

5. CONSOLIDATED FINANCIAL STATEMENTS
(1) Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2015	March 31, 2016
Assets		
Current assets		
Cash and cash equivalents	177,496	99,937
Trade and other receivables	252,962	249,498
Inventories	120,803	121,361
Income tax receivables	559	3,210
Other financial assets	1,715	3,327
Other current assets	16,431	18,249
Subtotal	569,968	495,585
Assets held for sale	672	630
Total current assets	570,640	496,216
Non-current assets		
Property, plant and equipment	181,641	187,322
Goodwill and intangible assets	126,132	178,390
Investments accounted for using the equity method	524	3,614
Other financial assets	41,420	38,646
Deferred tax assets	71,835	59,052
Other non-current assets	9,605	13,128
Total non-current assets	431,160	480,154
Total assets	1,001,800	976,370

(Millions of yen)

	March 31, 2015	March 31, 2016
Liabilities		
Current liabilities		
Trade and other payables	177,564	162,907
Bonds and borrowings	53,349	42,624
Income tax payables	7,522	3,317
Provisions	5,542	6,821
Other financial liabilities	1,020	200
Other current liabilities	36,889	39,379
Total current liabilities	281,889	255,251
Non-current liabilities		
Bonds and borrowings	112,236	125,653
Retirement benefit liabilities	62,039	67,913
Provisions	1,135	1,227
Other financial liabilities	539	3,611
Deferred tax liabilities	2,944	3,443
Other non-current liabilities	3,967	4,286
Total non-current liabilities	182,863	206,137
Total liabilities	464,752	461,389
Equity		
Share capital	37,519	37,519
Share premium	203,395	203,397
Retained earnings	257,227	258,562
Treasury shares	(10,727)	(9,408)
Subscription rights to shares	1,016	1,009
Other components of equity	47,545	23,204
Equity attributable to owners of the company	535,976	514,285
Non-controlling interests	1,071	696
Total equity	537,048	514,981
Total liabilities and equity	1,001,800	976,370

(2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Revenue	1,002,758	1,031,740
Cost of sales	513,084	536,226
Gross profit	489,673	495,514
Other income	6,817	7,786
Selling, general and administrative expenses	411,132	429,891
Other expenses	19,595	13,339
Operating profit	65,762	60,069
Finance income	2,541	2,155
Finance costs	2,848	4,179
Share of profit (loss) of investments accounted for using the equity method	35	(16)
Profit before tax	65,491	58,029
Income tax expense	24,521	26,029
Profit for the year	40,969	32,000
Profit attributable to		
Owners of the company	40,934	31,973
Non-controlling interests	35	26
Earnings per share		
Basic	81.01 yen	64.39 yen
Diluted	80.79 yen	64.21 yen

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit for the year	40,969	32,000
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	(222)	(6,974)
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	3,840	(3,851)
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	5	6
Total items that will not be reclassified to profit or loss	3,623	(10,819)
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	(348)	(742)
Exchange differences on translation of foreign operations (net of tax)	16,112	(20,086)
Total items that may be subsequently reclassified to profit or loss	15,763	(20,828)
Total other comprehensive income	19,387	(31,648)
Total comprehensive income	60,357	351
Total comprehensive income attributable to		
Owners of the company	60,315	622
Non-controlling interests	42	(270)

(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, 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)	-	-	-	-	-	19,380	19,380	6	19,387
Total comprehensive income	-	-	40,934	-	-	19,380	60,315	42	60,357
Dividends	-	-	(8,902)	-	-	-	(8,902)	-	(8,902)
Acquisition and disposal of treasury shares	-	-	(13)	(14,169)	-	-	(14,183)	-	(14,183)
Cancellation of the treasury shares	-	-	(20,765)	20,765	-	-	-	-	-
Share-based payments (Subscription rights to shares)	-	-	-	-	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	-	-	492	-	-	(492)	-	-	-
Total transactions with owners	-	(26)	(29,064)	6,595	106	(492)	(22,881)	288	(22,592)
Balance at March 31, 2015	37,519	203,395	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 (Subscription rights to shares)	-	-	-	-	(6)	-	(6)	-	(6)
Changes in the ownership interest in subsidiaries	-	2	-	-	-	-	2	(104)	(102)
Transfer from other components of equity to retained earnings	-	-	(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

