May 11, 2017

Consolidated Financial Results
Fiscal Year ended March 31, 2017
[IFRS]
April 1, 2016 – March 31, 2017

Konica Minolta, Inc.

Stock exchange listings:	Tokyo (First Section)
Local securities code number:	4902
URL:	http://konicaminolta.com
Listed company name:	Konica Minolta, Inc.
Representative:	Shoei Yamana President and CEO, Representative Executive Officer
Inquiries:	Tetsuya Hiruta General Manager, Corporate Accounting Div.
Telephone number:	(81) 3-6250-2100
Scheduled date for Ordinary General Meeting of Shareholders:	June 20, 2017
Scheduled date for dividends payment:	May 29, 2017
Scheduled date for submission of securities report:	June 21, 2017
Availability of supplementary information:	Yes
Organization of financial results briefing:	Yes (for institutional investors)

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

1. Overview of performance (From April 1, 2016 to March 31, 2017)

(1) Business performance

Percentage figures represent the change from the previous year.

(Millions of yen)

	Revenue		Operating profit		Profit before tax		Profit for the year	
Fiscal Year ended Mar 2017	962,555	-6.7%	50,135	-16.5%	49,341	-15.0%	31,485	-1.6%
Fiscal Year ended Mar 2016	1,031,740	2.9%	60,069	-8.7%	58,029	-11.4%	32,000	-21.9%

(Millions of yen)

	Profit attributable to owners of the company		Total comprehensive income	
Fiscal Year ended Mar 2017	31,542	-1.3%	25,317	—
Fiscal Year ended Mar 2016	31,973	-21.9%	351	-99.4%

	Basic earnings per share	Diluted earnings per share	Profit ratio to equity attributable to owners of the company	Profit before tax ratio to total assets	Operating profit ratio
Fiscal Year ended Mar 2017	63.65 yen	63.47 yen	6.1%	5.0%	5.2%
Fiscal Year ended Mar 2016	64.39 yen	64.21 yen	6.1%	5.9%	5.8%

(Reference) Share of profit (loss) of investments accounted for using the equity method:
Fiscal year ended March 31, 2017: ¥ (66) million
Fiscal year ended March 31, 2016: ¥ (16) million

(Note) Basic earnings per share and diluted earnings per share are calculated based on the profit attributable to owners of the company.

(2) Financial position

(Millions of yen, unless otherwise stated)

	Total assets	Total equity	Equity attributable to owners of the company	Equity ratio attributable to owners of the company	Equity per share attributable to owners of the company
As of March 31, 2017	1,005,435	534,149	524,331	52.1%	1,057.92 yen
As of March 31, 2016	976,370	514,981	514,285	52.7%	1,037.96 yen

(3) Cash flows

(Millions of yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
Fiscal Year ended Mar 2017	68,659	(70,594)	(2,347)	92,628
Fiscal Year ended Mar 2016	59,244	(110,788)	(20,571)	99,937

2. Dividends per share

(yen)

	1Q	2Q	3Q	Year-end	Total annual
Fiscal Year ended Mar 2016	—	15.00	—	15.00	30.00
Fiscal Year ended Mar 2017	—	15.00	—	15.00	30.00
Fiscal Year ending Mar 2018 (forecast)	—	15.00	—	15.00	30.00

	Total dividends (annual) (Millions of yen)	Dividends payout ratio (consolidated) (%)	Dividends on equity attributable to owners of the company ratio (consolidated) (%)
Fiscal Year ended Mar 2016	14,862	46.6	2.8
Fiscal Year ended Mar 2017	14,867	47.1	2.9
Fiscal Year ending Mar 2018 (forecast)		49.6	

3. Consolidated results forecast for fiscal year ending March 31, 2018
(From April 1, 2017 to March 31, 2018)
Percentage figures for the full year represent the change from the previous fiscal year.

(Millions of yen, unless otherwise stated)

	Revenue		Operating profit		Profit attributable to owners of the company		Basic earnings per share
Full year	980,000	1.8%	46,000	−8.2%	30,000	−4.9%	60.53 yen

Notes

(1) Changes in status of material subsidiaries during the fiscal year under review (Changes to specified subsidiaries accompanying the additional consolidation or removal from consolidation of companies): Yes
Excluded one subsidiary: Konica Minolta Glass Tech Malaysia Sdn. Bhd.

(2) Changes in accounting policies, or changes in accounting estimates
a. Changes in accounting policies required by IFRS: None
b. Changes in accounting policies other than "a.": None
c. Changes in accounting estimates: None

(3) Number of shares (common stock)

a. Issued shares at period-end (including treasury shares)
As of March 31, 2017: 502,664,337 shares
As of March 31, 2016: 502,664,337 shares

b. Treasury shares at period-end
As of March 31, 2017: 7,041,082 shares
As of March 31, 2016: 7,188,993 shares

c. Average number of outstanding shares during the period
Fiscal Year ended March 31, 2017: 495,554,436 shares
Fiscal Year ended March 31, 2016: 496,536,939 shares

(Reference) Overview of non-consolidated performance

1. Non-consolidated performance (From April 1, 2016 to March 31, 2017)

(1) Non-consolidated business performance

Percentage figures represent the change from the previous fiscal year.

(Millions of yen, unless otherwise stated)

	Revenue		Operating profit		Ordinary income		Net income	
Fiscal Year ended Mar 2017	436,840	-10.1%	3,332	-82.9%	15,815	-36.1%	11,724	19.3%
Fiscal Year ended Mar 2016	486,105	-2.2%	19,463	-38.3%	24,743	-19.5%	9,828	-55.4%

	Net income per share	Net income per share (after full dilution)
Fiscal Year ended Mar 2017	23.66 yen	23.59 yen
Fiscal Year ended Mar 2016	19.79 yen	19.74 yen

(2) Non-consolidated financial position

(Millions of yen, unless otherwise stated)

	Total assets	Net assets	Equity ratio	Net assets per share
As of March 31, 2017	679,030	349,234	51.3%	702.62 yen
As of March 31, 2016	661,577	347,257	52.3%	698.82 yen

Note: Equity:

Fiscal year ended March 31, 2017: ¥ 348,235 million

Fiscal year ended March 31, 2016: ¥ 346,247 million

■ This Consolidated Financial Results report is not subject to audit procedures in accordance with the Financial Instruments and Exchange Act and, as of the date of publication of these consolidated financial results, the audit procedures for the Consolidated Financial Statements are currently in progress.

