Financial Report

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10-Year Financial Summary

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

	Fiscal 2006	Fiscal 2007	Fiscal 2008
Consolidated Financial Highlights			
Net sales, Revenue (millions of yen)	1,027,630	1,071,568	947,843
Operating income, Operating profit (millions of yen)	104,006	119,606	56,260
Operating income ratio, Operating profit ratio (%) *1	10.1	11.2	5.9
Ordinary income, Ordinary profit (millions of yen)	98,099	104,227	45,403
Ordinary income ratio, Ordinary profit ratio (%) *2	9.5	9.7	4.8
Profit before tax (millions of yen)	-	-	-
Profit before tax ratio (%)	-	-	-
Net income, Profit for the year (millions of yen)	72,542	68,829	15,179
Net income ratio, Profit for the year ratio (%) *3	7.1	6.4	1.6
Profit attributable to owners of the company (millions of yen)	-	-	-
Profit attributable to owners of the company ratio (%)	-	-	-
Earnings per share, Basic earnings per share attributable to owners of the company (EPS) (yen) *4	136.67	129.71	28.62
Equity per share attributable to owners of the company (yen)	692.39	786.20	779.53
Cash dividends per share (yen)	10	15	20
Dividend payout ratio (%) *5	7.3	11.6	70.0
R&D expenses (millions of yen)	71,961	81,272	81,778
R&D expense ratio (%) *6	7.0	7.6	8.6
Net cash flows from operating activities (millions of yen)	66,712	123,014	107,563
Net cash flows from investing activities (millions of yen)	(56,401)	(76,815)	(90,169)
Free cash flows (millions of yen)	10,311	46,198	17,394
Profitability			
ROE (J-GAAP) (%) *7	21.9	17.5	3.7
ROE (IFRS) (%) *8	-	-	-
ROA (%) *9	7.7	7.2	1.6
ROIC (%) *10	13.3	14.1	6.5
Efficiency			
Total assets (millions of yen)	951,052	970,538	918,058
Total assets turnover (times) *11	1.08	1.12	1.00
Property, plant and equipment (millions of yen)	230,094	245,989	227,860
Property, plant and equipment turnover (times) *12	4.61	4.50	4.00
Inventories (millions of yen)	133,550	132,936	129,160
Inventory turnover period (months) *13	3.19	2.96	3.21
Trade and other receivables (millions of yen)	257,380	234,862	171,835
Trade and other receivables turnover (times) *14	2.94	2.76	2.56
Stability			
Equity, Equity attributable to owners of the company (millions of yen)	367,467	417,166	413,380
Equity ratio, Equity ratio attributable to owners of the company (%)	38.6	43.0	45.0
Current assets (millions of yen)	544,237	557,110	504,919
Current ratio (%) *15	144.33	152.39	162.41
D/E ratio (times) *16	0.62	0.54	0.56
Net D/E ratio (times) *17	0.39	0.25	0.23
Investment Indicators			
Price-to-earnings ratio (PER) (times) *18	11.33	10.44	29.28
Price-book value ratio (PBR) (times) *19	0.45	0.58	0.93

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

Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2013 (IFRS)	Fiscal 2014 (IFRS)	Fiscal 2015 (IFRS)
804,465	777,953	767,879	813,073	943,759	935,214	1,002,758	**1,031,740**
43,988	40,022	40,346	40,659	58,144	39,859	65,762	**60,069**
5.5	5.1	5.3	5.0	6.2	4.3	6.6	**5.8**
40,818	33,155	34,758	38,901	54,621	-	-	**-**
5.1	4.3	4.5	4.8	5.8	-	-	**-**
-	-	-	-	-	37,736	65,491	**58,029**
-	-	-	-	-	4.0	6.5	**5.6**
16,931	25,896	20,424	15,124	21,861	28,431	40,969	**32,000**
2.1	3.3	2.7	1.9	2.3	3.0	4.1	**3.1**
-	-	-	-	-	28,354	40,934	**31,973**
-	-	-	-	-	3.0	4.1	**3.1**
31.93	48.84	38.52	28.52	41.38	53.67	81.01	**64.39**
791.28	806.53	817.81	876.65	929.04	968.15	1,067.97	**1,037.96**
15	15	15	15	17.5	17.5	20.0	**30.0**
47.0	30.7	38.9	52.6	42.3	32.6	24.7	**46.6**
68,475	72,617	72,530	71,533	71,184	69,599	74,295	**76,292**
8.5	9.3	9.4	8.8	7.5	7.4	7.4	**7.4**
113,377	67,957	72,367	66,467	89,945	90,058	101,989	**59,244**
(40,457)	(44,738)	(42,757)	(63,442)	(55,776)	(54,143)	(54,014)	**(110,788)**
72,920	23,219	29,610	3,025	34,169	35,914	47,975	**(51,544)**
4.1	6.1	4.7	3.4	4.6	-	-	**-**
-	-	-	-	-	6.1	8.6	**6.5**
1.9	3.0	2.3	1.6	2.3	2.9	4.1	**3.2**
5.3	5.1	5.2	5.2	7.3	5.0	8.3	**7.0**
865,797	845,453	902,052	940,553	966,060	991,700	1,001,800	**976,370**
0.90	0.91	0.88	0.88	0.99	0.96	1.01	**1.04**
205,057	190,701	178,999	179,903	173,362	177,056	181,641	**187,322**
3.72	3.93	4.15	4.53	5.34	5.23	5.59	**5.59**
98,263	100,243	105,080	112,479	115,275	115,175	120,803	**121,361**
2.68	2.67	2.81	2.60	2.52	2.82	2.54	**2.58**
177,720	163,363	174,193	194,038	220,120	240,459	248,827	**245,047**
2.47	2.42	2.52	2.47	2.53	3.09	2.72	**2.73**
419,535	427,647	433,669	464,904	478,404	498,542	535,976	**514,285**
48.5	50.6	48.1	49.4	49.5	50.3	53.5	**52.7**
489,253	501,876	565,923	579,593	589,331	569,552	570,640	**496,216**
183.03	206.98	247.17	205.04	206.62	200.83	202.43	**194.40**
0.47	0.45	0.53	0.48	0.41	0.41	0.31	**0.33**
0.08	0.04	(0.01)	0.02	0.02	0.03	(0.02)	**0.13**
34.17	14.27	18.77	24.12	23.27	17.94	15.07	**14.85**
0.73	1.16	1.13	1.27	0.96	0.99	0.86	**0.90**

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

Management's Discussion and Analysis

Operating Environment

Looking back over the economic situation during the consolidated fiscal year under review ("the fiscal year"), the US continued its trend of recovery on the back of such factors as improving employment. In Europe, on the other hand, where economic stimulus measures such as monetary easing had led to a gradual recovery, the end of the fiscal year saw a slight dip in the economic upswing. Meanwhile, previous excessive capital expenditures in China led to shrinking investment and emerging countries were affected by the decline in commodity prices, leading to a continuation of the move towards slower growth. In the Japanese economy, corporate results are on an improving trend but, due the impact of the deceleration in emerging economies, manufacturing activity was sluggish. In this way, for the global economy as a whole the impact of slowing economies in China and emerging countries was significant and it was a year in which business conditions remained at a standstill.

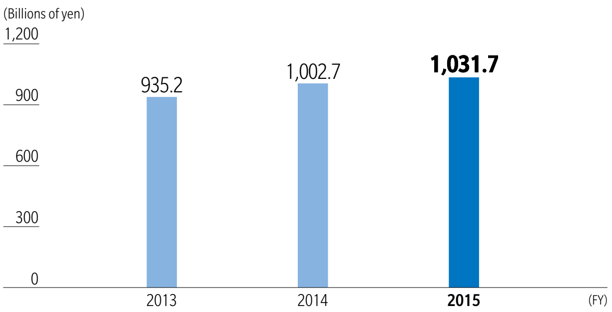
Operating Results

Revenue

Average Japanese yen rates against the U.S. dollar and euro for the period were ¥120.14 and ¥132.58, respectively, constituting a ¥10.21 (9.3%) decrease against the dollar and a ¥6.19 (4.5%) increase against the euro compared to last period.

Revenue for the fiscal year under review increased 2.9% year-over-year to ¥1,031.7 billion as a result of exchange rate gains owing to a weaker Japanese yen against the U.S. dollar, as well as increased sales of core products and the effects of M&A. Revenue rose in the Business Technologies Business on the back of increased sales of high-end color models for commercial printing applications as well as the effects of corporate acquisitions and a weaker Japanese yen against the U.S. dollar.

Revenue



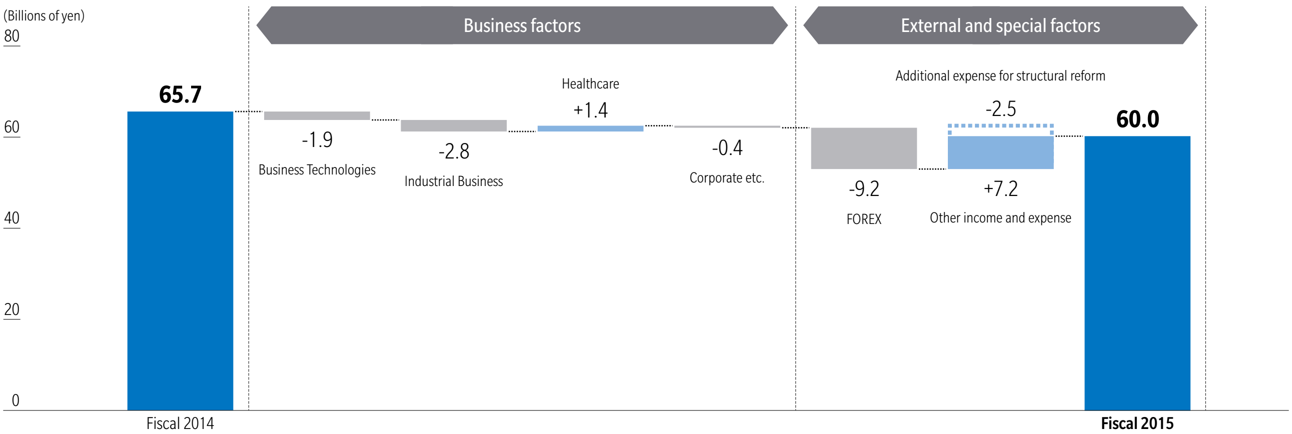
Gross profit

Whereas sales of core products increased, the profit ratio decreased impacted by a stronger yen against the euro. As a result, gross profit for the period was ¥495.5 billion, a 1.2% increase year on year. Gross profit margin dropped 0.8 points year on year to 48.0% (but rose 0.4 points if exchange rate effects are excluded).

Operating profit

Other profit stood at ¥7.7 billion, a ¥0.9 billion year-on-year increase owing to the sale of fixed assets as an effort to further slim down the balance sheet. Selling, general and administrative expenses increased ¥18.7 billion year on year to ¥429.8 billion due to such factors as increased expenses in connection with transforming the Company's businesses amid difficult market conditions. Other expenses decreased ¥6.2 billion year on year to ¥13.3 billion due to a total of ¥3.7 billion for goodwill and other impairment losses and loss on sales of subsidiary shares at European sales companies posted in the previous period, as well as to ¥2.9 billion posted in the fiscal year under review for additional retirement benefits, etc. provided to retirees as a result of implementing a plan to provide incentives for certain employees to take early retirement. As a result, operating profit for the period fell by 8.7% year on year to ¥60.0 billion while the operating profit ratio decreased by 0.7 points year on year to 5.8%.

Fiscal 2015 operating profit analysis



Impact of exchange rates on operating profit

	Fiscal 2014 (Results)	Fiscal 2015 (Results)	Fiscal 2016 (Forecast)
Yen/USD	109.9	120.1	105
Difference in exchange rates over the previous year (yen)	+9.7	+10.2	-15.1
Sensitivity to US dollar (billions of yen)	0.12	0	0
Yen/euro	138.8	132.6	120
Differences in exchange rates over the previous year (yen)	+4.4	-6.2	-12.6
Sensitivity to European currencies (billions of yen)	1.0	1.1	1.2
Monetary impact of exchange rates over previous year (billions of yen)	7.4	-9.2	-19.0

Profit before tax

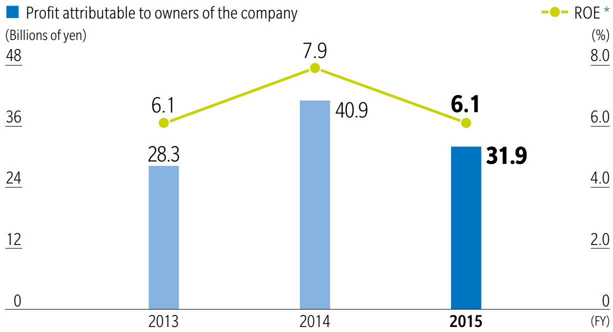
Financial revenue declined to ¥0.3 billion year on year to ¥2.1 billion, financial expenses increased ¥1.3 billion to ¥4.1 billion, and the financial account balance declined by ¥1.7 billion. As a result, profit before tax fell 11.4% year on year to ¥58.0 billion.

Profit attributable to owners of the company

Profit attributable to owners of the company stood at ¥31.9 billion, a 21.9% year-on-year decrease. Tax expenses for the fiscal year climbed to ¥3.8 billion as a result of a reversal of deferred tax assets in connection with taxation system amendments.

Basic earnings per share for the fiscal year under review were ¥64.39, a 20.5% decrease compared to the previous fiscal year. Return on equity (profit ratio attributable to owners of the company) for the period dropped from last period's 7.9% to 6.1%. This was due a drop in profit attributable to owners of the company.

Profit attributable to owners of the company



* ROE = Profit attributable to owners of the company divided by equity attributable to owners of the company (average at beginning and end of period)

Operating Results by Segment

Business Technologies Business

Office services

For mainstay A3 color MFPs (Multi-functional peripherals), amid intensifying competition in the US and Europe, the Group stuck to its sales policy of prioritizing profits and worked to expand sales, primarily of mid-range and higher segment models. Even sales volumes of monochrome models exceeded prior-year levels. Regarding big deals associated with global procurement / business services, our important customers such as BMW Group and Allianz (both headquartered in Germany) have highly evaluated our optimized printing solutions so that we were successful to extend global agreements with them in the future multiple years. In "hybrid-type sales," which we are deploying to small- and medium-sized enterprises and that comprise a combination of IT services and input/output equipment, we have been proposing improvements to the customer's workflow whereby paper documents are scanned using our MFPs and the necessary information is automatically extracted and coordinated with the core systems. We have also been providing "Managed IT" composite services wherein we take over the whole of the IT environment including maintenance and management and have been successfully concluding contracts.

Commercial and industrial printing

In production print, sales of the top-of-the-line "bizhub PRESS C1100" digital color printing system grew primarily in the US and Europe. We strived to expand from the previous customer base, consisting mostly of small- and medium-sized printing companies, to large-sized commercial printing companies where high output volumes can be expected.

In Marketing Production Management (MPM) services, which help optimize printing costs and improve business processes in a company's marketing department, we pushed initiatives to expand the region of services provided to existing customers.

In the industrial inkjet business, sales of components such as inkjet printheads for use in large-format printers were strong. The "KM-1" Sheet-fed UV inkjet press co-developed with KOMORI Corporation (headquartered in Tokyo) has been prepared for launch and sales will begin in earnest in fiscal 2016. We also raised our ownership ratio in MGI Digital Technology (headquartered in France), with which we began a financial and strategic alliance in fiscal 2014, effective April 1, 2016. We will leverage MGI's superior marketing and unique product development capabilities related to digital printing equipment in order to expand our business into the commercial printing market.

In manufacturing, we are promoting digital manufacturing both in Japan and overseas. In the Malaysian production site that has been in full operation since May 2015, initiatives leveraging cutting-edge ICT to automate and improve manufacturing process efficiency have been successful, and we are reinforcing systems to continuously reduce production costs for digital MFPs.

As a result, revenue of the Business Technologies Business from external customers stood at ¥832.1 billion, up 3.0% year on year, and operating profit was ¥70.2 billion, down 3.4% year on year. Revenue rose as a result of corporate acquisitions, to which was added the effect of the weaker yen against the US dollar. Despite gains on sale of property, plant and equipment in North America, in addition to the yen continuing the previous year's trend of strengthening against the euro, which has a negative impact on profits, there were also increases in costs related to the transformation in the focus of our business, including the bolstering of our service provision capability, as well as reserves set aside for business structure improvement expenses, and thus a small decrease in profit was recorded.

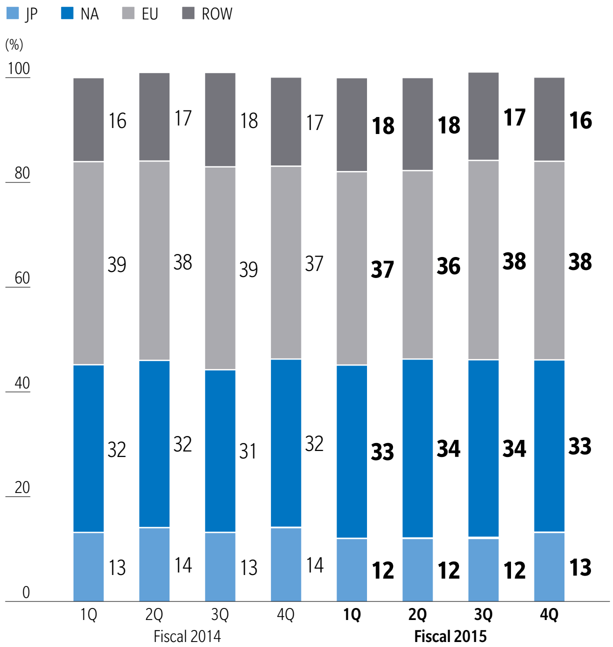
Healthcare Business

In Japan, the SONIMAGE HS1 diagnostic ultrasound system has become widely accepted in the field of orthopedic surgery and sales grew significantly. Meanwhile, sales in the US grew year on year with Viztek, LLC (headquartered in the US), which was acquired in October 2015, becoming consolidated for the latter half of the fiscal year.

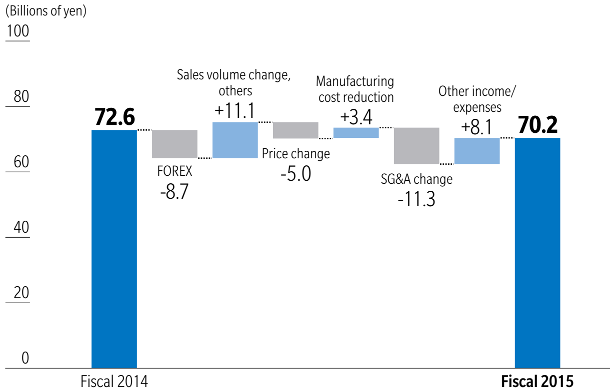
In mainstay products, the medical IT service PACS (picture archiving and communication systems) remained solid, while sales of the "AeroDR" cassette-type digital X-ray diagnostics imaging systems grew primarily in overseas markets.

As a result, revenue of the Healthcare Business from external customers stood at ¥89.8 billion, up 14.4% year on year, and operating profit was ¥3.9 billion, up 85.0% year on year. In addition to the increase in gross profit generated by rising sales and rising overseas revenue of mainstay products, there was an increase in the number of service contracts, which depend on the installed base of such products and equipment, in turn contributing to an improvement in profitability.

