrial Business.

(3) Business results

Japan standards

		111th Term Fiscal Year Ended March 31, 2015
Net sales	(Hundred millions of yen)	10,117
Operating profit	(Hundred millions of yen)	662
Ordinary profit	(Hundred millions of yen)	598
Profit attributable to owners of parent	(Hundred millions of yen)	327
Earnings per share	(yen)	64.73
Total assets	(Hundred millions of yen)	9,704
Net assets	(Hundred millions of yen)	5,016
Net assets per share	(yen)	995.48
Dividend per share [of which, interim dividend per share]	(yen)	20 [10]
ROE (Note 3)	(%)	6.7

International Financial Reporting Standards ("IFRS")

		111th Term Fiscal Year Ended March 31, 2015	112th Term Fiscal Year Ended March 31, 2016	113th Term Fiscal Year Ended March 31, 2017	114th Term Fiscal Year Ended March 31, 2018 (fiscal year)
Revenue	(Hundred millions of yen)	10,027	10,317	9,625	10,312
Operating profit	(Hundred millions of yen)	657	600	501	538
Profit attributable to owners of the company	(Hundred millions of yen)	409	319	315	322
Basic earnings per share (Note 2)	(yen)	81.01	64.39	63.65	65.17
Equity attributable to owners of the company	(Hundred millions of yen)	5,359	5,142	5,243	5,245
Total assets	(Hundred millions of yen)	10,018	9,763	10,054	12,039
Equity per share attributable to owners of the Company (Note 2)	(yen)	1,067.97	1,037.96	1,057.92	1,060.72
Dividend per share [of which, interim dividend per share]	(yen)	20 [10]	30 [15]	30 [15]	30 [15]
ROE (Note 3)	(%)	7.9	6.1	6.1	6.1

Notes: 1. From the year ended March 31, 2016, business results have been prepared on the basis of International Financial Reporting Standards ("IFRS"). Also, figures from the year ended March 31, 2015 on the basis of IFRS have been provided for reference purposes.

2. In the year ended March 31, 2018, treasury shares, on which basic earnings per share and equity per share attributable to owners of the Company are based, include the Company's shares held by trust accounts related to the BIP (Board Incentive Plan) trust for compensation for Directors.

3. The following methods are used to calculate the return on equity.
Japanese standard: Profit attributable to owners of parent divided by equity (average of equity at beginning and end of fiscal year)
IFRS: Profit attributable to owners of the company divided by equity attributable to owners of the company (average of equity at beginning and end of fiscal year)

(4) Issues to be handled

In recent years, the advance of digital technology has caused upheaval in all kinds of industries, and the speed of these changes is accelerating.

Konica Minolta has special strengths in the field of inputting, processing and outputting digital images, as well as specific know-how in the accumulation, analysis, and use of diverse data types, and it also possesses a valuable asset in the form of its “connections” with some two million corporate customers around the world.

Guided by the Medium Term Business Plan SHINKA 2019 that began in April 2017, we are consolidating these strengths and assets and working actively to resolve our customers’ operational issues, as well as those faced by society as a whole.

In FY2018, the interim year of SHINKA 2019, we will focus in particular on the following two areas.

1. Fundamental strengthening of profitability in core businesses
    - Bringing products to market, based on ideas originating with the customer, that are tightly focused on usability and appealing levels of quality
    - Extracting results from manufacturing innovation, such as by involving suppliers in labor-saving initiatives
    - Reducing service costs through expanded use of predictive maintenance and remote support
    - Enhancing productivity by utilizing digital technology in all kinds of fields
2. Steady business growth in new fields
    - Ramping the Workplace Hub business, which connects to working style reforms
    - Expanding the business in the fields of industrial printing and optics
    - Moving forward with the commercialization of precision medicine, for which we made major acquisitions in FY2017

Further, it is vital for the sustainable growth of companies to resolve the challenges faced by business and human society, and contribute to the evolution of that society by offering insights to customers. We believe that the source of our competitiveness is human capital, and we will continue to discover and nurture diverse human resources from a global perspective, with everyone in the Group striving together as one, and continuing to rise to the challenge of “The Creation of New Value.”

As a result of initiatives such as those described above, by the final year of the Medium Term Business Plan in FY2019, we will ensure that we have paved the way to our management targets of ¥75.0 billion in operating profit, ¥50.0 billion in profit for the period, and ROE of 9.5%.

(5) Network of the Group (as of fiscal year end)

a. Main business offices, plants, etc.

The Group is comprised of the Company, 164 consolidated subsidiaries, and eight affiliated companies accounted for by the equity method and jointly controlled entities. The Group has product and technology development, manufacturing, and sales bases worldwide.

Main business offices in Japan

The Company

(1) Head Office (Chiyoda-ku, Tokyo)
(2) Kansai Site (Osaka City, Osaka)

Other domestic offices

a) Hino City (Tokyo), Hachioji City (Tokyo), b) Chuo City (Yamanashi Prefecture),
c) Toyokawa City (Aichi Prefecture), d) Sakai City (Osaka), Osakasayama City (Osaka),
e) Kobe City (Hyogo Prefecture))

Subsidiaries

(1) Konica Minolta Japan, Inc. (Minato-ku, Tokyo)
(2) Konica Minolta Supplies Manufacturing Co., Ltd. (Kofu City, Yamanashi Prefecture)
(3) Konica Minolta Technoproducts Co., Ltd. (Sayama City, Saitama Prefecture)

Main business offices overseas

Subsidiaries

U.S.A.

(1) Konica Minolta Business Solutions U.S.A., Inc.
Konica Minolta Healthcare Americas, Inc.
(2) Ambry Genetics Corporation

Europe

(3) Konica Minolta Business Solutions Europe GmbH (Germany)
Konica Minolta Business Solutions Deutschland GmbH (Germany)
Instrument Systems GmbH (Germany)
(4) Konica Minolta Business Solutions France S.A.S. (France)
(5) Konica Minolta Business Solutions (UK) Limited (U.K.)
Konica Minolta Marketing Services EMEA Limited (U.K.)

Asia, etc.

(6) Konica Minolta Business Solutions (CHINA) Co., Ltd. (China)
(7) Konica Minolta Business Technologies Manufacturing (HK) Ltd. (Hong Kong)
(8) Konica Minolta Business Technologies (WUXI) Co., Ltd. (China)
(9) Konica Minolta Business Technologies (DONGGUAN) Co., Ltd. (China)
(10) Konica Minolta Business Technologies (Malaysia) Sdn. Bhd. (Malaysia)
(11) Konica Minolta Business Solutions Australia Pty. Ltd. (Australia)

(Reference)

External revenue by Region (the fiscal year under review)

External revenue of the fiscal year by geographical area is as follows.

Region	Revenue (Hundred millions of yen)	Sales proportion of each region
Japan	1,963	19.0%
U.S.A.	2,715	26.3%
Europe	3,247	31.5%
China	804	7.8%
Asia	791	7.7%
Other	789	7.7%
Total	10,312	100%

Note: Revenue classifications are based on customers' countries. When there are no key countries for customers in any of the regions above, they are classified into the respective regions.

b. Employees of the Group

Number of employees	Compared with end of previous fiscal year
43,299	Decrease of 680

Note: The number of employees indicates the number of employees currently on duty.

(6) Significant subsidiaries (as of the fiscal year end)

Company name	Capital	Ratio of voting rights held by the Company	Description of principal businesses
Konica Minolta Japan, Inc.	Millions of yen 397	100%	Sale of multi-functional peripherals, digital printing systems, printers, healthcare equipment, industrial measuring equipment and related supplies in Japan, and providing related solution services
Konica Minolta Supplies Manufacturing Co., Ltd.	Millions of yen 200	100%	Manufacturing and sale of supplies for multi-functional peripherals, digital printing systems and printers
Konica Minolta Technoproducts Co., Ltd.	Millions of yen 350	100%	Manufacturing and sale of equipment for medical system
Konica Minolta Business Solutions U.S.A., Inc.	Thousand US dollar 40,000	*100%	Sale of multi-functional peripherals, digital printing systems, printers and related supplies in the U.S., and providing related solution services
Konica Minolta Business Solutions Europe GmbH	Thousand euro 88,101	100%	Sale of multi-functional peripherals, digital printing systems, printers, healthcare equipment and related supplies in Europe and others, and providing related solution services
Konica Minolta Business Solutions Deutschland GmbH	Thousand euro 10,025	*100%	Sale of multi-functional peripherals, digital printing systems, printers and related supplies in Germany, and providing related solution services
Konica Minolta Business Solutions France S.A.S.	Thousand euro 29,365	*100%	Sale of multi-functional peripherals, digital printing systems, printers and related supplies in France, and providing related solution services
Konica Minolta Business Solutions (UK) Limited	Thousand British pound 21,000	100%	Sale of multi-functional peripherals, digital printing systems, printers and related supplies in the U.K., and providing related solution services
Konica Minolta Marketing Services EMEA Limited	Thousand British pound 440	*100%	Print management service providers in Europe

Note: The ratio of voting rights marked with * include those held by subsidiaries.

Company name	Capital	Ratio of voting rights held by the Company	Description of principal businesses
Konica Minolta Business Solutions (CHINA) Co., Ltd.	Thousand RMB 96,958	100%	Sale of multi-functional peripherals, digital printing systems, printers and related supplies in China, and providing related solution services
Konica Minolta Business Technologies Manufacturing (HK) Limited	Thousand HK dollar 195,800	100%	Manufacturing and sale of multi-functional peripherals, printers, and related supplies
Konica Minolta Business Technologies (WUXI) Co., Ltd.	Thousand RMB 289,678	*100%	Manufacturing and sale of multi-functional peripherals, digital printing systems, printers, and related supplies
Konica Minolta Business Technologies (DONGGUAN) Co., Ltd.	Thousand RMB 141,201	*100%	Manufacturing and sale of multi-functional peripherals, digital printing systems, printers, and related supplies
Konica Minolta Business Technologies (Malaysia) Sdn. Bhd.	Thousand Malaysian ringgit 135,000	*100%	Manufacturing and sale of multi-functional peripherals, digital printing systems, printers, and related supplies
Konica Minolta Business Solutions Australia Pty Ltd	Thousand Australian dollar 24,950	100%	Sale of multi-functional peripherals, digital printing systems, printers and related supplies in Australia, and providing related solution services
Konica Minolta Healthcare Americas, Inc.	Thousand US dollar 5,300	*100%	Sale of medical imaging systems and other products in the United States and other countries
Instrument Systems GmbH	Thousand euro 600	100%	Manufacturing and sale of LED light sources, light measurement systems and other products in Europe, the United States and Asia
Ambry Genetics Corporation	US dollar 102	*60%	Providing genetic testing service centering on cancer area

Note: The ratio of voting rights marked with * includes those held by subsidiaries.

(7) Principal lenders and the amount of loans of the Group (as of the fiscal year end)

(Hundred millions of yen)

Lender	Outstanding amount of loan
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	666
Sumitomo Mitsui Banking Corporation	333
Resona Bank, Limited.	182
Mitsubishi UFJ Trust and Banking Corporation	180
Nippon Life Insurance Company	178

(8) Policy on exercise of authority if Articles of Incorporation allow distribution of dividends from retained earnings by the resolution of the Board of Directors (Article 459, Paragraph 1 of the Companies Act)

The policy regarding the payment of dividends from retained earnings, etc. calls for the basic approach of making a comprehensive evaluation of consolidated performance and funding requirements to promote strategic investments in growth fields while seeking to implement proactive shareholder returns. The Company strives to enhance shareholder returns through higher dividends as well as a flexible acquisition of the treasury shares.

(9) Other significant matters of the Group

No significant matters worth mentioning.

2. State of shares (as of the fiscal year end)

(1) Total number of shares authorized to be issued ······· 1,200,000,000 shares

(2) Total number of shares issued ···························· 502,664,337 shares
(of which, treasury shares 6,901,975 shares)

(3) Number of shareholders ···································· 46,994

(4) Share unit number ··· 100 shares

(5) Major shareholders (the top ten shareholders)

Name of shareholder	Number of shares held (thousand shares)	Ratio of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	44,284	8.93
Japan Trustee Services Bank, Ltd. (Trust account)	32,845	6.63
GOLDMAN SACHS INTERNATIONAL	15,112	3.05
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	15,060	3.04
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,945	2.81
Japan Trustee Services Bank, Ltd. (Trust account 9)	12,863	2.59
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Pension Trust Account)	11,875	2.39
Nippon Life Insurance Company	10,809	2.18
The Nomura Trust and Banking Co., Ltd. (Holder in Retirement Benefit Trust for the Bank of Tokyo-Mitsubishi UFJ, Ltd.)	10,801	2.18
STATE STREET BANK WEST CLIENT - TREATY 505234	9,145	1.84

Note: Treasury shares do not include the Company's shares held by trust accounts related to the BIP (Board Incentive Plan) trust for compensation for Directors (1,274,000 shares).
Ratio of shares held is calculated by deducting treasury shares.

(6) Other significant matters regarding shares

With regard to the "Summary of policy for amount of Director or Executive Officer compensation and the method of calculation," the Company has adopted a system called the BIP (Board Incentive Plan) trust for compensation for Directors in distributing shares to Directors as a "medium-term stock bonus" and to Executive Officers as a "stock bonus linked with medium-term performance." As of March 31, 2018, the trust accounts related to the BIP trust for compensation for Directors held 1,274,000 shares of the Company.