■ Explanation of Appropriate Use of Performance Projections and Other Special Items

(Note on forward-looking statements)

This document contains projections of performance and other projections that were made based on information currently available and certain assumptions judged to be reasonable. The Konica Minolta Group makes no warranty as to the achievability of the projections. There is a possibility that diverse factors may cause actual performance, etc. to differ materially from the projections. Please see "(1) Overview of Business Performance, c. Outlook for the Fiscal Year Ending March 31, 2018" in Section 1. "OVERVIEW of BUSINESS PERFORMANCE" on page 7 for more information on points to be remembered in connection with assumptions for projections and the use of projections.

(How to obtain supplementary information and information on a financial results briefing)

Konica Minolta, Inc. will hold a financial results briefing for institutional investors on Thursday, May 11, 2017. Descriptions at the briefing and presentation slides to be used at the briefing will be posted on the website of the Group immediately after the briefing.

Supplementary Information

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1. OVERVIEW of BUSINESS PERFORMANCE

(1) Overview of Business Performance

a. Overall earnings

(Billions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Increase (Decrease)	
Revenue	962.5	1,031.7	(69.1)	-6.7%
Gross profit	459.9	495.5	(35.5)	-7.2%
Operating profit	50.1	60.0	(9.9)	-16.5%
Profit before tax	49.3	58.0	(8.6)	-15.0%
Profit attributable to owners of the company	31.5	31.9	(0.4)	-1.3%
Basic earnings per share [yen]	63.65	64.39	(0.74)	-1.1%
ROE	6.1%	6.1%	－	－
Capital expenditures	38.9	52.6	(13.6)	-26.0%
Depreciation and amortization expenses	51.8	51.3	0.4	0.9%
Research and development expenses	73.2	76.2	(3.0)	-4.0%
Free cash flow	(1.9)	(51.5)	49.6	－
Number of employees (consolidated) [persons]	43,979	43,332	647	1.5%
Foreign exchange rates [yen]				
US dollar	108.38	120.14	(11.76)	-9.8%
euro	118.79	132.58	(13.79)	-10.4%

(Note) ROE = Profit attributable to owners of the company divided by equity attributable to owners of the company (average of beginning and ending balances)

Looking back at the economic situation during the fiscal year ended March 31, 2017 (hereafter, “the fiscal year under review”), it was a year in which foreign exchange markets were significantly affected by political events such as the UK referendum on exiting the EU in the first half, and the US presidential election in the second half. Against a background of solid personal consumption in the US there was overall a continuation of moderate economic growth in Europe, centered on Germany, but in China and emerging countries the economy continued to decelerate. In Japan, although the political management of the country remained stable and employment conditions continue to improve, there was no upturn in personal consumption and the economy remained weak.

Viewing the earnings of the Konica Minolta Group (hereafter, “the Group”) by business segment for the fiscal year under review in the context of this economic environment, in the Business Technologies Business, mainstay color products in the fields of office services and commercial and industrial printing, especially high-end models, recorded growth in sales volume, but this was insufficient to absorb the impact of the stronger yen compared to the previous year, and both revenue and profit fell. In the Healthcare Business, in addition to rising volumes of digital products, acquisitions also contributed to maintaining revenue at a level unchanged from the previous year, but profit fell due to an increase in expenses used to strengthen sales and the impact of the stronger yen. In the Industrial Business, lower sales volume of mainstay products had an impact and led to a decrease in profit, but a rise in profit was achieved due to the posting of patent-related income as part of management measures taken to maximize the value of intellectual property.

As a result of these factors, revenue in the fiscal year under review was ¥962.5 billion (down 6.7% year on year), operating profit came to ¥50.1 billion (down 16.5% year on year) and profit attributable to owners of the company was ¥31.5 billion (down 1.3% year on year).

Moreover, during the fiscal year under review, fluctuations in exchange rates initially led to a stronger yen before shifting to a weaker yen from the autumn of 2016 onward, but on a full-year basis the yen strengthened significantly against both the US dollar and the euro year on year and had a major impact on the Group’s results. This factor respectively reduced revenue by ¥91.8 billion and operating profit by ¥19.6 billion over the previous year, but excluding these effects revenue rose by 2.2% year on year and operating profit rose by 16.1% year on year.

In the fiscal year under review, which was also the final year of the “TRANSFORM 2016” Medium Term Business Plan, we accelerated initiatives for our transformation into “A Digital Company with Insight into Implicit Challenges” in all areas of the business. We moved ahead with acquisitions of technology and knowledge to enable us to promote new businesses, such as by making MOBOTIX, a German manufacturer of IP video surveillance cameras, a consolidated subsidiary and, in the commercial and industrial printing field, by making digital decoration printing equipment manufacturer MGI, headquartered in France, a consolidated subsidiary. In addition, in the field of bio-healthcare we worked in partnership with the Institut Pasteur and BioAxial in France in developing a support system for pharmaceutical development to allow quantitative analysis of the condition of diseases such as cancer.