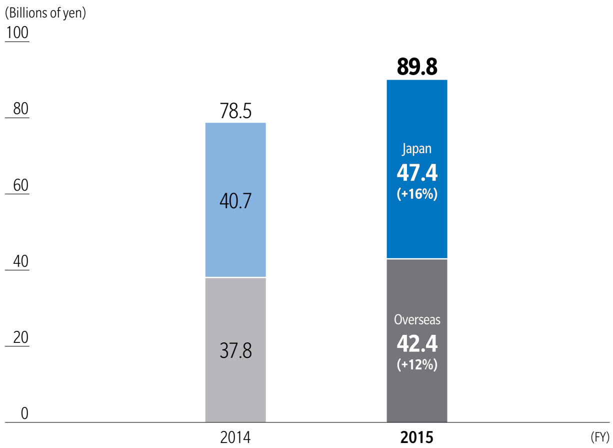
Composition of revenue by region (in yen)



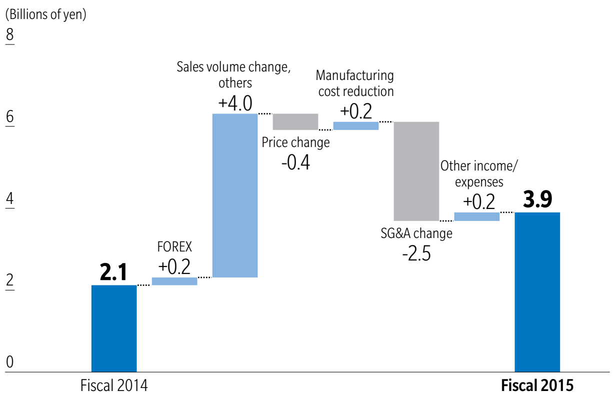
Operating profit analysis



Revenue



Operating profit analysis



Industrial Business

Performance materials

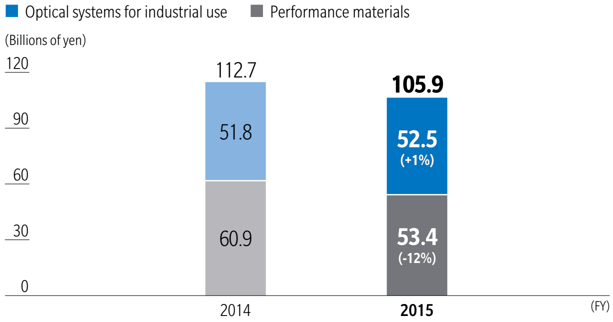
In TAC film, falling demand in emerging markets in the latter half of the fiscal year led to a prolonging of the supply-chain inventory correction, and sales of TAC film for large LCD televisions declined. In products for small and medium-size panels, the thin-film products in which the Group specializes turned to recovery in the second half of the fiscal year, but this was insufficient to compensate for the fall in sales of television-related products and sales were down over the previous fiscal year.

Optical systems for industrial use

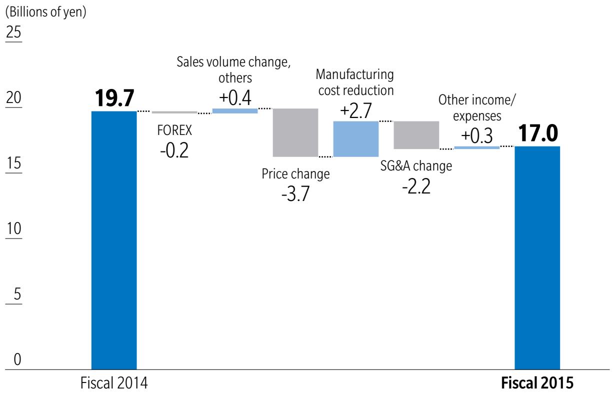
In measuring instruments, the mainstay light-source color measurement equipment grew in the second half of the fiscal year, in addition to which Radiant (headquartered in the US), which was acquired in August 2015, became consolidated and contributed to the growth in revenue. As for lenses for industrial and professional use, optical units for projectors used at events for projection mapping, etc. remained solid and revenue rose.

As a result, revenue of the Industrial Business from external customers came to ¥105.9 billion (down 6.0% year on year) and operating profit stood at ¥17.0 billion (down 13.7% year on year).

Revenue



Operating profit analysis

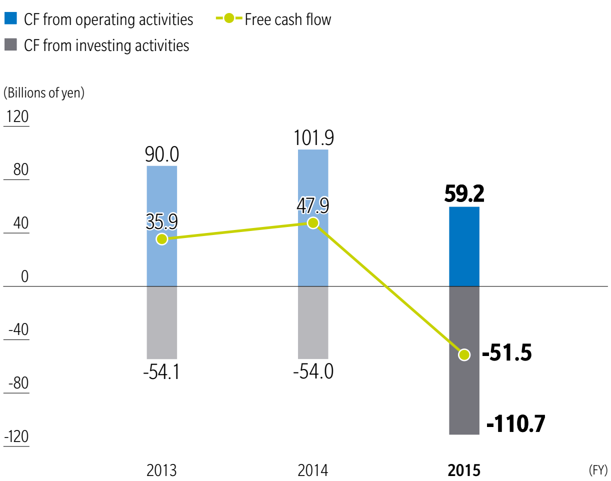


Cash Flows

Cash flows from operating activities

Net cash provided by operating activities for the fiscal year under review was ¥59.2 billion, compared to net cash provided of ¥101.9 billion in the previous fiscal year, as a result of cash inflow due to profit before tax of ¥58.0 billion and depreciation and amortization expenses of ¥51.3 billion, and cash outflow due to income taxes paid of ¥16.9 billion, a decrease in trade and other payables of ¥10.3 billion, an increase in trade and other receivables of ¥6.2 billion, and an increase in inventories of ¥4.7 billion.

Cash flows



Cash flows from investing activities

Purchases of property, plant and equipment and intangible assets amounted to ¥38.3 billion and ¥11.9 billion, respectively, mainly attributable to capital expenditures in the Business Technologies Business. On the other hand, proceeds from sales of property, plant and equipment amounted to ¥9.5 billion, mainly due to sales of assets in North America. As a result of the acquisition of Dactyl Buro du Centre and OMR Impressions in the Business Technologies Business, of Radiant in the Industrial Business, and of Viztek in the Healthcare Business, purchase of investments in subsidiaries of ¥57.5 billion, payments for transfer of business of ¥3.3 billion, and purchase of interests in investments accounted for using the equity method of ¥2.6 billion were recorded. Accordingly, net cash used in investing activities came to ¥110.7 billion for the fiscal year under review compared to net cash used in the previous fiscal year of ¥54.0 billion.

As a result, free cash flow (the sum of operating and investing activities) was an outflow of ¥51.5 billion (an inflow of ¥47.9 billion in the previous fiscal year).

Cash flows from financing activities

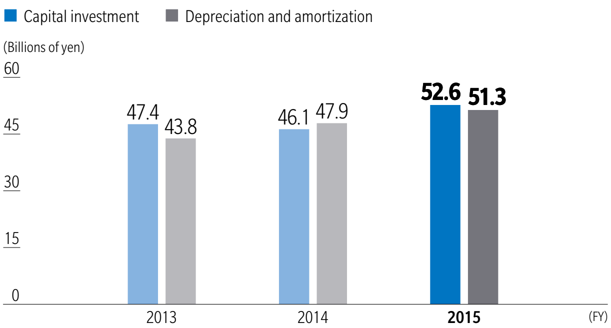
Net cash used in financing activities amounted to ¥20.5 billion for the fiscal year under review, compared to net cash used in the previous fiscal year of ¥62.1 billion, as a result of cash inflow due to proceeds from bonds issuance and long-term loans payable of ¥38.7 billion, and cash outflow due to redemption of bonds and repayments of long-term loans payable of ¥27.7 billion, cash dividends paid of ¥12.4 billion, purchase of treasury shares of ¥10.0 billion, and net decrease in short-term loans payable of ¥9.4 billion.

Capital Expenditure, etc.

Total capital expenditure for the year ended March 31, 2016 came to ¥52.605 billion. Investment focused on the Group's core Business Technologies Business and Industrial Business, aimed mainly at support for new product development and increasing production capacity, as well as rationalization and power saving.

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

Capital investment/Depreciation and amortization



Research and Development Expenses

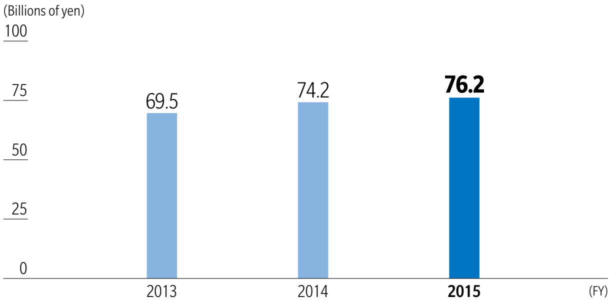
In line with a basic policy for Medium-term Business Strategy—which is focused on realizing sustainable profit growth, transforming into a customer-centric company, and establishing a strong corporate structure—based on its Medium Term Business Plan TRANSFORM 2016, the Group conducts all of its research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

In its existing commercial and industrial printing segment, Konica Minolta is providing its own original services as it expands its business into heavy production printing, which involves large print volumes and requires a high level of productivity and the ability to accommodate a variety of paper types. Additionally, the Company made further investments in MGI Digital Technology, a manufacturer of high added value digital printers and the industry's market share leader, with which we formed a capital and business partnership in January 2014. We will expand and improve our product lineup aimed at accelerating digitalization in the labeling and packaging industry as part of efforts to strengthen our position in the industrial printing field. In the healthcare segment, we acquired Viztek, a U.S.-based provider of healthcare imaging solutions as one move towards building out our medical IT solution service portfolio. Konica Minolta also began a new service producing pathological specimens using fluorescent nanoparticles for the drug discovery field in the Japanese market. We will accelerate the pace of R&D for the field of in vitro diagnostics by leveraging nanotechnology, which forms the core of Konica Minolta's technologies, and we will be working to solve social problems in the life sciences through advanced technologies. The pathological specimen production service marks the start of such efforts.

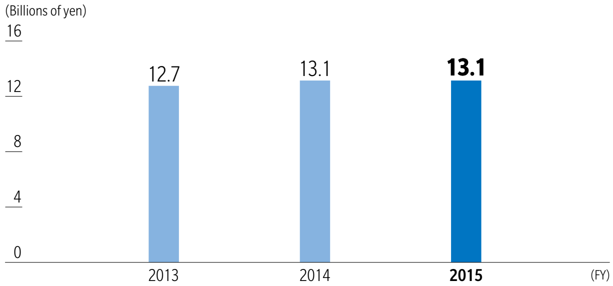
As a new business model, we are providing customers with s solution-based service in the form of Konica Minolta's cyber physical systems, which integrate hardware (input/output) and software (processes) differentiated from competitors' offerings through our core technologies. One example of this is our development of "care support solutions," which improve nursing care workflows using ICT. This service involves using non-contact sensors to detect nursing care facility residents' movements and inform nursing care staff via smartphone. A special smartphone application allows for keeping a nursing care log and sharing information, among other functions. Through solutions such as these, we are working to help solve major social problems, namely an increasing number of people requiring nursing care in the graying society and a shortage of nursing care staff as the working-age population falls.

Groupwide R&D expenditure for the fiscal year under review increased ¥1.9 billion, or 2.7%, year on year to ¥76.2 billion. R&D expenditures include amounts not included in figures posted by the businesses, as well as ¥13.1 billion—a 0.5% increase year on year—in basic research expenditure.

Research and development expenses



R&D expenditure for common fundamental technologies and advanced technologies



Financial Position and Liquidity

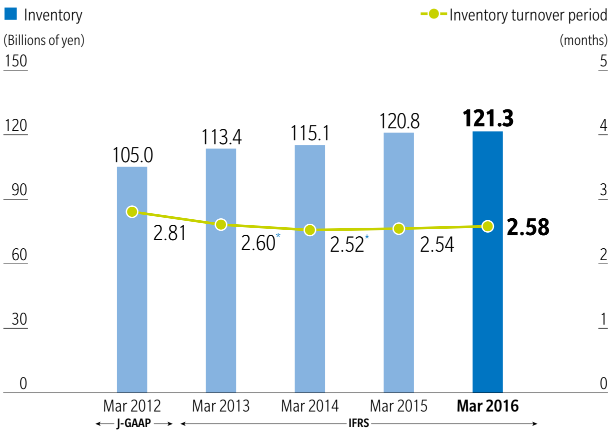
Assets

Total assets at March 31, 2016 were ¥976.3 billion, a decrease of ¥25.4 billion (2.5%) from the previous fiscal yearend. Total current assets decreased ¥74.4 billion (13.0%) to ¥496.2 billion (50.8% to total assets) and total non-current assets increased ¥48.9 billion (11.4%) to ¥480.1 billion (49.2% to total assets).

With respect to current assets, cash and cash equivalents decreased ¥77.5 billion to ¥99.9 billion, and trade and other receivables decreased ¥3.4 billion to ¥249.4 billion, while income tax receivables increased ¥2.6 billion to ¥3.2 billion and inventories increased ¥0.5 billion to ¥121.3 billion.

With respect to non-current assets, property, plant and equipment increased ¥5.6 billion to ¥187.3 billion, due primarily to capital expenditures in the Business Technologies Business. Goodwill and intangible assets increased ¥52.2 billion to ¥178.3 billion, mainly due to acquisition.

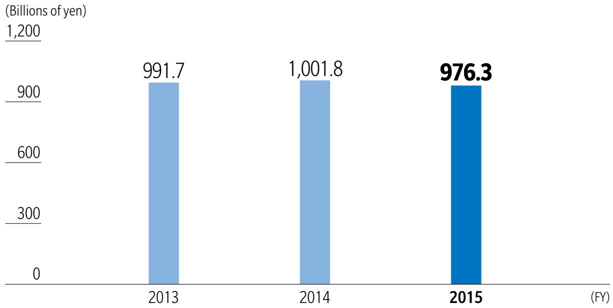
Inventory/Inventory turnover period



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

* Inventory turnover period in March 2013 and in March 2014 conform to Japanese accounting standards

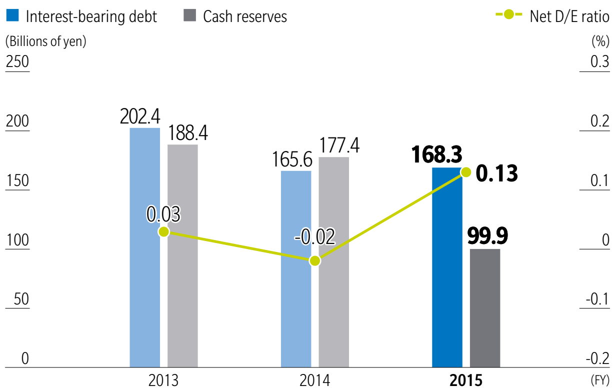
Total assets



Liabilities

Total liabilities at March 31, 2016 were ¥461.3 billion, a decrease of ¥3.3 billion (0.7%) from the previous fiscal year-end. Trade and other payables decreased ¥14.6 billion to ¥162.9 billion, while income tax payables decreased ¥4.2 billion to ¥3.3 billion. Conversely, bonds and borrowings (the sum of amounts posted as current liabilities and noncurrent liabilities) amounted to ¥168.2 billion, an increase of ¥2.6 billion in total despite redemption of bonds of ¥20.0 billion. Retirement benefit liabilities increased ¥5.8 billion to ¥67.9 billion.

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



Equity

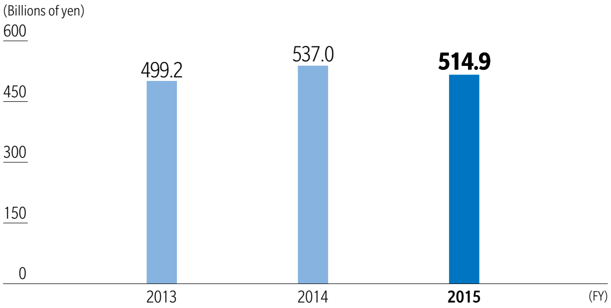
Total equity at March 31, 2016 amounted to ¥514.9 billion, a decrease of ¥22.0 billion from the previous fiscal year-end. Retained earnings increased ¥1.3 billion to ¥258.5 billion. This was mainly the result of an increase due to profit attributable to owners of the company of ¥31.9 billion, and decreases due to cash dividends of ¥12.4 billion, cancellation of treasury shares of ¥11.0 billion, and recognition of actuarial losses on defined benefit pension plans of ¥6.9 billion.

Treasury shares decreased ¥1.3 billion to ¥9.4 billion, as a result of acquisition of the Company's own shares of ¥9.9 billion and cancellation of the treasury shares of ¥11.0 billion based on the resolutions at the Board of Directors meeting.

Other components of equity at March 31, 2016 totaled ¥23.2 billion, a decrease of ¥24.3 billion, due to a loss on exchange differences on translation of foreign operations of ¥19.7 billion and a net loss on revaluation of financial assets measured at fair value of ¥3.8 billion.

Equity attributable to owners of the company totaled ¥514.2 billion at March 31, 2016, a decrease of ¥21.6 billion from the previous fiscal year-end, and the equity ratio attributable to owners of the company decreased 0.8 points to 52.7%.

Equity



Dividend Policy

Basic dividend policy

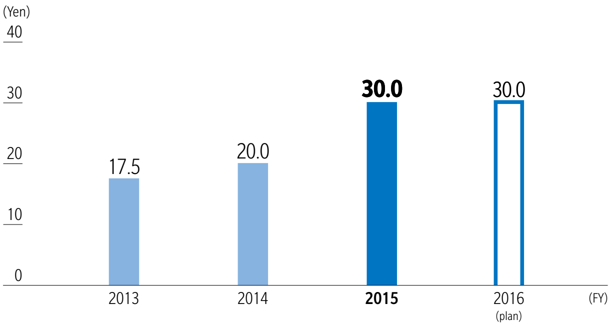
The policy regarding the payment of dividends from retained earnings, etc. calls for the basic approach of making a comprehensive evaluation of consolidated performance and funding requirements to promote strategic investments in growth fields while seeking to implement proactive shareholder returns.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

Dividends for the fiscal year ended March 31, 2016 and projected dividends for the fiscal year ending March 31, 2017

With respect to dividends from retained earnings for the fiscal year, the Company distributed a year-end dividend of 15 yen per share, an increase of 5 yen from the previous year-end dividend. Combined with the dividend of 15 yen per share already paid at the end of the second quarter, the total annual dividend will be 30 yen per share.

Regarding ordinary dividends for the fiscal year ending March 31, 2017, the Company plans to distribute a total annual dividend of 30 yen per share, assuming we achieve the results forecasts outlined below.

Dividend per share



Outlook for the Fiscal Year Ending March 31, 2017

Regarding the global economic climate surrounding the Group, job numbers are on the rise in the U.S., and Europe is experiencing a gradual recovery driven by domestic demand on the back of financial easing. In the Japanese economy, support is likely to be provided by rising real wages and increased capital investment. On the other hand, Chinese economic growth is slowing due to efforts made to address excessive production capacity and emerging nations are struggling to make economic gains. Furthermore, concerns over the impact of Britain's withdrawal from the EU are likely to keep the yen strong against other currencies. Due to these factors, this period should be a year of low growth for the overall global economy.

With respect to demand forecasts for major markets connected to Konica Minolta's business, for the Business Technologies Business we predict a continued upward trend for sales of color MFPs for offices in overseas markets. In the commercial and industrial printing field, demand for digital printing solutions will rise in response to an increasingly individualized and fragmented marketing environment. All regions will see continued growth in the Healthcare Business for cassette-type digital X-ray systems and diagnostic ultrasound systems as the market for medical diagnostics becomes increasingly digitalized. In the Industrial Business, sluggish economic growth in emerging nations will adversely impact smartphone growth and put downward pressure on TV market sales. New demand will meanwhile be seen as display products and the applications they are used for become increasingly diversified.

In view of these circumstances, the below revisions have been made to initial forecasts for business performance for fiscal 2016 based on the first quarter performance. Regarding exchange rates for the period, we have depreciated the euro by 5 yen compared to initial forecasts and as a result, our projections are 105 yen to the U.S. dollar and 115 yen to the euro. (This represents yen appreciation of 15.1 yen to the U.S. dollar and 17.6 yen to the euro compared to the previous period.) For the Business Technologies Business, our focus is on dramatically increasing sales of new A3 color MFP products in the office services field while strengthening our approach to medium-sized and large commercial printing companies in the commercial and industrial printing field. Efforts in the Healthcare Business will be concentrated on growing sales of diagnostic imaging devices and increasing sales volume for solutions involving regional healthcare coordination as well as for PACS and other medical IT services. For the Industrial Business, we will be working to expand sales of new products in the performance materials segment and maximizing the results of synergy with two recently-acquired measuring instrument companies in the U.S. and Germany in the field of optical systems for industrial use. We will also be focused on new fields, including automotive components.