3. Subscription rights, etc. of the Company

(1) Summary of subscription rights, etc., issued to/held by Directors and Executive Officers of the Company as compensation for the execution of duties (as of the fiscal year end)

Starting in fiscal 2005, the Company began issuing subscription rights to Directors (excludes Outside Directors) and Executive Officers in the form of a compensation-type stock option plan, in accordance with its compensation determination policy.

Upon the exercise of subscription rights, treasury shares owned by the Company will be transferred.

<table>
<tr><th colspan="2"></th><th>First Series
Fiscal Year Ended March 31, 2006</th><th>Second Series
Fiscal Year Ended March 31, 2007</th><th>Third Series
Fiscal Year Ended March 31, 2008</th></tr>
<tr><td colspan="2">Number of subscription rights</td><td>389</td><td>211</td><td>226</td></tr>
<tr><td colspan="2">Type and number of shares under subscription rights</td><td>Ordinary shares
194,500 shares</td><td>Ordinary shares
105,500 shares</td><td>Ordinary shares
113,000 shares</td></tr>
<tr><td colspan="2">Amount to be paid upon exercise of the subscription rights</td><td>One (1) yen per share</td><td>One (1) yen per share</td><td>One (1) yen per share</td></tr>
<tr><td colspan="2">Exercise period of subscription rights</td><td>August 23, 2005 - June 30, 2025</td><td>September 2, 2006 - June 30, 2026</td><td>August 23, 2007 - June 30, 2027</td></tr>
<tr><td colspan="2">Primary condition for exercise of subscription rights</td><td colspan="3">The Optionee shall exercise subscription rights during the period from one (1) year after the date of retirement from the post of Director or Executive Officer of the Company up until five (5) years from that starting date.</td></tr>
<tr><td colspan="2">Primary events and conditions for acquisition of subscription rights</td><td colspan="3">The Company may acquire subscription rights without any compensation if the General Meeting of Shareholders approves merger agreement in which the Company becomes the dissolving company, etc.</td></tr>
<tr><td rowspan="3">Holdings of Directors and Executive Officers</td><td>Number of holders</td><td>2</td><td>2</td><td>3</td></tr>
<tr><td>Number of rights</td><td>25</td><td>20</td><td>28</td></tr>
<tr><td>Number of shares</td><td>12,500 shares</td><td>10,000 shares</td><td>14,000 shares</td></tr>
</table>

		Fourth Series Fiscal Year Ended March 31, 2009	Fifth Series Fiscal Year Ended March 31, 2010	Sixth Series Fiscal Year Ended March 31, 2011
Number of subscription rights		256	399	376
Type and number of shares under subscription rights		Ordinary shares 128,000 shares	Ordinary shares 199,500 shares	Ordinary shares 188,000 shares
Amount to be paid upon exercise of the subscription rights		One (1) yen per share	One (1) yen per share	One (1) yen per share
Exercise period of subscription rights		August 19, 2008 - June 30, 2028	August 20, 2009 - June 30, 2029	August 28, 2010 - June 30, 2030
Primary condition for exercise of subscription rights		The Optionee shall exercise subscription rights during the period from one (1) year after the date of retirement from the post of Director or Executive Officer of the Company up until five (5) years from that starting date.		
Primary events and conditions for acquisition of subscription rights		The Company may acquire subscription rights without any compensation if the General Meeting of Shareholders approves merger agreement in which the Company becomes the dissolving company, etc.		
Holdings of Directors and Executive Officers	Number of holders	3	4	4
	Number of rights	30	79	82
	Number of shares	15,000 shares	39,500 shares	41,000 shares

		Seventh Series Fiscal Year Ended March 31, 2012	Eighth Series Fiscal Year Ended March 31, 2013
Number of subscription rights		479	571
Type and number of shares under subscription rights		Ordinary shares 239,500 shares	Ordinary shares 285,500 shares
Amount to be paid upon exercise of the subscription rights		One (1) yen per share	One (1) yen per share
Exercise period of subscription rights		August 24, 2011 - June 30, 2031	August 23, 2012 - June 30, 2032
Primary condition for exercise of subscription rights		The Optionee shall exercise subscription rights during the period from one (1) year after the date of retirement from the post of Director or Executive Officer of the Company up until five (5) years from that starting date.	
Primary events and conditions for acquisition of subscription rights		The Company may acquire subscription rights without any compensation if the General Meeting of Shareholders approves merger agreement in which the Company becomes the dissolving company, etc.	
Holdings of Directors and Executive Officers	Number of holders	6	10
	Number of rights	139	225
	Number of shares	69,500 shares	112,500 shares

<table>
<tr><td colspan="2"></td><td>Ninth Series
Fiscal Year Ended
March 31, 2014</td><td>Tenth Series
Fiscal Year Ended
March 31, 2015</td></tr>
<tr><td colspan="2">Number of subscription rights</td><td>515</td><td>1,596</td></tr>
<tr><td colspan="2">Type and number of shares under subscription rights</td><td>Ordinary shares
257,500 shares</td><td>Ordinary shares
159,600 shares</td></tr>
<tr><td colspan="2">Amount to be paid upon exercise of the subscription rights</td><td>One (1) yen per share</td><td>One (1) yen per share</td></tr>
<tr><td colspan="2">Exercise period of subscription rights</td><td>August 23, 2013 -
June 30, 2043</td><td>September 12, 2014 -
June 30, 2044</td></tr>
<tr><td colspan="2">Primary condition for exercise of subscription rights</td><td colspan="2">The Optionee shall exercise subscription rights during the period from one (1) year after the date of retirement from the post of Director or Executive Officer of the Company up until ten (10) years from that starting date.</td></tr>
<tr><td colspan="2">Primary events and conditions for acquisition of subscription rights</td><td colspan="2">The Company may acquire subscription rights without any compensation if the General Meeting of Shareholders approves merger agreement in which the Company becomes the dissolving company, etc.</td></tr>
<tr><td rowspan="3">Holdings of Directors and Executive Officers</td><td>Number of holders</td><td>13</td><td>14</td></tr>
<tr><td>Number of rights</td><td>238</td><td>1,123</td></tr>
<tr><td>Number of shares</td><td>119,000 shares</td><td>112,300 shares</td></tr>
</table>

		11th Series Fiscal Year Ended March 31, 2016	12th Series Fiscal Year Ended March 31, 2017
Number of subscription rights		1,101	1,714
Type and number of shares under subscription rights		Ordinary shares 110,100 shares	Ordinary shares 171,400 shares
Amount to be paid upon exercise of the subscription rights		One (1) yen per share	One (1) yen per share
Exercise period of subscription rights		August 19, 2015 - June 30, 2045	September 1, 2016 - June 30, 2046
Primary condition for exercise of subscription rights		The Optionee shall exercise subscription rights during the period from one (1) year after the date of retirement from the post of Director or Executive Officer of the Company up until ten (10) years from that starting date.	
Primary events and conditions for acquisition of subscription rights		The Company may acquire subscription rights without any compensation if the General Meeting of Shareholders approves merger agreement in which the Company becomes the dissolving company, etc.	
Holdings of Directors and Executive Officers	Number of holders	17	21
	Number of rights	890	1,660
	Number of shares	89,000 shares	166,000 shares

Note: 1 The number of shares issued upon the exercise of each subscription right was 500 from the first to the ninth series and is 100 from the tenth series.

2. The stock compensation-type stock option plan was abolished with the twelfth issue.

(2) Summary of subscription rights, etc., issued to/held by Group Executives of the Company ("the Group Executives") as compensation for the execution of duties (as of the fiscal year end)

In fiscal 2016, the Company began issuing subscription rights to the Group Executives in the form of a compensation-type stock option plan, based on a decision by the President, CEO and Representative Executive Officer.

Upon the exercise of subscription rights, treasury shares held by the Company will be transferred.

		12th Series Fiscal Year Ended March 31, 2017
Number of subscription rights		200 (100 shares per right)
Type and number of shares under subscription rights		Ordinary shares 20,000 shares
Amount to be paid upon exercise of the subscription rights		One (1) yen per share
Exercise period of subscription rights		September 1, 2016 - June 30, 2046
Primary condition for exercise of subscription rights		The Optionee shall exercise subscription rights during the period from one (1) year after the date of retirement from the post of Director or Executive Officer of the Company or Group Executive up until ten (10) years from that starting date.
Primary events and conditions for acquisition of subscription rights		The Company may acquire subscription rights without any compensation if the General Meeting of Shareholders approves merger agreement in which the Company becomes the dissolving company, etc.
Holdings of the Group Executives	Number of holders	4
	Number of rights	160 (100 shares per right)
	Number of shares	16,000 shares

Note: The stock compensation-type stock option plan was abolished with the twelfth issue.

4. Status of the Company's management members

(1) Names, etc. of Directors and Executive Officers

a. Directors (as of the fiscal year end)

Position	Name	Responsibilities	Important positions concurrently held
Director	Masatoshi Matsuzaki	Chairman of the Board Member of Nominating Committee	Outside Director of Ichigo Inc. Outside Director of Nomura Research Institute, Ltd. Outside Director of Nippon Sheet Glass Co. Ltd.
Director	Shoei Yamana	(President and CEO, and Representative Executive Officer)	
Outside Director	Kazuaki Kama	Member of Audit Committee (Chairman) Member of Nominating Committee	Senior Corporate Advisor of IHI Corporation Outside Director of Kyokuto Boeki Kaisha, Ltd. Outside Director of NSK Ltd. Outside Director of SUMITOMO LIFE INSURANCE COMPANY President of Financial Accounting Standards Foundation
Outside Director	Hiroshi Tomono	Member of Nominating Committee (Chairman) Member of Compensation Committee	Senior Advisor of Nippon Steel & Sumitomo Metal Corporation Outside Director of Sumitomo Chemical Co., Ltd. Outside Director of JAPAN NUCLEAR FUEL LIMITED Administrative Director of Tekkou Gakuen
Outside Director	Kimikazu Noumi	Member of Compensation Committee (Chairman) Member of Audit Committee	Executive Advisor of J-WILL CORPORATION Outside Director of Nishimoto Co., Ltd. Outside Director of SPARX Group Co., Ltd.
Outside Director	Takashi Hatchoji	Member of Nominating Committee Member of Audit Committee Member of Compensation Committee	Outside Director of Nitto Denko Corporation Outside Auditor of Marubeni Corporation
Director	Yoshiaki Ando	Member of Nominating Committee Member of Audit Committee Member of Compensation Committee	
Director	Ken Shiomi	Member of Audit Committee Member of Compensation Committee	
Director	Seiji Hatano	(Senior Executive Officer)	
Director	Kunihiro Koshizuka	(Senior Executive Officer)	

Notes: 1. The four Directors Mr. Kazuaki Kama, Mr. Hiroshi Tomono, Mr. Kimikazu Noumi and Mr. Takashi Hatchoji are Outside Directors, as provided for in Article 2, Item 15 of the Companies Act and Independent Directors, as provided for under Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

2. At the 113th Ordinary General Meeting of Shareholders held on June 20, 2017, the terms of office of all ten (10) Directors expired. The following nine Directors were reelected: Mr. Masatoshi Matsuzaki, Mr. Shoei Yamana, Mr. Kazuaki Kama, Mr. Hiroshi Tomono, Mr. Kimikazu Noumi, Mr. Yoshiaki Ando, Mr. Ken Shiomi, Mr. Seiji Hatano and Mr. Kunihiro Koshizuka; and Director: Mr. Takashi Hatchoji was newly elected and assumed office the same day.

3. Upon the close of the 113th Ordinary General Meeting of Shareholders held on June 20, 2017, the term of office of Mr. Takashi Enomoto expired and he retired from the office of Director.

4. Audit Committee member Mr. Yoshiaki Ando had been in charge of the corporate accounting and corporate finance of the Company as the Senior Executive Officer and has considerable knowledge of corporate finance and corporate accounting.

