May 12, 2016

Consolidated Financial Results
Fiscal Year ended March 31, 2016
[IFRS]
April 1, 2015 – March 31, 2016

Konica Minolta, Inc.

Stock exchange listings:	Tokyo (First Sections)
Local securities code number:	4902
URL:	http://konicaminolta.com
Listed company name:	Konica Minolta, Inc.
Representative:	Shoei Yamana, President and CEO, Representative Executive Officer
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Scheduled date for Ordinary General Meeting of Shareholders:	June 17, 2016
Scheduled date for dividends payment:	May 27, 2016
Scheduled date for submission of securities report:	June 20, 2016
Availability of supplementary information:	Yes
Organization of financial results briefing:	Yes (for institutional investors)

(Units of less than 1 million yen have been omitted.)

1. Overview of performance (From April 1, 2015 to March 31, 2016)

(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 2016	1,031,740	2.9%	60,069	-8.7%	58,029	-11.4%	32,000	-21.9%
Fiscal Year ended Mar 2015	1,002,758	7.2%	65,762	65.0%	65,491	73.5%	40,969	44.1%

(Millions of yen)

	Profit attributable to owners of the company		Total comprehensive income	
Fiscal Year ended Mar 2016	31,973	-21.9%	351	-99.4%
Fiscal Year ended Mar 2015	40,934	44.4%	60,357	14.8%

	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 2016	64.39 yen	64.21 yen	6.1%	5.9%	5.8%
Fiscal Year ended Mar 2015	81.01 yen	80.79 yen	7.9%	6.6%	6.6%

(Reference) Share of profit (loss) of investments accounted for using the equity method:
Fiscal year ended March 31, 2016: ¥ (16) million
Fiscal year ended March 31, 2015: ¥ 35 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)

	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, 2016	976,370	514,981	514,285	52.7%	1,037.96 yen
As of March 31, 2015	1,001,800	537,048	535,976	53.5%	1,067.97 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 2016	59,244	(110,788)	(20,571)	99,937
Fiscal Year ended Mar 2015	101,989	(54,014)	(62,128)	177,496

2. Dividends per share

(yen)

	1Q	2Q	3Q	Year-end	Total annual
Fiscal Year ended Mar 2015	—	10.00	—	10.00	20.00
Fiscal Year ended Mar 2016	—	15.00	—	15.00	30.00
Fiscal Year ending Mar 2017 (forecast)	—	15.00	—	15.00	30.00

	Total dividends (annual) (Millions of yen)	Dividends pay-out ratio (consolidated) (%)	Dividends on equity attributable to owners of the company ratio (consolidated) (%)
Fiscal Year ended Mar 2015	10,058	24.7	2.0
Fiscal Year ended Mar 2016	14,862	46.6	2.8
Fiscal Year ending Mar 2017 (forecast)		33.8	

3. Consolidated results forecast for fiscal year ending March 31, 2017
(From April 1, 2016 to March 31, 2017)

Percentage figures for the full year represent the change from the previous fiscal year.

(Millions of yen)

	Revenue		Operating profit		Profit attributable to owners of the company		Basic earnings per share
Full year	1,060,000	2.7%	66,000	9.9%	44,000	37.6%	88.80 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): None

(2) Changes in accounting policies, or changes in accounting estimates
a. Changes in accounting policies required by IFRS: Yes
b. Changes in accounting policies other than "a.": None
c. Changes in accounting estimates: None
Note: For more detailed information, please see "(6) Notes to the Consolidated Financial Statements, [Changes in Accounting Policies]" in section 5. CONSOLIDATED FINANCIAL STATEMENTS on page 21.

(3) Number of shares (common stock)

a. Issued shares at period-end (including treasury shares)

As of March 31, 2016:	502,664,337 shares
As of March 31, 2015:	511,664,337 shares

b. Treasury shares at period-end

As of March 31, 2016:	7,188,993 shares
As of March 31, 2015:	9,801,071 shares

c. Average number of outstanding shares during the period

Fiscal Year ended March 31, 2016:	496,536,939 shares
Fiscal Year ended March 31, 2015:	505,282,795 shares

(Reference) Overview of non-consolidated performance

1. Non-consolidated performance (From April 1, 2015 to March 31, 2016)

(1) Non-consolidated business performance

Percentage figures represent the change from the previous fiscal year.