Forecast for the fiscal year ending March 31, 2017

Published July 28, 2016

	Fiscal 2016 forecast (IFRS)		Fiscal 2015 results (IFRS)
	Published May 12, 2016	Published July 28, 2016	
Revenue (Billions of yen)	1,060.0	**1,030.0**	1,031.7
Operating profit (Billions of yen)	66.0	**55.0**	60.1
Operating profit ratio	6.2%	**5.3%**	5.8%
Net profit attributable to owners of the company (Billions of yen)	44.0	**36.0**	32.0
Capital investment (Billions of yen)	50.0	**50.0**	52.6
Depreciation and amortization (Billions of yen)	50.0	**50.0**	51.3
Free cash flow* (Billions of yen)	50.0	**50.0**	-51.5
Investment and financing (Billions of yen)	50.0	**50.0**	68.2
U.S. dollar (yen)	105	**105**	120.14
Euro (yen)	120	**115**	132.58

* Fiscal 2016 forecasts do not include investment and loan figures

Consolidated Statement of Financial Position

Konica Minolta, Inc. and Subsidiaries
As of March 31, 2016, 2015 and April 1, 2014

		Millions of yen			Thousands of U.S. dollars
Assets	Note	2016	2015 Restated (Note)	2014 Restated (Note)	2016
Current assets					
Cash and cash equivalents	32	¥ 99,937	¥ 177,496	¥188,489	$ 886,910
Trade and other receivables	7, 15, 32	249,498	252,962	247,067	2,214,217
Inventories	8	121,361	120,803	115,175	1,077,041
Income tax receivables		3,210	559	2,727	28,488
Other financial assets	9, 32	3,327	1,715	1,537	29,526
Other current assets		18,249	16,431	13,961	161,954
Subtotal		495,585	569,968	568,958	4,398,163
Assets held for sale	10	630	672	594	5,591
Total current assets		496,216	570,640	569,552	4,403,763
Non-current assets					
Property, plant and equipment	11, 13	187,322	181,641	177,056	1,662,425
Goodwill and intangible assets	12, 13	178,390	126,132	119,563	1,583,156
Investments accounted for using the equity method	14	3,614	524	486	32,073
Other financial assets	9, 32	38,646	41,420	38,151	342,971
Deferred tax assets	16	59,052	71,835	80,809	524,068
Other non-current assets		13,128	9,605	6,080	116,507
Total non-current assets	5	480,154	431,160	422,148	4,261,218
Total assets	5	¥976,370	¥1,001,800	¥991,700	$8,664,980

Liabilities	Note	Millions of yen 2016	2015 Restated (Note)	2014 Restated (Note)	Thousands of U.S. dollars 2016
Current liabilities					
Trade and other payables	17, 32	¥162,907	¥ 177,564	¥171,309	$1,445,749
Bonds and borrowings	15, 18, 32	42,624	53,349	66,054	378,275
Income tax payables		3,317	7,522	6,238	29,437
Provisions	19	6,821	5,542	6,787	60,534
Other financial liabilities	20, 32	200	1,020	1,026	1,775
Other current liabilities		39,379	36,889	32,178	349,476
Total current liabilities		255,251	281,889	283,595	2,265,273
Non-current liabilities					
Bonds and borrowings	15, 18, 32	125,653	112,236	136,384	1,115,131
Retirement benefit liabilities	21	67,913	62,039	64,928	602,707
Provisions	19	1,227	1,135	1,161	10,889
Other financial liabilities	20, 32	3,611	539	226	32,047
Deferred tax liabilities	16	3,443	2,944	2,794	30,556
Other non-current liabilities		4,286	3,967	3,327	38,037
Total non-current liabilities		206,137	182,863	208,821	1,829,402
Total liabilities	5	461,389	464,752	492,417	4,094,684
Equity					
Share capital	22	37,519	37,519	37,519	332,969
Share premium	22	203,397	203,395	203,421	1,805,085
Retained earnings	22	258,562	257,227	245,357	2,294,657
Treasury shares	22	(9,408)	(10,727)	(17,322)	(83,493)
Subscription rights to shares	31	1,009	1,016	910	8,955
Other components of equity	22	23,204	47,545	28,656	205,928
Equity attributable to owners of the Company		514,285	535,976	498,542	4,564,120
Non-controlling interests		696	1,071	740	6,177
Total equity		514,981	537,048	499,283	4,570,296
Total liabilities and equity		¥976,370	¥1,001,800	¥991,700	$8,664,980

(Note) Please refer to note 38 "Correction of errors".

Consolidated Statement of Profit or Loss

Konica Minolta, Inc. and Subsidiaries
For the fiscal years ended March 31, 2016 and 2015

	Note	Millions of yen 2016	Millions of yen 2015	Thousands of U.S. dollars 2016
Revenue	5, 24	¥1,031,740	¥1,002,758	$9,156,372
Cost of sales	27	536,226	513,084	4,758,839
Gross profit		495,514	489,673	4,397,533
Other income	25	7,786	6,817	69,098
Selling, general and administrative expenses	27	429,891	411,132	3,815,149
Other expenses	26, 27	13,339	19,595	118,379
Operating profit	5	60,069	65,762	533,094
Finance income	28	2,155	2,541	19,125
Finance costs	28	4,179	2,848	37,087
Share of profit or loss of investments accounted for using the equity method	14	(16)	35	(142)
Profit before tax		58,029	65,491	514,989
Income tax expense	16	26,029	24,521	230,999
Profit for the year		32,000	40,969	283,990
Profit for the year attributable to:				
Owners of the Company		¥ 31,973	¥ 40,934	$ 283,750
Non-controlling interests		26	35	231

	Note	Yen 2016	Yen 2015	U.S. dollars 2016
Earnings per share	29			
Basic		¥64.39	¥81.01	$0.57
Diluted		64.21	80.79	0.57

Consolidated Statement of Comprehensive Income

Konica Minolta, Inc. and Subsidiaries
For the fiscal years ended March 31, 2016 and 2015

	Note	Millions of yen 2016	Millions of yen 2015 Restated (Note)	Thousands of U.S. dollars 2016
Profit for the year		¥32,000	¥40,969	$283,990
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans (net of tax)	30	(6,974)	(222)	(61,892)
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	30	(3,851)	3,840	(34,176)
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	14, 30	6	5	53
Total items that will not be reclassified to profit or loss		(10,819)	3,623	(96,015)
Items that may be subsequently reclassified to profit or loss				
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	30	(742)	(348)	(6,585)
Exchange differences on translation of foreign operations (net of tax)	30	(20,086)	16,112	(178,257)
Total items that may be subsequently reclassified to profit or loss		(20,828)	15,763	(184,842)
Total other comprehensive income		(31,648)	19,387	(280,866)
Total comprehensive income for the year		¥ 351	¥60,357	$ 3,115
Total comprehensive income for the year attributable to:				
Owners of the Company		¥ 622	¥60,315	$ 5,520
Non-controlling interests		(270)	42	(2,396)

(Note) Please refer to note 38 "Correction of errors".

Consolidated Statement of Changes in Equity

Konica Minolta, Inc. and Subsidiaries
For the fiscal years ended March 31, 2016 and 2015

	Note	Share capital	Share premium	Retained earnings	Treasury shares	Subscription rights to shares	Other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		Millions of yen								
Previous balance reported at April 1, 2014		¥37,519	¥203,421	¥239,453	(¥17,322)	¥ 910	¥28,100	¥492,081	¥ 740	¥492,822
Amount of correction	38	–	–	5,904	–	–	556	6,461	–	6,461
Restated balance at April 1, 2014		37,519	203,421	245,357	(17,322)	910	28,656	498,542	740	499,283
Profit for the year		–	–	40,934	–	–	–	40,934	35	40,969
Other comprehensive income (loss)	30	–	–	–	–	–	19,380	19,380	6	19,387
Total comprehensive income for the year (After restatements)		–	–	40,934	–	–	19,380	60,315	42	60,357
Dividends	23	–	–	(8,902)	–	–	–	(8,902)	–	(8,902)
Acquisition and disposal of treasury shares	22	–	–	(13)	(14,169)	–	–	(14,183)	–	(14,183)
Cancellation of the treasury shares	22	–	–	(20,765)	20,765	–	–	–	–	–
Share-based payments (Subscription rights to shares)	31	–	–	–	–	106	–	106	–	106
Changes in the consolidation scope		–	–	124	–	–	–	124	–	124
Changes in the ownership interest in subsidiaries		–	(26)	–	–	–	–	(26)	288	262
Transfer from other components of equity to retained earnings	22	–	–	492	–	–	(492)	–	–	–
Total transactions with owners		–	(26)	(29,064)	6,595	106	(492)	(22,881)	288	(22,592)
Restated balance at March 31, 2015		37,519	203,395	257,227	(10,727)	1,016	47,545	535,976	1,071	537,048
Profit for the year		**–**	**–**	**31,973**	**–**	**–**	**–**	**31,973**	**26**	**32,000**
Other comprehensive income (loss)	30	**–**	**–**	**–**	**–**	**–**	**(31,351)**	**(31,351)**	**(297)**	**(31,648)**
Total comprehensive income for the year				**31,973**			**(31,351)**	**622**	**(270)**	**351**
Dividends	23	**–**	**–**	**(12,448)**	**–**	**–**	**–**	**(12,448)**	**–**	**(12,448)**
Acquisition and disposal of treasury shares	22	**–**	**–**	**(92)**	**(9,767)**	**–**	**–**	**(9,860)**	**–**	**(9,860)**
Cancellation of the treasury shares	22	**–**	**–**	**(11,086)**	**11,086**	**–**	**–**	**–**	**–**	**–**
Share-based payments (Subscription rights to shares)	31	**–**	**–**	**–**	**–**	**(6)**	**–**	**(6)**	**–**	**(6)**
Changes in the ownership interest in subsidiaries		**–**	**2**	**–**	**–**	**–**	**–**	**2**	**(104)**	**(102)**
Transfer from other components of equity to retained earnings	22	**–**	**–**	**(7,010)**	**–**	**–**	**7,010**	**–**	**–**	**–**
Total transactions with owners		**–**	**2**	**(30,638)**	**1,318**	**(6)**	**7,010**	**(22,313)**	**(104)**	**(22,418)**
Balance at March 31, 2016		**¥37,519**	**¥203,397**	**¥258,562**	**(¥ 9,408)**	**¥1,009**	**¥23,204**	**¥514,285**	**¥ 696**	**¥514,981**

	Thousands of U.S. dollars								
	Share capital	Share premium	Retained earnings	Treasury shares	Subscription rights to shares	Other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Restated balance at March 31, 2015	$332,969	$1,805,067	$2,282,810	($95,199)	$9,017	$421,947	$4,756,621	$9,505	$4,766,134
Profit for the year	–	–	283,750	–	–	–	283,750	231	283,990
Other comprehensive income (loss)	–	–	–	–	–	(278,230)	(278,230)	(2,636)	(280,866)
Total comprehensive income for the year	–	–	283,750	–	–	(278,230)	5,520	(2,396)	3,115
Dividends	–	–	(110,472)	–	–	–	(110,472)	–	(110,472)
Acquisition and disposal of treasury shares	–	–	(816)	(86,679)	–	–	(87,504)	–	(87,504)
Cancellation of the treasury shares	–	–	(98,385)	98,385	–	–	–	–	–
Share-based payments (Subscription rights to shares)	–	–	–	–	(53)	–	(53)	–	(53)
Changes in the ownership interest in subsidiaries	–	18	–	–	–	–	18	(923)	(905)
Transfer from other components of equity to retained earnings	–	–	(62,212)	–	–	62,212	–	–	–
Total transactions with owners	–	18	(271,903)	11,697	(53)	62,212	(198,021)	(923)	(198,953)
Balance at March 31, 2016	**$332,969**	**$1,805,085**	**$2,294,657**	**($83,493)**	**$8,955**	**$205,928**	**$4,564,120**	**$6,177**	**$4,570,296**

Consolidated Statement of Cash Flows

Konica Minolta, Inc. and Subsidiaries
For the fiscal years ended March 31, 2016 and 2015

	Note	Millions of yen		Thousands of U.S. dollars
		2016	2015	2016
Cash flows from operating activities				
Profit before tax		¥ 58,029	¥ 65,491	$ 514,989
Depreciation and amortization expenses		51,333	47,905	455,564
Impairment losses		51	5,185	453
Share of profit or loss in investments accounted for using the equity method		16	(35)	142
Interest and dividend income		(1,919)	(2,533)	(17,031)
Interest expenses		2,243	2,398	19,906
(Gain) loss on sales and disposals of property, plant and equipment and intangible assets		(2,329)	(1,152)	(20,669)
Loss (gain) on sales of investments in subsidiaries		–	949	–
(Increase) decrease in trade and other receivables		(6,212)	10,622	(55,130)
(Increase) decrease in inventories		(4,780)	685	(42,421)
Increase (decrease) in trade and other payables		(10,300)	(5,586)	(91,409)
Decrease on transfer of lease assets		(7,529)	(6,785)	(66,818)
Increase (decrease) in retirement benefit liabilities		(3,646)	(2,960)	(32,357)
Others		1,460	(595)	12,957
Subtotal		76,415	113,588	678,159
Dividends received		546	853	4,846
Interest received		1,416	1,682	12,567
Interest paid		(2,191)	(2,386)	(19,444)
Income taxes paid		(16,942)	(11,748)	(150,355)
Net cash flows from operating activities		59,244	101,989	525,772
Cash flows from investing activities				
Purchase of property, plant and equipment		(38,313)	(39,063)	(340,016)
Proceeds from sales of property, plant and equipment		9,541	8,630	84,673
Purchase of intangible assets		(11,952)	(8,676)	(106,070)
Purchase of investments in subsidiaries		(57,543)	(4,360)	(510,676)
Purchase of investments accounted for using the equity method		(2,644)	–	(23,465)
Purchase of investment securities		(148)	(729)	(1,313)
Proceeds from sales of investment securities		287	3,266	2,547
Payments for loans receivable		(184)	(97)	(1,633)
Collection of loans receivable		131	83	1,163
Payments for transfer of business		(3,324)	(6,709)	(29,499)
Others		(6,639)	(6,358)	(58,919)
Net cash flows from investing activities		(110,788)	(54,014)	(983,209)
Cash flows from financing activities				
Increase (decrease) in short-term loans payable		(9,414)	(11,411)	(83,546)
Proceeds from bonds issuance and long-term loans payable		38,704	–	343,486
Redemption of bonds and repayments of long-term loans payable		(27,772)	(30,493)	(246,468)
Purchase of treasury shares		(10,014)	(13,509)	(88,871)
Cash dividends paid	23	(12,447)	(8,908)	(110,463)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(102)	(293)	(905)
Others		475	2,486	4,215
Net cash flows from financing activities		(20,571)	(62,128)	(182,561)
Effect of exchange rate changes on cash and cash equivalents		(5,442)	3,160	(48,296)
Net increase (decrease) in cash and cash equivalents		(77,559)	(10,993)	(688,312)
Cash and cash equivalents at the beginning of the year		177,496	188,489	1,575,222
Cash and cash equivalents at the end of the year		¥ 99,937	¥177,496	$ 886,910

Notes to the Consolidated Financial Statements

Konica Minolta, Inc. and Subsidiaries
For the fiscal years ended March 31, 2016 and 2015

1. Reporting company

Konica Minolta, Inc. (the "Company") is a company incorporated and located in Japan and listed on the First Section of the Tokyo Stock Exchange. The consolidated financial statements of the Konica Minolta Group (the "Group") as of and for the fiscal year ended March 31, 2016 comprise the Company and its subsidiaries and the Group's interest in associates. The principal businesses of the Group are those related to Business Technologies, Healthcare and Industrial Business.

Shoei Yamana, Director, President and CEO, and Representative Executive Officer of the Company authorized the consolidated financial statements for the fiscal year ended March 31, 2016 for issue on August 10, 2016.

2. Basis of preparation

(1) Statement of compliance

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

(2) Basis of measurement

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

(3) Functional and presentation currency

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

Financial information in United States (U.S.) dollars is included solely for the convenience of the reader, and are translated from the corresponding Japanese yen amounts using the exchange rate on March 31, 2016, which is ¥112.68 to U.S. $1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other exchange rate.

(4) Changes in accounting policies

The Group has adopted the following standard since the fiscal year ended March 31, 2016. The adoption of this standard has no material impact on the Group's consolidated financial statements.

Standard		Summary
IAS 19	Employee Benefits	Revisions to accounting related to contributions from employees or third parties

(5) Standards and interpretations announced but not adopted

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

As of the fiscal year end, the Group had not adopted these standards, etc. None of these are expected to have a significant effect on the consolidated financial statements of the Group for the fiscal year ending March 31, 2017. The Group is considering the impact of these standards, etc. on the consolidated financial statements in or after the fiscal year ending March 31, 2018.

Standards and interpretations	Title	Mandatory adoption (From fiscal years beginning on or after)	Fiscal year in which Company will adopt standard	Summary
IAS 16 IAS 38	Property, Plant and Equipment Intangible Assets	January 1, 2016	Fiscal year ending March 31, 2017	Clarification of permissible depreciation and amortization methods
IFRS 11	Joint Arrangements	January 1, 2016	Fiscal year ending March 31, 2017	Accounting for the acquisition of interest in joint operations
IAS 12	Income Taxes	January 1, 2017	Fiscal year ending March 31, 2018	Clarification of accounting for deferred tax assets for unrealized losses
IFRS 15	Revenue from Contracts with Customers	January 1, 2018	Fiscal year ending March 31, 2019	Revisions to accounting for revenue recognition
IFRS 9	Financial Instruments	January 1, 2018	Fiscal year ending March 31, 2019	Revisions to impairment and hedge accounting
IFRS 16	Leases	January 1, 2019	Fiscal year ending March 31, 2020	Revisions to accounting for leases

3. Significant accounting policies

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

(1) Basis of consolidation

The consolidated financial statements of the Group have been prepared based on the financial statements of the Company and its subsidiaries and associates, which applied the accounting policies consistently.

The financial statements of subsidiaries and associates have been adjusted when necessary for them to align with the Group accounting policies.

1) Subsidiaries

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

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

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

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

2) Associates

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

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

(2) Business combinations

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

In the event the total amount of the fair value of consideration transferred, the recognized amount of NCI and the fair value of the pre-existing interest in the acquiree as of the date on which control was acquired exceeds the net recognized amount of the identifiable assets acquired and liabilities assumed on the date of acquisition, this excess is recognized as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Additional acquisitions of NCI subsequent to the initial acquisition are treated as capital transactions, and no goodwill is recognized on these transactions.

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

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

(3) Foreign currency translation

1) Functional currency and presentation currency

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

2) Foreign currency transactions

Foreign currency transactions, or transactions that occur in currencies other than entities' functional currencies, are translated to the respective functional currencies of the Group entities at exchange rates at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into 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 OCI, cash flow hedges and a hedge of the net investment in a foreign operation are recognized in OCI. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

3) 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 amount is presented in other components of equity.

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

4) Hedge of a net investment in a foreign operation

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

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

(4) Cash and cash equivalents

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

(5) Financial instruments

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

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

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

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

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

1) Non-derivative financial assets

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

(a) Financial assets measured at amortized cost

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

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

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

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

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

(b) Financial assets measured at FVTPL

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

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

(c) Financial assets measured at FVTOCI

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

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 OCI. Upon derecognition of these financial assets or when they fall substantially below their fair value, the cumulative amounts recognized in OCI are transferred to retained earnings.

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

2) Non-derivative financial liabilities

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

3) Derivative financial instruments and hedge accounting

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

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

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

Changes in fair value are recognized in profit or loss.