5. Mr. Yoshiaki Ando and Mr. Ken Shiomi are full-time members of the Audit Committee. In this role, they constantly collect information, receive periodic reports from business units, visit business sites to perform inspections, and conduct other activities. Sharing information acquired from these activities with all members of the Audit Committee allows this committee to perform effective examinations of various subjects and issues.

b. Executive Officers (as of the fiscal year end)

Position	Name	Responsibilities and important positions concurrently held
* President and CEO, and Representative Executive Officer	Shoei Yamana	In charge of Corporate Strategy and Promotion of Diversity
Senior Executive Officer	Jun Haraguchi	Representative Director and President, Konica Minolta Japan, Inc.
Senior Executive Officer	Tsukasa Wakashima	In charge of Human Resources and General Affairs
* Senior Executive Officer	Kunihiro Koshizuka	In charge of Engineering
Senior Executive Officer	Ken Osuga	In charge of Special Mission
* Senior Executive Officer	Seiji Hatano	In charge of Management Planning, Administration, Risk Management
Senior Executive Officer	Shingo Asai	In charge of Production
Senior Executive Officer	Toyotsugu Ito	In charge of Management Quality Improvement
Senior Executive Officer	Noriyasu Kuzuhara	General Manager, Materials and Components Business Headquarters
Senior Executive Officer	Kiyotaka Fujii	General Manager, Healthcare Business Headquarters
Executive Officer	Kazuyoshi Hata	In charge of Alliance and Optics Business Unit
Executive Officer	Hiroyuki Suzuki	General Manager, Corporate Audit Division
Executive Officer	Akira Tai	In charge of IT
Executive Officer	Ikuo Nakagawa	President, Konica Minolta Business Solutions Europe GmbH
Executive Officer	Yuji Ichimura	General Manager, Industrial Optical Systems Business Headquarters, In charge of Business Innovation Center (BIC)
Executive Officer	Toshimitsu Taiko	General Manager, Office Business Headquarters General Manager, Professional Printing Business Headquarters, In charge of Marketing Service Business
Executive Officer	Atsuo Takemoto	In charge of Procurement
Executive Officer	Masafumi Uchida	General Manager, Environment Management and Quality Promotion Division In charge of Business Technologies Quality Assurance
Executive Officer	Hajime Takei	General Manager, Business Technologies Development Headquarters
Executive Officer	Richard K. Taylor	CEO, Konica Minolta Business Solutions U.S.A., Inc.
Executive Officer	Takaji Ito	General Manager, Management Planning Division
Executive Officer	Toshiya Eguchi	General Manager, IoT Service PF Development
Executive Officer	Koji Sugie	Deputy General Manager, Professional Printing Business Headquarters, General Manager, Industrial Printing Operations
Executive Officer	Tetsuya Matsueda	General Manager, Corporate Legal Division In charge of Intellectual Property Center, Compliance and Crisis Management

Notes: 1. Executive officers marked with * hold concurrent Director positions.
2. The above Executive Officers were, after the close of the 113th Ordinary General Meeting of Shareholders held on June 20, 2017, elected at the meeting of the board of Directors held the same day.
3. Mr. Jun Haraguchi and Mr. Akira Tai resigned as Executive Officers as of March 31, 2018.
4. Mr. Kiyotaka Fujii was promoted to Senior Managing Executive Officer, Mr. Yuji Ichimura, Mr. Masafumi Uchida, Mr. Toshimitsu Taiko, Mr. Ikuo Nakagawa and Mr. Kazuyoshi Hata were promoted to Senior Executive Officer and Ms. Kazumi Atago, Mr. Hitoshi Kamezawa, Mr. Toru Hasegawa and Mr. Jean-Claude Cornillet newly assumed Executive Officer posts as of April 1, 2018. Executive officers and its responsibilities changed as of April 1, 2018 as follows.

Executive Officer as of April 1, 2018

Position	Name	Responsibilities and important positions concurrently held
President and CEO, and Representative Executive Officer	Shoei Yamana	In charge of Promotion of Diversity
Senior Managing Executive Officer	Kiyotaka Fujii	General Manager, Healthcare Business Headquarters Chairman of Ambry Genetics Corporation
Senior Executive Officer	Tsukasa Wakashima	In charge of Human Resources and General Affairs
Senior Executive Officer	Kunihiro Koshizuka	In charge of Engineering
Senior Executive Officer	Ken Osuga	In charge of Special Mission
Senior Executive Officer	Seiji Hatano	In charge of Administration, Accounting, Financial Affairs, and Risk Management
Senior Executive Officer	Shingo Asai	General Manager, Production Headquarters
Senior Executive Officer	Toyotsugu Ito	In charge of Special Mission
Senior Executive Officer	Noriyasu Kuzuhara	General Manager, Materials and Components Business Headquarters General Manager, Corporate R&D Headquarters
Senior Executive Officer	Yuji Ichimura	General Manager, Industrial Optical Systems Business Headquarters, In charge of Business Innovation Center (BIC) In charge of Public Relations
Senior Executive Officer	Masafumi Uchida	General Manager, Quality Headquarters In charge of Promotion of Sustainability
Senior Executive Officer	Toshimitsu Taiko	In charge of Business Technologies Business General Manager, Office Business Headquarters
Senior Executive Officer	Ikuo Nakagawa	Digital Workplace Business In charge of IT
Senior Executive Officer	Kazuyoshi Hata	General Manager, Management Planning Division In charge of IR, Promotion of Public Relations Brand, and Promotion of One KM Head of Kansai Branch
Executive Officer	Hiroyuki Suzuki	General Manager, Corporate Audit Division
Executive Officer	Atsuo Takemoto	Deputy General Manager, Production Headquarters
Executive Officer	Hajime Takei	General Manager, Business Technologies Development Headquarters
Executive Officer	Richard K. Taylor	CEO, Konica Minolta Business Solutions U.S.A., Inc.
Executive Officer	Takaji Ito	General Manager, Corporate Business Management Division
Executive Officer	Toshiya Eguchi	General Manager, IoT Service PF Development
Executive Officer	Koji Sugie	General Manager, Professional Printing Business Headquarters
Executive Officer	Tetsuya Matsueda	General Manager, Corporate Legal Division In charge of Intellectual Property Center, Compliance and Crisis Management
Executive Officer	Kazumi Atago	Head, Secretarial Office In charge of Company Secretary
Executive Officer	Hitoshi Kamezawa	General Manager, Sensing Business Division, Industrial Optical Systems Business Headquarters

Executive Officer	Toru Hasegawa	Deputy General Manager, Healthcare Business Headquarters General Manager, Healthcare Business Division, Healthcare Business Headquarters
Executive Officer	Jean-Claude Cornillet	President, Konica Minolta Business Solutions France S.A.S.

Note: After the close of the Meeting, Senior Executive Officer, Mr. Toyotsugu Ito is scheduled to retire from the position of Executive Officer at the Board of Directors meeting held on the same day.

(2) Total compensation to Directors and Executive Officers

		Compensation (Millions of yen)								
		Total	Base salary		Performance-based cash bonus		Stock bonus		Stock compensation-type stock options	
			Persons	Amount	Persons	Amount	Persons	Amount	Persons	Amount
Directors	Outside	48	5	48	-	-	-	-	-	-
	Inside	157	3	127	-	-	3	23	3	6
	Total	205	8	175	-	-	3	23	3	6
Executive Officers		897	23	529	23	181	23	160	18	24

Notes: 1. At the end of the period (March 31, 2018), the Company has four (4) Outside Directors, three (3) Inside Directors (not concurrently holding Executive Officer posts) and 24 Executive Officers.
2. In addition to the three (3) Inside Directors shown above, the Company has another three (3) Inside Directors who concurrently hold Executive Officer posts, and the compensation to these Directors is included in compensation to Executive Officers.
3. Regarding the performance-based cash bonus, the amounts which were recorded as expense in the period are stated.
4. Regarding the stock bonus, the amounts which were recorded as expense in the period are stated, based on a calculation of future share allocations according to estimated points to be allotted to Directors (excluding Outside Directors) and Executive Officers as part of their compensation.
5. Regarding the stock compensation-type stock options, which were abolished with the twelfth issue of stock compensation-type stock options for fiscal 2016, the amounts which were recorded as expense based on an estimation of the fair value of the subscription rights are stated.

(3) Summary of policy for determining amount of Director or Executive Officer compensation and the method of calculation

The Company, which has adopted the company with three committees system, has established a Compensation Committee. Outside Directors account for the majority of members of the committee and the committee is chaired by an Outside Director to ensure transparency and to determine compensation in a fair and appropriate manner.

The Company's Directors' compensation system is intended to strengthen the motivation of Directors and Executive Officers to strive for the continuous medium-to-long-term improvement of the Group performance in line with management policies to meet shareholder expectations, and to contribute to the optimization of the Group value. The Company aims for a level of compensation that enables it to attract and retain talented people to take responsibility for the Company's development.

In keeping with these aims, the Compensation Committee has established a policy for determining the individual compensation entitlement of Directors and Executive Officers as set out below, and determines the amount, etc. of individual compensation entitlement of Directors and Executive Officers in line with this policy.

a. Compensation system
   1) Compensation packages for Directors (excluding Directors who concurrently hold Executive Officer posts) exclude a short-term performance-based cash bonus because Directors have a supervisory role, and consist of a "base salary" component in the form of a base salary and "medium-term stock bonus" that links with improvement of the shareholder value for the medium term. Outside Directors receive base salary only.
   2) Compensation packages for Executive Officers consist of "base salary," "annual performance-based cash bonus," which reflects the performance of the Group and the performance of the business of which they are in charge in each year, and "stock bonus linking with medium-term performance," which reflects the degree of attainment of the Medium Term Business Plan and improvement of the shareholder value for the medium term.

b. The total amount of individual compensation entitlement and "base salary" are set at an appropriate level with each position and its value taken into account, based upon objective data, evaluation data and other data collected at regular intervals, etc.

c. The amount of the “annual performance-based cash bonus” is determined based on the level of performance result for the fiscal year (consolidated operating income) and the degree of attainment of annual performance targets and according to progress of each Executive Officer’s key operational measures. The amount based on the degree of attainment of annual performance targets is determined in the 0 % to 150 % range of the standard amount of compensation. The targets are major consolidated performance indicators (operating income, operating income margin, ROA and others) associated with results of operations. Executive officers’ key operational measures include those related to non-financial indicators, such as ESG (environmental, social and governance).
d. Details of the stock bonus plan are as follows.
   1) In the “medium-term stock bonus” plan to Directors, the Company’s shares are distributed to Directors after the end of the Medium Term Business Plan, according to their roles and years they are in office. The plan is aimed to enhance their motivation toward contribution to improvement of the shareholder value and promote holdings of the Company’s own shares.
   2) In the “medium-term stock bonus” plan to Executive Officers, the Company’s shares are distributed to Executive Officers after the end of the Medium Term Business Plan in the 0 % to 150 % range. The plan is aimed to enhance their incentives toward attainment of the targets in the Medium Term Business Plan and promote holdings of the Company’s own shares. The medium-term targets are major consolidated performance indicators (operating income, ROE and others) associated with the medium term management policy.
   3) The standard number of shares is set by the position of each Director or Executive Officer in the first year of the Medium Term Business Plan.
   4) Certain portions of shares are distributed in cash on assumption that they are exchanged for cash.
   5) Shares of the Company obtained as stock bonus shall be held in principle for one (1) year after the date of retirement from the post of each Director or Executive Officer.
e. The standard for compensation to the President and Chief Executive Officer is a 50:25:25 mix of “base salary,” “annual performance-based cash bonus” and “medium term performance-based stock bonus.” For the other Executive Officers, the “base salary” ratio is set higher than that for the President.
f. Compensation for non-Japan residents may be handled in different ways from the treatment said above according to legal and other circumstances.
g. When the Board of Directors resolved a correction to financial statements after the announcement due to a material accounting error or fraud, the Compensation Committee considers corrections to performance-based bonuses and limit payment or request return of the bonuses when necessary.
h. The Company reviews levels, composition and others of compensation in a timely and proper manner in accordance with changes in the management environment.

Regarding the conventional retirement benefit system abolished in June 2005, the Compensation Committee has determined individual entitlements within reason based upon certain criteria established by the Company, and will pay such entitlement upon the retirement of each Director or Executive Officer in office prior to the abolition of this system.

(4) Matters regarding Outside Directors

a. Persons serving as Executive Officers at the important positions of other companies, etc.

Name	Name of company, etc.	Position
Kazuaki Kama	Financial Accounting Standards Foundation	President
Hiroshi Tomono	Tekkou Gakuen	Administrative Director

There is no material transaction with the Company.

b. Persons serving as Outside Directors at the important positions of other companies, etc.

Name	Name of company, etc.	Position
Kazuaki Kama	Kyokuto Boeki Kaisha, Ltd. NSK Ltd. SUMITOMO LIFE INSURANCE COMPANY	Outside Director Outside Director Outside Director
Hiroshi Tomono	Sumitomo Chemical Company, Limited JAPAN NUCLEAR FUEL LIMITED	Outside Director Outside Director
Kimikazu Noumi	Nishimoto Co., Ltd. SPARX Group Co., Ltd.	Outside Director Outside Director
Takashi Hatchoji	Nitto Denko Corporation Marubeni Corporation	Outside Director Outside Auditor

There is no material transaction with the Company.

c. Family relationship with an Executive Officer, etc. of the Company or of a specified related business operator of the Company

Not applicable.

d. Primary activities of Outside Directors

Outside Directors of the Company participate in Board of Directors meetings by making constructive statements on the decision-making and supervision of management, and they are also in charge of duties of the three committees: the Nominating Committee, the Audit Committee and the Compensation Committee, as stated in “(1) Names, etc. of Directors and Executive Officers.” Also, where appropriate, Outside Directors also observe development, production and marketing and other actual operations as part of their supervision and auditing work, and exchange information with the President, the Chairman and other Directors of the Board on various aspects including the running of Board of Directors meetings. The principal activities of Outside Directors are as follows.

1) Mr. Kazuaki Kama

During the fiscal year that ended in March 2018, Mr. Kama attended all 14 meetings of the Board of Directors, all 10 meetings of the Nominating Committee, all of the 10 Audit Committee meetings that were held after he was named to this committee in June 2017, and one meeting of the Compensation Committee that was held when he was a committee member until June 2017. As a Director, Mr. Kama used his experience as a manager to provide supervision and advice concerning financial strategies, business management and other subjects. In addition, as the chairman of the Audit Committee, Mr. Kama used his experience and knowledge to make statements contributing to maintenance and enhancement of the Company’s integrity and efficiency.

2) Mr. Hiroshi Tomono

During the fiscal year that ended in March 2018, Mr. Tomono attended 13 out of all 14 meetings of the Board of Directors, all 10 meetings of the Nominating Committee, all of the three meetings of the Audit Committee that were held when he was a committee member until June 2017, and all of the seven meetings of the Compensation Committee that were held after he was named to this committee in June 2017. As a Director, Mr. Tomono used his experience as a manager to provide supervision and advice concerning corporate strategies, business operations and other subjects. In addition, at the Audit Committee meetings by June 2017, Mr. Tomono used his experience and knowledge to make statements contributing to maintenance and enhancement of the Company’s integrity and efficiency.