In March 2017, we announced “Workplace Hub,” a new business platform for the era of the Internet of Things (IoT), in which a wide variety of objects are connected to the Internet. “Workplace Hub” is a forward-looking solution that supports the digitalization of customer operations not only in general office environments but across a range of industries and in workplaces of all sizes, such as manufacturing sites and healthcare and educational institutions. We provide a solution that helps reduce IT infrastructure administration costs for the customer and improve business process efficiency by analyzing constantly changing real-time data and visualizing the usage patterns of IT infrastructure (tools, services, devices, and so on). Furthermore, we are using artificial intelligence, edge computing, and deep learning technologies to link people and data as well as to achieve smarter support of decision-making and problem-solving in the workplace. This is scheduled to be launched globally in stages beginning in the autumn of 2017.

b. Overview by Segment

(Billions of yen)

		Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Increase (Decrease)	
Business Technologies Business	Revenue	771.7	832.1	(60.4)	-7.3%
	Operating profit	52.9	70.2	(17.2)	-24.6%
Healthcare Business	Revenue	89.9	89.8	0.0	0.1%
	Operating profit	2.8	3.9	(1.0)	-26.7%
Industrial Business	Revenue	89.4	105.9	(16.5)	-15.6%
	Operating profit	18.5	17.0	1.5	9.1%
Subtotal	Revenue	951.1	1,028.0	(76.9)	-7.5%
	Operating profit	74.4	91.1	(16.7)	-18.4%
"Others" and "Adjustments" (Note 2)	Revenue	11.4	3.7	7.7	207.8%
	Operating profit	(24.2)	(31.0)	6.8	—
Amount reported in Consolidated Statement of Profit or Loss	Revenue	962.5	1,031.7	(69.1)	-6.7%
	Operating profit	50.1	60.0	(9.9)	-16.5%

(Notes)

1. "Revenue" refers to revenue from external customers.
2. "Revenue" refers to revenue from external customers in "Others" in "4. Consolidated Financial Statements and Related Notes (6) Notes to the Consolidated Financial Statements [Segment Information]" and "operating profit" is the total of "Others" and "Adjustments" from the same statement.

i. Business Technologies Business

<Office services>

Sales of mainstay "bizhub" series A3 color MFPs (Multi-functional peripherals) also remained strong during the period under review, and sales volumes exceeded previous-year levels in all regions. The high rates of growth were shown by high-end models in terms of product segment and by the European and Chinese markets in terms of sales region. The competitive environment in the MFP market continues to be severe, but Konica Minolta's unique hybrid-type sales approach that combines document solutions centered around MFPs with managed IT services (services that provide integrated deployment, operation, administration, and maintenance, etc. of IT equipment and systems) is penetrating markets, primarily in North America and Western Europe, and contributing to an increase in revenues and profitability by customer.

<Commercial and Industrial printing>

In production print, the top-of-the-line "bizhub PRESS C1100" digital color printing system continued to post solid sales. Growth was particularly noticeable in markets in North America, China, and Asia. In the light production area that is one of our strengths, while competition is intensifying and sales have been stagnating, the new "AccurioPress C2070" series product that was launched in the second half of the fiscal year under review has had a positive reception from customers, and sales discussions are rising steadily.

In industrial inkjet printers, the area of components such as inkjet printheads saw a slowing of sales due to deteriorating market conditions, but in the area of textile print machinery the "NASSENGER SP-1," which achieves high productivity through the use of a single pass system, won orders in France and Turkey and contributed to a rise in revenue. In the field of industrial printing, we have begun full-scale marketing activities in every region and prepared a strategy for the high-end market based around the new "AccurioJet KM-1" digital inkjet press and digital decoration printing equipment made by subsidiary MGI.

As a result of the above, revenue for this business came in at ¥771.7 billion (down 7.3% year on year), while operating profit was ¥52.9 billion (down 24.6% year on year). Excluding the impact of exchange rates, revenue rose 2.7% year on year and operating profit rose 1.0% year on year.

ii. Healthcare Business

In the fiscal year under review, on a regional basis, sales in the US were favorable, while sales in Japan remained strong. In terms of products, in the US, in addition to significant growth in Digital Radiography (DR), sales of solution products for the primary care market also contributed to the expansion of the business. In Japan, sales of digital products were strong overall. The “AeroDR” cassette-type digital X-ray diagnostics imaging systems maintained their solid performance both in Japan and overseas, while for the “SONIMAGE HS1” diagnostic ultrasound systems, in addition to Japan and the US, China also contributed to sales. On the other hand, Computed Radiography (CR) digital X-ray diagnostics imaging systems were hit by amendments to the payment system for medical services in the US, and sales volumes declined.

As a result of the above, revenue for the business came in at ¥89.9 billion (up 0.1% year on year), while operating profit was ¥2.8 billion (down 26.7% year on year). Excluding the impact of exchange rates, revenue rose 5.7% year on year and operating profit rose 18.8% year on year.

iii. Industrial Business

In the field of performance materials, price pressure is becoming more intense and, although we promoted a shift towards high value-added products such as phase difference film for VA and IPS panels, and ultra-thin TAC film, both sales volume and sales value fell below previous-year levels.

In the optical systems for industrial use field, measuring instrument revenue increased, helped by the commencement of shipments related to a major order in the final stages of the fiscal year under review. Lenses for industrial and professional use were affected by lower sales in their end-product markets, and posted a decline in revenue.

As a result of the above, revenue for the business came in at ¥89.4 billion (down 15.6% year on year). Operating profit, including ¥7.7 billion of patent-related income, was ¥18.5 billion (up 9.1% year on year).

(Reference) Overview of 4Q consolidated accounting period

(Billions of yen, unless otherwise stated)

	Three months ended March 31, 2017	Three months ended March 31, 2016	Increase (Decrease)	
Revenue	262.9	269.4	(6.4)	-2.4%
Gross profit	120.8	128.5	(7.7)	-6.0%
Operating profit	15.6	18.4	(2.8)	-15.2%
Profit before tax	15.2	17.5	(2.2)	-12.9%
Profit attributable to owners of the company	6.6	5.4	1.1	21.0%
Basic earnings per share [yen]	13.38	11.06	2.32	21.0%
Capital expenditures	11.4	17.4	(6.0)	-34.4%
Depreciation and amortization expenses	12.7	13.8	(1.1)	-8.2%
Research and development expenses	19.7	19.4	0.2	1.4%
Free cash flow	7.7	(5.1)	12.9	—
Foreign exchange rates [yen]				
US dollar	113.64	115.48	(1.84)	-1.6%
euro	121.08	127.23	(6.15)	-4.8%