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal Year ended Mar 2016	486,105	-2.2%	19,463	-38.3%	24,743	-19.5%	9,828	-55.4%
Fiscal Year ended Mar 2015	496,908	5.2%	31,533	-8.7%	30,743	-23.4%	22,054	-83.9%

	Net income per share	Net income per share (after full dilution)
Fiscal Year ended Mar 2016	19.79 yen	19.74 yen
Fiscal Year ended Mar 2015	43.65 yen	43.53 yen

(2) Non-consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share
As of March 31, 2016	661,577	347,257	52.3%	698.82 yen
As of March 31, 2015	673,840	360,914	53.4%	717.12 yen

Note: Equity:

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

Fiscal year ended March 31, 2015: ¥ 359,898 million

■ Presentation of Present Status of Audit Procedures

This “Consolidated Financial Results” is not subject to audit procedures in accordance with the Financial Instruments and Exchange Law 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) Business Performance Analysis, c. Outlook for the Fiscal Year Ending March 31, 2017” in section 1. ANALYSIS of BUSINESS PERFORMANCE and FINANCIAL POSITION 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 12, 2016. 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. ANALYSIS of BUSINESS PERFORMANCE and FINANCIAL POSITION

(1) Business Performance Analysis

a. Overview of Performance

(Billions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015	Increase (Decrease)	
Revenue	1,031.7	1,002.7	28.9	2.9%
Gross profit	495.5	489.6	5.8	1.2%
Operating profit	60.0	65.7	(5.6)	-8.7%
Profit before tax	58.0	65.4	(7.4)	-11.4%
Profit attributable to owners of the company	31.9	40.9	(8.9)	-21.9%
Basic earnings per share [yen]	64.39	81.01	(16.62)	-20.5%
ROE	6.1%	7.9%	(1.8)	—
Capital expenditures	52.6	46.1	6.5	14.1%
Depreciation and amortization expenses	51.3	47.9	3.4	7.2%
Research and development expenses	76.2	74.2	1.9	2.7%
Free cash flow	(51.5)	47.9	(99.5)	—
Number of employees (consolidated) [persons]	43,332	41,605	1,727	4.2%
Foreign exchange rates [yen]				
US dollar	120.14	109.93	10.21	9.3%
euro	132.58	138.77	(6.19)	-4.5%

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

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.

In this economic environment, consolidated revenue for the Konica Minolta Group ("the Group") came to ¥1,031.7 billion (up 2.9% year on year). Viewed by business segment, in the Business Technologies Business sales of high-end color models for commercial printing rose, in addition to which corporate acquisitions and the weaker yen against the US dollar contributed to revenue growth. In the Industrial Business, the field of optical systems for industrial use benefited from the effects of acquisitions in measuring instruments and recorded higher revenue, but in the field of performance materials, the impact of the deterioration in display-related markets led to a decline in revenue. The Healthcare Business was helped by the contribution of a corporate acquisition in the US and revenue there rose.

Operating profit was ¥60.0 billion yen (down 8.7% year on year). The Business Technologies Business posted a decline in profit, albeit a small one. This can be attributed to higher costs related to the transformation in the focus of our business carried out in an increasingly competitive environment, the yen's appreciation against the euro in the latter half of the fiscal year, which had a considerable impact on profits, and reserves set aside for business structure improvement expenses for the next fiscal year. In the Healthcare Business, we saw a clear trend towards profit growth with higher sales of digital products both in Japan and overseas, but the Industrial Business saw profits fall due to lower sales of mainstay products. These factors coincided with costs related to structural reforms implemented in the first half of the fiscal year, causing a fall in profit for the Group as a whole. Profit before tax was ¥58.0 billion yen (down 11.4% year on year) and profit attributable to owners of the company came to ¥31.9 billion yen (down 21.9% year on year) due to the reduction of corporate tax rate as a result of the tax reform beginning in the next consolidated fiscal year.