3) Mr. Kimikazu Noumi

During the fiscal year that ended in March 2018, Mr. Noumi attended all 14 meetings of the Board of Directors, all of the two meetings of the Nominating Committee that were held when he was a committee member until June 2017, all 13 meetings of the Audit Committee, and all eight meetings of the Compensation Committee. As a Director, Mr. Noumi used his experience as an investor and manager to provide supervision and advice concerning M&A strategies, new businesses and other subjects. In addition, at the Audit Committee, Mr. Noumi used his experience and knowledge to make statements contributing to maintenance and enhancement of the Company’s integrity and efficiency.

4) Mr. Takashi Hatchoji (elected at the Ordinary General Meeting of Shareholders held June 2017)

Mr. Hatchoji attended all ten meetings of the Board of Directors held after his appointment, all eight meetings of the Nominating Committee, all ten meetings of the Audit Committee, and all seven meetings of the Compensation Committee, which were respectively held after his appointment as Director during the fiscal year. As a Director, Mr. Hatchoji used his experience as a manager to provide supervision and advice concerning business portfolio management, risk management and other subjects. In addition, at the Audit Committee, Mr. Hatchoji used his experience and knowledge to make statements contributing to maintenance and enhancement of the Company’s integrity and efficiency.

e. Liability limitation agreements

To attract skillful people as Outside Directors and to enable them to fully demonstrate their expected role, the Company stipulates in its current Articles of Incorporation that the Company may, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, enter into an agreement with Outside Directors which limits their liabilities for payment of damages with respect to the acts mentioned in Article 423, Paragraph 1 of the Companies Act to the extent permitted by laws and regulations. Based on these stipulations, the four Outside Directors Mr. Kazuaki Kama, Mr. Hiroshi Tomono, Mr. Kimikazu Noumi and Mr. Takashi Hatchoji have entered into an agreement with the Company limiting their liabilities for payment of damages, and the content of this agreement is summarized as follows.

The maximum amount of liability of an Outside Director who, with the best of intentions and without gross negligence, fails to execute his or her duties while in office and causes damage to the Company shall be limited to the aggregate sum of the amounts prescribed in Article 113 of the Companies Act Enforcement Regulations multiplied by two (Article 425, Paragraph 1, Item 1 (c) of the Companies Act).

5. Status of Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Compensation to the Accounting Auditor

a. Compensation paid by the Company to the Accounting Auditor during the fiscal year under review

Compensation for audit certification in accordance with Article 2, Section 1 of the Certified Public Accountants Act	¥230 million
Compensation for services other than those stipulated in Article 2, Section 1 of the Certified Public Accountants Act	¥6 million
Total	¥237 million

Notes: 1. Under an audit contract between the Company and the Accounting Auditor, compensation is the total of compensation for the Accounting Auditor's audit under the Companies Act and audit compensation under the Financial Instruments and Exchange Act, as there is no clear separation between the two.

2. The Audit Committee has agreed on the amount of compensation to be paid to the Accounting Auditor as well as other items related to the Accounting Auditor's duties under Article 2, Paragraph 1 of the Certified Public Accountants Act after the committee examined the fiscal year auditing plan, number of audit days, assignment of personnel and other items as explained by the Accounting Auditor and Executive Officer for accounting and finance. The committee also confirmed and assessed audits performed in the previous fiscal year, checked the status and suitability of audits by the Accounting Auditor, and examined the basis used for calculations of estimates used as the premise for determining compensation.

3. The Company pays considerations to the Accounting Auditor for financial and tax due diligence and other services, which are not included in the duties under Article 2-1 of the Certified Public Accountants Act (non-audit duties).

b. Total amount of other property benefits paid by the Company and its subsidiaries

¥457 million

(3) Policy regarding decisions to dismiss or deny reappointment to Accounting Auditor

The Audit Committee will examine dismissing or denying reappointment of the Accounting Auditor if the Accounting Auditor has committed a serious violation or infringement of the Companies Act, the Certified Public Accountants Act or other relevant laws or regulations, or if the Accounting Auditor is deemed to have difficulty in properly conducting audits. If, as a result of this examination, it is deemed appropriate to dismiss the Accounting Auditor or deny reappointment of the Accounting Auditor, a proposition calling for the dismissal or denial of reappointment of the Accounting Auditor will be submitted to the General Meeting of Shareholders.

The Audit Committee also examines the status of the performance of the Accounting Auditor and decides the reappointment or denial every fiscal year.

6. Establishment of system to ensure appropriate business operations

The Board of Directors of the Company adopted resolutions on the matters prescribed by the applicable Ordinance of the Ministry of Justice as those necessary for the execution of the duties of the Audit Committee (Article 416, Paragraph 1, Item 1 (b) of the Companies Act), and on the establishment of systems necessary to ensure that the execution of duties by Executive Officers complies with laws and regulations and the Articles of Incorporation, and other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of a stock company and its subsidiaries (Article 416, Paragraph 1, Item 1 (e) of the Companies Act). A summary of the resolutions is as follows.

<I. Requirements for the execution of duties by the Audit Committee>

a. The Company set up the Audit Committee Office with a full-time staff to support the Audit Committee, and, besides being the secretariat of the Audit Committee, the Audit Committee Office shall perform its duties in accordance with the instructions of the Audit Committee. Furthermore, this principle is to be clearly specified in Company rules and made common knowledge.
b. To ensure the independence of the above Audit Committee Office from Executive Officers and the effectiveness of instructions received from the Audit Committee, personnel matters regarding the Audit Committee Office including appointment, personnel changes and disciplinary action, shall be approved in advance by the Audit Committee.
c. The Company's Executive Officers in charge of the Group's internal control, including the Corporate Audit Division, Risk Management Committee and the Compliance Committee, shall report on the status of operation to the Audit Committee on a regular basis and without delay if an urgent situation that must be reported has arisen or if requested to make a report by the Audit Committee. The subsidiaries' internal audit division, risk management division, compliance division and auditors shall report on the status of operation to the Audit Committee without delay if requested to make a report by the Company's Audit Committee.
d. The Company will secure and manage a budget that is necessary and appropriate for paying expenses arising from the execution of work duties by the Audit Committee members.
e. The Company will provide opportunity for Audit Committee members elected by the Audit Committee to attend management consultation committee and other important meetings. The Executive Officers in charge of internal control, including the Corporate Audit Division, Risk Management Committee and the Compliance Committee shall report without delay if requested to make investigations, reports, etc. by the Audit Committee members.

<II. Systems for ensuring compliance of execution of duties by Executive Officers with laws, regulations and the Articles of Incorporation and other required systems of the Group for ensuring the properness of business operations>

f. Each Executive Officer shall manage the minutes of management consultation committee and other important meetings, documents requesting formal approval and other information concerning the performance of their duties to ensure that documents are preserved in an appropriate manner and made available for inspection in accordance with the provisions of the Executive Officer document management rules and internal rules concerning the management of other documents.
g. The Company set up the Risk Management Committee which is in charge of managing the various risks that arise in connection with the Group's business activities, and the Executive Officer nominated by the Board of Directors shall be responsible for the

development of risk management systems including the following, in accordance with the Risk Management Committee Regulations.

1) With respect to management of the business risks and operational risks, each Executive Officer shall be responsible in accordance with respective assigned area. The Risk Management Committee shall provide support to each Executive Officer. Further, the Risk Management Committee shall periodically conduct selection, assessment and review of risks material to Group management, develop measures, and confirm management status.
2) The Executive Officer in charge of risk management nominated by the Board of Directors shall be responsible for establishing the contingency plans and countermeasures to minimize the damages by a crisis which is supposed to adversely affect the corporate value.
3) Provide support to the development and strengthening of risk management systems at each group company.

h. The Company set up a Corporate Audit Division which is in charge of the internal auditing of the Group to evaluate and improve the status of execution of business operations in all business activities from the viewpoint of legality and rationality, and which shall be responsible for establishing and operating internal auditing systems in accordance with the Internal Auditing Regulations.

i. The Company shall be responsible for establishing and operating a system of internal control over financial reporting in the Group and a system for evaluating the efficacy of their operation.

j. The Company set up the Compliance Committee which is in charge of establishing and operating the Group's compliance systems, and the Executive Officer nominated by the Board of Directors shall be responsible for establishing and operating the compliance systems including the following, in accordance with the Compliance Committee Regulations.

1) Defining compliance in the Group as the observance of laws and regulations applicable to corporate activities, corporate ethics and internal regulations and policies, and making this known to every individual working for the Group.
2) Establishing the Konica Minolta Group Charter of Corporate Behavior, familiarizing this through the Group, and enacting compliance conduct guidelines, etc. based on the philosophy of the Charter of Corporate Behavior.
3) Establishing and operating systems to promote compliance at each group company.
4) Establishing and operating a whistle blowing system that allows employees to report any compliance violations that are discovered or anticipated. Make this system clear common knowledge in Company rules to halt unfair treatment through the reporting of infractions. Furthermore, the department in charge of the whistle blowing system will regularly inform the Audit Committee of report details and status.

k. The Company established the Corporate Organization Basic Regulations, and shall develop the corporate governance mechanisms of the Company and the Group, including the foregoing systems. The Company shall also work to establish and operate a system for ensuring the appropriateness of business operation through the management consultation committee and other meeting bodies, authority regulations and other internal regulations, and shall endeavor to ensure the legality, rationality and efficiency of business execution by reviewing as necessary systems for management and administration across all the business activities of the Group. Furthermore, based on internal rules, etc. such as Authorization Regulations, the Company will make subsidiaries regularly report and seek preapproval on matters concerning the execution of important work duties, accounting, financial execution, human resources and other important information pertaining to such subsidiaries through management consultation committee and other meetings.

7. Framework for ensuring appropriate business operations and status

The Company has established the framework described in “5. Establishment of system to ensure appropriate business operations” and has the following activities in accordance with the goals of this system.

Executive Officers and employees at the Corporate Audit Division, Risk Management Committee, Compliance Committee and other units responsible for the Group’s internal controls submit reports every month in writing or at periodic meetings to the Audit Committee concerning business operations. Furthermore, explanations are given as needed concerning important subjects and issues involving internal controls.

Members of the Audit Committee, who is responsible for performing examinations, attended all meetings of the management consultation committee during the fiscal year as well as operations meetings of business units and other important meetings. Audit Committee members used these activities to confirm decision-making processes and how Executive Officers and employees are doing their jobs.

<Risk management>

The Risk Management Committee meets twice each year and at other times as needed. The committee identifies risks associated with business operations and determines measures to deal with these risks. In addition, committee members confirm that the risk management system is functioning effectively and evaluate this system. In the fiscal year under review, the Risk Management Committee held two meetings.

The Company has reporting rules for the purpose of responding to a crisis in a rapid and suitable manner. Crisis reports are sent to Executive Officers, executives of subsidiaries and others. Based on these rules, the Executive Officer in charge of crisis management performs the management of all information involving a natural disaster, accident or other crisis that has occurred anywhere in the world.

<Internal audits>

The Corporate Audit Division is responsible for internal audits for the entire Group.

Overseen directly by the Representative Executive Officer, this division oversees the internal auditing function for the entire Group and performs internal audits of the Company and its subsidiaries. Audits use the risk approach for efficiency from the standpoint of the reliability of financial reports, the efficiency and effectiveness of business operations, and compliance with laws and regulations. There are also follow-up audits to confirm that actions have been taken concerning items requiring improvements that were identified during audits.

Major subsidiaries also have their own internal audit departments. These departments strengthen the internal audit function of the entire Group while working with the Konica Minolta Corporate Audit Division.

< Internal control over financial reporting >

To prevent fraudulent accounting activities, an internal controls report that is based on internal evaluations that cover the entire Group of 132 consolidated companies. This report is prepared in accordance with the Financial Instruments and Exchange Act for the purpose of ensuring the reliability of financial reports. After an audit by the Accounting Auditor, the report is submitted with the Securities Report.

<Compliance>

The Executive Officer in charge of compliance (“the Compliance Officer”), who is appointed by the Board of Directors under the oversight of the Representative Executive Officer, determines important issues involving Group compliance activities and oversees compliance activities. The Group Compliance Committee, which consists of Executive Officers for a variety of corporate functions, serves as an advisory body to the Compliance Officer. In the fiscal year under review, this committee held one meeting.

At subsidiaries, the company presidents are responsible for compliance, including the establishment of a system for compliance activities. In addition, there are regional compliance coordinators for Europe, North America, China and Southeast Asia, who are appointed by the Compliance Officer. This framework allows performing compliance activities that match the characteristics and needs of each overseas region.

To reinforce awareness of the importance of compliance, all business units and subsidiaries are required to submit period reports about the status of compliance programs. The Compliance Officer uses this information to determine the status of compliance for the entire Group and submits periodic reports to the Audit Committee.

<Whistle blowing system>

The Company has a whistle blowing system for compliance and is always seeking ways to improve this system. In Japan, Group employees can use a telephone call, e-mail, letter or other method to contact the representative Executive Officer, Compliance Officer, general manager of the Corporate Legal Division or an external attorney about a compliance problem or for a consultation. In the Americas, there is a whistle blowing system for North America. In Europe, there is a 24-hour, multi-language whistle blowing system. There is also a whistle blowing for China and whistle blowing systems for subsidiaries in Southeast Asia.

In the fiscal year under review, this whistle blowing system was used 27 times in Japan and 41 times overseas. No reports involved a serious violation of a law or regulation.

When a whistle blowing report is received, an investigation is performed while ensuring that there will be no negative consequences for the individual who submitted the whistle blowing report. Departments involved in this investigation determine a solution in a timely manner. The Compliance Officer submits reports to the Audit Committee about these whistle blowings on a regular basis.