Overview of main segments

(Billions of yen, unless otherwise stated)

		Three months ended March 31, 2017	Three months ended March 31, 2016	Increase (Decrease)	
Business Technologies Business	Revenue	209.4	216.0	(6.5)	-3.1%
	Operating profit	14.8	19.3	(4.4)	-23.1%
Healthcare Business	Revenue	26.5	27.6	(1.0)	-3.8%
	Operating profit	1.3	1.6	(0.2)	-16.1%
Industrial Business	Revenue	23.9	24.2	(0.3)	-1.4%
	Operating profit	4.1	3.7	0.3	10.4%
Subtotal	Revenue	259.9	267.9	(7.9)	-3.0%
	Operating profit	20.3	24.7	(4.3)	-17.5%
"Others" and "Adjustments"	Revenue	2.9	1.4	1.4	103.5%
	Operating profit	(4.6)	(6.2)	1.5	-
Amount reported in Consolidated Statement of Profit or Loss	Revenue	262.9	269.4	(6.4)	-2.4%
	Operating profit	15.6	18.4	(2.8)	-15.2%

c. Outlook for the Fiscal Year Ending March 31, 2018

With regard to the global economic situation in which the Group operates, the current recovery trend in the US is expected to continue, bolstered by the improving employment environment and by anticipated changes in fiscal policy, but there is also concern that the uncertainty regarding the ability of the new administration to implement policy could affect the economy going forward. With the centripetal force of the EU weakened by the impending departure of the UK, elections to select governments are scheduled for some of the major countries, and there is an increased sense of uncertainty regarding the outlook for the economy. Although signs of recovery can be seen in some emerging countries, economic growth in China is forecast to continue to decelerate. As for the Japanese economy, although the tone of recovery in the employment environment is expected to continue, personal consumption is seen stagnating, and economic growth is forecast to be modest.

With regard to the demand outlook for the main markets in which Konica Minolta operates, in the Business Technologies Business we assume that in overseas markets the ratio of color MFPs for office use will continue to trend upwards and also that demand from small- and medium-sized enterprises for IT services will continue. In the field of commercial and industrial printing, we expect growing demand for digital printers as a result of the evolution of digital marketing. In the Healthcare Business, we expect further development in the sharing of medical information and collaboration between multiple medical institutions as a consequence of the digitalization of medical diagnostic equipment will lead to an increase in demand. For the Industrial Business, as a result of the diversification of display products there have been changes in the structure of the supply chain and in the balance of power between various players, so while we expect new demand for our measuring instrument products, we also see the risk that current products for performance materials will be affected by falling demand and a further step-up in price pressure.

In consideration of the situation described above, we have predicated our forecasts for the fiscal year ending March 31, 2018 on exchange rates of 105 yen against the US dollar and 115 yen against the euro, as shown below.

(Billions of yen)

	Forecast for the fiscal year ending March 31, 2018	Fiscal year ended March 31, 2017
Revenue	980.0	962.5
Operating profit	46.0	50.1
Profit attributable to owners of the company	30.0	31.5
ROE*1	–	6.1%
ROE*2	5.8%	6.3%

(Notes)

1. Profit attributable to owners of the company divided by equity attributable to owners of the company (average of beginning and ending balances)
2. Profit attributable to owners of the company divided by (Share capital + Share premium + Retained earnings + Treasury shares) (average of beginning and ending balances)

*The above operating performance forecasts are based on future-related suppositions, outlooks, and plans at the time this report was released, and they involve risks and uncertainties. It should be noted that actual results may differ significantly from these forecasts due to various important factors, such as changes in economic conditions, market trends, and currency exchange rates.

(2) Overview of Financial Position
a. Analysis of Financial Position

		March 31, 2017	March 31, 2016	Increase (Decrease)
Total assets	[Billions of yen]	1,005.4	976.3	29.0
Total liabilities	[Billions of yen]	471.2	461.3	9.8
Total equity	[Billions of yen]	534.1	514.9	19.1
Equity attributable to owners of the company	[Billions of yen]	524.3	514.2	10.0
Equity per share attributable to owners of the company	[yen]	1,057.92	1,037.96	19.96
Equity ratio attributable to owners of the company	[%]	52.1	52.7	−0.6

Total assets at March 31, 2017 were ¥1,005.4 billion, an increase of ¥29.0 billion (3.0%) from the previous fiscal year-end. This is primarily attributed to an increase of ¥31.1 billion in goodwill and intangible assets, an increase of ¥14.6 billion in inventories, an increase of ¥12.4 billion in other financial assets, a decrease of ¥10.9 billion in deferred tax assets, a decrease of ¥7.3 billion in cash and cash equivalents, and a decrease of ¥6.3 billion in trade and other receivables.

Total liabilities at March 31, 2017 were ¥471.2 billion, an increase of ¥9.8 billion (2.1%) from the previous fiscal year-end. This is primarily attributed to an increase of ¥17.2 billion in bonds and borrowings, and a decrease of ¥6.8 billion in trade and other payables.

Total equity at March 31, 2017 amounted to ¥534.1 billion, an increase of ¥19.1 billion (3.7%) from the previous fiscal year-end.

Equity attributable to owners of the company totaled ¥524.3 billion at March 31, 2017, an increase of ¥10.0 billion (2.0%) from the previous fiscal year-end. This is primarily attributed to ¥31.5 billion in profit for the period attributable to owners of the company, a decrease of ¥14.8 billion in retained earnings due to cash dividends, and a decrease of ¥7.5 billion in other components of equity (mainly exchange differences on translation of foreign operations).