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

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

The effective portion of changes in the fair value of the hedging instrument is recognized in OCI, while the ineffective portion is recognized immediately in profit or loss. The cumulative profits or losses recognized through OCI are reclassified from OCI to profit or loss in the consolidated statement of comprehensive income in the same period during which the cash flows of the hedged item affects profit and loss.

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

(6) Inventories

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

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

(7) Property, plant and equipment

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

When measuring property, plant and equipment after initial recognition, the cost model is adopted, whereby such items are measured at cost less accumulated depreciation and accumulated impairment losses.

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

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

The estimated useful lives of major assets are as follows:

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

(8) Goodwill

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

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

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

(9) Intangible assets

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

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

When performing subsequent measurement of intangible assets, the cost model is adopted and such items are measured at cost less accumulated amortization and accumulated impairment losses.

1) Intangible assets with finite useful lives

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

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

The estimated useful lives of major assets are as follows:

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

2) Intangible assets with infinite useful lives

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

(10) Research and development expense

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

(11) Leases

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

1) Lessees

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

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

2) Lessors

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

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

(12) Impairment of non-financial assets

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

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

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

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

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

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

(14) Employee benefits

1) Post-retirement benefits

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

(a) Defined benefit plans

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

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

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

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

(b) Defined contribution plans

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

2) Short-term employee benefits

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

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

(15) Share-based payments

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

(16) Provisions

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

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

(17) Revenue

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

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

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

(18) Government grants

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

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

(19) Income taxes

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

The current and deferred taxes relating to items recognized in OCI are recognized as OCI.

1) Current taxes

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

2) Deferred taxes

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

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

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

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

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

4. Critical accounting estimates and determining estimates

(1) Estimation and determination

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

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

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

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

1) Impairment of non-financial assets

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

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

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

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

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

2) Provisions

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

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

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

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

3) Employee benefits

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

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

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

4) Recoverability of deferred tax assets

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

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

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

5. Operating segments

(1) Reportable segments

Reportable segments of the Group are the constituent business units of the Group for which separate financial data are available and that are examined on a regular basis for the purpose of enabling the Group's management to decide on the allocation of resources and evaluate results of operations. The Group establishes business segments by product and service category and formulates comprehensive strategies and conducts business activities in Japan and overseas for the products and services of each business category. Consequently, the operations of the Group are divided into business segments based on products and services. This results in three reportable business segments: Business Technologies, Healthcare and Industrial Business. The "Others" segment includes the planetarium business and other businesses that are not included in the three reportable segments mentioned previously.

The business activities of each reportable segment is as follows:

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

(2) Financial information on reportable segments

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

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

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

	Millions of yen					
	2015					
	Business Technologies	Healthcare	Industrial Business	Subtotal	Others	Total
Revenue						
External	¥808,241	¥78,568	¥112,780	¥ 999,591	¥ 3,167	¥1,002,758
Inter-segment (Note 1)	1,895	316	2,425	4,636	23,103	27,740
Total	810,137	78,884	115,206	1,004,228	26,270	1,030,498
Segment profit	72,688	2,111	19,748	94,548	969	95,517
Segment assets Restated (Note 2)	648,816	65,376	119,723	833,916	24,937	858,854
Segment liabilities	326,801	43,708	53,422	423,932	8,390	432,323
Other items						
Depreciation and amortization expenses	32,253	3,377	7,013	42,644	373	43,017
Impairment losses on non-financial assets	3,127	74	1,026	4,228	–	4,228
Investments accounted for using the equity method	–	524	–	524	–	524
Capital expenditures on property, plant and equipment and intangible assets	¥ 29,591	¥ 2,605	¥ 6,720	¥ 38,917	¥ 415	¥ 39,333

(Note 1) Inter-segment revenue is based on market prices, etc.
(Note 2) Please refer to note 38 "Correction of errors".

Current consolidated fiscal year (From April 1, 2015 to March 31, 2016)

	Millions of yen					
	2016					
	Business Technologies	Healthcare	Industrial Business	Subtotal	Others	Total
Revenue						
External	¥832,187	¥89,855	¥105,975	¥1,028,018	¥ 3,721	¥1,031,740
Inter-segment (Note)	2,260	725	4,552	7,537	23,033	30,571
Total	834,447	90,581	110,527	1,035,556	26,755	1,062,311
Segment profit	70,210	3,907	17,050	91,167	1,648	92,815
Segment assets	636,716	80,806	190,204	907,726	31,988	939,715
Segment liabilities	309,507	59,714	116,926	486,148	11,133	497,281
Other items						
Depreciation and amortization expenses	32,847	3,920	7,127	43,896	412	44,308
Impairment losses on non-financial assets	50	–	–	50	–	50
Investments accounted for using the equity method	2,321	517	774	3,614	–	3,614
Capital expenditures on property, plant and equipment and intangible assets	¥ 36,754	¥ 1,325	¥ 8,924	¥ 47,004	¥ 597	¥ 47,601

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

	Thousands of U.S. dollars					
	2016					
	Business Technologies	Healthcare	Industrial Business	Subtotal	Others	Total
Revenue						
External	$7,385,401	$797,435	$ 940,495	$9,123,340	$ 33,023	$9,156,372
Inter-segment	20,057	6,434	40,398	66,889	204,411	271,308
Total	7,405,458	803,878	980,893	9,190,238	237,442	9,427,680
Segment profit	623,092	34,673	151,313	809,079	14,625	823,704
Segment assets	5,650,657	717,128	1,688,001	8,055,786	283,884	8,339,679
Segment liabilities	2,746,778	529,943	1,037,682	4,314,412	98,802	4,413,214
Other items						
Depreciation and amortization expenses	291,507	34,789	63,250	389,563	3,656	393,220
Impairment losses on non-financial assets	444	–	–	444	–	444
Investments accounted for using the equity method	20,598	4,588	6,869	32,073	–	32,073
Capital expenditures on property, plant and equipment and intangible assets	$ 326,180	$ 11,759	$ 79,198	$ 417,146	$ 5,298	$ 422,444

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

	Millions of yen		Thousands of U.S. dollars
Revenue	2016	2015	2016
Total revenue of reportable segments	¥1,035,556	¥1,004,228	$9,190,238
Revenue categorized in “Others”	26,755	26,270	237,442
Total of reportable and Others segments	1,062,311	1,030,498	9,427,680
Adjustments (Note)	(30,571)	(27,740)	(271,308)
Revenue reported in consolidated statement of profit or loss	¥1,031,740	¥1,002,758	$9,156,372

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

Profit	Millions of yen 2016	Millions of yen 2015	Thousands of U.S. dollars 2016
Total profit of reportable segments	¥91,167	¥94,548	$809,079
Segment profit categorized in "Others"	1,648	969	14,625
Total of reportable and Others segments	92,815	95,517	823,704
Adjustments (Note)	(32,745)	(29,755)	(290,602)
Operating profit reported in consolidated statement of profit or loss	¥60,069	¥65,762	$533,094

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

Assets	Millions of yen 2016	Millions of yen 2015 Restated (Note 2)	Thousands of U.S. dollars 2016
Total assets of reportable segments	¥907,726	¥ 833,916	$8,055,786
Assets categorized in "Others"	31,988	24,937	283,884
Total of reportable and Others segments	939,715	858,854	8,339,679
Adjustments (Note 1)	36,655	142,946	325,302
Assets reported in consolidated statement of financial position	¥976,370	¥1,001,800	$8,664,980

(Note 1) Adjustments include eliminations for inter-segment transactions and corporate assets that are not attributable to any reportable segment.
These corporate assets comprise operating funds (cash and deposits and securities), long-term investment funds (investment securities), property, plant and equipment and intangible assets, etc.
(Note 2) Please refer to note 38 "Correction of errors".

Liabilities	Millions of yen 2016	Millions of yen 2015	Thousands of U.S. dollars 2016
Total liabilities of reportable segments	¥486,148	¥423,932	$4,314,412
Liabilities categorized in "Others"	11,133	8,390	98,802
Total of reportable and Others segments	497,281	432,323	4,413,214
Adjustments (Note)	(35,892)	32,429	(318,530)
Liabilities reported in consolidated statement of financial position	¥461,389	¥464,752	$4,094,684

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

	Millions of yen							
	Total of reportable segments		Others		Adjustments (Note)		Reported in consolidated financial statements	
Other items	2016	2015	2016	2015	2016	2015	2016	2015
Depreciation and amortization expenses	¥43,896	¥42,644	¥412	¥373	¥7,024	¥4,887	¥51,333	¥47,905
Impairment losses on non-financial assets	50	4,228	–	–	1	957	51	5,185
Investments accounted for using the equity method	3,614	524	–	–	–	–	3,614	524
Capital expenditures on property, plant and equipment and intangible assets	¥47,004	¥38,917	¥597	¥415	¥5,003	¥6,766	¥52,605	¥46,100

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

	Thousands of U.S. dollars			
	Total of reportable segments	Others	Adjustments	Reported in consolidated financial statements
Other items	2016			
Depreciation and amortization expenses	$389,563	$3,656	$62,336	$455,564
Impairment losses on non-financial assets	444	–	9	453
Investments accounted for using the equity method	32,073	–	–	32,073
Capital expenditures on property, plant and equipment and intangible assets	$417,146	$5,298	$44,400	$466,853

(3) Financial information by geographical region

External revenue by geographical area is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Japan	¥ 200,172	¥ 194,645	$1,776,464
United States	267,503	235,628	2,374,006
European countries	319,731	328,663	2,837,513
China	76,363	68,055	677,698
Asia, excluding Japan and China	81,288	88,578	721,406
Others	86,680	87,187	769,258
Total	¥1,031,740	¥1,002,758	$9,156,372

(Note) Revenue classifications are based on customers' geographical regions. There are no key countries presented separately other than the ones in the above table.

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015 Restated (Note)	2016
Japan	¥210,244	¥189,225	$1,865,850
United States	73,048	37,858	648,278
European countries	61,548	55,444	546,219
China	19,312	20,816	171,388
Asia, excluding Japan and China	13,064	9,568	115,939
Others	5,042	4,786	44,746
Total	¥382,261	¥317,699	$3,392,448

(Note) The figures were restated to correct errors in the aggregation in Japan, United States and European countries.

(4) Information on principal customers

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

6. Business Combinations

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

The major business combination in the fiscal year ended March 31, 2016 was as follows:

(Acquisition of shareholding of Radiant Vision Systems, LLC)

(1) Description of the business combination

As of August 3, 2015, the Group acquired, in cash, 100% of shareholding of Radiant Vision Systems, LLC (hereafter, "Radiant"), a US-based leading provider of testing and measurement systems for flat panel displays. Radiant develops and offers fully integrated testing and measurement systems precisely engineered to meet specific customer requirements in the global display testing and measurement industry.

Through the acquisition of Radiant, the Group will solidify the foundation of its business of optical systems for industrial use within the Industrial Business by integrating Radiant's products and solutions with the existing business of light - source color measurement.

Furthermore, to pursue its future growth, the Group will gain the technological strength necessary to enter the field of manufacturing inspection systems, including visual surface inspections, where automation and integration will improve productivity.

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

	Millions of yen	Thousands of U.S. dollars
Fair value of the consideration for acquisition	¥29,056	$257,863
Fair value of assets acquired and liabilities assumed		
Cash and cash equivalents	921	8,174
Trade and other receivables	1,199	10,641
Inventories	678	6,017
Property, plant and equipment	351	3,115
Intangible assets	8,622	76,518
Other assets	58	515
Liabilities	(722)	(6,408)
Goodwill (Note 2)	17,948	159,283
Total	¥29,056	$257,863

(Note 1) There was no contingent consideration.
(Note 2) Goodwill largely represents an excess earnings power of Radiant, and the total sum is posted as losses over a certain period for tax purposes.

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

(3) Performance after the acquisition date

Information is not disclosed because the business combination of Radiant has no material effect on the consolidated statement of profit or loss and the consolidated statement of comprehensive income for the fiscal year ended March 31, 2016.

(4) Pro-forma information

Because pro forma information based on the assumption that the business combination of Radiant took place at the beginning of the fiscal year under review, on April 1, 2015, has no material effect on the consolidated statement of profit or loss and the consolidated statement of comprehensive income for the fiscal year ended March 31, 2016, it is not disclosed here.

(Acquisition of shareholding of 20/20 Healthcare LLC)
(1) Description of the business combination

As of October 1, 2015, the Group acquired, in cash, 100% of shareholding of 20/20 Healthcare LLC, a US-based company, which led to the acquisition of its subsidiaries, Viztek LLC (hereafter, "Viztek") and 20/20 Imaging LLC. Viztek is a provider of healthcare products and IT solutions.

Through this acquisition, the Group will strengthen its capabilities to provide value in the primary care market with a high growth potential in the U.S., the world's largest healthcare market. The synergy with Viztek will enhance the Group's healthcare IT solutions services centered on digital X-ray diagnostic imaging, low-invasive diagnostic ultrasound imaging, and picture archiving and communication systems (PACS).

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

	Millions of yen	Thousands of U.S. dollars
Fair value of the consideration for acquisition	¥9,124	$80,973
Fair value of assets acquired and liabilities assumed		
Cash and cash equivalents	15	133
Trade and other receivables	1,042	9,247
Inventories	1,060	9,407
Property, plant and equipment	78	692
Intangible assets	2,478	21,991
Other current assets	8	71
Liabilities	(2,236)	(19,844)
Goodwill (Note 2)	6,676	59,247
Total	¥9,124	$80,973

(Note 1) There was no contingent consideration.
(Note 2) Goodwill largely represents an excess earnings power of the acquired companies, and the total sum is posted as losses over a certain period for tax purposes.

Acquisition–related costs of ¥273 million incurred in the business combination were recognized in "Selling, general and administrative expenses."

(3) Performance after the acquisition date

Information is not disclosed because the business combination of 20/20 Healthcare LLC has no material effect on the consolidated statement of profit or loss and the consolidated statement of comprehensive income for the fiscal year ended March 31, 2016.

(4) Pro-forma information

Because pro forma information based on the assumption that the business combination of 20/20 Healthcare LLC took place at the beginning of the fiscal year under review, on April 1, 2015, has no material effect on the consolidated statement of profit or loss and the consolidated statement of comprehensive income for the fiscal year ended March 31, 2016, it is not disclosed here.

(Acquisition of shares of Dactyl Buro du Centre and OMR Impressions)

(1) Description of the business combination

On February 15, 2016, the Group acquired, in cash, 100% shares of two major French MFP sales companies, French Dactyl Buro du Centre and OMR Impressions.

As well as boosting MFP sales by establishing a direct sales network that covers all of France's major cities, this acquisition will enable the Group to strengthen its digital printing systems and IT service offerings in the Business Technologies Business.

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

	Millions of yen	Thousands of U.S. dollars
Fair value of the consideration for acquisition	¥10,856	$96,344
Fair value of assets acquired and liabilities assumed		
Cash and cash equivalents	966	8,573
Trade and other receivables	2,112	18,743
Inventories	452	4,011
Property, plant and equipment	2,117	18,788
Intangible assets	3,945	35,011
Other assets	680	6,035
Bonds and borrowings	(3,061)	(27,165)
Deferred tax liabilities	(621)	(5,511)
Other liabilities	(2,566)	(22,772)
Goodwill (Note 3)	6,831	60,623
Total	¥10,856	$96,344

(Note 1) There was no contingent consideration.
(Note 2) The amounts were computed provisionally as an allocation of acquisition costs has not yet been completed.
(Note 3) Goodwill largely represents an excess earnings power of the acquired companies and will not be deductible for tax purposes.

Acquisition–related costs of ¥147 million incurred in the business combination were recognized in "Selling, general and administrative expenses."

(3) Performance after the acquisition date

Information is not disclosed because the business combination of French Dactyl Buro du Centre and OMR Impressions has no material effect on the consolidated statement of profit or loss and the consolidated statement of comprehensive income for the fiscal year ended March 31, 2016.

(4) Pro-forma information

Because pro forma information based on the assumption that the business combination of French Dactyl Buro du Centre and OMR Impressions took place at the beginning of the fiscal year under review, on April 1, 2015, has no material effect on the consolidated statement of profit or loss and the consolidated statement of comprehensive income for the fiscal year ended March 31, 2016, it is not disclosed here.

7. Trade and other receivables

The components of trade and other receivables as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Notes and accounts receivable–trade	¥221,716	¥225,816	$1,967,661
Finance lease receivables	23,330	23,010	207,047
Others	10,713	10,193	95,075
Allowance for doubtful accounts	(6,261)	(6,057)	(55,564)
Total	¥249,498	¥252,962	$2,214,217

8. Inventories

The components of inventories as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Merchandise and finished goods	¥ 93,269	¥ 92,335	$ 827,733
Work in progress	9,766	10,316	86,670
Materials and supplies (Note 1)	18,325	18,151	162,629
Total	¥121,361	¥120,803	$1,077,041

(Note 1) Materials include spare parts for maintenance purpose to be used after 12 months from each fiscal year-end. They are included as inventories as they are held within the ordinary course of business.
(Note 2) The acquisition costs of inventories recognized as expenses during the current fiscal year is primarily included in "cost of sales."
(Note 3) The amount of inventories written down to their net realizable value in the current fiscal year is ¥2,902 million (previous fiscal year: ¥1,546 million), which is included in "cost of sales."

9. Other financial assets

The components of other financial assets as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Loans receivable	¥ 219	¥ 198	$ 1,944
Investment securities	24,163	30,534	214,439
Lease and guarantee deposits	6,899	7,163	61,226
Derivative financial assets	5,946	1,235	52,769
Others	5,587	4,858	49,583
Allowance for doubtful accounts	(841)	(853)	(7,464)
Total	41,974	43,135	372,506
Current	3,327	1,715	29,526
Non-current	¥38,646	¥41,420	$342,971

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

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

For fiscal year ended March 31, 2016, in line with the mid-term management plan to improve asset efficiency, the Group resolved to sell land, buildings, and other items in North America that are not attributable to reportable segments.

11. Property, plant and equipment

Changes in the carrying amounts of property, plant and equipment for fiscal years ended March 31, 2016 and 2015, are as follows:

(Cost)

	Millions of yen						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at April 1, 2014	¥185,124	¥227,644	¥153,278	¥42,810	¥35,725	¥13,891	¥658,475
Acquisitions	674	1,732	8,582	8,627	472	25,110	45,200
Acquisitions through business combinations	11	58	46	–	–	–	115
Transfer from construction in progress to other account	13,310	15,206	5,557	–	–	(34,074)	–
Disposals	(9,611)	(7,882)	(11,165)	(4,504)	(2,538)	(120)	(35,824)
Others	197	(14)	(512)	(3,931)	(689)	(718)	(5,669)
Effect of foreign currency exchange differences	2,722	2,530	5,063	954	326	148	11,746
Balance at March 31, 2015	192,428	239,275	160,849	43,957	33,296	4,236	674,043
Acquisitions	**1,440**	**1,763**	**16,228**	**8,073**	**–**	**22,604**	**50,110**
Acquisitions through business combinations	**264**	**78**	**1,753**	**2,087**	**2**	**–**	**4,186**
Transfer from construction in progress to other account	**5,775**	**7,736**	**5,955**	**–**	**–**	**(19,467)**	**–**
Disposals	**(9,460)**	**(35,179)**	**(12,648)**	**(3,622)**	**(1,852)**	**(20)**	**(62,784)**
Others	**(82)**	**(36)**	**(857)**	**(3,525)**	**240**	**1,151**	**(3,109)**
Effect of foreign currency exchange differences	**(2,511)**	**(2,220)**	**(4,787)**	**(1,971)**	**(114)**	**(96)**	**(11,702)**
Balance at March 31, 2016	**¥187,854**	**¥211,416**	**¥166,492**	**¥44,997**	**¥31,572**	**¥ 8,408**	**¥650,743**

(Note) Others is transfer to other account.