*Amounts and numbers of shares shown in this business report are rounded down to the nearest whole unit.

Reference: Corporate Governance

(1) Basic Concept for Corporate Governance

The Company has established a corporate governance framework from the standpoint of supervision. This is based on the conviction that corporate governance that contributes to medium and long-term corporate value growth must encourage suitable risk-taking in business operations and have a highly effective supervisory function for business operations. In 2003, the "company with committees" (currently "company with three committees") structure was selected as the organizational structure in accordance with the Companies Act. In addition, to maintain a governance system devoid of personal characteristics, there have been measures to operate a governance system in a distinctive Konica Minolta style. The followings are our basic policies for corporate governance concept:

- Ensure management oversight for corporate value growth by separating the roles of management oversight and operation of business activities;
- Election of independent Outside Directors who can perform supervision from the standpoint of shareholders; and
- Using these measures for improving the transparency, integrity and efficiency of management

The diagram on page 64 shows the structure of this corporate governance system centered on the Board of Directors and three committees.

(2) Board of Directors

The Company believes that determining strategic goals is the primary role of the Board of Directors. The Board of Directors makes decisions about basic management policies and other matters that must be decided by the Board of Directors in accordance with laws and regulations. In addition, the Board of Directors make decisions for expenditures only for matters of at least a certain amount or other items that may have a significant effect on the operations of the Group. Furthermore, there are Outside Directors and Inside Directors who are not also Executives Officers for the purpose of performing highly effective oversight of business operations from an objective perspective.

(3) Executive Officers

Executive Officers make decisions and conduct business activities in the business sectors designated for each Executive Officer by the Board of Directors. The Executive Officers are granted considerable autonomy by the Board of Directors within the legally permitted limit for the Company with three committee management structure. This authority allows conducting business activities with speed and flexibility and speeds up decision-making concerning management and business activities.

(4) Nominating Committee

This committee makes decisions about proposals submitted at General Meeting of Shareholders meetings about the election and termination of Directors. Committee members also receive reports about the Representative Executive Officer's succession plan and oversee this plan as needed.

(5) Audit Committee

This committee audits the performance of Directors and Executive Officers, prepares audit reports, and makes decisions about proposals submitted at General Meeting of Shareholders for the election, termination or reappointment denial of the Accounting Auditor.

(6) Compensation Committee

This committee makes decisions about the compensation of individual Directors and Executive Officers. To reach these decisions, this committee determines suitable compensation structures for each role of the Directors and Executive Officers. This committee also establishes a Compensation Policy for Directors and Executive Officers that takes into account linking compensation with the Company’s medium to long-term performance and combining cash and stock compensation.

(7) Analysis and Assessment of Effectiveness of Governance

The Company has evaluated the effectiveness of the Board of Directors since 2004. Directors are required to complete questionnaires each year, which include self-evaluations, concerning the composition and operation of the Board of Directors and three committees. The overall effectiveness of the Board of Directors is then analyzed and evaluated, issues are identified, and improvements are made as needed.

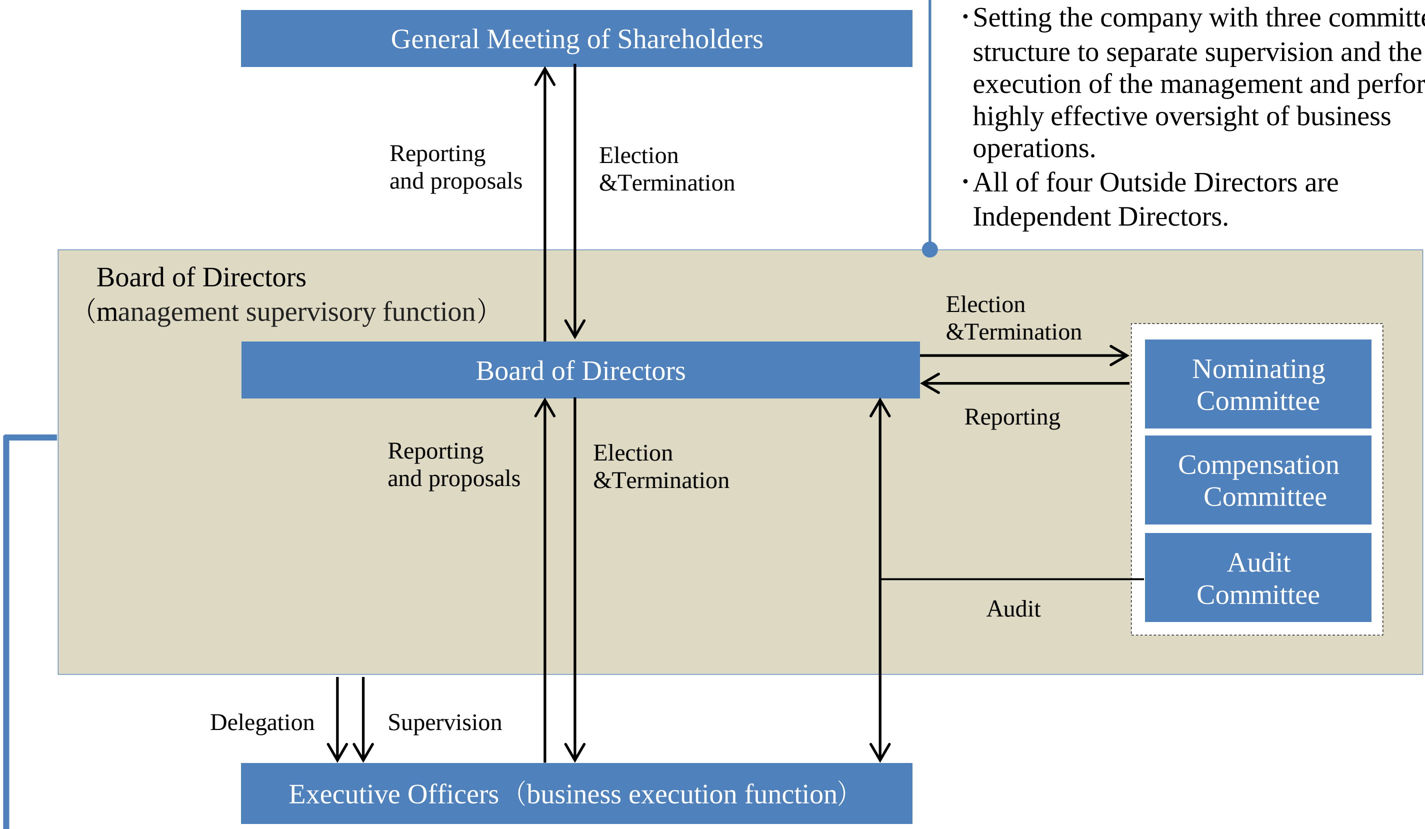
In the fiscal year that ended in March 2018, the Company conducted the evaluation of the effectiveness from the standpoint whether the governance system has been established and the system has been operated to meet the purposes of the Company’s corporate governance, which are sustainable growth and enhancement of corporate value for the medium and long term. Based on the results, the Company plans to find out issues to be tackled by the Board of Directors in the next fiscal year and enhance the effectiveness further.

Distinctive Characteristics of Governance at Konica Minolta

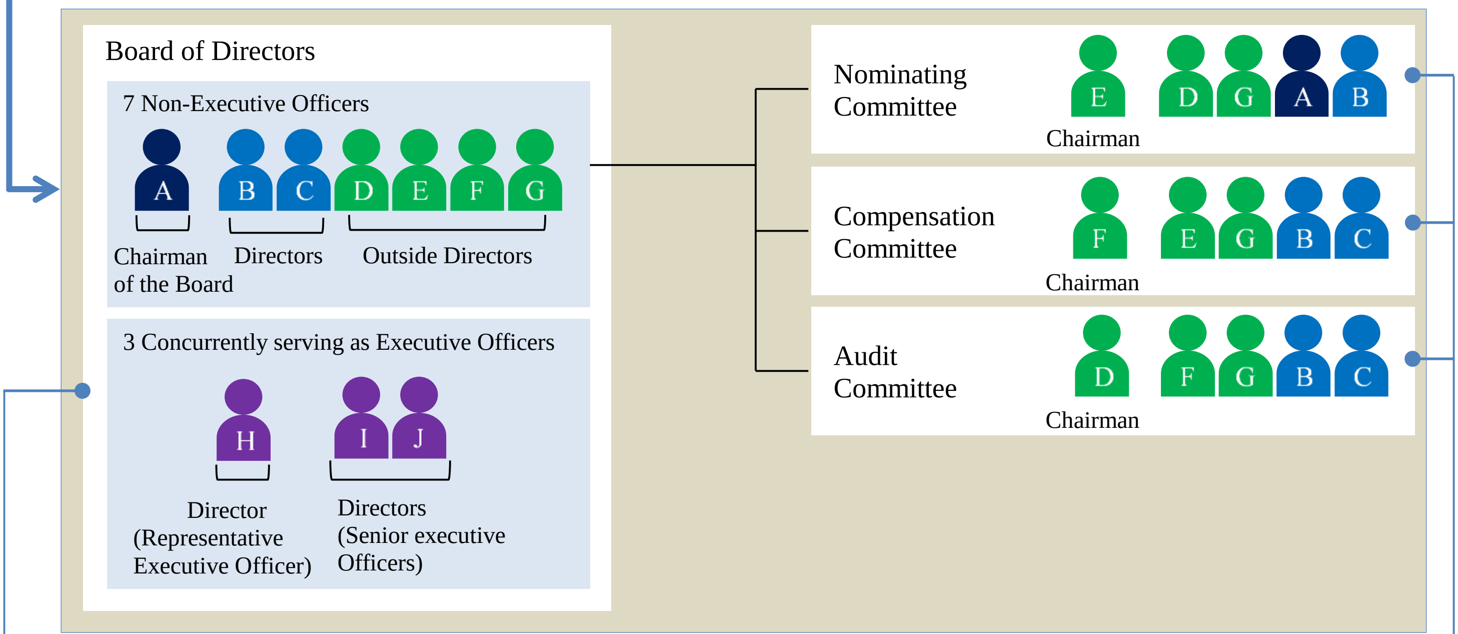
Structure of Corporate Governance Systems

Key characteristics of structure

- Setting the company with three committees structure to separate supervision and the execution of the management and perform highly effective oversight of business operations.
- All of four Outside Directors are Independent Directors.



Board of Directors and three Committees (as of March 31, 2018)



Key characteristics of the Board of Directors

- Chairman is not an Executive Officer
- Outside Directors are at least one-third of the Board of Directors
- Directors who are not concurrently Executive Officers are the majority of the Board of Directors

Key characteristics of the three committees

- Chairmen are Outside Directors
- Directors who are concurrently Executive Officers are not allowed to be committee members

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

(As of March 31, 2018)

(Millions of yen)

Item	Amount
Assets	
Current assets	
Cash and cash equivalents	149,913
Trade and other receivables	263,453
Inventories	139,536
Income tax receivables	4,327
Other financial assets	1,427
Other current assets	23,018
Total current assets	**581,676**
Non-current assets	
Property, plant and equipment	192,941
Goodwill and intangible assets	332,699
Investments accounted for using the equity method	3,601
Other financial assets	47,507
Deferred tax assets	37,540
Other non-current assets	7,942
Total non-current assets	**622,230**
Total assets	**1,203,907**

(Millions of yen)

Item	Amount
Liabilities	
Current liabilities	
Trade and other payables	173,996
Bonds and borrowings	33,136
Income tax payables	5,038
Provisions	8,472
Other financial liabilities	1,874
Other current liabilities	48,888
Total current liabilities	**271,407**
Non-current liabilities	
Bonds and borrowings	260,530
Retirement benefit liabilities	51,599
Provisions	4,288
Other financial liabilities	59,781
Deferred tax liabilities	12,558
Other non-current liabilities	8,152
Total non-current liabilities	**396,911**
Total liabilities	**668,318**
Equity	
Share capital	37,519
Share premium	184,841
Retained earnings	298,366
Treasury shares	(10,189)
Subscription rights to shares	934
Other components of equity	13,041
Equity attributable to owners of the company	524,513
Non-controlling interests	11,075
Total equity	**535,588**
Total liabilities and equity	**1,203,907**

Consolidated Statement of Profit or Loss

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

Item	Amount
Revenue	**1,031,256**
Cost of sales	541,453
Gross profit	**489,803**
Other income	24,856
Selling, general and administrative expenses	443,996
Other expenses	16,819
Operating profit	**53,844**
Finance income	3,778
Finance costs	7,851
Share of loss of investments accounted for using the equity method	647
Profit before tax	**49,124**
Income tax expense	16,916
Profit for the year	**32,207**
Profit attributable to	
Owners of the company	32,248
Non-controlling interests	(41)

Consolidated Statement of Changes in Equity

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Equity attributable to owners of the company						
						Other components of equity	
	Share capital	Share premium	Retained earnings	Treasury shares	Subscription rights to shares	Remeasurements of defined benefit pension plans	Net gain (loss) on revaluation of financial assets measured at fair value
Balance at April 1, 2017	37,519	202,631	276,709	(9,214)	998	-	8,336
Profit for the year	-	-	32,248	-	-	-	-
Other comprehensive income (loss)	-	-	-	-	-	2,985	1,044
Total comprehensive income	-	-	32,248	-	-	2,985	1,044
Dividends	-	-	(14,850)	-	-	-	-
Acquisition and disposal of treasury shares	-	-	(89)	(975)	-	-	-
Share-based payments	-	144	-	-	(63)	-	-
Change in non-controlling interests due to changes in subsidiaries	-	-	-	-	-	-	-
Capital transactions with non-controlling shareholders	-	(135)	-	-	-	-	-
Put options allocated to non-controlling shareholders	-	(17,799)	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	4,348	-	-	(2,985)	(1,362)
Total transactions, etc. with owners	-	(17,790)	(10,592)	(975)	(63)	(2,985)	(1,362)
Balance at March 31, 2018	37,519	184,841	298,366	(10,189)	934	-	8,018