As a result of the above, equity per share attributable to owners of the company came to ¥1,057.92, and the equity ratio attributable to owners of the company decreased 0.6 percentage points to 52.1%

b. Analysis of Cash Flows

(Billions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Increase (Decrease)
Cash flows from operating activities	68.6	59.2	9.4
Cash flows from investing activities	(70.5)	(110.7)	40.1
Total (Free cash flow)	(1.9)	(51.5)	49.6
Cash flows from financing activities	(2.3)	(20.5)	18.2

During the fiscal year ended March 31, 2017, net cash provided by operating activities was ¥68.6 billion, while net cash used in investing activities, mainly associated with the purchases of property, plant and equipment, totaled ¥70.5 billion. As a result, free cash flow (the sum of operating and investing activities) was an outflow of ¥1.9 billion.

Net cash used in financing activities was ¥2.3 billion.

In addition, cash and cash equivalents at March 31, 2017 decreased ¥7.3 billion from the previous fiscal year-end to ¥92.6 billion, reflecting the unfavorable effect of exchange rate changes on cash and cash equivalents.

Cash flows from operating activities

Net cash provided by operating activities was ¥68.6 billion, a result largely of cash inflow due to profit before tax of ¥49.3 billion, depreciation and amortization expenses of ¥51.8 billion, and a decrease in trade and other receivables of ¥1.8 billion on the one hand, and cash outflow attributable largely to an increase in inventories of ¥12.4 billion and payment of income taxes of ¥8.3 billion.

Cash flows from Investing activities

Net cash used in investing activities was ¥70.5 billion, due mainly to purchases of property, plant and equipment of ¥32.7 billion, purchases of intangible assets of ¥8.7 billion, and purchases of investments in subsidiaries of ¥25.4 billion.

As a result, free cash flow (the sum of operating and investing activities) was an outflow of ¥1.9 billion, compared to net cash used of ¥51.5 billion in the same period of the previous fiscal year.

Cash flows from financing activities

Net cash used in financing activities was ¥2.3 billion, compared to net cash used of ¥20.5 billion in the same period of the previous fiscal year, reflecting mainly an increase in short-term loans payable of ¥3.1 billion and proceeds from bonds issuance and long-term loans payable of ¥36.8 billion, while expenditures included redemption of bonds and repayments of long-term loans payable of ¥27.8 billion and cash dividends paid of ¥14.8 billion.

*Amounts less than one hundred million yen in the “1. OVERVIEW of BUSINESS PERFORMANCE” section have been omitted.

2. PENDING ISSUES

Through sales of digital MFPs, medical diagnostic imaging equipment, measuring instruments, and related services, Konica Minolta is connected to some two million corporate customers in around 150 countries worldwide. These corporate customers are active across a wide range of industries and business types, including manufacturing, distribution and retail, printing, healthcare, and nursing care services. In recent years, they have been increasingly adopting the latest digital technologies, leading to intensifying desire for problem-solving in the areas of improved operational productivity, optimization, and decision support.

For the previous Medium Term Business Plan (FY2014-2016), implemented strategic acquisitions of companies and honed its strengths in the following three areas.

- Acquiring cutting-edge technology in such areas as high-speed processing of video and medical imaging platforms, in addition to the core technologies that the Company has cultivated in the fields of optics, imaging, materials, and nano-fabrication.
- Acquiring, in the major global countries, plentiful human resources able to handle proposals for operational reform in areas related to IT, and their know-how, in addition to sales teams specializing in the sale of equipment and support
- Strengthening teams working full-time in locations close to five major regions around the world to collaborate in the creation and development of new business services to solve customer problems

Using these newly reinforced strengths as a foundation, the new Medium Term Business Plan SHINKA 2019, which started in April 2017, will pay particular attention to nurturing businesses in the following three fields, and by doing so accelerate the transformation to a highly profitable company.

1. High value-added services appropriate to an IoT era in which things are connected to other things

These are services that solve problems faced by our customers in relation to process innovation, working style reform, and decision-making support at their sites. Specifically, this is the area in which the “Workplace Hub” announced in March 2017 will be put to effective use. In the office area, we will extend the range of our value provision by means of alliances with some of the world’s largest IT companies. We will also broaden services that make active use of IoT in the area of healthcare, digitalization support for manufacturing, security, and status monitoring.

2. Full-scale promotion of digitalization in commercial and industrial printing

In the commercial and industrial printing sectors, the digitalization ratio remains at a low level of under 5% globally. In order to realize a rise in the digitalization ratio, we will launch new products based on inkjet technology, and leverage acquisitions to strengthen our business in the fields of packaging, label, and textile printing.

3. Full-scale entry into the area of precision medicine

As well as improving the rate of effectiveness of cancer treatment for patients, we will make a full-scale entry into this market and use our technological strengths - such as image analysis technology that leverages AI and our molecular imaging know-how - to resolve the social issue of improving the success rate of pharmaceutical development. We will then tackle the two issues of improving the survival rate and quality of life for cancer patients, and reducing the burden of medical expenses.

In addition, with regard to existing mainstay businesses, we will bring to a successful conclusion our structural reform of costs globally, enabling fundamental improvements in our earnings power with the following main pillars:

- Horizontal deployment to other manufacturing sites within the Group and promotion of the significant reduction in production costs derived from the digital manufacturing approach under development at the Company's Malaysian factory;

- Reduction of service costs through the expanded use of failure prediction and remote support; and
- Reduction of administration and indirect expenses through improved productivity and working style reform that make use of IT and AI.

In addition, the key to achieving the new Medium Term Business Plan will be the nurturing and acquisition of human resources who can win at a global level. To this end, we will push ahead with the nurturing of human resources who can show leadership and stand at the forefront of this revolution, based on the “6 values” of the Konica Minolta Philosophy (“what we stand for and directs our decision-making”).

As a result of the above-mentioned important initiatives, by fiscal 2019, the final year of the new Medium Term Business Plan, we aim to achieve “at least ¥75.0 billion in operating profit, ¥50.0 billion in profit for the period, and ROE of 9.5%.”

3. BASIC VIEWS on SELECTION of ACCOUNTING STANDARDS

The Group has voluntarily adopted the International Financial Reporting Standards (IFRS) for its consolidated financial statements in order to unify accounting methods within the Group and improve the international comparability of financial information disclosed to the capital markets.