	Thousands of U.S. dollars						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at March 31, 2015	$1,707,739	$2,123,491	$1,427,485	$390,105	$295,492	$ 37,593	$5,981,922
Acquisitions	**12,780**	**15,646**	**144,018**	**71,645**	**–**	**200,603**	**444,711**
Acquisitions through business combinations	**2,343**	**692**	**15,557**	**18,521**	**18**	**–**	**37,149**
Transfer from construction in progress to other account	**51,251**	**68,655**	**52,849**	**–**	**–**	**(172,764)**	**–**
Disposals	**(83,955)**	**(312,203)**	**(112,247)**	**(32,144)**	**(16,436)**	**(177)**	**(557,188)**
Others	**(728)**	**(319)**	**(7,606)**	**(31,283)**	**2,130**	**10,215**	**(27,591)**
Effect of foreign currency exchange differences	**(22,284)**	**(19,702)**	**(42,483)**	**(17,492)**	**(1,012)**	**(852)**	**(103,852)**
Balance at March 31, 2016	**$1,667,146**	**$1,876,251**	**$1,477,565**	**$399,334**	**$280,192**	**$ 74,618**	**$5,775,142**

(Accumulated depreciation and impairment losses)

	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
	Millions of yen						
Balance at April 1, 2014	(¥123,307)	(¥202,226)	(¥124,255)	(¥30,142)	(¥1,415)	(¥72)	(¥481,418)
Depreciation expenses	(5,513)	(8,747)	(12,423)	(7,180)	(3)	–	(33,868)
Impairment losses	(826)	(1,188)	(128)	(15)	(275)	(10)	(2,444)
Disposals	7,531	7,423	9,631	4,346	386	–	29,319
Others	(82)	(244)	344	2,819	–	–	2,837
Effect of foreign currency exchange differences	(1,425)	(1,572)	(3,288)	(545)	3	–	(6,828)
Balance at March 31, 2015	(123,623)	(206,554)	(130,120)	(30,717)	(1,304)	(82)	(492,402)
Depreciation expenses	**(5,765)**	**(8,638)**	**(14,692)**	**(7,026)**	**(11)**	**–**	**(36,135)**
Impairment losses	**(1)**	**(38)**	**(2)**	**(9)**	**–**	**–**	**(51)**
Disposals	**8,084**	**34,913**	**9,683**	**3,237**	**100**	**–**	**56,018**
Others	**(182)**	**131**	**(535)**	**2,820**	**(221)**	**–**	**2,011**
Effect of foreign currency exchange differences	**1,089**	**1,456**	**3,326**	**1,260**	**3**	**–**	**7,136**
Balance at March 31, 2016	**(¥120,399)**	**(¥178,730)**	**(¥132,340)**	**(¥30,433)**	**(¥1,434)**	**(¥82)**	**(¥463,421)**

(Note) Others is transfer to other account.

	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
	Thousands of U.S. dollars						
Balance at March 31, 2015	($1,097,116)	($1,833,103)	($1,154,775)	($272,604)	($11,573)	($728)	($4,369,915)
Depreciation expenses	**(51,163)**	**(76,660)**	**(130,387)**	**(62,354)**	**(98)**	**–**	**(320,687)**
Impairment losses	**(9)**	**(337)**	**(18)**	**(80)**	**–**	**–**	**(453)**
Disposals	**71,743**	**309,842**	**85,934**	**28,727**	**887**	**–**	**497,142**
Others	**(1,615)**	**1,163**	**(4,748)**	**25,027**	**(1,961)**	**–**	**17,847**
Effect of foreign currency exchange differences	**9,665**	**12,922**	**29,517**	**11,182**	**27**	**–**	**63,330**
Balance at March 31, 2016	**($1,068,504)**	**($1,586,173)**	**($1,174,476)**	**($270,083)**	**($12,726)**	**($728)**	**($4,112,717)**

(Carrying amount)

	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
	Millions of yen						
Balance at March 31, 2015	¥68,805	¥32,720	¥30,729	¥13,240	¥31,992	¥4,153	¥181,641
Balance at March 31, 2016	**¥67,455**	**¥32,686**	**¥34,151**	**¥14,564**	**¥30,138**	**¥8,325**	**¥187,322**

	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
	Thousands of U.S. dollars						
Balance at March 31, 2016	**$598,642**	**$290,078**	**$303,080**	**$129,251**	**$267,465**	**$73,882**	**$1,662,425**

The carrying amount of property, plant and equipment as of March 31, 2016 and 2015 includes the carrying amount of the following leased assets:

(Carrying amount of lease assets)

	Millions of yen				
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land
Balance at March 31, 2015	¥1,188	¥264	¥694	¥2,055	¥966
Balance at March 31, 2016	**¥ 384**	**¥195**	**¥639**	**¥3,437**	**¥895**

	Thousands of U.S. dollars				
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land
Balance at March 31, 2016	**$3,408**	**$1,731**	**$5,671**	**$30,502**	**$7,943**

12. Goodwill and intangible assets

The changes in goodwill and intangible assets for fiscal years ended March 31, 2016 and 2015 are set out as follows:

(Cost)

	Millions of yen				
	Goodwill	Customer relationships	Software	Others (Note 1)	Total
Balance at April 1, 2014	¥ 73,935	¥28,291	¥58,028	¥16,780	¥177,036
Acquisitions	–	–	2,366	6,310	8,676
Acquisitions through business combinations	5,819	4,471	26	842	11,160
Disposal	(2,626)	–	(7,127)	(116)	(9,870)
Others	–	(215)	7,221	(5,171)	1,834
Effect of foreign currency exchange differences	715	3,744	1,005	(279)	5,186
Balance at March 31, 2015	77,843	36,292	61,521	18,366	194,023
Acquisitions	**–**	**–**	**2,024**	**10,029**	**12,054**
Acquisitions through business combinations	**41,487**	**14,426**	**504**	**4,994**	**61,413**
Disposal	**–**	**–**	**(10,650)**	**(321)**	**(10,971)**
Others	**–**	**367**	**5,455**	**(5,725)**	**96**
Effect of foreign currency exchange differences	**(4,232)**	**(3,081)**	**(1,300)**	**(767)**	**(9,381)**
Balance at March 31, 2016	**¥115,098**	**¥48,005**	**¥57,554**	**¥26,577**	**¥247,235**

(Note 1) Software in progress is included in "others" within intangible assets.
(Note 2) There is no significant internally generated intangible asset as of March 31, 2016 and 2015.

	Thousands of U.S. dollars				
	Goodwill	Customer relationships	Software	Others	Total
Balance at March 31, 2015	$ 690,832	$322,080	$545,980	$162,993	$1,721,894
Acquisitions	**–**	**–**	**17,962**	**89,004**	**106,976**
Acquisitions through business combinations	**368,184**	**128,026**	**4,473**	**44,320**	**545,021**
Disposal	**–**	**–**	**(94,515)**	**(2,849)**	**(97,364)**
Others	**–**	**3,257**	**48,411**	**(50,808)**	**852**
Effect of foreign currency exchange differences	**(37,558)**	**(27,343)**	**(11,537)**	**(6,807)**	**(83,253)**
Balance at March 31, 2016	**$1,021,459**	**$426,029**	**$510,774**	**$235,863**	**$2,194,134**

(Accumulated amortization and accumulated impairment losses)

	Millions of yen				
	Goodwill	Customer relationships	Software	Others (Note 1)	Total
Balance at April 1, 2014	¥ –	(¥13,136)	(¥38,838)	(¥5,499)	(¥57,473)
Amortization expenses (Note 2)	–	(4,016)	(8,628)	(1,392)	(14,037)
Impairment losses	(2,551)	–	(188)	(0)	(2,740)
Disposals	2,626	–	7,040	86	9,753
Others	–	1	(343)	112	(229)
Effect of foreign currency exchange differences	(75)	(2,265)	(869)	45	(3,164)
Balance at March 31, 2015	–	(19,416)	(41,828)	(6,646)	(67,891)
Amortization expenses (Note 2)	**–**	**(4,486)**	**(8,726)**	**(1,984)**	**(15,197)**
Disposals	**–**	**–**	**10,586**	**259**	**10,846**
Others	**–**	**(605)**	**1,275**	**(29)**	**639**
Effect of foreign currency exchange differences	**–**	**1,474**	**994**	**288**	**2,757**
Balance at March 31, 2016	**¥ –**	**(¥23,034)**	**(¥37,697)**	**(¥8,112)**	**(¥68,844)**

(Note 1) Software in progress is included in "others" within intangible assets.
(Note 2) Amortization expenses on intangible assets are included in "cost of sales" and "selling, general and administrative expenses" in the consolidated statements of profit or loss.
(Note 3) There is no significant internally generated intangible asset as of March 31, 2016 and 2015.

	Thousands of U.S. dollars				
	Goodwill	Customer relationships	Software	Others	Total
Balance at March 31, 2015	$ –	($172,311)	($371,211)	($58,981)	($602,512)
Amortization expenses	**–**	**(39,812)**	**(77,441)**	**(17,607)**	**(134,869)**
Disposals	**–**	**–**	**93,947**	**2,299**	**96,255**
Others	**–**	**(5,369)**	**11,315**	**(257)**	**5,671**
Effect of foreign currency exchange differences	**–**	**13,081**	**8,821**	**2,556**	**24,468**
Balance at March 31, 2016	**$ –**	**($204,420)**	**($334,549)**	**($71,991)**	**($610,969)**

(Carrying amount)

	Millions of yen				
	Goodwill	Customer relationships	Software	Others (Note 1)	Total
Balance at March 31, 2015	¥ 77,843	¥16,876	¥19,693	¥11,719	¥126,132
Balance at March 31, 2016	**¥115,098**	**¥24,971**	**¥19,856**	**¥18,464**	**¥178,390**

(Note 1) Software in progress is included in "others" within intangible assets.
(Note 2) There is no significant internally generated intangible asset as of March 31, 2016 and 2015.

	Thousands of U.S. dollars				
	Goodwill	Customer relationships	Software	Others	Total
Balance at March 31, 2016	**$1,021,459**	**$221,610**	**$176,216**	**$163,862**	**$1,583,156**

13. Impairment losses on non-financial assets

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

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Property, plant and equipment	**¥51**	¥2,444	**$453**
Goodwill	**–**	2,551	**–**
Intangible assets	**–**	188	**–**
Total	**¥51**	¥5,185	**$453**

Goodwill impairment tests

Among the goodwill allocated to each CGU, goodwill of ¥46,208 million was generated during management integration with Minolta Co., Ltd. For the previous fiscal year and current fiscal year, ¥41,613 million is allocated to the Business Technologies Business and ¥4,595 million to the Industrial Business. No impairment losses were recognized.

Calculation of the recoverable amount for each CGU is based on value in use. Value in use is calculated as estimated future cash flows discounted to the present value, based on business plans for three years approved by the Board of Directors and a growth rate. The growth rate used to estimate future cash flows for periods subsequent to approved business plans is determined based on the long-term average rate of growth for markets to which the CGU belongs. The growth rate and the pre-tax discount rate used during the fiscal year under review were 1.0% and 6.9%, respectively.

In the event of changes in principal assumptions used in the impairment tests within the scope of rational forecasting possibility, management judges that the likelihood that significant impairment losses will be generated for these CGUs is low.

14. Investments accounted for using the equity method

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Carrying amount of investments accounted for using the equity method	¥3,614	¥524	$32,073

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Share of profit in investments accounted for using the equity method	(¥16)	¥35	($142)
Share of other comprehensive income of investments accounted for using the equity method	6	5	53
Total share of comprehensive income for the year	(¥10)	¥41	($ 89)

15. Leases

(1) As lessee

1) Finance leases

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

Future minimum lease payments and their present values based on finance lease agreements are as follows:

	Millions of yen		Thousands of U.S. dollars	Millions of yen		Thousands of U.S. dollars
	Minimum lease payments			Present value of minimum lease payments		
	2016	2015	2016	2016	2015	2016
1 year or less	¥2,967	¥2,948	$26,331	¥2,726	¥2,704	$24,192
More than 1 year, 5 years or less	4,780	3,679	42,421	4,451	3,428	39,501
More than 5 years	95	115	843	89	111	790
Total	7,843	6,743	69,604	¥7,266	¥6,244	$64,483
Less: Future finance cost	577	498	5,121			
Present value of minimum lease payments	¥7,266	¥6,244	$64,483			

2) Operating leases

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

Lease expenses presented in the consolidated statements of profit or loss for the current fiscal year is ¥9,738 million (previous fiscal year: ¥8,913 million).

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
1 year or less	¥ 8,373	¥ 7,546	$ 74,308
More than 1 year, 5 years or less	15,548	11,804	137,984
More than 5 years	2,295	1,379	20,367
Total	¥26,217	¥20,729	$232,668

(2) As lessor

1) Finance leases

The Group primarily leases business technologies equipment based on finance lease agreements. Gross investment in leases under finance lease agreements and the present value of minimum lease receivables are as follows:

	Millions of yen		Thousands of U.S. dollars	Millions of yen		Thousands of U.S. dollars
	Gross investment in the lease			Present value of minimum lease receivables		
	2016	2015	2016	2016	2015	2016
1 year or less	¥ 9,281	¥ 9,382	$ 82,366	¥ 8,651	¥ 8,514	$ 76,775
More than 1 year, 5 years or less	15,553	15,415	138,028	14,577	14,395	129,366
More than 5 years	107	103	950	102	100	905
Total	24,941	24,901	221,344	¥23,330	¥23,010	$207,047
Less: Unearned finance income	1,610	1,891	14,288			
Present value of minimum lease receivables	¥23,330	¥23,010	$207,047			

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

2) Operating leases

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

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
1 year or less	¥ 5,144	¥4,157	$ 45,651
More than 1 year, 5 years or less	6,452	5,163	57,259
More than 5 years	3	14	27
Total	¥11,601	¥9,334	$102,955

16. Income taxes

(1) Deferred tax assets and deferred tax liabilities

1) Recognized deferred tax assets and deferred tax liabilities

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015 Restated (Note)	2016
Retirement benefits	¥28,470	¥27,565	$252,662
Property, plant and equipment	4,286	2,851	38,037
Goodwill and intangible assets	2,007	4,617	17,812
Inventories	10,373	13,145	92,057
Others	3,061	7,122	27,165
Net losses carried forward	22,773	19,501	202,103
Valuation allowance	(15,363)	(5,912)	(136,342)
Total	55,609	68,891	493,513
Deferred tax assets	59,052	71,835	524,068
Deferred tax liabilities	¥ 3,443	¥ 2,944	$ 30,556

(Note) Please refer to note 38 "Correction of errors".

	Millions of yen		Thousands of U.S. dollars
	2016	2015 Restated (Note)	2016
Balance, beginning of the year	¥68,891	¥78,014	$611,386
Recognized in profit or loss	(15,073)	(10,056)	(133,768)
Recognized in other comprehensive income	3,817	(1,651)	33,875
Business combinations	(1,141)	19	(10,126)
Others	(884)	2,564	(7,845)
Balance, end of the year	¥55,609	¥68,891	$493,513

(Note) Please refer to note 38 "Correction of errors".

2) Temporary differences not recognized as deferred tax assets

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

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deductible temporary differences	¥ 6,711	¥ 1,463	$ 59,558
Net losses carried forward	¥41,506	¥15,625	$368,353

Presentation by carried forward accounting term of net losses carried forward that are not expected to recognized for deferred tax assets, as of the end of the current fiscal year is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
5 years or less	¥24,148	¥ 636	$214,306
More than 5 years	17,357	14,988	154,038
Total	¥41,506	¥15,625	$368,353

(2) Income tax expense

1) Income tax expense recognized in profit or loss

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Current income tax expense	¥10,955	¥14,465	$ 97,222
Deferred income tax expense			
(Increase) Decrease in temporary differences	8,893	5,834	78,923
(Increase) Decrease in net losses carried forward	(3,271)	15,690	(29,029)
Increase (Decrease) in valuation allowance	9,451	(11,469)	83,875
Subtotal	15,073	10,056	133,768
Total	¥26,029	¥24,521	$230,999

2) Income tax expense recognized in OCI

Income tax expense recognized in OCI is indicated in note 30 "Other Comprehensive Income".

3) Reconciliation of the effective tax rate

The Company and its domestic subsidiaries are subject to mainly corporate tax and inhabitant tax as well as business tax, which is deductible. The statutory income tax rate calculated based on such taxes will be 30.86% for the fiscal years ending March 31, 2017 and March 31, 2018 and 30.62% for the years ending March 31, 2019 and thereafter. Changes in the statutory income tax rate are due to a reduction in the corporate tax rate as a result of the tax reform during the fiscal year ended March 31, 2016. The reduction in the corporate tax rate has resulted in a decrease of ¥3,820 million in deferred tax assets (net of deferred tax liabilities) as of March 31, 2016, and increases of ¥3,848 million and ¥27 million in income tax expense and OCI, for the fiscal year ended March 31, 2016, respectively.

Income taxes for foreign operations are based on the tax laws of the respective jurisdictions.

Differences in the statutory income tax rate and average effective tax rate are attributable to the following.

	%	
	2016	2015
Statutory income tax rate	33.1	35.6
Valuation allowance	2.1	(10.3)
Non-taxable revenue	(0.5)	(2.6)
Non-deductible expenses	2.2	4.3
Difference in statutory tax rate of foreign subsidiaries	(2.7)	(2.9)
Tax credits for research and development cost and others	(0.3)	(4.7)
Year-end adjustment to deferred tax assets due to tax rate revisions	6.6	11.6
Others	4.5	6.5
Average effective tax rate after application of tax effect accounting	44.9	37.4

17. Trade and other payables

The components of trade and other payables as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Notes and accounts payable-trade	¥ 92,686	¥ 98,152	$ 822,559
Accounts payable-capital expenditure	7,467	5,128	66,267
Accounts payable-others	62,297	73,868	552,867
Others	456	414	4,047
Total	¥162,907	¥177,564	$1,445,749

18. Bonds and borrowings

Summary of bonds and borrowings is as follows:

	Millions of yen				Millions of U.S. dollars
	2016	2015	Interest rate (%) (Note 1)	Repayment date	2016
Short-term loans payable	¥ 15,896	¥ 25,644	1.489	–	$ 141,072
Current portion of bonds (Note 4)	20,000	20,000	0.610	–	177,494
Current portion of long-term loans payable	4,001	5,001	1.241	–	35,508
Current portion of lease obligations (Note 2)	2,726	2,704	–	–	24,192
Non-current portion of bonds (Note 3)(Note 4)	30,000	50,000	0.920	–	266,241
Non-current portion of long-term loans payable (Note 3)	91,113	58,696	0.676	April 2017 to January 2023	808,600
Non-current portion of lease obligations (Note 2)(Note 3)	4,540	3,540	–	April 2017 to September 2026	40,291
Total	168,277	165,586			1,493,406
Current	42,624	53,349			378,275
Non-current	¥125,653	¥112,236			$1,115,131

(Note 1) Interest rates indicated are weighted average interest rates at the end of the fiscal year.
(Note 2) Interest rates on lease obligations are not indicated, as lease obligations stated in the consolidated statement of financial position are inclusive of the interests.
(Note 3) Expected repayments for bonds, long-term borrowings and lease obligations for each year in the period within five years after the fiscal year-end date are listed in note 32 "Financial instruments".
(Note 4) The carrying amounts of bonds by issuance name are as follows:

			Millions of yen				Millions of U.S. dollars
Company	Name	Issue date	2016	2015	Interest rate (%)	Redemption date	2016
Konica Minolta	No. 1 Unsecured Bonds	December 2,2010	¥ –	¥20,000	0.609	December 2,2015	$ –
Konica Minolta	No. 2 Unsecured Bonds	December 2,2010	10,000	10,000	0.956	December 1,2017	88,747
Konica Minolta	No. 3 Unsecured Bonds	December 2,2011	20,000	20,000	0.610	December 2,2016	177,494
Konica Minolta	No. 4 Unsecured Bonds	December 2,2011	20,000	20,000	0.902	November 30,2018	177,494
Total	–	–	¥50,000	¥70,000	–	–	$443,734

19. Provisions

Summary of provisions and the changes are as follows:

	Millions of yen				
	Provision for product warranties (Note 1)	Provision for restructuring (Note 2)	Asset retirement obligations (Note 3)	Other provisions (Note 4)	Total
Balance at March 31,2015	¥1,770	¥1,095	¥1,141	¥2,671	¥6,678
Provisions made	743	3,053	766	1,607	6,171
Provisions utilized	(866)	(1,189)	(233)	(1,133)	(3,423)
Provisions reversed	(114)	(242)	(563)	(171)	(1,092)
Effects of changes in foreign exchange rates	(63)	(107)	(5)	(108)	(285)
Balance at March 31,2016	**1,469**	**2,608**	**1,105**	**2,865**	**8,049**
Current	1,469	2,608	163	2,579	6,821
Non-current	¥ –	¥ –	¥ 941	¥ 286	¥1,227

(Note 1) The provision for product warranties is the amount set by the Group to guarantee the reliability and functionality of its products. This provision is calculated based on the historical customer claim. Future occurrence of such claims may differ from past experience. However, the company is of the opinion that the provision amounts will not be significantly different should the assumptions and estimates change.