(Millions of yen)

	Equity attributable to owners of the company						
	Other components of equity						
	Net gain (loss) on derivatives designated as cash flow hedges	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using the equity method	Total	Total	Non-controlling interests	Total equity
Balance at April 1, 2017	(369)	7,730	(11)	15,685	524,331	9,818	534,149
Profit for the year	-	-	-	-	32,248	(41)	32,207
Other comprehensive income (loss)	232	(2,586)	27	1,703	1,703	731	2,435
Total comprehensive income	232	(2,586)	27	1,703	33,952	690	34,642
Dividends	-	-	-	-	(14,850)	-	(14,850)
Acquisition and disposal of treasury shares	-	-	-	-	(1,065)	-	(1,065)
Share-based payments	-	-	-	-	80	-	80
Change in non-controlling interests due to changes in subsidiaries	-	-	-	-	-	35,924	35,924
Capital transactions with non-controlling shareholders	-	-	-	-	(135)	61	(73)
Put options allocated to non-controlling shareholders	-	-	-	-	(17,799)	(35,419)	(53,218)

Transfer from other components of equity to retained earnings	-	-	-	(4,348)	-	-	-
Total transactions, etc. with owners	-	-	-	(4,348)	(33,770)	566	(33,203)
Balance at March 31, 2018	(137)	5,144	15	13,041	524,513	11,075	535,588

Notes to Consolidated Financial Statements

＜NOTES TO BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS＞

1. Basis for the preparation of consolidated financial statements

   The consolidated financial statements for the Group are prepared in accordance with International Financial Reporting Standards (hereinafter, “IFRS”) as provided by Article 120-1 of the Ordinance on Company Accounting. Part of the descriptions and notes required under IFRS have been omitted, in accordance with the provisions in the latter part of this item.

2. Scope of Consolidation

   Number of consolidated subsidiaries and names of principal consolidated subsidiaries

   Number of consolidated subsidiaries: 164 companies

   The names of principal consolidated subsidiaries are omitted because they are described in “Business Report 1. Overview of Konica Minolta Group business activities (6) Significant subsidiaries (as of the fiscal year end).”

   Due to the acquisition of equity interest during the fiscal year under review, Ambry Genetics Corporation became a consolidated subsidiary.

3. Scope of the Use of Equity Accounting

   Number of associates and jointly controlled entities accounted for using the equity method (hereinafter “companies accounted for using the equity method”) and names of principal companies accounted for using the equity method

   Number of companies accounted for using the equity method: 8 companies

   Name of principal company accounted for using the equity method: Netyear Group Corporation

4. Accounting policies

(1) Asset valuation standards and methods

a. Financial instruments

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).

i) 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.

ii) 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 (i) 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.

iii) Financial assets measured at FVTOCI

Upon initial recognition, the Group elects to recognize the valuation differences of equity instruments held to expand its revenue base by maintaining or strengthening relations with business partners in other comprehensive income. In case equity instruments are recognized for accounting by the FVTOCI method, the method is applied consistently assuming that the election is irrevocable.

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.

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. However, the Company remeasures contingent consideration, which is financial liability, at a fair value and recognizes a change in the value as profit or loss.

3) Derivative financial instruments and hedge accounting
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.

i) Derivative financial instruments that do not satisfy the conditions for hedge accounting
Changes in fair value are recognized in profit or loss. However, changes in the fair value of put options granted to non-controlling shareholders are recognized as share premium.

ii) 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 Other comprehensive income (hereafter, "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.

b. 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 after the initial recognitions. If net realizable value is less than the cost, that difference is accounted for as a write off and recognized as an expense. The weighted average method is used to calculate cost. 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.

c. 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 using the Cost model that is, at cost less accumulated depreciation and accumulated impairment losses.

d. 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 using the Cost model that is, at cost less accumulated amortization and accumulated impairment losses.

e. 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, Cash generating unit (hereafter, "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 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.

(2) Depreciation method for depreciable assets and amortization method for amortizable assets

a. Property, plant and equipment

The historical costs less residual values of property, plant and equipment other than land (excluding some portions) and those in the construction in progress account are depreciated using the straight-line method over their estimated useful lives.

b. Intangible assets

1) Intangible assets with finite useful lives

Intangible assets for which useful life can be determined are amortized on a straight-line method over their estimated useful lives from the date the assets are available for use.

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.

c. Leased assets

Assets used in leases are depreciated under the straight-line method over their estimated useful lives or lease terms, whichever is shorter.

(3) Accounting standards for 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. The unwinding of the discount associated with the passage of time is recognized as a financial cost.

(4) Accounting methods related to 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.

(5) Foreign currency translation

a. 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 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.

b. 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 or approximate rates. 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.

c. Foreign operations

The assets and liabilities of foreign operations 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 amounts are 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 amounts in the other components of equity are reclassified in whole or in part, from other comprehensive income to profit or loss.

(6) Other important items regarding the preparation of consolidated financial statements

Accounting for consumption taxes

The tax-exclusion method is used to account for consumption taxes and regional consumption taxes.

<Note Concerning Changes in Accounting Policy>

Not applicable.

<Notes to Consolidated Statement of Financial Position>

1. Allowances for doubtful accounts deducted directly from assets

Trade and other receivables	¥6,139 million
Other financial assets	¥613 million

2. Accumulated depreciation on assets (including accumulated impairment losses)

Accumulated depreciation on property, plant and equipment	¥492,497 million

3. Balance of guaranteed obligations

Guaranteed obligations	¥263 million

(The Group guarantees for bank loans and lease obligations, etc. of unconsolidated companies, etc.)

<Notes to Consolidated Statement of Changes in Equity>

1. Issued shares and treasury shares (shares)

	Number of authorized shares	Number of issued shares (Note 1) (Note 2)	Number of treasury shares (Note 3)
At March 31, 2017	1,200,000,000	502,664,337	7,041,082
Increase	-	-	1,279,020
Decrease	-	-	144,127
At March 31, 2018	1,200,000,000	502,664,337	8,175,975

Notes: 1. Shares issued by the Company are non-par value ordinary shares.
2. Issued shares have been fully paid.
3. The number of treasury shares as of March 31. 2018 included 1,274,000 shares acquired by the BIP trust for compensation for Directors.

2. Dividends

(1) Dividend payments

Resolution Date	Class of shares	Amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Board of Directors' meeting held on May 11, 2017	Ordinary shares	7,434	15.00	March 31, 2017	May 29, 2017	Retained earnings
Board of Directors' meeting held on October 30, 2017	Ordinary shares (Note)	7,435	15.00	September 30, 2017	November 28, 2017	Retained earnings

Note: The total dividend payment according to the resolution at the Board of Directors' meeting held on October 30, 2017 includes dividends of ¥19 million to shares of the Company held by trust accounts related to the BIP trust for compensation for Directors

(2) Of dividends with record dates during the fiscal year, those whose effective periods start after the fiscal year-end date

Resolution Date	Class of shares	Amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date	Source of dividends
Board of Directors' meeting held on May 14, 2018	Ordinary shares (Note)	7,436	15.00	March 31, 2018	May 30, 2018	Retained earnings

Note: The total dividend payment according to the resolution at the Board of Directors' meeting held on May 14, 2018 includes dividends of ¥19 million to shares of the Company held by trust accounts related to the BIP trust for compensation for Directors.

3. Stock subscription rights

Type and number of shares under stock subscription rights at the end of FY2017

Breakdown of stock subscription rights	Type of shares under stock subscription rights	Number of shares under stock subscription rights
First issue of stock compensation-type stock options for 2005	Ordinary shares	12,500 shares
Second issue of stock compensation-type stock options for 2006	Ordinary shares	10,000 shares
Third issue of stock compensation-type stock options for 2007	Ordinary shares	14,000 shares
Fourth issue of stock compensation-type stock options for 2008	Ordinary shares	24,000 shares
Fifth issue of stock compensation-type stock options for 2009	Ordinary shares	68,000 shares
Sixth issue of stock compensation-type stock options for 2010	Ordinary shares	78,500 shares
Seventh issue of stock compensation-type stock options for 2011	Ordinary shares	150,000 shares
Eighth issue of stock compensation-type stock options for 2012	Ordinary shares	223,000 shares
Ninth issue of stock compensation-type stock options for 2013	Ordinary shares	234,500 shares
Tenth issue of stock compensation-type stock options for 2014	Ordinary shares	158,300 shares
11th issue of stock compensation-type stock options for 2015	Ordinary shares	105,800 shares
12th issue of stock compensation-type stock options for 2016	Ordinary shares	190,100 shares
Total		1,268,700 shares

<Notes to Financial Instruments>

1. Matters relating to the status of financial instruments

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.

The Group works to reduce credit risk on trade and other receivables through credit management based on regulations.

The Group uses forward exchange contracts and currency swap transactions to reduce foreign exchange risk on claims and obligations denominated in foreign currencies. The Group also uses interest rate swap transactions to reduce interest rate fluctuation risk on certain borrowings. Derivative transactions are conducted only to hedge foreign exchange risk and interest rate fluctuation risk, and are not engaged in for speculative purposes.

The Group reduces liquidity risk related to procuring funds through borrowing by maintaining and securing appropriate on-hand liquidity.

The Company decreases fluctuation risks of its shareholdings by regularly observing their market prices and the financial positions of the issuers.

2. Fair value of financial instruments

Amounts stated in the consolidated statement of financial position and their fair value at the end of FY2017 are as follows.

(Millions of yen)

	Book value	Fair value
<Financial assets>		
Cash and cash equivalents	149,913	149,913
Trade and other receivables	263,453	263,453
Other financial assets	48,934	48,934
Total	462,301	462,301
<Financial liabilities>		
Trade and other payables	173,996	173,996
Bonds and borrowings	293,667	271,570
Other financial liabilities	61,656	61,656
Total	529,320	507,223

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. The value of put options granted to non-controlling interests is computed based on the current value of the amount, which may be required to pay to the counterparty to the contract.

(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 interest rate of long-term borrowings with variable interest rates is revised periodically and their fair value is approximate to 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) Contingent consideration

Fair value is calculated by estimating amounts of possible additional payments in the future using a proper evaluation method.

(6) 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.

<Notes on Per-Share Information>

1. Equity per share attributable to owners of the company	¥1,060.72
2. Basic earnings per share	¥65.17

Note: In calculating per-share information, 1,274,000 shares and 849,333 shares are deducted from the numbers of shares at the end of the fiscal year and those during the fiscal year, respectively, as the shares of the Company held by trust accounts related to the BIP trust for compensation for Directors are treated as treasury shares.

<Note Concerning Significant Subsequent Events>

Not applicable.

<Other Notes>

1. Business combinations

(Acquisition of Ambry Genetics Corporation)

(1) Description of the business combination

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

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

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

Ambry, which possesses cutting-edge genetic diagnostics technology, sophisticated product development capabilities, a variety of test items, advanced test processing competencies, and overwhelming strength in the genetic counselor channel, has become a leader in the US market for genetic testing, which has recorded remarkable growth, primarily in the rapidly expanding field of oncology. The company, which started the world's first-ever exome analysis testing for diagnostic purposes, provides genetic tests in a variety of clinical fields, such as hereditary and non-hereditary tumors, heart disease, respiratory disease, and neurological disorders. The company's extensive and cutting-edge laboratory in California has amassed a track record of more than 1 million genetic tests.

Through the acquisition of Ambry, the Company will not only acquire Ambry's state-of-the-art genetic diagnostics technology, advanced IT analysis technology that makes full use of bioinformatics, a large cutting-edge laboratory for specimen testing, and lucrative service business, but will also be able to enhance the core technologies crucial to the grouping of patients and new drug development by combining Konica Minolta's proprietary High-Sensitivity Tissue Testing (HSTT) technology with Ambry's genetic diagnostics technology, to achieve global growth in the field of precision medicine.

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

(Millions of yen)

Fair value of the consideration for acquisition (Note 1)	
Cash	86,591
Payable amount (Note 2)	2,289
Contingent consideration	1,914
Total	90,796
Recognized value of assets acquired and liabilities assumed	
Cash and cash equivalents	2,162
Trade and other receivables	2,991
Inventories	474
Property, plant and equipment	4,052
Intangible assets	35,494
Other assets	2,629
Trade and other payables	(723)
Bonds and borrowings	(1,995)
Deferred tax liabilities	(13,289)
Other liabilities	(2,761)
Total	29,035
Goodwill (Note 3)	61,760

Notes: 1. The fair value of the consideration for acquisition includes proceeds from share issuance to non-controlling shareholders. With respect to non-controlling interests, because put options are attached hereto, these are transferred to financial liabilities. The difference between the fair value of said financial liabilities and the transfer amount of ¥35,419 million is recorded as share premium.

2. This is the amount that is payable as of the release of this report resulting from price adjustments to the consideration for acquisition.

3. Goodwill largely represents excess earnings power of the acquired company and synergy effect expected from the acquisition, no part of which is expected to be tax-deductible.

4. The above amounts are provisional because adjustment of the consideration for acquisition and allocation of the consideration for acquisition based on fair values of identifiable assets and liabilities have not been completed.