4. CONSOLIDATED FINANCIAL STATEMENTS and RELATED NOTES

(1) Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2016	March 31, 2017
Assets		
Current assets		
Cash and cash equivalents	99,937	92,628
Trade and other receivables	249,498	243,195
Inventories	121,361	136,020
Income tax receivables	3,210	1,878
Other financial assets	3,327	6,924
Other current assets	18,249	18,799
Subtotal	495,585	499,446
Assets held for sale	630	–
Total current assets	496,216	499,446
Non-current assets		
Property, plant and equipment	187,322	190,580
Goodwill and intangible assets	178,390	209,577
Investments accounted for using the equity method	3,614	3,489
Other financial assets	38,646	47,542
Deferred tax assets	59,052	48,129
Other non-current assets	13,128	6,668
Total non-current assets	480,154	505,988
Total assets	976,370	1,005,435

(Millions of yen)

	March 31, 2016	March 31, 2017
Liabilities		
Current liabilities		
Trade and other payables	162,907	156,090
Bonds and borrowings	42,624	41,294
Income tax payables	3,317	5,554
Provisions	6,821	5,659
Other financial liabilities	200	372
Other current liabilities	39,379	41,275
Total current liabilities	255,251	250,246
Non-current liabilities		
Bonds and borrowings	125,653	144,218
Retirement benefit liabilities	67,913	61,267
Provisions	1,227	1,136
Other financial liabilities	3,611	4,362
Deferred tax liabilities	3,443	5,222
Other non-current liabilities	4,286	4,833
Total non-current liabilities	206,137	221,040
Total liabilities	461,389	471,286
Equity		
Share capital	37,519	37,519
Share premium	203,397	202,631
Retained earnings	258,562	276,709
Treasury shares	(9,408)	(9,214)
Subscription rights to shares	1,009	998
Other components of equity	23,204	15,685
Equity attributable to owners of the company	514,285	524,331
Non-controlling interests	696	9,818
Total equity	514,981	534,149
Total liabilities and equity	976,370	1,005,435

(2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Revenue	1,031,740	962,555
Cost of sales	536,226	502,616
Gross profit	495,514	459,938
Other income	7,786	14,147
Selling, general and administrative expenses	429,891	416,622
Other expenses	13,339	7,328
Operating profit	60,069	50,135
Finance income	2,155	2,724
Finance costs	4,179	3,451
Share of profit (loss) of investments accounted for using the equity method	(16)	(66)
Profit before tax	58,029	49,341
Income tax expense	26,029	17,856
Profit for the year	32,000	31,485
Profit attributable to:		
Owners of the company	31,973	31,542
Non-controlling interests	26	(56)
Earnings per share		
Basic	64.39 yen	63.65 yen
Diluted	64.21 yen	63.47 yen

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit for the year	32,000	31,485
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	(6,974)	1,519
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	(3,851)	3,958
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	6	(0)
Total items that will not be reclassified to profit or loss	(10,819)	5,477
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	(742)	697
Exchange differences on translation of foreign operations (net of tax)	(20,086)	(12,324)
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	—	(18)
Total items that may be subsequently reclassified to profit or loss	(20,828)	(11,645)
Total other comprehensive income	(31,648)	(6,168)
Total comprehensive income	351	25,317
Total comprehensive income attributable to:		
Owners of the company	622	25,556
Non-controlling interests	(270)	(239)

(4) Consolidated Statement of Changes in Equity

(Millions of yen)

	Share capital	Share premium	Retained earnings	Treasury shares	Subscription rights to shares	Other components of equity	Equity attributable to owners of the company	Non-controlling interests	Total equity
Balance at April 1, 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)	–	–	–	–	–	(31,351)	(31,351)	(297)	(31,648)
Total comprehensive income	–	–	31,973	–	–	(31,351)	622	(270)	351
Dividends	–	–	(12,448)	–	–	–	(12,448)	–	(12,448)
Acquisition and disposal of treasury shares	–	–	(92)	(9,767)	–	–	(9,860)	–	(9,860)
Cancellation of the treasury shares	–	–	(11,086)	11,086	–	–	–	–	–
Share-based payments	–	–	–	–	(6)	–	(6)	–	(6)
Equity transactions, etc. with non-controlling interests	–	2	–	–	–	–	2	(104)	(102)
Transfer from other components of equity to retained earnings	–	–	(7,010)	–	–	7,010	–	–	–
Total transactions, etc. 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
Profit for the year	–	–	31,542	–	–	–	31,542	(56)	31,485
Other comprehensive income (loss)	–	–	–	–	–	(5,985)	(5,985)	(182)	(6,168)
Total comprehensive income	–	–	31,542	–	–	(5,985)	25,556	(239)	25,317
Dividends	–	–	(14,865)	–	–	–	(14,865)	–	(14,865)
Acquisition and disposal of treasury shares	–	–	(62)	194	–	–	131	–	131
Share-based payments	–	–	–	–	(10)	–	(10)	–	(10)
Changes in non-controlling interests due to changes in subsidiaries	–	–	–	–	–	–	–	9,805	9,805
Equity transactions, etc. with non-controlling interests	–	177	–	–	–	–	177	340	517
Put options granted to non-controlling interests	–	(943)	–	–	–	–	(943)	(784)	(1,728)
Transfer from other components of equity to retained earnings	–	–	1,533	–	–	(1,533)	–	–	–
Total transactions, etc. with owners	–	(765)	(13,395)	194	(10)	(1,533)	(15,510)	9,361	(6,149)
Balance at March 31, 2017	37,519	202,631	276,709	(9,214)	998	15,685	524,331	9,818	534,149