(Note 2) The provision for restructuring is an expense recognized for rationalization or business restructuring to improve the profitability of the Group's businesses. Payment periods are affected by future business plans and other factors.

(Note 3) Asset retirement obligations are provided for the Group's obligation to restore leased offices, buildings and other facilities to their original condition. Recognized amounts are future payment estimated based on past experience with restoring properties to their original condition. In principle, these obligations are paid more than one year after incurred. However, they may be affected by future business plans and other factors.

(Note 4) Other provisions include a provision for loss on litigation.

	Thousands of U.S. dollars				
	Provision for product warranties	Provision for restructuring	Asset retirement obligations	Other provisions	Total
Balance at March 31,2015	$15,708	$ 9,718	$10,126	$23,704	$59,265
Provisions made	6,594	27,094	6,798	14,262	54,766
Provisions utilized	(7,685)	(10,552)	(2,068)	(10,055)	(30,378)
Provisions reversed	(1,012)	(2,148)	(4,996)	(1,518)	(9,691)
Effects of changes in foreign exchange rates	(559)	(950)	(44)	(958)	(2,529)
Balance at March 31,2016	**13,037**	**23,145**	**9,807**	**25,426**	**71,432**
Current	13,037	23,145	1,447	22,888	60,534
Non-current	$ –	$ –	$ 8,351	$ 2,538	$10,889

20. Other financial liabilities

The components of other financial liabilities as of March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Derivative financial liabilities	**¥3,754**	¥1,559	**$33,316**
Contingent consideration	**34**	–	**302**
Others	**24**	–	**213**
Total	**3,812**	1,559	**33,830**
Current	**200**	1,020	**1,775**
Non-current	**¥3,611**	¥ 539	**$32,047**

21. Employee benefits

The Group has in place a corporate pension plan and a lump-sum payments on retirement plan as defined benefit pension plans, and a defined contribution-type corporate pension plan as a defined contribution pension plan.

In some cases, the Group pays additional severance benefits to retiring employees.

An employee pension trust has been established for the Company's plan assets.

Funding standards, fiduciary responsibility, disclosure and other matters are consistent for domestic corporate pension plans, and the officer in charge and responsible departments hold a meeting on the investment policy and results in a timely manner, based on the basic policy regarding investment of plan assets. An actuarial review is conducted every three years based on the Company's financial condition and asset investment forecast. If funding standards are not satisfied, premiums are increased.

Plan assets are legally separate from the Group. Asset investment beneficiaries are responsible for plan assets and have a duty of loyalty to pension plan enrollees, such management responsibilities as a dispersed investment obligation, and a duty to prevent conflicts of interest.

Plan assets are invested on the basis of soundness. However financial instruments have inherent investment risks. Discount rates and other aspects of defined benefit obligations are based on pension actuarial assumptions. Accordingly, there exists a risk that these assumptions may change.

A defined contribution plan is a post-retirement benefit plan under which an employer contributes a fixed amount to an independent company and has no legal or constructive obligation to pay an amount in excess of the contributed amount.

(1) Defined benefit plan

Amounts of defined benefit plan in the consolidated statement of financial position are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Present value of the defined benefit obligation	**¥189,343**	¥197,483	**$1,680,360**
Fair value of the plan assets	**121,623**	135,649	**1,079,366**
Net liability in the consolidated statement of financial position	**67,719**	61,833	**600,985**
Defined benefit assets	**193**	205	**1,713**
Defined benefit liabilities	**¥ 67,913**	¥ 62,039	**$ 602,707**

Changes in the present value of the defined benefit obligation are as follows:

From April 1, 2015, some of consolidated overseas subsidiaries have abolished defined benefit pension plans and transferred to defined contribution pension plans. In line with this transfer, the Company recognized gain or loss on settlement in the current fiscal year.

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Balance, beginning of the year	**¥197,483**	¥183,425	**$1,752,600**
Current service cost	**5,799**	5,689	**51,464**
Past service cost	**25**	(81)	**222**
Gain or loss on settlement	**(3,431)**	–	**(30,449)**
Interest cost	**2,486**	3,121	**22,062**
Remeasurement:			
Actuarial gains and losses arising from changes in demographic assumptions	**124**	1,566	**1,100**
Actuarial gains and losses arising from changes in financial assumptions	**2,563**	11,565	**22,746**
Benefits paid	**(12,521)**	(9,298)	**(111,120)**
Benefits paid on settlement	**(23)**	–	**(204)**
Impact of business combinations and disposal	**115**	–	**1,021**
Effect of changes in foreign exchange rates and others	**(3,278)**	1,495	**(29,091)**
Balance, end of the year	**¥189,343**	¥197,483	**$1,680,360**

(Note) As of the end of the current fiscal year, the weighted average payment period for defined benefit obligations was 12.0 years.

Changes in the fair value of the plan assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Balance, beginning of the year	**¥135,649**	¥118,718	**$1,203,843**
Interest income	**1,830**	2,407	**16,241**
Gain or loss on settlement	**(2,672)**	–	**(23,713)**
Remeasurement:			
Return on plan assets (net)	**(6,846)**	13,109	**(60,756)**
Contributions by the employer	**7,340**	7,246	**65,140**
Benefits paid	**(10,568)**	(7,328)	**(93,788)**
Effect of changes in foreign exchange rates and others	**(3,109)**	1,496	**(27,591)**
Balance, end of the year	**¥121,623**	¥135,649	**$1,079,366**

Summary of the fair value of the plan assets is as follows:

	Millions of yen					
	2016			2015		
	Quoted market price in an active market			Quoted market price in an active market		
	Yes	No	Total	Yes	No	Total
Equity securities (Domestic)	¥21,190	¥ –	¥ 21,190	¥19,552	¥ –	¥ 19,552
Equity securities (Foreign)	10,827	–	10,827	7,151	–	7,151
Debt securities (Domestic)	1,378	–	1,378	3,870	–	3,870
Debt securities (Foreign)	18,328	–	18,328	27,010	–	27,010
Employee pension trust (Domestic equity securities)	7,753	–	7,753	10,801	–	10,801
Employee pension trust (Foreign equity securities)	15,060	–	15,060	18,931	–	18,931
Life insurance company general accounts	–	10,830	10,830	–	11,920	11,920
Others	¥27,588	¥ 8,664	36,252	¥28,317	¥ 8,091	36,409
Total			¥121,623			¥135,649

(Note 1) Plan assets are invested in shares, securities and derivatives.
(Note 2) In accordance with the requirements of defined-benefit pension plans, a regular contribution must be made at least annually. To ensure a financial balance between forecasted benefit requirement and expected investment income, this amount is calculated based on the assumptions of interest rates, rates of mortality, withdrawal rates and forecast amounts for other required benefit expenses. Furthermore, this contribution amount is subject to actuarial review every three years. If the reserve amount is below that provided by minimum funding standards, a fixed amount must be contributed.
The calculation method used for the Company's defined benefit plans takes into consideration deductible amounts under tax law, the status of plan assets reserves and various actuarial calculations.
(Note 3) Expected contributions to plan assets in the next fiscal year are ¥6,842 million.

	Thousands of U.S. dollars		
	2016		
	Quoted market price in an active market		
	Yes	No	Total
Equity securities (Domestic)	$188,055	$ –	$ 188,055
Equity securities (Foreign)	96,086	–	96,086
Debt securities (Domestic)	12,229	–	12,229
Debt securities (Foreign)	162,655	–	162,655
Employee pension trust (Domestic equity securities)	68,805	–	68,805
Employee pension trust (Foreign equity securities)	133,653	–	133,653
Life insurance company general accounts	–	96,113	96,113
Others	$244,835	$76,890	321,725
Total			$1,079,366

Principal actuarial assumptions used to measure defined benefit obligations are as follows:

	%	
	2016	2015
Discount rate	0.31	0.71

The table below indicates the effect of a 0.5% increase or decrease in major actuarial assumptions, while other variables are kept constant. In reality, individual assumptions may be simultaneous affected by fluctuations in economic indicators and conditions. Accordingly, because fluctuations may occur independently or mutually, the actual impact of these fluctuations on defined benefit obligations may differ from these assumptions.

	Millions of yen				Thousands of U.S. dollars	
	2016		2015		2016	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Effect of change of discount rate	(¥6,720)	¥7,288	(¥6,522)	¥6,698	($59,638)	$64,679

(2) Defined contribution plan

The amount recorded as expenses in relation to defined contribution plans are the amounts contributed to these plans during the year. This amount was ¥3,148 million for the current fiscal year (previous fiscal year: ¥4,560 million).

(3) Other employee benefits

Certain U.S. subsidiaries employ a Supplemental Executive Retirement Plan (SERP). Obligations incurred under this plan amounted to ¥2,482 million for the current fiscal year (previous fiscal year: ¥2,362 million). These amounts are recognized as other non-current liabilities.

22. Equity and other equity items

(1) Share capital and Treasury shares

	Number of authorized shares	Number of issued shares (Note 1) (Note 2)	Number of treasury shares
At March 31, 2015	1,200,000,000	511,664,337	9,801,071
Increase (Note 3)	–	–	6,578,682
Decrease (Note 4)	–	9,000,000	9,190,760
At March 31, 2016	**1,200,000,000**	**502,664,337**	**7,188,993**

(Note 1) Shares issued by the Company are non-par value ordinary shares.
(Note 2) Issued shares are fully paid.
(Note 3) On July 23, 2015, the acquisition of treasury shares based on a Board of Directors resolution on May 13, 2015 was completed. Accordingly, the number of treasury shares increased by 6,571,500 shares (¥9,999 million).
(Note 4) Based on a Board of Directors resolution on May 13, 2015, 9,000,000 treasury shares (¥11,086 million) were cancelled on June 30, 2015.

(2) Share premium

Under the Companies Act of Japan ("Companies Act"), at least 50% of the proceeds of certain issues of common shares shall be credited to share capital. The remainder of the proceeds shall be credited to additional paid-in capital, which is included in share premium. The Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to share capital.

(3) Retained earnings

The Companies Act provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as a legal reserve until the aggregate amount of the additional paid-in capital and the legal reserve equals 25% of share capital. The legal reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

(4) Other Components of Equity

	Millions of yen					
	Remeasurements of defined benefit pension plans (Note 1)	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income (Note 2)	Net gain (loss) on derivatives designated as cash flow hedges (Note 3)	Exchange differences on translation of foreign operations (Note 4)	Share of other comprehensive income of investments accounted for using the equity method (Note 5)	Total
Balance at March 31, 2015 Restated (Note 6)	¥ –	¥8,207	(¥ 324)	¥39,661	¥0	¥47,545
Increase (decrease)	(6,974)	(3,851)	(742)	(19,789)	6	(31,351)
Transfer to retained earnings	6,974	35	–	–	–	7,010
Balance at March 31, 2016	**¥ –**	**¥4,391**	**(¥1,067)**	**¥19,872**	**¥7**	**¥23,204**

(Note 1) Remeasurements of defined benefit pension plans are differences in return on plan assets and interest income on plan assets due to differences between actuarial assumptions at the start of the year and actual results.
(Note 2) Net gain (loss) on revaluation of financial assets measured at fair value through OCI is cumulative in nature.
(Note 3) Net gain (loss) on derivatives designated as cash flow hedges is that the effective portion of the cumulative differences in fair value of derivative transactions designated as cash flow hedges.
(Note 4) Exchange differences on translation of foreign operations are exchange differences resulting from the translation of financial statements of foreign operations and exchange differences on the net investment hedge on foreign operations.
(Note 5) Share of other comprehensive income of investments accounted for using the equity method includes the cumulative net gain (loss) on revaluation of financial assets measured at fair value and exchange differences resulting from the translation of financial statements of foreign operations.
(Note 6) Please refer to note 38 "Correction of errors".

	Thousands of U.S. dollars					
	Remeasurements of defined benefit pension plans	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Net gain (loss) on derivatives designated as cash flow hedges	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using the equity method	Total
Balance at March 31, 2015 Restated	$ –	$72,835	($2,875)	$351,979	$ 0	$421,947
Increase (decrease)	**(61,892)**	**(34,176)**	**(6,585)**	**(175,621)**	**53**	**(278,230)**
Transfer to retained earnings	**61,892**	**311**	**–**	**–**	**–**	**62,212**
Balance at March 31, 2016	**$ –**	**$38,969**	**($9,469)**	**$176,358**	**$62**	**$205,928**

23. Dividends

Dividend payments are as follows. The source of dividends is retained earnings.

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

		Millions of yen	Yen		
Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date
Board of Directors' meeting held on May 9, 2014	Ordinary shares	¥3,862	¥ 7.50	March 31, 2014	May 27, 2014
Board of Directors' meeting held on October 31, 2014	Ordinary shares	¥5,039	¥10.00	September 30, 2014	November 27, 2014

Current fiscal year (From April 1, 2015 to March 31, 2016)

		Millions of yen	Yen			Thousands of U.S. dollars	U.S. dollars
Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date	Amount of dividends	Dividends per share
Board of Directors' meeting held on May 13, 2015	Ordinary shares	**¥5,018**	**¥10.00**	March 31, 2015	May 28, 2015	**$44,533**	**$0.09**
Board of Directors' meeting held on October 29, 2015	Ordinary shares	**¥7,430**	**¥15.00**	September 30, 2015	November 27, 2015	**$65,939**	**$0.13**

Dividends with an effective date in the following fiscal year are as follows. The source of dividends is retained earnings.

		Millions of yen	Yen			Thousands of U.S. dollars	U.S. dollars
Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date	Amount of dividends	Dividends per share
Board of Directors' meeting held on May 12, 2016	Ordinary shares	**¥7,432**	**¥15.00**	March 31, 2016	May 27, 2016	**$65,957**	**$0.13**

24. Revenue

The components of revenue for fiscal years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Sales of goods	**¥ 611,337**	¥ 591,891	**$5,425,426**
Rendering of services	**420,403**	410,866	**3,730,946**
Total	**¥1,031,740**	¥1,002,758	**$9,156,372**

25. Other income

The components of other income for the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Gain on sale of property, plant and equipment and intangible assets (Note)	¥4,151	¥3,486	$36,839
Others	3,635	3,331	32,259
Total	¥7,786	¥6,817	$69,098

(Note) The gain on sale of property, plant and equipment and intangible assets in the current fiscal year was primarily attributable to the sale of assets in North America.
The gain on sale of property, plant and equipment and intangible assets in the previous fiscal year was primarily attributable to the sale of idle assets in Japan.

26. Other expenses

The components of other expenses for the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Business restructuring improvement expenses (Note 1)	¥ 3,817	¥ 3,857	$ 33,875
Special extra retirement payment (Note 2)	2,912	–	25,843
Loss on sales and disposals of property, plant and equipment and intangible assets	1,822	2,333	16,170
Loss on disposal of mass-produced trial products (Note 3)	1,551	1,096	13,765
Environmental expenditures (Note 4)	719	1,169	6,381
Impairment losses (Note 5)	51	5,185	453
Loss on sales of investments in subsidiaries (Note 6)	–	1,016	–
Others	2,464	4,936	21,867
Total	¥13,339	¥19,595	$118,379

(Note 1) Business restructuring improvement expenses for the current fiscal year are mainly related to structural reform of sales sites in Europe, North America, and other areas in the Business Technologies Business.
Business restructuring improvement expenses for the previous fiscal year include expenses related to structural reform of sales sites in Europe in the Business Technologies Business, discontinuation of in-house silver nitrate manufacturing for the Healthcare Business, and improvement of the production system of optical products for the Industrial Business.
(Note 2) Special extra retirement payment for the current fiscal year includes extra retirement payment paid to retired employees related to an implementation of a special early retirement program.
(Note 3) Loss on disposal of mass-produced trial products is the loss on disposal of mass-produced trial products generated by the Industrial Business in the process of launching new products.
(Note 4) Environmental expenditures for the previous fiscal year primarily comprise expenses related to soil remediation on idle land in North America and Japan.
(Note 5) For the previous fiscal year, impairment losses were recognized on goodwill at sales sites in Europe due to ongoing losses stemming from worsening of market environment, on manufacturing equipment of optical products and film manufacturing equipment located in Japan in the Industrial Business due to reduced utilization rates, and on company-wide idle assets, etc., as a result of review of asset values.
(Note 6) Loss on sales of investments in subsidiaries for the previous fiscal year is a loss on the transfer of shares in subsidiaries and associates in relation to the structural reform of sales sites of Europe for the Business Technologies Business.

27. Operating expenses by nature

Principal components within operating expenses (total of cost of sales, selling, general and administrative expenses and other expenses) by nature are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Personnel expenses	¥341,300	¥321,111	$3,028,931
Depreciation and amortization expenses	¥ 51,333	¥ 47,905	$ 455,564

The total amount of research and development expenses included in operating expenses for the current fiscal year is ¥76,292 million (previous fiscal year: ¥74,295 million).

28. Finance income and costs

The components of finance income and costs, for fiscal years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Finance income			
Interest income			
Financial assets measured at amortized cost	¥1,374	¥1,689	$12,194
Dividends received			
Financial assets measured at FVTOCI	545	844	4,837
Gain on valuation of investment securities			
Financial assets measured at FVTPL	–	7	–
Others			
Financial assets measured at FVTPL	235	–	2,086
Total	2,155	2,541	19,125
Finance costs			
Interest expense			
Financial liabilities measured at amortized cost	1,945	2,276	17,261
Financial assets and liabilities measured at FVTPL	298	121	2,645
Loss on valuation of investment securities			
Financial assets measured at FVTPL	6	–	53
Foreign exchange loss (Note)	1,661	449	14,741
Others			
Financial liabilities measured at amortized cost	235	–	2,086
Financial assets and liabilities measured at FVTPL	32	–	284
Total	¥4,179	¥2,848	$37,087

(Note) Valuation gains or losses on currency derivatives are included in foreign exchange differences.