(5) Consolidated Statement of Cash Flow

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before tax	65,491	58,029
Depreciation and amortization expenses	47,905	51,333
Impairment losses	5,185	51
Share of (profit) loss of investments accounted for using the equity method	(35)	16
Interest and dividends income	(2,533)	(1,919)
Interest expenses	2,398	2,243
(Gain) loss on sales and disposals of property, plant and equipment and intangible assets	(1,152)	(2,329)
Loss on sales of investments in subsidiaries	949	—
(Increase) decrease in trade and other receivables	10,622	(6,212)
(Increase) decrease in inventories	685	(4,780)
Increase (decrease) in trade and other payables	(5,586)	(10,300)
Decrease in transfer of lease assets	(6,785)	(7,529)
Increase (decrease) in retirement benefit liabilities	(2,960)	(3,646)
Others	(595)	1,460
Subtotal	113,588	76,415
Dividends received	853	546
Interest received	1,682	1,416
Interest paid	(2,386)	(2,191)
Income taxes paid	(11,748)	(16,942)
Net cash flows from operating activities	101,989	59,244

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from investing activities		
Purchase of property, plant and equipment	(39,063)	(38,313)
Proceeds from sales of property, plant and equipment	8,630	9,541
Purchase of intangible assets	(8,676)	(11,952)
Purchase of investments in subsidiaries	(4,360)	(57,543)
Purchase of interests in investments accounted for using the equity method	—	(2,644)
Purchase of investment securities	(729)	(148)
Proceeds from sales of investment securities	3,266	287
Payments for loans receivable	(97)	(184)
Collection of loans receivable	83	131
Payments for transfer of business	(6,709)	(3,324)
Others	(6,358)	(6,639)
Net cash flows from investing activities	(54,014)	(110,788)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(11,411)	(9,414)
Proceeds from bonds issuance and long-term loans payable	—	38,704
Redemption of bonds and repayments of long-term loans payable	(30,493)	(27,772)
Purchase of treasury shares	(13,509)	(10,014)
Cash dividends paid	(8,908)	(12,447)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(293)	(102)
Others	2,486	475
Net cash flows from financing activities	(62,128)	(20,571)
Effect of exchange rate changes on cash and cash equivalents	3,160	(5,442)
Net increase (decrease) in cash and cash equivalents	(10,993)	(77,559)
Cash and cash equivalents at the beginning of the year	188,489	177,496
Cash and cash equivalents at the end of the year	177,496	99,937

(6) Notes to the Consolidated Financial Statements**[Notes Regarding Going Concern Assumptions]**

None.

[Changes in Accounting Policies]

The Group has applied the following standard from the fiscal year ended March 31, 2016. The application of the standard had no material effect on the Group's consolidated financial statement.

Standard	Outline
IAS 19 Employee Benefits	Amendment of accounting for contributions from employees or third parties

[Other Income]

Components of other income are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Gain on sales of property, plant and equipment and intangible assets (Note)	3,486	4,151
Others	3,331	3,635
Total	6,817	7,786

(Note) Gain on sales of property, plant and equipment and intangible assets recognized during the fiscal year ended March 31, 2016 was mainly due to sales of assets in North America.

Gain on sales of property, plant and equipment and intangible assets recognized during the previous fiscal year was mainly due to sales of idle assets in Japan.

[Other Expenses]

Components of other expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Business structure improvement expenses (Note 1)	3,857	3,817
Special extra retirement payment (Note 2)	—	2,912
Loss on sales and disposals of property, plant and equipment and intangible assets	2,333	1,822
Loss on disposal of mass-produced trial products (Note 3)	1,096	1,551
Environmental expenditures (Note 4)	1,169	719
Impairment losses (Note 5)	5,185	51
Loss on sales of investments in subsidiaries (Note 6)	1,016	—
Others	4,936	2,464
Total	19,595	13,339

(Note 1) Business structure improvement expenses for the fiscal year ended March 31, 2016 are mainly related to structural reform of sales sites in Europe, North America, and other areas for the Business Technologies Business.

Business structure improvement expenses for the previous fiscal year included expenses related to structural reform of sales sites in Europe for 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 fiscal year ended March 31, 2016 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 is a loss on the transfer of shares in subsidiaries in relation to the structural reform of sales sites in Europe for the Business Technologies Business.