(5) Consolidated Statement of Cash Flow

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before tax	58,029	49,341
Depreciation and amortization expenses	51,333	51,804
Impairment losses	51	379
Share of (profit) loss of investments accounted for using the equity method	16	66
Interest and dividends income	(1,919)	(2,688)
Interest expenses	2,243	2,848
(Gain) loss on sales and disposals of property, plant and equipment and intangible assets	(2,329)	1
(Increase) decrease in trade and other receivables	(6,212)	1,806
(Increase) decrease in inventories	(4,780)	(12,446)
Increase (decrease) in trade and other payables	(10,300)	1,171
Decrease in transfer of lease assets	(7,529)	(6,831)
Increase (decrease) in retirement benefit liabilities	(3,646)	(3,045)
Others	1,460	(5,145)
Subtotal	76,415	77,263
Dividends received	546	525
Interest received	1,416	2,007
Interest paid	(2,191)	(2,792)
Income taxes paid	(16,942)	(8,343)
Net cash flows from operating activities	59,244	68,659

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from investing activities		
Purchase of property, plant and equipment	(38,313)	(32,731)
Proceeds from sales of property, plant and equipment	9,541	1,736
Purchase of intangible assets	(11,952)	(8,733)
Purchase of investments in subsidiaries	(57,543)	(25,453)
Purchase of interests in investments accounted for using the equity method	(2,644)	—
Purchase of investment securities	(148)	(178)
Proceeds from sales of investment securities	287	111
Payments for loans receivable	(184)	(123)
Collection of loans receivable	131	139
Payments for transfer of business	(3,324)	(3,845)
Others	(6,639)	(1,514)
Net cash flows from investing activities	(110,788)	(70,594)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(9,414)	3,140
Proceeds from bonds issuance and long-term loans payable	38,704	36,833
Redemption of bonds and repayments of long-term loans payable	(27,772)	(27,829)
Purchase of treasury shares	(10,014)	(3)
Cash dividends paid	(12,447)	(14,858)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(102)	—
Others	475	370
Net cash flows from financing activities	(20,571)	(2,347)
Effect of exchange rate changes on cash and cash equivalents	(5,442)	(3,029)
Net increase (decrease) in cash and cash equivalents	(77,559)	(7,309)
Cash and cash equivalents at the beginning of the year	177,496	99,937
Cash and cash equivalents at the end of the year	99,937	92,628

(6) Notes to the Consolidated Financial Statements

[Notes Regarding Going Concern Assumptions]

None.

[Other Income]

Components of other income are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Patent-related income	—	7,751
Gain on sales of property, plant and equipment and intangible assets	4,151	1,003
Others	3,635	5,392
Total annual	7,786	14,147

[Other Expenses]

Components of other expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Loss on disposal of mass-produced trial products	1,551	2,165
Business structure improvement expenses	3,817	1,486
Loss on sales and disposals of property, plant and equipment and intangible assets	1,822	1,004
Special extra retirement payment	2,912	155
Others	3,235	2,515
Total annual	13,339	7,328

[Segment Information]

(a) Reportable segments

Reportable segments of the Group are the constituent business units of the Group for which separate financial data is available and that are examined on a regular basis for the purpose of enabling the Group’s management to decide on the allocation of resources and evaluate results of operations. The Group establishes business segments by product and service category and formulates comprehensive strategies and conducts business activities in Japan and overseas for the products and services of each business category. Consequently, the operations of the Group are divided into business segments based on products and services of each business category. This results in three reportable business segments: “Business Technologies Business,” “Healthcare Business,” and “Industrial Business.” “Others” includes businesses involving IP video surveillance cameras, planetariums, etc. not included in these reportable segments.

The business content of each reportable segment is as follows:

<table>
<tr><th></th><th colspan="2">Business content</th></tr>
<tr><td>Business Technologies Business</td><td><Office Services>
Development, manufacture, and sales of MFPs and IT services; the provision of related consumables, solutions, and services</td><td><Commercial and Industrial Printing>
Development, manufacture, and sales of digital printing systems, various printing services, and industrial inkjet printers; the provision of related consumables, solutions, and services</td></tr>
<tr><td>Healthcare Business</td><td colspan="2">Development, manufacture, sales, and provision of services for diagnostic imaging systems (digital X-ray diagnostic imaging systems, diagnostic ultrasound systems, etc.)</td></tr>
<tr><td>Industrial Business</td><td><Optical Systems for Industrial Use>
Development, manufacture, and sales of measuring instruments, lenses for industrial and professional use, etc.</td><td><Performance Materials>
Development, manufacture, and sales of TAC films used in liquid crystal displays, organic light-emitting diode (OLED) lighting, functional films, etc.</td></tr>
</table>

(b) Information on reportable segments

Information on each reportable segment of the Group is provided below. Segment profit refers to operating profit.

Fiscal year ended March 31, 2016

(Millions of yen)

	Reportable segments				Others	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Revenue						
External	832,187	89,855	105,975	1,028,018	3,721	1,031,740
Intersegment (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	36,754	1,325	8,924	47,004	597	47,601

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

Fiscal year ended March 31, 2017

(Millions of yen)

	Reportable segments				Others	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Revenue						
External	771,735	89,940	89,425	951,101	11,454	962,555
Intersegment (Note)	4,323	873	4,337	9,534	22,971	32,505
Total	776,059	90,814	93,762	960,635	34,425	995,061
Segment profit	52,962	2,863	18,597	74,423	(798)	73,625
Segment assets	639,055	82,225	173,389	894,670	54,621	949,291
Segment liabilities	304,819	60,108	99,190	464,118	34,620	498,738
Other items						
Depreciation and amortization expenses	33,247	4,000	8,036	45,285	386	45,671
Impairment losses on non-financial assets	167	0	124	292	—	292
Investments accounted for using the equity method	2,204	523	761	3,489	—	3,489
Capital expenditures	24,343	1,684	7,789	33,817	423	34,241

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

Differences between the amount of "Totals" for reportable segments and the amount of the consolidated financial statements and the principal content of these differences are provided below.

(Millions of yen)

Revenue	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Total revenue of reportable segments	1,035,556	960,635
Revenue categorized in "Others"	26,755	34,425
Total of reportable segments and "Others"	1,062,311	995,061
Adjustments (Note)	(30,571)	(32,505)
Revenue reported in consolidated financial statements	1,031,740	962,555

(Note) Adjustments are intersegment eliminations.