(3) Contingent consideration

Contingent consideration in the business combination is calculated based on the agreement to pay an additional consideration in proportion to the performance level that will be achieved over the two fiscal years following the date of the acquisition of Ambry. There is a possibility that payment of US$200 million at a maximum may occur. The fair value of the contingent consideration is calculated using Monte Carlo simulation.

Changes in contingent consideration during the fiscal year ended March 2018 are as follows:

(Millions of yen)

Balance at April l, 2017	-
Business Combinations	1,914
Settlement	-
Change in fair value	(573)
Effect of exchange rate fluctuations	(65)
Balance at March 31, 2018	1,274

(4) Acquisition-related costs

Acquisition-related costs of ¥2,129 million incurred in the business combination were recognized in "selling, general and administrative expenses." Note that the ¥138 million that was incurred in the previous fiscal year was expensed in the previous fiscal year.

(5) Performance after the acquisition date

The effect of the business combination of said company on the consolidated statement of profit or loss for the fiscal year ended March 31, 2018 was ¥6,196 million in revenue and ¥643 million in loss attributable to owners of the company

(6) Pro-forma information (unaudited information)

If it is assumed that the business combination of said company took place at the beginning of the period under review, on April 1, 2017, its effect on the consolidated statement of profit or loss for the fiscal year ended March 31, 2018 would be ¥17,287 million in revenue and ¥622 million in loss attributable to owners of the company.

(Acquisition of equity interest in Invicro, LLC)

(1) Description of the business combination

As of November l0, 2017, the Group used cash to acquire 95% of equity interest in Invicro, LLC (hereafter, "Invicro"), a US-based firm in drug discovery and development services.

Invicro is an imaging Contract Research Organization (CRO) that provides support in drug development with its strength in highly advanced numerical analysis technology and technology for the detection of biomarker, an indicator of body condition.

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

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

(Millions of yen)

Fair value of the consideration for acquisition	
Cash	31,143
Recognized value of assets acquired and liabilities assumed	
Cash and cash equivalents	261
Trade and other receivables	1,759
Inventories	34
Property, plant and equipment	1,306
Intangible assets	10,643
Other assets	398
Trade and other payables	(570)
Bonds and borrowings	(1,564)
Other liabilities	(2,267)
Total	10,002
Non-controlling interests (Note 2)	500
Goodwill (Note 3)	21,640

Notes: 1. There was no contingent consideration.

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

3. Goodwill largely represents excess earnings power of the acquired company and synergy effect expected from the acquisition. The estimate amount of goodwill in tax accounting that is expected to be tax deductible is ¥14,401 million.

4. The above amounts are provisional because adjustment of the consideration for acquisition and allocation of the consideration for acquisition based on fair values of identifiable assets and liabilities have not been completed.

(3) Acquisition-related costs
Acquisition-related costs of ¥328 million incurred in the business combination were recognized in "selling, general and administrative expenses."

(4) Performance after the acquisition date
This information is not provided because the effect of the business combination of said company on the consolidated statement of profit or loss for the fiscal year ended March 2018 is immaterial.

(5) Pro-forma information (unaudited information)
The pro-forma information assuming that the business combination of said company took place at the beginning of the fiscal year under review, on April 1, 2017, is not provided because its impact on the consolidated statement of profit or loss for the fiscal year ended March 2018 is immaterial.

2. Other income

Other income is mainly comprised of profit on sales of property, plant and equipment and intangible assets of ¥20,858 million. This profit stems mainly from sales of non-current assets in Japan, Hong Kong and the United States, using sale-and-leaseback transactions which correspond to operating leases for the purpose of liquidating non-current assets.

3. Other expenses

Other expenses are mainly comprised of special extra retirement payment of ¥5,332 million and business structure improvement expenses of ¥4,620 million. Special extra retirement payment includes extra retirement payment paid to retired employees related to an implementation of a special early retirement program in Japan. Business structure improvement expenses include expenses related to structural reform of sales sites in Europe and North America, etc. for the Office Business and Professional Printing Business.

4. Figures given in the text have been rounded down to the nearest millions of Yen.

NON-CONSOLIDATED FINANCIAL STATEMENTS
Balance Sheet
(As of March 31, 2018)

(Millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**265,565**	**Current liabilities**	**164,572**
Cash and deposits	85,623	Notes payable - trade	9,209
Notes receivable - trade	2,448	Accounts payable - trade	52,141
Accounts receivable - trade	81,025	Short-term loans payable	38,936
Inventories	38,209	Current portion of bonds	20,000
Prepaid expenses	3,511	Current portion of long-term loans payable	3,000
Deferred tax assets	3,480	Lease obligations	226
Short-term loans receivable	37,719	Accounts payable - other	25,491
Current portion of long-term loans receivable	230	Accrued expenses	5,800
Accounts receivable – other	8,461	Income taxes payable	648
Income taxes receivable	735	Advances received	746
Other	4,128	Provision for bonuses	4,911
Allowance for doubtful accounts	(6)	Provision for Directors' bonuses	184
		Provision for product warranties	322
Non-current assets	**527,294**	Other	2,952
Property, plant and equipment	**105,221**	**Non-current liabilities**	**285,201**
Buildings, net	45,676	Bonds payable	40,000
Structures, net	1,841	Long-term loans payable	210,114
Machinery and equipment, net	18,220	Lease obligations	293
Vehicles, net	18	Deferred tax liabilities for land revaluation	3,740
Tools, furniture and fixtures, net	8,792	Provision for retirement benefits	23,392
Land	27,300	Provision for share-based compensation	199
Leased assets	631	Asset retirement obligations	3,810
Construction in progress	2,740	Other	3,650
		Total liabilities	**449,774**
Intangible assets	**17,836**	**Net assets**	
Software	11,604		
Other	6,231	**Shareholders' equity**	**323,987**
		Capital stock	**37,519**
Investments and other assets	**404,236**	**Capital surplus**	**135,592**
Investment securities	26,949	Legal capital surplus	135,592
Shares of subsidiaries and associates	269,656	**Retained earnings**	**161,065**
Investments in capital of subsidiaries and associates	78,936	Other retained earnings	161,065
		Retained earnings brought forward	161,065
Long-term loans receivable	6,923	**Treasury shares**	**(10,189)**
Long-term prepaid expenses	2,901		
Deferred tax assets	7,986	**Valuation and translation adjustments**	**18,163**
Other	10,904	Valuation difference on available-for-sale securities	8,310
Allowance for doubtful accounts	(21)	Deferred gains or losses on hedges	1,390
		Revaluation reserve for land	8,463
		Subscription rights to shares	**934**
		Total net assets	**343,086**
Total assets	**792,860**	**Total liabilities and net assets**	**792,860**

Statement of Income

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

Item	Amount	
Net sales		**436,157**
Cost of sales		293,539
Gross profit		**142,617**
Selling, general and administrative expenses		142,535
Operating profit		**82**
Non-operating income		
Interest and dividend income	13,328	
Foreign exchange gain	0	
Miscellaneous income	1,865	15,195
Non-operating expenses		
Interest expenses	3,054	
Loss on disposal of mass-produced trial products	1,804	
Miscellaneous expenses	2,763	7,622
Ordinary profit		**7,655**
Extraordinary income		
Gain on sales of non-current assets	12,144	
Gain on sales of investment securities	1,903	14,047
Extraordinary losses		
Loss on sales and retirement of non-current assets	482	
Loss on liquidation of subsidiaries and affiliates	0	
Impairment loss	223	
Special extra retirement payments	4,437	5,142
Profit before income taxes		**16,560**
Income taxes-current	(1,257)	
Income taxes-deferred	5,061	3,803
Profit		**12,756**

Statement of Changes in Equity

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at April 1, 2017	37,519	135,592	135,592	163,091	163,091	(9,214)	326,989
Changes of items during period							
Dividends of surplus	-	-	-	(14,870)	(14,870)	-	(14,870)
Profit	-	-	-	12,756	12,756	-	12,756
Purchase of treasury shares	-	-	-	-	-	(1,164)	(1,164)
Disposal of treasury shares	-	-	-	(89)	(89)	188	99
Reversal of revaluation reserve for land	-	-	-	177	177	-	177
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-
Total changes of items during period	-	-	-	(2,025)	(2,025)	(975)	(3,001)
Balance at March 31, 2018	37,519	135,592	135,592	161,065	161,065	(10,189)	323,987

	Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at April 1, 2017	8,724	3,881	8,640	21,245	998	349,234
Changes of items during period						
Dividends of surplus	-	-	-	-	-	(14,870)
Profit	-	-	-	-	-	12,756
Purchase of treasury shares	-	-	-	-	-	(1,164)
Disposal of treasury shares	-	-	-	-	-	99
Reversal of revaluation reserve for land	-	-	(177)	(177)	-	-
Net changes of items other than shareholders' equity	(413)	(2,491)	-	(2,904)	(63)	(2,968)
Total changes of items during period	(413)	(2,491)	(177)	(3,082)	(63)	(6,148)
Balance at March 31, 2018	8,310	1,390	8,463	18,163	934	343,086

Notes to Financial Statements

<NOTES TO BASIS OF SIGNIFICANT ACCOUNTING POLICIES>

1. Valuation Standards and Methods for Securities
   (1) Shares of subsidiaries and associates
   Shares of subsidiaries and associates are recorded at cost using the moving-average method.
   (2) Other securities
   Securities with fair market value are recorded using the mark-to-market method based on the market price as of the balance sheet date. (Valuation difference is directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method.)
   Other securities that do not have fair market values are primarily recorded at cost using the moving-average method.

2. Valuation Standards and Methods for Derivatives
   Derivatives are recorded using the mark-to-market method.

3. Valuation Standards and Methods for Inventories
   The value of inventories is determined by using the cost method based on the gross-average method (book values are reduced to reflect declines in profitability).

4. Amortization Method for Non-current Assets
   (1) Property, plant and equipment (excluding leased assets)
   The straight-line method is used.
   (2) Intangible assets (excluding leased assets)
   The straight-line method is used.
   We have adopted the straight-line method based on an estimated in-house working life of five years for the software we use.
   (3) Leased assets
   Leased assets arising from finance lease transactions that do not transfer ownership
   Depreciation is computed using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero. Finance lease transactions not involving transfer of ownership commencing on or before March 31, 2008 are accounted for based on methods applicable to ordinary rental transactions.

5. Standards for allowances
   (1) Allowance for doubtful accounts
   To prepare for possible losses on uncollectable receivables, for general receivables, an amount is provided according to the historical percentage of uncollectability. For specific receivables for which there is some concern regarding collectability, an estimated amount is recorded by investigating the possibility of collection for each individual account.
   (2) Provision for bonuses
   To prepare for the payment of employee bonuses, an amount corresponding to the current portion of estimated bonus payments to employees for the fiscal year is recorded.
   (3) Provision for Directors' bonuses
   To prepare for the payment of Directors' bonuses, an amount corresponding to the current portion of estimated bonus payments to Directors for the fiscal year is recorded.
   (4) Provision for product warranty
   The provisioning of free after-sales service for products is recorded based on past after-sales service expenses as a percentage of net sales.

(5) Provision for retirement benefits

In order to provide employee retirement benefits, the amount recorded by the Company is based on projected benefit obligations and pension assets at the end of the fiscal year. In determining retirement benefit obligations, the Group attributes the expected amount of retirement benefit to the period until this fiscal year-end based on the benefit formula.

Prior service cost is being amortized as incurred by the straight-line method over periods (10 years), which are shorter than the average remaining years of service of the employees.

Actuarial gains and losses are amortized in the year following the year in which the gains or losses are recognized, primarily by the straight-line method over periods (10 years) which are shorter than the average remaining years of service of the employees.

The accounting method for undisposed unrecognized past service expenses and unrecognized actuarial gains and losses is different from the accounting method used for the consolidated financial statements.

(6) Provision for stock bonuses

To prepare for future share allocations to Directors and others, the Company basically records the amount of payments according to estimated points to be allotted to Directors and others under the share allocation regulations.

6. Accounting methods for hedge transactions

(1) Hedge accounting methods

The deferred hedge method is mainly used. Deferral hedge accounting is used for currency swaps that meet the conditions, and special accounting methods are used for interest rate swaps that meet certain conditions, respectively.

(2) Hedging methods and hedging targets

The hedge methods are forward exchange contracts, currency option transactions, currency swaps and interest rate swaps are used as the hedge method.

The hedge targets are scheduled foreign currency denominated transactions, loans and borrowings.

(3) Hedge policy

The Company and consolidated subsidiaries enter into forward foreign exchange contracts and currency option transactions as hedging instruments only, not for trading purpose to make profits, within the limit of actual foreign transactions to reduce risk arising from future fluctuations of foreign exchange rates.

In addition, the Company and consolidated subsidiaries enter into currency swaps and interest rate swaps to make interest rates on borrowings stable, to reduce the risk of cost fluctuations for future capital procurement, not for speculation purpose, within the limit of actual financial or operating transactions.

(4) Methods for evaluating the effectiveness of hedges

Verification is made to ascertain a high correlation between value fluctuations of hedged items, cash flows and hedge instruments.

7. Consumption tax

The tax-exclusion method is used to account for consumption taxes and local consumption taxes. In addition, asset-related consumption tax that cannot be excluded is accounted for as deferred consumption taxes, etc., in the long-term prepaid expenses item and amortized over a five-year period by the straight-line method.

8. Consolidated tax payment system

Consolidated tax payment system is adopted.