[Share Capital and Treasury Shares]

(a) Number of issued shares and treasury shares

(Shares)

	Number of authorized shares	Number of issued shares (Note 1) (Note 2)	Treasury shares
Balance 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
Balance 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 have been fully paid.

(Note 3) On July 23, 2015, the acquisition of own shares based on the resolutions at the Board of Directors meeting held on May 13, 2015 was completed. Accordingly, the number of treasury shares increased by 6,571,500 shares (¥9,999 million).

(Note 4) 9,000,000 shares of treasury shares (¥11,086 million) were canceled on June 30, 2015, based on the resolutions at the Board of Directors meeting held on May 13, 2015.

(b) Dividends

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

Fiscal year ended March 31, 2015

Resolution date	Class of shares	Amount of dividends [million yen]	Dividends per share [yen]	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

Fiscal year ended March 31, 2016

Resolution date	Class of shares	Amount of dividends [million yen]	Dividends per share [yen]	Record date	Effective date
Board of Directors meeting held on May 13, 2015	Ordinary shares	5,018	10.00	March 31, 2015	May 28, 2015
Board of Directors meeting held on October 29, 2015	Ordinary shares	7,430	15.00	September 30, 2015	November 27, 2015

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

Resolution date	Class of shares	Amount of dividends [million yen]	Dividends per share [yen]	Record date	Effective date
Board of Directors meeting held on May 12, 2016	Ordinary shares	7,432	15.00	March 31, 2016	May 27, 2016

[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 the planetarium business and other businesses not included in these reportable segments.

The business content of each reportable segment is as follows:

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

(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, 2015

(Millions of yen)

	Reportable segments				Others	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Revenue						
External	808,241	78,568	112,780	999,591	3,167	1,002,758
Intersegment (Note)	1,895	316	2,425	4,636	23,103	27,740
Total	810,137	78,884	115,206	1,004,228	26,270	1,030,498
Segment profit	72,688	2,111	19,748	94,548	969	95,517
Segment assets	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	29,591	2,605	6,720	38,917	415	39,333

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

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.

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

(Millions of yen)

Revenue	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Total revenue of reportable segments	1,004,228	1,035,556
Revenue categorized in "Others"	26,270	26,755
Total of reportable segments and "Others"	1,030,498	1,062,311
Adjustments (Note)	(27,740)	(30,571)
Revenue reported in consolidated financial statements	1,002,758	1,031,740

(Note) Adjustments are intersegment eliminations.

(Millions of yen)

Profit	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Total operating profit of reportable segments	94,548	91,167
Operating profit categorized in "Others"	969	1,648
Total of reportable segments and "Others"	95,517	92,815
Adjustments (Note)	(29,755)	(32,745)
Operating profit reported in consolidated financial statements	65,762	60,069

(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, 2015	March 31, 2016
Total assets of reportable segments	833,916	907,726
Assets categorized in "Others"	24,937	31,988
Total of reportable segments and "Others"	858,854	939,715
Adjustments (Note)	142,946	36,655
Total assets reported in consolidated financial statements	1,001,800	976,370

(Note) Adjustments include intersegment eliminations and corporate assets, which are mainly surplus funds (cash on hand and in banks and short-term investment securities), long-term investment funds (investment securities), property, plant and equipment, and intangible assets and others not attributed to any reportable segment.

(Millions of yen)

Liabilities	March 31, 2015	March 31, 2016
Total liabilities of reportable segments	423,932	486,148
Liabilities categorized in "Others"	8,390	11,133
Total of reportable segments and "Others"	432,323	497,281
Adjustments (Note)	32,429	(35,892)
Total liabilities reported in consolidated financial statements	464,752	461,389

(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, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Depreciation and amortization expenses	42,644	43,896	373	412	4,887	7,024	47,905	51,333
Impairment losses on non-financial assets	4,228	50	—	—	957	1	5,185	51
Investments accounted for using the equity method	524	3,614	—	—	—	—	524	3,614
Capital expenditures	38,917	47,004	415	597	6,766	5,003	46,100	52,605

(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.