(Millions of yen)

Profit	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Total operating profit of reportable segments	91,167	74,423
Operating profit categorized in "Others"	1,648	(798)
Total of reportable segments and "Others"	92,815	73,625
Adjustments (Note)	(32,745)	(23,490)
Operating profit reported in consolidated financial statements	60,069	50,135

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

(Millions of yen)

Assets	March 31, 2016	March 31, 2017
Total assets of reportable segments	907,726	894,670
Assets categorized in "Others"	31,988	54,621
Total of reportable segments and "Others"	939,715	949,291
Adjustments (Note)	36,655	56,144
Total assets reported in consolidated financial statements	976,370	1,005,435

(Note) Adjustments consist of intersegment eliminations and corporate assets that are not attributed to any reportable segment. These corporate assets mainly comprise short-term investments (cash, deposits, securities); long-term investments (investment securities); property, plant and equipment; and intangible assets.

(Millions of yen)

Liabilities	March 31, 2016	March 31, 2017
Total liabilities of reportable segments	486,148	464,118
Liabilities categorized in “Others”	11,133	34,620
Total of reportable segments and “Others”	497,281	498,738
Adjustments (Note)	(35,892)	(27,452)
Total liabilities reported in consolidated financial statements	461,389	471,286

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

(Millions of yen)

Other items	Total of reportable segments		Others		Adjustments (Note)		Total amounts reported on the consolidated financial statements	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Depreciation and amortization expenses	43,896	45,285	412	386	7,024	6,133	51,333	51,804
Impairment losses on non-financial assets	50	292	—	—	1	89	51	382
Investments accounted for using the equity method	3,614	3,489	—	—	—	—	3,614	3,489
Capital expenditures	47,004	33,817	597	423	5,003	4,703	52,605	38,944

(Note) Adjustments for depreciation and amortization expenses and impairment losses are mainly for facilities 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.

(c) Information by Geographical Area

External revenue by geographical area is as follows:

(Millions of yen)

Revenue	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Japan	200,172	192,297
U.S.A.	267,503	249,669
Europe	319,731	299,902
China	76,363	73,211
Asia	81,288	72,114
Others	86,680	75,359
Total annual	1,031,740	962,555

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

A geographic breakdown of the carrying amounts of non-current assets (excluding financial assets, deferred tax assets, and post-retirement benefit assets) is as follows:

(Millions of yen)

Non-current assets	March 31, 2016	March 31, 2017
Japan	210,244	205,495
U.S.A.	73,048	73,310
Europe	61,548	95,391
China	19,312	17,109
Asia	13,064	14,059
Others	5,042	4,768
Total annual	382,261	410,135

(d) Information on Principal Customers

Transactions with no single external customer account for 10% or more of revenue.

[Earnings per Share]

A calculation of basic and diluted earnings per share is as follows:

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Basis of calculating basic earnings per share		
Profit for the year attributable to owners of the company [millions of yen]	31,973	31,542
Profit for the year not attributable to owners of the company [millions of yen]	–	–
Profit for the year to calculate basic earnings per share [millions of yen]	31,973	31,542
Weighted average number of ordinary shares outstanding during the period [thousands of shares]	496,536	495,554
Basic earnings per share [yen]	64.39	63.65
Basis of calculating diluted earnings per share		
Profit for the year to calculate basic earnings per share [millions of yen]	31,973	31,542
Adjustments of profit for the year [millions of yen]	–	–
Profit for the year to calculate diluted earnings per share [millions of yen]	31,973	31,542
Weighted average number of ordinary shares outstanding during the period [thousands of shares]	496,536	495,554
Increased number of ordinary shares under subscription rights to shares [thousands of shares]	1,438	1,409
Weighted average number of diluted ordinary shares outstanding during the period [thousands of shares]	497,975	496,963
Diluted earnings per share [yen]	64.21	63.47

[Business Combinations]

(Finalization of acquisition cost allocation for Dactyl Buro du Centre and OMR Impressions)

With regard to the business combination that occurred in the previous consolidated fiscal year, because during the previous consolidated fiscal year the allocation of acquisition costs had not been completed, the provisional calculations were made for fair value of the consideration for acquisition and recognized value of assets acquired and liabilities assumed as of the acquisition date. Regarding this amount, allocation of acquisition cost was completed during the fiscal year ended March 31, 2017. The changes from the provisional figures thereby consist of a decrease of ¥2,717 million in intangible assets and a decrease of ¥605 million in deferred tax liabilities, while the associated change in goodwill is an increase of ¥2,112 million.

The breakdown after this finalization is as follows.

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

(Millions of yen)

Fair value of the consideration for acquisition	10,856
Recognized value of assets acquired and liabilities assumed	
Cash and cash equivalents	966
Trade and other receivables	2,112
Inventories	452
Property, plant and equipment	2,117
Intangible assets	1,227
Other assets	680
Bonds and borrowings	(3,061)
Deferred tax liabilities	(16)
Other liabilities	(2,566)
Goodwill (Note 2)	8,944
Total	10,856

(Note 1) There was no contingent consideration.

(Note 2) Goodwill largely represents excess earnings power of the acquired companies and will not be deductible for tax purposes.

(Acquisition of shares of MOBOTIX AG)

(a) 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.

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

(Millions of yen)

Fair value of the consideration for acquisition	21,568
Non-controlling interests (Note 2)	3,198
Recognized value of assets acquired and liabilities assumed	
Cash and cash equivalents	219
Trade and other receivables	2,123
Inventories	1,847
Property, plant and equipment	2,451
Intangible assets	7,381
Other assets	526
Trade and other payables	(1,150)
Bonds and borrowings	(1,449)
Deferred tax liabilities	(2,182)
Other liabilities	(495)
Goodwill (Note 3)	15,495
Total	24,767

(Note 1) There was no contingent consideration.

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

(Note 3) Goodwill largely represents excess earnings power of the acquired company and will not be deductible for tax purposes.

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

[Events after the Reporting Period]

None