29. Earnings per share

A calculation of basic and diluted earnings per share attributable to owners of the Company for fiscal years ended March 31, 2016 and 2015 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Basis of calculating basic earnings per share			
Profit for the year attributable to owners of the Company	¥31,973	¥40,934	$283,750
Profit for the year not attributable to owners of the Company	–	–	–
Profit for the year to calculate basic earnings per share	31,973	40,934	283,750
Adjustments of profit for the year	–	–	–
Profit for the year to calculate diluted earnings per share	¥31,973	¥40,934	$283,750

	Thousands of shares	
	2016	2015
Weighted average number of ordinary shares outstanding during the period	496,536	505,282
Increase in the number of ordinary shares under subscription rights to shares	1,438	1,412
Weighted average number of diluted ordinary shares outstanding during the period	497,975	506,695

	Yen		U.S. dollars
	2016	2015	2016
Basic earnings per share attributable to owners of the Company	¥64.39	¥81.01	$0.57
Diluted earnings per share attributable to owners of the Company	¥64.21	¥80.79	$0.57

30. Other comprehensive income

Changes in other comprehensive income during the year are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015 Restated (Note)	2016
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plans			
Amount arising during the year	(¥ 9,534)	(¥ 21)	($ 84,611)
Income tax expense	2,559	(201)	22,710
Net of tax effects	(6,974)	(222)	(61,892)
Net gain (loss) on revaluation of financial assets measured at fair value			
Amount arising during the year	(6,070)	5,468	(53,869)
Income tax expense	2,219	(1,627)	19,693
Net of tax effects	(3,851)	3,840	(34,176)
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	6	5	53
Subtotal	(10,819)	3,623	(96,015)
Items that may be subsequently reclassified to profit or loss			
Net gain (loss) on derivatives designated as cash flow hedges			
Amount arising during the year	1,112	327	9,869
Reclassification adjustments	(1,995)	(848)	(17,705)
Income tax expense	140	171	1,242
Net of tax effects	(742)	(348)	(6,585)
Exchange differences on translation of foreign operations			
Amount arising during the year	(18,983)	15,861	(168,468)
Reclassification adjustments	–	245	–
Income tax expense	(1,102)	5	(9,780)
Net of tax effects	(20,086)	16,112	(178,257)
Subtotal	(20,828)	15,763	(184,842)
Total	(¥31,648)	¥19,387	($280,866)

(Note) Please refer to note 38 "Correction of errors".

Among the above, amounts attributable to non-controlling interests are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Exchange differences on translation of foreign operations	(¥297)	¥6	($2,636)
Total	(¥297)	¥6	($2,636)

31. Share-based payments

The Group's share-based payments arise from the share options to the Company's directors (excluding outside directors) and executive officers.

No vesting conditions are attached, but in the event that an executive officer retires prior to the completion of his target service period, he may retain a number of subscription rights to shares corresponding to that number granted multiplied by the number of months in appointment (from the month prior to the month in which the target service period started until the month in which the executive retired) and divided by 12. The remaining subscription rights to shares are to be returned free of charge.

The exercise period is defined in an allocation agreement, and the options are forfeited if not exercised during that period. Options are also forfeited if the executive retires between the grant date and the date of rights allotment. Rights exercise conditions stipulate that the date that the rights become exercisable is the day following the day on which one year has elapsed from the date when the executive steps down from his position.

The Group accounts for share-based payments as equity-settled share-based payments. Expenses related to equity-settled share-based payment transactions are recognized as selling, general and administrative expenses in the consolidated statements of profit or loss. This amount for the current fiscal year is ¥141 million (previous fiscal year: ¥159 million).

	Number of share options granted	Grant date	Exercise period	Exercise price (Yen)	Fair value at the grant date (Yen)
1st	194,500	August 23, 2005	June 30, 2025	¥1	¥1,071
2nd	105,500	September 1, 2006	June 30, 2026	1	1,454
3rd	113,000	August 22, 2007	June 30, 2027	1	1,635
4th	128,000	August 18, 2008	June 30, 2028	1	1,419
5th	199,500	August 19, 2009	June 30, 2029	1	776
6th	188,000	August 27, 2010	June 30, 2030	1	664
7th	239,500	August 23, 2011	June 30, 2031	1	428
8th	285,500	August 22, 2012	June 30, 2032	1	518
9th	257,500	August 22, 2013	June 30, 2043	1	678
10th	159,600	September 11, 2014	June 30, 2044	1	1,068
11th	110,100	August 18, 2015	June 30, 2045	¥1	¥1,148

	2016		2015	
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)
Outstanding, beginning of the year	1,460,100	¥1	1,373,000	¥1
Granted	110,100	1	159,600	1
Exercised	190,500	1	63,000	1
Forfeited	1,300	1	9,500	1
Outstanding, end of the year	1,378,400	1	1,460,100	1
Exercisable, end of the year	1,378,400	¥1	1,460,100	¥1

(Note 1) The number of share options outstanding for each fiscal year is converted to the number of shares.
(Note 2) The weighted average share price for share options exercised during the year was ¥1,206 (previous fiscal year: ¥1,013).
(Note 3) The weighted average remaining number of years for unexercised share options in the current fiscal year was 19 years (previous fiscal year: 18 years).

The Group uses valuation technique, i.e. Black-Scholes model, to estimate the fair value of the share options, and the primary underlying data and estimation methods are as follows:

	2016	2015
	11th	10th
Share price at the date of grant (Yen)	¥1,416	¥1,228
Exercise price (Yen)	¥ 1	¥ 1
Expected volatility (Note 1)	40.012%	39.743%
Expected option life (Note 2)	10 yrs	9 yrs 10 mos.
Expected dividends (Per share) (Note 3)	¥ 30.00	¥ 17.50
Risk-free interest rate (Note 4)	0.395%	0.530%

(Note 1) Calculations are based on share price performance up to the grant date, according to expected option life.
(Note 2) Estimates are based on the weighted average appointment period of grantees and the subsequent exercisable period for rights.
(Note 3) Estimates are based on past dividend performance and the Company's dividend policy.
(Note 4) This is the average of the compound interest yield on long-term interest-bearing government bonds within three months of the redemption date from the expected option life.

32. Financial instruments

(1) Capital management

The Group actively monitors and manages its capital and debt structure in relation to economic conditions and current company circumstances, and raises necessary funds for working capital, capital expenditure, investment and loans and other items. This short-term working capital is primarily funded through bank loans. In addition, the Group maintains commitment-type credit lines with financial institutions. These credit lines are limited to 100 billion Japanese yen and will expire at the end of September 2020. Temporary surpluses are invested in extremely safe financial assets. The Group is not subject to any material capital restrictions.

The principal indicators the Company uses for capital management are as follows:

	2016	2015 Restated (Note 1)
ROE (Note 2)	**6.1%**	7.9%
Equity ratio attributable to owners of the Company (Note 3)	**52.7%**	53.5%
D/E ratio (Note 4)	**0.33 times**	0.31 times
Net D/E ratio (Note 5)	**0.13 times**	- 0.02 times

(Note 1) Please refer to note 38 "Correction of errors".
(Note 2) Profit for the year attributable to owners of the Company / equity attributable to owners of the Company (average for the period)
(Note 3) Equity attributable to owners of the Company / total equity
(Note 4) Interest-bearing debt / equity attributable to owners of the Company
(Note 5) (Interest-bearing debt - cash and cash equivalents) / equity attributable to owners of the Company

(2) Categories of financial instruments

1) The Group classifies financial instruments as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Financial assets			
Cash and cash equivalents	**¥ 99,937**	¥177,496	**$ 886,910**
Financial assets measured at amortized cost			
Trade and other receivables (net)	**249,498**	252,962	**2,214,217**
Other financial assets	**7,483**	7,690	**66,409**
Financial assets measured at FVTOCI			
Other financial assets	**24,063**	30,428	**213,552**
Financial assets measured at FVTPL			
Other financial assets	**10,428**	5,017	**92,545**
Total	**391,411**	473,594	**3,473,651**
Financial liabilities			
Financial liabilities measured at amortized cost			
Trade and other payables	**162,907**	177,564	**1,445,749**
Bonds and borrowings	**168,277**	165,586	**1,493,406**
Other financial liabilities	**24**	–	**213**
Financial liabilities measured at FVTPL			
Other financial liabilities	**3,788**	1,559	**33,617**
Total	**¥334,998**	¥344,710	**$2,973,003**

2) Financial assets designated as FVTOCI

Shares and other equity financial instruments are held primarily for the purpose of participating in the management of the investees, encouraging an alliance of enterprises or reinforcing sales foundations. These are financial assets designated as FVTOCI.

The names and fair value of principal equity financial instruments are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Marubeni Corporation	**¥2,139**	¥2,593	**$18,983**
MGI Digital Graphic Technology S.A.	**2,021**	1,829	**17,936**
OMRON Corporation	**1,779**	2,900	**15,788**
Mitsubishi Logistics Corporation	**1,320**	1,642	**11,715**
ROHM Co., Ltd.	**¥1,085**	¥1,813	**$ 9,629**

To increase the efficiency of held assets and use them effectively, regular monitoring is performed in relation to the fair value of equity financial instruments and the financial condition of the issuers, and the ongoing holding status of these instruments is reviewed.

The fair value at the time of sale of shares during the year, cumulative gains or losses recognized in other components of equity (net of tax effects), and total dividends received are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
Fair value at time of sale	**¥287**	¥3,266	**$2,547**
Cumulative gains (net of tax effects)	**145**	1,065	**1,287**
Dividends received	**¥ 2**	¥ 112	**$ 18**

(3) Financial risk management

1) Credit risk (risk that counterparties will fail to fulfill their contractual obligations)

Customer credit risk is an inherent part of trade and other receivables. For that reason, with regard to its trade receivables the Group regularly monitors the condition of its key business partners to determine potential unrecoverability due to worsening financial conditions at an early stage and to reduce this risk. The Group also has a policy of managing receivables for each of its transaction partners by date and balance. For new customers, the Group employs third-party credit ratings, bank references and other available information to analyze individual credit conditions. The Group's policy is to set credit limits for each customer and monitor these on an ongoing basis.

The Group uses derivative transactions to hedge foreign exchange fluctuation risk and interest rate fluctuation risk. The financial institutions that are counterparties to such transactions present credit risks. However, the Group believes its credit risk related to counterparties failing to fulfill their obligations is low, as the Group only conducts such transactions with financial institutions of high credit ratings. Any major exposure to credit risk in financial assets is stated in the carrying amounts presented in the consolidated statement of financial position.

(a) Past-due receivables

The allowance for doubtful accounts on past-due trade and other receivables is as follows:

As of March 31, 2015

	Millions of yen			
	Amount past due			
	3 months or less	More than 3 months, 6 months or less	More than 6 months, 12 months or less	More than 12 months
Trade and other receivables (Gross)	¥26,958	¥3,938	¥3,022	¥4,406
Allowance for doubtful accounts	(458)	(453)	(1,401)	(2,758)
Trade and other receivables (Net)	¥26,500	¥3,484	¥1,621	¥1,647

As of March 31, 2016

	Millions of yen			
	Amount past due			
	3 months or less	More than 3 months, 6 months or less	More than 6 months, 12 months or less	More than 12 months
Trade and other receivables (Gross)	**¥27,686**	**¥4,226**	**¥2,242**	**¥3,808**
Allowance for doubtful accounts	**(545)**	**(310)**	**(1,309)**	**(3,156)**
Trade and other receivables (Net)	**¥27,140**	**¥3,915**	**¥ 933**	**¥ 651**

As of March 31, 2016

	Thousands of U.S. dollars			
	Amount past due			
	3 months or less	More than 3 months, 6 months or less	More than 6 months, 12 months or less	More than 12 months
Trade and other receivables (Gross)	**$245,705**	**$37,504**	**$19,897**	**$33,795**
Allowance for doubtful accounts	**(4,837)**	**(2,751)**	**(11,617)**	**(28,009)**
Trade and other receivables (Net)	**$240,859**	**$34,744**	**$ 8,280**	**$ 5,777**

(b) Allowance for doubtful accounts

The Group uses an allowance for doubtful accounts to record impairment losses on individually significant financial assets for their non-recoverable amounts and on financial assets that are not individually significant for the non-recoverable amounts estimated based on such factors as past performance of such financial assets.

The allowance for doubtful accounts for these financial assets is included in "trade and other receivables" and "other financial assets" in the consolidated statement of financial position. Changes in allowances for doubtful accounts for trade receivables and other financial assets in the respective fiscal years are as follows:

	Millions of yen 2016	Millions of yen 2015	Thousands of U.S. dollars 2016
Balance, beginning of the year	¥6,911	¥6,527	$61,333
Provisions made	2,408	2,210	21,370
Provisions utilized	(905)	(1,061)	(8,032)
Provisions reversed	(1,013)	(768)	(8,990)
Effects of changes in foreign exchange rates	(297)	3	(2,636)
Balance, end of the year	¥7,103	¥6,911	$63,037

Taking into account such factors as customers' financial conditions and past-due status, impairment losses recognized on trade and other receivables were ¥1,281 million in the current fiscal year (previous fiscal year: ¥10,002 million). Allowances for doubtful accounts on these receivables were ¥715 million (previous fiscal year: ¥1,407 million).

2) Liquidity risk (Risk of not being able to pay on the payment due date)

The Group raises funds through borrowings and other means. With these liabilities, the Group assumes liquidity risk arising from the possibility that it may become unable to meet its payment obligations on their due date, owing to deterioration in the fund-raising environment.

To control liquidity risk, the Company's finance department creates and updates cash plans as necessary, based on information obtained from its consolidated subsidiaries and various departments. At the same time, the Company constantly monitors the operating environment to maintain and ensure appropriate on-hand liquidity in response to changing conditions.

Balances of long-term financial liabilities by due date are shown below. Contractual cash flows are undiscounted cash flows that do not include interest payment amounts.

As of March 31, 2015

	Millions of yen							
	Carrying amounts	Contractual cash flows	1 year or less	More than 1 year, 2 years or less	More than 2 years, 3 years or less	More than 3 years, 4 years or less	More than 4 years, 5 years or less	More than 5 years
Long-term loans payable	¥ 63,697	¥ 63,697	¥ 5,001	¥ 4,001	¥ 9,000	¥ 3,000	¥5,500	¥37,193
Bonds	70,000	70,000	20,000	20,000	10,000	20,000	–	–
Lease obligations	6,244	6,244	2,704	1,818	1,012	487	109	111
Others	1,559	1,559	1,020	–	–	–	–	539
Total	¥141,501	¥141,501	¥28,725	¥25,820	¥20,013	¥23,488	¥5,610	¥37,844

As of March 31, 2016

	Millions of yen							
	Carrying amounts	Contractual cash flows	1 year or less	More than 1 year, 2 years or less	More than 2 years, 3 years or less	More than 3 years, 4 years or less	More than 4 years, 5 years or less	More than 5 years
Long-term loans payable	¥ 95,114	¥ 95,114	¥ 4,001	¥ 9,034	¥ 3,002	¥14,271	¥26,620	¥38,185
Bonds	50,000	50,000	20,000	10,000	20,000	–	–	–
Lease obligations	7,266	7,266	2,726	1,817	1,234	838	561	89
Others	3,812	3,812	200	–	–	371	882	2,357
Total	¥156,194	¥156,194	¥26,929	¥20,852	¥24,236	¥15,480	¥28,064	¥40,632

As of March 31, 2016

	Thousands of U.S. dollars							
	Carrying amounts	Contractual cash flows	1 year or less	More than 1 year, 2 years or less	More than 2 years, 3 years or less	More than 3 years, 4 years or less	More than 4 years, 5 years or less	More than 5 years
Long-term loans payable	$ 844,107	$ 844,107	$ 35,508	$ 80,174	$ 26,642	$126,651	$236,244	$338,880
Bonds	443,734	443,734	177,494	88,747	177,494	–	–	–
Lease obligations	64,483	64,483	24,192	16,125	10,951	7,437	4,979	790
Others	33,830	33,830	1,775	–	–	3,293	7,827	20,918
Total	$1,386,173	$1,386,173	$238,987	$185,055	$215,087	$137,380	$249,059	$360,596

3) Market risks (foreign exchange, share price and interest rate fluctuation risks)

(a) Foreign exchange fluctuation risk

As part of developing its global business, the Group has foreign currency receivables and payables, which are subject to foreign exchange fluctuation risk. To manage this risk, the Group determines its foreign exchange fluctuation risk in each currency every month and, in principle, hedges this risk by using forward exchange transactions and currency option transactions. Depending on foreign exchange market conditions, the Group may also enter into forward exchange contracts and currency option transactions for limited time periods on foreign currency receivables and payables for expected transactions it deems certain to occur.

Foreign exchange sensitivity analysis

The table below shows the impact on profit before tax in the consolidated statement of profit or loss of a 1% change in value of the U.S. dollar, the euro and the pound sterling against the yen due to its holdings of foreign currency receivables and payables at the end of each fiscal year. In making these calculations, the Group has assumed no changes in currencies other than those used.

	Millions of yen		Thousands of U.S. dollars
	2016	2015	**2016**
U.S. dollar	**¥170**	¥246	**$1,509**
Euro	**10**	(9)	**89**
Pound sterling	**¥ 16**	¥ 17	**$ 142**

(b) Share price fluctuation risk

The Group holds shares in other listed companies in the interest of cultivating business relationships, and these equity financial instruments are subject to share price fluctuation risk. Equity financial instruments are held to ensure the smooth operation of business strategies by participating in the management of the investees, encouraging an alliance of enterprises or reinforcing sales foundations, and not for earning investment returns through sales. With regard to equity financial instruments, the Group regularly monitors share prices and checks the issuing entity's financial condition.

Share price fluctuation sensitivity analysis

In the sensitivity analysis below, the Group calculates sensitivity based on the price risk on equity financial instruments at the end of the fiscal year. A 1% increase or decrease in share prices had a ¥222 million impact on other components of equity (net of taxes) as of the end of the current fiscal year (previous fiscal year: ¥283 million).

(c) Interest rate fluctuation risk

For debt instrument bearing variable interest rates, the Company enters into interest-rate swap contracts to hedge the potential risk to cash flows of interest rate fluctuations. The Company uses these derivative transactions according to defined policies for the purpose of reducing risk. No interest rate sensitivity analysis is conducted, as interest rate payments have only a slight impact on profits and losses on the Group's performance.

(4) Fair value of financial instruments

Fair value calculation method

The fair value of financial assets and financial liabilities is calculated as described below.

1) Derivative financial assets and liabilities

Fair value of currency derivatives is based on forward quotations and prices quoted by financial institutions that enter into these contracts. Fair value of interest rate derivatives is based on prices quoted by financial institutions that enter into these contracts.

2) Investment securities

Where market prices are available, fair value is based on market prices. For financial instruments whose market prices are not available, fair value is measured by discounting future cash flows or using other appropriate valuation methods, taking into account the individual nature, characteristics and risks of the assets.

3) Borrowings

As short-term loans payable are to be settled in a short period of time, their fair value is assumed to be equivalent to the carrying amounts.

For long-term borrowings with fixed interest rates, fair value is calculated by discounting the total amount of principal and interest using assumed interest rate of a new similar borrowing. As the interest rates of long-term borrowings with variable interest rates are revised upon each repricing period, their fair value is assumed to be equivalent to the carrying amounts.

4) Bonds

Fair value is calculated on the basis of market value.

5) Financial instruments other than those indicated above

Financial instruments other than those indicated above are mainly settled in the short term, so fair value is assumed to be equivalent to their carrying amounts.

The carrying amounts and fair values of principal financial instruments not measured at fair value but for which fair value is disclosed are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2016		2015		2016	
	Carrying amounts	Fair value	Carrying amounts	Fair value	Carrying amounts	Fair value
Long-term loans payable	¥ 95,114	¥ 94,055	¥ 63,697	¥ 63,317	$ 844,107	$ 834,709
Bonds	50,000	50,648	70,000	70,887	443,734	449,485
Total	¥145,114	¥144,703	¥133,697	¥134,204	$1,287,842	$1,284,194

(Note) Long-term borrowings and bonds include balances redeemable within one year.

(5) Fair value hierarchy

Financial instruments which are measured at fair value are classified according to fair value hierarchy. The fair value hierarchy comprises levels 1 through 3, defined as follows:

Level 1: Fair value measured at the quoted price in the active market
Level 2: Fair value that is calculated using the observable market inputs other than quoted price directly or indirectly
Level 3: Fair value that is calculated based on valuation techniques which include inputs that are not based on observable market data
Transfers between fair value hierarchy levels are recognized on the date the event or condition prompting the transfer occurred.

Financial assets and financial liabilities measured at fair value in the previous fiscal year and the current fiscal year, by fair value hierarchy are as follows:

	Millions of yen			
	2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities	¥28,305	¥ –	¥2,228	¥30,534
Derivative financial assets	–	1,235	–	1,235
Others	3,111	–	564	3,676
Total	31,416	1,235	2,793	35,445
Financial liabilities				
Derivative financial liabilities	–	1,559	–	1,559
Total	¥ –	¥1,559	¥ –	¥ 1,559

	Millions of yen			
	2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities	¥22,214	¥ –	¥1,949	¥24,163
Derivative financial assets	–	5,946	–	5,946
Others	3,402	–	978	4,381
Total	25,617	5,946	2,927	34,491
Financial liabilities				
Derivative financial liabilities	–	3,754	–	3,754
Others	–	–	34	34
Total	¥ –	¥3,754	¥ 34	¥ 3,788

(Note) No transfers between levels 1, 2 and 3 occurred during these fiscal years.