<**Notes to Balance Sheet**>

1. Accumulated depreciation of property, plant and equipment ¥298,518 million

2. Balance of guaranteed obligations

The Company guarantees obligations for lease contracts of affiliated companies.

Konica Minolta Business Solutions U.S.A., Inc. ¥5,957 million

3. Receivables from and payables to subsidiaries and associates

Short-term receivables	¥117,827 million
Long-term receivables	¥6,925 million
Short-term payables	¥92,743 million

4. Inventories

Merchandise and finished goods	¥26,082 million
Work in process	¥5,592 million
Raw materials and supplies	¥6,534 million

5. Land revaluation

Land for industrial purposes that had been revaluated based on the Law Concerning Land Revaluation (Law No. 34 promulgated on March 31, 1998) was received from Minolta Co., Ltd. on October 1, 2003, at the time of the merger. The amount corresponding to taxes on the amount of the land revaluation is included under the item deferred tax liabilities for land revaluation. An amount equivalent to the amount of the revaluation less the deferred tax liability has been entered in shareholders' equity as the revaluation reserve for land.

(1) Method of revaluation

The value of the land has been evaluated according to the value appraisal method for land fronting major roads, as provided for in Article 2−4 of the Enforcement Orders for the Law Concerning Land Revaluation (Enforcement Orders No. 119, promulgated on March 31, 1998) or the method for valuation of non-current assets provided for in Article 2−3 of the Enforcement Orders.

(2) Date of revaluation March 31, 2002

(3) The difference between the market value of the revalued land at the end of the fiscal year under review and the book value following revaluation ¥(7,792) million

6. Loan commitment

The Company has loan agreements with subsidiaries concerning financial matters for group companies and has established credit lines for twelve of these subsidiaries. The available loan balance at the end of the fiscal year under review under these agreements is as follows.

Total loan limit	¥114,773 million
Disbursed loan balance	¥44,871 million
Available loan balance	¥69,902 million

7. Pension assets in retirement benefit trust

The Company operates with two types of retirement benefit plans: a lump-sum payment plan and a defined benefit pension plan.

Provision for retirement benefits and pension assets in retirement benefit trust at year end by retirement benefit plan are as follows.

(Millions of yen)

	Provision for retirement benefits (Before deduction of pension assets in retirement benefit trust)	Pension assets in retirement benefit trust	Provision for retirement benefits (After deduction of pension assets in retirement benefit trust)
Lump-sum payment plan	8,733	-	8,733
Defined benefit pension plan	23,531	8,872	14,658
Total	32,265	8,872	23,392

<Notes to Statement of Income>

Transactions with subsidiaries and associates

Operating revenue	¥335,252 million
Operating expense	¥230,714 million
Other operating transactions	¥35,530 million
Other non-operating transactions	¥8,403 million

<Notes to Statement of Changes in Equity>

Type and number of treasury shares at end of period

Ordinary shares	8,175,975 shares

Note: The number of treasury shares includes those held by trust accounts related to the BIP trust for compensation for Directors.

<Notes on Tax Effect Accounting>

1. Breakdown by cause of deferred tax assets and liabilities

Deferred tax assets	
Loss on valuation of shares of subsidiaries and associates	¥13,483 million
Provision for retirement benefits	¥11,856 million
Net operating tax loss carried forward	¥9,768 million
Provision for bonuses	¥1,504 million
Loss on valuation	¥1,293 million
Excess of depreciation and amortization over deductible limit	¥1,219 million
Allowance for doubtful accounts	¥8 million
Other	¥4,304 million
Deferred tax assets subtotal	¥43,437 million
Valuation allowance	¥(25,283) million
Total deferred tax assets	¥18,154 million
Deferred tax liabilities	
Valuation difference on available-for-sale securities	¥(3,257) million
Gain on establishment of employee pension trust	¥(1,431) million
Loss (gain) on transfer of business	¥(1,384) million
Other	¥(613) million
Total deferred tax liabilities	¥(6,686) million
Net deferred tax assets	¥11,467 million

2. Deferred tax liabilities related to revaluation

Deferred tax liabilities for land revaluation	¥ (3,740) million

<Notes on Leased Non-current Assets>

In addition to the non-current assets recorded on the balance sheet, the Company has other significant non-current assets which it uses under lease contracts, notably land and computer equipment. Finance lease transactions not involving transfer of ownership commencing on or before March 31, 2008 are accounted for based on methods applicable to ordinary rental transactions.

<Notes on Related-Party Transactions>

Subsidiaries, etc.

(Millions of yen)

Attribute	Name of company, etc.	Equity ownership percentage	Relationship with the Company		Description of transactions	Transaction amount	Account item	Ending balance
			Executive posts concurrently held	Business relationship				
Subsidiary	Konica Minolta Business Solutions Europe GmbH	(Ownership) Direct 100%	One Executive of the Company	Sale of multi-functional peripherals, digital printing systems, printers, healthcare equipment and related supplies in Europe and others, and providing related solution services	Sales of products (Note 1)	105,478	Accounts receivable - trade	19,993
					Lending of funds (Note 2)	15,325	Short-term loans	23,200
Subsidiary	Konica Minolta Japan, Inc.	(Ownership) Direct 100%	One Executive of the Company	Sale of multi-functional peripherals, digital printing systems, printers, healthcare equipment, industrial measuring equipment and related supplies in Japan, and providing related solution services	Sales of products (Note 1)	45,385	Accounts receivable - trade	15,118
Subsidiary	Konica Minolta Business Solutions U.S.A., Inc.	(Ownership) Direct 100%	Two Executives of the Company	Sale of multi-functional peripherals, digital printing systems, printers and related supplies in the U.S., and providing related solution services	Sales of products (Note 1)	83,275	Accounts receivable - trade	10,653
Subsidiary	Konica Minolta Holdings U. S. A., Inc.	(Ownership) Direct 100%	Two Executives of the Company	U.S. holding company	Lending of funds (Note 2)	11,284	Short-term loans	6,433
Subsidiary	Konica Minolta Business Technologies (WUXI) Co., Ltd.	(Ownership) Direct 15% Indirect 85%	-	Manufacturing and sale of multi-functional peripherals, digital printing systems, printers and related supplies	Purchases of products (Note 1)	50,160	Accounts payable - trade	14,612
Subsidiary	Konica Minolta Business Technologies Manufacturing (HK) Ltd.	(Ownership) Direct 100%	-	Manufacturing and sale of multi-functional peripherals, printers and related supplies	Purchases of products (Note 1)	69,838	Accounts payable - trade	10,810

The transaction amount does not include consumptions tax. The ending-balance of the accounts receivable-trade and accounts payable-trade includes consumption tax.

(Notes) Transaction terms and policy for determining transaction terms

1. Terms for purchases and sales of products and other items are determined by price negotiations in each fiscal year that take into account market prices and the cost of sales.
2. Regarding the lending of funds, the Company enters into loan agreements concerning group financing with subsidiaries, setting a limit. The interest rate is determined based on market rates.
   The transaction amount is the average loan balance over the period under review.

<Notes on Per Share Information>

Net assets per share	¥691.93
Earnings per share	¥25.78

Note: In calculating per-share information, 1,274,000 shares and 849,333 shares are deducted from the numbers of shares at the end of the fiscal year and those during the fiscal year, respectively, as the shares of the Company held by trust accounts related to the BIP trust for compensation for Directors are treated as treasury shares.

<Note Concerning Significant Subsequent Events>

Not applicable.

<Other Notes>

1. The Company introduced a stock compensation scheme linking with medium-term performance called the BIP (Board Incentive Plan) trust for compensation for Directors, with the aim of linking its performance targets in the new Medium-Term Business Plan “SHINKA 2019,” which covers fiscal 2017 to fiscal 2019, with compensation to Executive Officers and others.
   As accounting treatment of the trust, the Company applies “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. Through Trusts” (Practical Issues Task Force No. 30; March 26, 2015) and reports the Company’s shares outstanding in the trust as treasury shares, based on their book values (excluding the amount of incidental expenses).
2. Profit on sales of non-current assets stems from a sale of part of the ownership of land with leaseholds at the Company’s Tokyo Site Hino (Hino City, Tokyo), conducted for the efficient use of assets by utilizing the management resources and strengthening of the financial position. After the sale, the Company continues to use the land based on a lease contract with the buyer.
3. Special extra retirement payment includes extra retirement payment paid to retired employees related to an implementation of a special early retirement program.
4. Figures given in the text have been rounded down to the nearest millions of Yen.

AUDITOR'S REPORTS

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report

May 10, 2018

The Board of Directors
Konica Minolta, Inc.

KPMG AZSA LLC

Shigeo Kobayashi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shinji Someha (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Michiaki Yamabe (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to consolidated financial statements of Konica Minolta, Inc. ("the Company") as at March 31, 2018 and for the year from April 1, 2017 to March 31, 2018 in accordance with Article 444 (4) of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements prepared by omitting certain items required to be disclosed by the International Financial Reporting Standards, as approved under the latter part of Article 120-1 of the Ordinance on Company Accounting. Management is also responsible for the establishment and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we 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 and applied 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 referred to above, which were prepared by omitting certain items required to be disclosed by the International Financial Reporting Standards, as approved under the latter part of Article 120-1 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position and the results of operations of the Company and its consolidated subsidiaries for the period.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act

AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Independent Auditor's Report

May 10, 2018

The Board of Directors
Konica Minolta, Inc.

KPMG AZSA LLC

Shigeo Kobayashi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shinji Someha (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Michiaki Yamabe (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in equity and the notes to financial statements, and the supporting schedules of Konica Minolta, Inc. ("the Company") as at March 31, 2018 and for the 114th business year from April 1, 2017 to March 31, 2018 in accordance with Article 436 (2) (i) of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supporting schedules in accordance with accounting principles generally accepted in Japan, and for the establishment and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements and the supporting schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supporting schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supporting schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supporting schedules. The procedures selected and applied depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supporting schedules, 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 financial statements and the supporting schedules 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 financial statements and the supporting schedules.

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 financial statements and the supporting schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and supporting schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

AUDIT COMMITTEE'S REPORT

AUDIT REPORT

We, the Audit Committee of Konica Minolta, Inc. ("the Company"), have audited the performance of duties by Directors and Executive Officers during the 114th business year from April 1, 2017 to March 31, 2018. We report the method and results as follows.

1. Method and details of audit

We, the Audit Committee, have received reports from the Executive Officers and employees on a regularly basis on the details of the board resolutions with respect to items prescribed in Article 416, Paragraph 1, Item 1, b) and e) of the Companies Act, and the status of the establishment and operation of the system established based on such board resolutions (internal control system), sought explanations, whenever the necessity arose, and expressed our opinions. Also, in accordance with the audit standards, audit policy, audit plan, assignment of duties, etc. determined by the Audit Committee and in cooperation with the internal audit division and other internal control divisions of the Company and the auditors of subsidiaries, we verified the process and details of the decision-making at the important meetings, etc., the details of the primary decision documents and other important documents, etc. on the performance of business operations, the status of the performance of the duties of Directors, Executive Officers and others, and the status of business operations and assets of the Company.

With respect to subsidiaries, we confirmed the status of their business and management by communicating and exchanging information with Directors and corporate auditors of the subsidiaries, visiting and attending important meetings, and inspecting important decision documents, etc., whenever the necessity arose.

Moreover, in addition to monitoring and examining whether the Accounting Auditor maintained an independent position and performed auditing appropriately, we received reports from the Accounting Auditor on the performance of its duties and requested explanations when necessary. In addition, we received notice from the Accounting Auditor that "The systems for ensuring the proper performance of duties" (set forth in each item of Article 131 of the Regulations of Corporate Financial Calculation) are organized in accordance with the "Standards for Quality Control of Audit" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations whenever necessity arose.

Based on the above methods, we examined the business report, financial statements (balance sheet, statement of income, statement of changes in equity, notes to financial statements), supporting schedules, and the consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, notes to consolidated financial statements, which were prepared by omitting certain items required to be disclosed by the International Financial Reporting Standards, pursuant to the latter part of Article 120-1 of the Ordinance on Company Accounting) for the fiscal year under review.

2. Results of audit

(1) Results of audit of business report, etc.

i) In our opinion, the business report and accompanying schedules fairly represent the condition of the Company in accordance with the laws, regulations and Articles of Incorporation of the Company.

ii) We have determined that there were no serious occurrences of dishonest or false activity or violations of any laws, regulations or the Company's Articles of Incorporation by any Directors or Executive Officers in carrying out their duties.

iii) We believe the details of resolutions of the Board of Directors regarding the internal control system are appropriate. We found no matters of note with respect to the execution of duties of Executive Officers regarding the internal control system.

(2) Results of audit of financial statements and accompanying schedules

In our opinion, the audit method and audit results received from the accounting auditor KPMG AZSA LLC are appropriate.

(3) Results of audit of consolidated financial statements

In our opinion, the audit method and audit results received from the accounting auditor KPMG AZSA LLC are appropriate.

May 14, 2018

Audit Committee of Konica Minolta, Inc.

Audit Committee Member	Kazuaki Kama	(Seal)
Audit Committee Member	Kimikazu Noumi	(Seal)
Audit Committee Member	Takashi Hatchoji	(Seal)
Audit Committee Member (Full-time)	Yoshiaki Ando	(Seal)
Audit Committee Member (Full-time)	Ken Shiomi	(Seal)

Notes to the Reader of Audit Report:

1. The Audit Report herein is the English translation of the Audit Report as required by the Companies Act.
2. Mr. Kazuaki Kama, Mr. Kimikazu Noumi and Mr. Takashi Hatchoji are Outside Directors as provided for in Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.