(c) Information by Geographical Area

External revenue by geographical area is as follows:

(Millions of yen)

Revenue	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Japan	194,645	200,172
U.S.A.	235,628	267,503
Europe	328,663	319,731
China	68,055	76,363
Asia	88,578	81,288
Others	87,187	86,680
Total	1,002,758	1,031,740

(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, 2015	March 31, 2016
Japan	189,225	210,244
U.S.A.	37,858	73,048
Europe	55,444	61,548
China	20,816	19,312
Asia	9,568	13,064
Others	4,786	5,042
Total	317,699	382,261

(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, 2015	Fiscal year ended March 31, 2016
Basis of calculating basic earnings per share		
Profit for the year attributable to owners of the company [millions of yen]	40,934	31,973
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]	40,934	31,973
Weighted average number of ordinary shares outstanding during the period [thousands of shares]	505,282	496,536
Basic earnings per share [yen]	81.01	64.39
Basis of calculating diluted earnings per share		
Profit for the year to calculate basic earnings per share [millions of yen]	40,934	31,973
Adjustments of profit for the year [millions of yen]	—	-
Profit for the year to calculate diluted earnings per share [millions of yen]	40,934	31,973
Weighted average number of ordinary shares outstanding during the period [thousands of shares]	505,282	496,536
Increased number of ordinary shares under subscription rights to shares [thousands of shares]	1,412	1,438
Weighted average number of diluted ordinary shares outstanding during the period [thousands of shares]	506,695	497,975
Diluted earnings per share [yen]	80.79	64.21

[Business Combinations]

Business combinations that occurred during the fiscal year ended March 31, 2015 were not material.

The major business combination that occurred during the fiscal year ended March 31, 2016 was as follows.

(Acquisition of shareholding of Radiant Vision Systems, LLC)

(a) Description of the business combination

As of August 3, 2015, the Group used cash to acquire 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.

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

(Millions of yen)	
Fair value of the consideration for acquisition	29,056
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	921
Trade and other receivables	1,199
Inventories	678
Property, plant and equipment	351
Intangible assets	8,622
Other assets	58
Liabilities	(722)
Goodwill (Note 2)	17,948
Total	29,056

(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."

(c) 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.

(d) Pro-forma information

Because pro forma information based on the assumption that the business combination of the said company 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)

(a) Description of the business combination

As of October 1, 2015, the Group used cash to acquire 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).

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

(Millions of yen)

Fair value of the consideration for acquisition	9,124
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	15
Trade and other receivables	1,042
Inventories	1,060
Property, plant and equipment	78
Intangible assets	2,478
Other current assets	8
Liabilities	(2,236)
Goodwill (Note 2)	6,676
Total	9,124

(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."

(c) Performance after the acquisition date

Information is not disclosed because the business combination of the said company 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.

(d) Pro-forma information

Because pro forma information based on the assumption that the business combination of the said company 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)

(a) Description of the business combination

On February 15, 2016, the Group used cash to acquire 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.

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

(Millions of yen)

Fair value of the consideration for acquisition	10,856
Fair 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	3,945
Other assets	680
Bonds and borrowings	(3,061)
Deferred tax liabilities	(621)
Other liabilities	(2,566)
Goodwill (Note 3)	6,831
Total	10,856

(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."

(c) Performance after the acquisition date

Information is not disclosed because the business combination of the said companies 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.

(d) Pro-forma information

Because pro forma information based on the assumption that the business combination of the said companies 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.

[Notes Regarding Effects of Changes in Corporate Tax Rates]

The Company and its domestic subsidiaries are subject to mainly corporate tax and inhabitant tax as well as tax deductible business tax. 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 resulted in a decrease in deferred tax assets (net of deferred tax liabilities) as of March 31, 2016 of ¥3,820 million, and respective increases in income tax expense and other comprehensive income of ¥3,848 million and ¥27 million, for the fiscal year ended March 31, 2016.

[Events after the Reporting Period]

As of May 10, 2016, the Group used cash to acquire 65.5% of shares of MOBOTIX AG (hereafter, "MOBOTIX"), a German manufacturer of IP video surveillance cameras and video management software.

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.

Fair value of the consideration for acquisition is €172 million. Detailed information related to the accounting for this business combination is not disclosed since the initial accounting for acquisition of such shares has not been completed as of the date for submission of the consolidated financial results for the fiscal year ended March 31, 2016.