	Thousands of U.S. dollars			
	2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities	$197,142	$ –	$17,297	$214,439
Derivative financial assets	–	52,769	–	52,769
Others	30,192	–	8,679	38,880
Total	227,343	52,769	25,976	306,097
Financial liabilities				
Derivative financial liabilities	–	33,316	–	33,316
Others	–	–	302	302
Total	$ –	$33,316	$ 302	$ 33,617

Increases or decreases in financial instruments classified as Level 3

Increases or decreases in financial instruments classified as Level 3 in each fiscal year are as follows:

	Millions of yen	
	Financial assets	Financial liabilities
Balance at April 1, 2014	¥1,821	¥494
Gains (losses) (Note 1)		
Profit for the year	7	–
Other comprehensive income	6	–
Acquisitions	977	–
Disposals and settlements	(0)	(499)
Effects of changes in foreign exchange rates	(19)	4
Balance at March 31, 2015	2,793	–
Gains (losses) (Note 1)		
Profit for the year	278	–
Other comprehensive income	7	–
Acquisitions	273	–
Disposals and settlements	(13)	(8)
Business combinations	–	47
Others (Note 2)	(408)	–
Effects of changes in foreign exchange rates	(2)	(5)
Balance at March 31, 2016	¥2,927	¥ 34

(Note 1) Gains or losses recognized in profit for the year are presented in the consolidated statements of profit or loss as "finance income" or "finance costs." Gains or losses recognized in other comprehensive income are presented in the consolidated statement of comprehensive income as "net gain (loss) on revaluation of financial assets measured at fair value."

(Note 2) In the current fiscal year, certain shares were transferred from other financial assets to investments accounted for using the equity method due to acquisition of additional interests.

	Thousands of U.S. dollars	
	Financial assets	Financial liabilities
Balance at March 31, 2015	$24,787	$ –
Gains (losses)		
Profit for the year	2,467	–
Other comprehensive income	62	–
Acquisitions	2,423	–
Disposals and settlements	(115)	(71)
Business combinations	–	417
Others	(3,621)	–
Effects of changes in foreign exchange rates	(18)	(44)
Balance at March 31, 2016	$25,976	$302

(6) Derivatives and hedge accounting

The Group enters into derivative contracts with financial institutions, hedging fluctuations in cash flows on its financial assets and financial liabilities, and not for speculation purposes. In principle, the Group uses forward exchange contracts and currency options to hedge foreign exchange fluctuation risk categorized by currency and by month. Depending on foreign exchange market conditions, the Group may enter into forward exchange contracts and conduct currency option transactions for limited time periods on foreign currency receivables and payables for expected transactions it deems certain to occur.

The Group uses currency swap and interest-rate swap transactions to reduce interest rate fluctuation risk for borrowings with variable interest rates, as well as to mitigate fluctuation risk on expected future funding costs, and makes use of cash flow hedges.

The contract amounts and fair value of derivatives are as follows:

	Millions of yen						Thousands of U.S. dollars		
	2016			2015			2016		
	Contract amounts	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts	Contract amounts (of which maturing in more than one year)	Fair value	Contract amounts	Contract amounts (of which maturing in more than one year)	Fair value
Derivatives employing hedge accounting									
Currency derivatives	¥ 93,350	¥63,739	¥1,804	¥ 7,536	¥ –	¥238	$ 828,452	$565,664	$16,010
Interest rate derivatives	35,524	35,524	(1,164)	23,570	23,570	(539)	315,264	315,264	(10,330)
Derivatives not employing hedge accounting									
Currency derivatives	40,957	–	1,551	34,121	–	(23)	363,481	–	13,765
Total	¥169,832	¥99,264	¥2,192	¥65,227	¥23,570	(¥323)	$1,507,206	$880,937	$19,453

(Note) In addition to the above items, hedging instruments are designated to hedge foreign-currency borrowings of ¥5,239 million (previous fiscal year: ¥5,587 million) as part of the net investments in foreign operations, and a net investment hedge is used.

33. Related parties

(1) Principal subsidiaries

The Company's subsidiaries as of March 31, 2016 are as follows:

Name	Location	Ownership interest (%)
Konica Minolta Business Solutions Japan Co., Ltd.	Minato-ku, Tokyo	100
Kinko's Japan Co., Ltd.	Minato-ku, Tokyo	100
Konica Minolta Supplies Manufacturing Co., Ltd.	Kofu, Yamanashi	100
Konica Minolta Opto Products Co., Ltd.	Fuefuki, Yamanashi	100
Konica Minolta Health Care Co., Ltd.	Minato-ku, Tokyo	100
Konica Minolta Technoproducts Co., Ltd.	Sayama, Saitama	100
Konica Minolta Planetarium Co., Ltd.	Toshima-ku, Tokyo	100
Konica Minolta Business Associates Co., Ltd.	Hino, Tokyo	100
Konica Minolta Engineering Co., Ltd.	Hino, Tokyo	100
Konica Minolta Information System Co., Ltd.	Tachikawa, Tokyo	100
Konica Minolta Business Solutions U.S.A., Inc.	New Jersey, U.S.A.	100
Konica Minolta Business Solutions Europe GmbH	Langenhagen, Germany	100
Konica Minolta Business Solutions Deutschland GmbH	Langenhagen, Germany	100
Konica Minolta Business Solutions France S.A.S.	Carrieres-sur-Seine, France	100
Konica Minolta Business Solutions (UK) Ltd.	Essex, United Kingdom	100
Charterhouse PM Ltd.	Hertfordshire, United Kingdom	100
Konica Minolta Business Solutions (CHINA) Co., Ltd.	Shanghai, China	100
Konica Minolta Business Technologies Manufacturing (HK) Ltd.	Hong Kong, China	100
Konica Minolta Business Technologies (WUXI) Co., Ltd.	Wuxi, China	100
Konica Minolta Business Technologies (DONGGUAN) Ltd.	Dongguan, China	100
Konica Minolta Business Technologies (Malaysia) Sdn. Bhd.	Melaka, Malaysia	100
Konica Minolta Business Solutions Australia Pty. Ltd.	New South Wales, Australia	100
Ergo Asia Pty Limited	Sydney, Australia	100
Konica Minolta Medical Imaging U.S.A., Inc.	New Jersey, U.S.A.	100
Konica Minolta Medical & Graphic Imaging Europe B.V.	Amsterdam, The Netherlands	100
Konica Minolta Medical & Graphic (Shanghai) Co., Ltd.	Shanghai, China	100
Radiant Vision Systems, LLC	Washington, U.S.A.	100
Konica Minolta Sensing Americas, Inc.	New Jersey, U.S.A.	100
Instrument Systems GmbH	Munich, Germany	100
Konica Minolta Sensing Europe B.V.	Nieuwegein, The Netherlands	100
Konica Minolta Sensing Korea Co., Ltd.	Goyang, Korea	100
Konica Minolta Opto (Dalian) Co., Ltd.	Dalian, China	100
Konica Minolta Glass Tech Malaysia Sdn. Bhd.	Melaka, Malaysia	100
Konica Minolta Holdings U.S.A., Inc.	New Jersey, U.S.A.	100
Konica Minolta (China) Investment Ltd.	Shanghai, China	100
116 other companies		

(2) Remuneration for directors and audit and supervisory board members

Remuneration for directors and audit and supervisory board members for the years ended March 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Fixed remuneration	¥ 676	¥ 636	$5,999
Performance-linked remuneration	205	233	1,819
Share-based remuneration	141	159	1,251
Total	¥1,024	¥1,029	$9,088

34. Commitments

The amount of contractual commitments to acquire assets is negligible.

35. Contingencies

The Group guarantees borrowings and lease obligations, etc., to financial institutions for companies outside the Group. As of the end of the current fiscal year, guarantee obligations totaled to ¥386 million (previous fiscal year: ¥277 million). As the likelihood of performance of these guarantee obligations is low, they are not recognized as financial liabilities.

36. Events after the reporting period

(Acquisition of shares of MOBOTIX AG)

(1) Description of the business combination

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

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

(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	Thousands of U.S. dollars
Fair value of the consideration for acquisition	¥21,568	$191,409
Non-controlling interests (Note 3)	3,136	27,831
Recognized value of assets acquired and liabilities assumed		
Cash and cash equivalents	219	1,944
Trade and other receivables	2,123	18,841
Inventories	1,847	16,392
Property, plant and equipment	2,451	21,752
Intangible assets	7,122	63,206
Other assets	526	4,668
Trade and other payables	(1,150)	(10,206)
Bonds and borrowings	(1,449)	(12,859)
Deferred tax liabilities	(2,104)	(18,672)
Other liabilities	(495)	(4,393)
Goodwill (Note 4)	15,614	138,569
Total	¥24,705	$219,249

(Note 1) There was no contingent consideration.
(Note 2) The amounts were computed provisionally as an allocation of acquisition costs has not yet been completed.
(Note 3) Non-controlling interests are measured using the ratio of equity attributable to non-controlling interest shareholders to the fair value of the identifiable net assets of the acquired company.
(Note 4) Goodwill largely represents an excess earnings power of the acquired company and will not be deductible for tax purposes.

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

(Borrowing of funds)

The Company, with the intention of procuring funds for part of the acquisition of MOBOTIX, used the "Overseas Business Deployment Funding Assistance Facility" credit line provided by the Japan Bank for International Cooperation to borrow funds as follows.

(1) Lenders	Loan syndicate with Sumitomo Mitsui Banking Corporation as lead manager
(2) Amount borrowed	Foreign currency borrowings: US$114,750 thousand Yen borrowings: ¥8,628 million
(3) Interest rate on borrowings	Foreign currency borrowings: Base rate + spread Yen borrowings: Fixed interest rate
(4) Date borrowings executed	July 28, 2016
(5) Repayment date	July 28, 2021
(6) Collateral provided	None

37. Disclosure of interests in other entities

The Group has no material non-controlling interests in subsidiaries.

No significant legal or contractual limitations exist with regard to the transfer or use of assets or liability settlement capabilities within the Group.

38. Correction of errors

Because an error in the accounting treatment of tax effect of goodwill of overseas subsidiaries in prior years was discovered, the Group has made error corrections. The overview of the impact on the Group's consolidated financial statements is as follows:

Consolidated Statement of Financial Position

As of April 1, 2014

	Millions of yen		
	Previous amount reported	Amount of correction	After correction
Assets			
Deferred tax assets	¥ 74,348	¥6,461	¥ 80,809
Others	910,891	–	910,891
Total assets	985,239	6,461	991,700
Total liabilities	492,417	–	492,417
Equity			
Retained earnings	239,453	5,904	245,357
Other components of equity	28,100	556	28,656
Others	225,269	–	225,269
Equity attributable to owners of the Company	492,081	6,461	498,542
Non-controlling interests	740	–	740
Total equity	492,822	6,461	499,283
Total liabilities and equity	¥985,239	¥6,461	¥991,700

As of March 31, 2015

	Millions of yen		
	Previous amount reported	Amount of correction	After correction
Assets			
Deferred tax assets	¥ 64,291	¥7,544	¥ 71,835
Others	929,965	–	929,965
Total assets	994,256	7,544	1,001,800
Total liabilities	464,752	–	464,752
Equity			
Retained earnings	251,323	5,904	257,227
Other components of equity	45,905	1,639	47,545
Others	232,275	–	232,275
Equity attributable to owners of the Company	528,432	7,544	535,976
Non-controlling interests	1,071	–	1,071
Total equity	529,504	7,544	537,048
Total liabilities and equity	¥994,256	¥7,544	¥1,001,800

Consolidated Statement of Comprehensive Income

Fiscal year ended March 31, 2015

	Millions of yen		
	Previous amount reported	Amount of correction	After correction
Exchange differences on translation of foreign operations (net of tax)	¥15,029	¥1,082	¥16,112
Others	44,244	–	44,244
Total comprehensive income for the year	59,274	1,082	60,357
Total comprehensive income for the year attributable to:			
Owners of the Company	59,232	1,082	60,315
Non-controlling interests	¥ 42	¥ –	¥ 42

There is no impact on basic earnings per share and diluted earnings per share in the previous fiscal year.

KPMG

Independent Auditor's Report

To the Shareholders and Board of Directors of Konica Minolta, Inc.:

We have audited the accompanying consolidated financial statements of Konica Minolta, Inc. and its consolidated subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Konica Minolta, Inc. and its consolidated subsidiaries as at March 31, 2016, and their consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2016 are presented solely for convenience of the reader. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

KPMG AZSA LLC

August 10, 2016
Tokyo, Japan

Company Overview/Stock Information

Company Overview (as of March 31, 2016)

Company name	KONICA MINOLTA, INC.
Stock code	4902 Included in the "JPX-Nikkei Index 400"
Date established	1873
Establishment as joint-stock company	1936
Capital	37,519 million yen
Number of employees	Consolidated: 43,332
Head office	JP TOWER, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo 100-7015, Japan
Kansai office	Nishi-honmachi Intes, 2-3-10, Nishi-honmachi, Nishi-ku, Osaka-shi, Osaka 550-0005, Japan

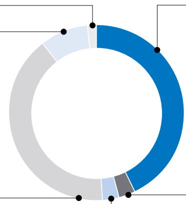
Stock Information (as of March 31, 2016)

Stock Information

Total number of shares authorized to be issued	1,200,000,000 shares
Total number of shares issued	502,664,337 shares
Number of shareholders	32,482
Minimum trading units	100 Shares

(In conformance with revisions to our Articles of Incorporation effective April 1, 2014, the number of shares constituting one unit of shares was reduced from 500 shares to 100 shares.)

Shareholder Composition



Major Shareholders (the top ten shareholders)

Name of shareholder	Number of shares held (thousand shares)	Ratio of shares held (%)*
Japan Trustee Services Bank, Ltd. (Trust account)	34,909	7.0
The Master Trust Bank of Japan, Ltd. (Trust account)	27,617	5.5
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,945	2.8
JP Morgan Chase Bank 385167	11,948	2.4
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited Retrust Portion, Sumitomo Mitsui Banking Corporation Pension Trust Account)	11,875	2.3
Nippon Life Insurance Company	10,809	2.1
The Nomura Trust and Banking Co., Ltd. (Holder in Retirement Benefit Trust for the Bank of Tokyo-Mitsubishi UFJ, Ltd.)	10,801	2.1
JP Morgan Chase Bank 385632	9,830	1.9
Daido Life Insurance Company	9,040	1.8
STATE STREET BANK AND TRUST COMPANY 505225	7,666	1.5

* The list of major shareholders does not include the 7,188,993 shares of treasury stock held by the Company.

Glossary

Business Technologies Business

- **MFP (Multi-Functional Peripherals)**
  Units that support a variety of functions otherwise handled by separate equipment, such as copiers, printers, scanners, and facsimiles. We manufacture and sell color and monochrome MFPs under the "bizhub" brand.
- **MIF (Machines In the Field)**
  In the market for MFPs (multi-functional peripherals), production print machines, etc., it refers to the total installed base (number of working units).
- **PV (Print Volume)**
  The print output quantity. (Also called Copy Volume.)
- **OPS (Optimized Print Services)**
  OPS is the name of our Managed Print Services (MPS) offering. OPS provides services to boost efficiency and reduce costs through optimization of the customer's print environment (output and document management environment).
- **GMA (Global Major Account)**
  Refers to our major enterprise customers (businesses) that operate on a global scale.
- **MIT (Managed IT)**
  Services that support all operations in a company's IT department. These wide-ranging services include support for a product's lifecycle, including the creation of plans for deploying things such as PCs and servers, operating systems, software, and networks, as well as the actual deployment, contracted operation and support, management, maintenance, and contracted collection. MIT may also include corporate data management, subcontracting done by IT departments, and staffing.
- **MCS (Managed Content Services)**
  The collective term given to services for centrally managing paper or digital documents, e-mails, forms, diagrams, and other such business content, and for building systems to properly use, store, and dispose of this content.
- **BPS (Business Process Management Service)**
  This service utilizes software tools such as OpenText and HP-Autonomy to quickly and affordably manage business processes.
- **Commercial and industrial printing**
  One of the business units of our Business Technologies Business. In addition to its existing business areas, such as Centralized Reprographic, as well as convenience stores that perform copy and data output services, it is expanding its manufacturing and sale of digital printing systems and its services business in the commercial printing area, where substantial high-mix low-volume market growth is expected in the future.
- **MPM (Marketing Production Management)**
  MPM provides services optimizing the production cost of marketing materials for customers using our own supplier network.
- **MMS (Marketing Management Services)**
  A comprehensive package of services that spans planning to media creation to marketing activities in accordance with communication strategies that leverage a combination of printed and digital media and that are informed by customer preferences and purchasing behavior analyses. Along with maximizing return on investment, MMS help strengthen a customer company's brand strength and improve customer loyalty.
- **Inkjet textile printing method**
  Method for printing directly to cloth fabric (textile printing) with an inkjet. Because it does not require the plate-making and color paste preparation required by traditional screen textile printing, and the ink can be applied only where needed, it has attracted attention as an innovative dyeing method that makes multi-product, small-lot production quick, easy, and inexpensive, and makes textile printing more environment-friendly.

Healthcare Business

- **DR (Digital Radiography)**
  Also referred to as digital X-rays. A technique that detects the intensity distribution of the X-rays that pass through the body when an X-ray is taken, and then converts the data to a digital signal, which is processed by computer. Also refers to systems that do this. In March 2011 Konica Minolta launched the AeroDR series of world-class lightweight cassette-type DR products domestically and globally.
- **PACS (Picture Archiving and Communication System)**
  An image storage and communication system for medical image processing. More generally, any system for managing a large number of images, such as CT, MRI, and X-ray images from DR or CR.
- **Diagnostic ultrasound systems**
  Because diagnostic ultrasound systems have such advantages as enabling real-time diagnostic imaging and putting less physical burden on patients under repeated examinations due to their low-intrusion nature, they are used in a wide range of clinical fields. Further growth is expected in the market in the future. In July 2014, we launched the first product jointly developed with the ultrasound business unit of Panasonic Healthcare Co., Ltd., which was transferred to Konica Minolta.
- **Informity**
  Our ICT service platform for helping hospitals and clinics deliver care in a variety of ways. Offerings include our Collaboration Box Service, which allows multiple institutions to share medical data such as examination images and reports, and remote diagnostic support services that facilitate requests for image interpretation.

Industrial Business

- **Light source color measuring instruments**
  Instruments for high-accuracy measurement of chromaticity, brightness, and color balance of various displays and light-emitting devices. These instruments can measure illuminance/chromaticity with a high accuracy that does not depend on the emission characteristics of the light source. Our products have been adopted as standard equipment by many companies in fields such as quality control and product color management.
- **TAC (Triacetylcellulose) film**
  Primarily composed of cellulose acetate, it is mainly used as a protective film for polarizers, a component of LCDs. TAC film 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.
- **QWP (Quarter Wavelength Plate) film**
  This film for displays utilizes Konica Minolta proprietary optical design technologies and the optical properties of specially-developed cellulose material to achieve near natural light and allow colors to appear as normal even when viewing through polarized sunglasses. And because it performs the functions of both polarizer protective films and eye-friendly films for polarized sunglasses, QWP film allows for thinner displays and fewer parts.
- **OLED (Organic Light Emitting Diode)**
  Organic matter comes in an infinite array of molecular structures, each with a different color and durability. We are presently strengthening and growing our lighting business in this area as a future pillar of the business, building on our strengths in materials and coating technologies developed in photosensitive materials.

Other businesses

- **VMS (Video Management Software)**
  An application that connects input devices such as cameras and data recording media over a network and controls them.