In fiscal 2014, the Group started implementation of its Medium Term Business Plan, “TRANSFORM 2016.” As well as moving forward with adding value to existing businesses, we are also accelerating customer-centric initiatives to create new businesses that resolve the problems faced by customers and society.

In Japan, we received our first orders for the Group's “Care Support Solution,” which aims to resolve the social problems caused by the progressive aging of societies in Japan and Asia that is leading to a rise in the number of people requiring nursing care, as well as shortages of caregiving staff.

The Group also concluded an agreement to acquire 65.5% of the shares of video surveillance camera manufacturer MOBOTIX AG (headquartered in Germany), whose strength is its proprietary video management system. We intend to combine this with our own proprietary optical systems for industrial use, such as 3D laser radar, to provide high-quality security systems and the like, opening the way to offering solutions for a wide range of industries and businesses.

Furthermore, in Japan, we have reorganized our domestic business and commenced operations of Konica Minolta Japan, Inc. from April 2016. This entity gathers together the combined power of the Group, leveraging our know-how in proprietary digital manufacturing and in digital marketing, cultivated through our own practices as a manufacturer, in order to support a reform of digital workflow and to enable us to offer solutions varied by industry and business type. In addition, we have concluded a capital and business alliance with Netyear Group Corporation (headquartered in Tokyo), which has a track record in devising digital marketing strategies and creating content rooted in customer experience, thus enhancing our ability to provide digital marketing.

External evaluation of the Group

By steadily executing the initiatives stated under the Medium Term Business Plan, “TRANSFORM 2016,” the Group aims to achieve sustainable growth by shifting the focus of our business. Moreover, we have positioned corporate social responsibility (CSR) activities as key to management and aims to be a global company that is vital to society by undertaking a broad array of initiatives in such areas as the environment, human rights, labor, and governance.

Through such activities, we have received accolades from varied external organizations. In fiscal 2015 we ranked in first place in the overall manufacturing sector at the 19th Environmental Management Survey conducted by Nikkei Inc., our second consecutive year of such an achievement. We were selected for the JPX-Nikkei Index 400 for the third consecutive year and also chosen for the second year running as one of the “Health & Productivity Stock Selection” jointly undertaken by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. In terms of investment indices, we were named to the Dow Jones Sustainability World Index of the United States, a globally prestigious SRI index, for the fourth year in a row. We have been selected for the Silver Class by RobecoSAM, an investment specialist focused exclusively on sustainability investing.

Thus, in this fiscal year the Group was hit by the cutbacks in corporate investment caused by the sluggish global economy and the intensifying competition, leading to a difficult set of results for the fiscal year on a standalone basis. Nevertheless, in its interim year the measures in the Medium Term Business Plan, “TRANSFORM 2016” aimed at medium- to long-term growth achieved considerable success.

b. Overview by Segment

(Billions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015	Increase (Decrease)	
Business Technologies Business				
Revenue – external	832.1	808.2	23.9	3.0%
Operating profit	70.2	72.6	(2.4)	-3.4%
Healthcare Business				
Revenue – external	89.8	78.5	11.2	14.4%
Operating profit	3.9	2.1	1.7	85.0%
Industrial Business				
Revenue – external	105.9	112.7	(6.8)	-6.0%
Operating profit	17.0	19.7	(2.6)	-13.7%

i. 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.

ii. 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.

iii. 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).

(Reference) Overview of 4Q consolidated accounting period

(Billions of yen)

	Three months ended March 31, 2016	Three months ended March 31, 2015	Increase (Decrease)	
Revenue	269.4	274.7	(5.3)	-1.9%
Gross profit	128.5	131.7	(3.2)	-2.5%
Operating profit	18.4	18.6	(0.2)	-1.1%
Profit before tax	17.5	16.7	0.7	4.2%
Profit attributable to owners of the company	5.4	11.0	(5.5)	-50.5%
Basic earnings per share [yen]	11.06	22.06	(11.00)	-49.9%
Capital expenditures	17.4	13.0	4.4	34.0%
Depreciation and amortization expenses	13.8	12.6	1.2	9.9%
Research and development expenses	19.4	19.1	0.3	1.6%
Free cash flow	(5.1)	20.7	(25.8)	—
Foreign exchange rates [yen]				
US dollar	115.48	119.09	(3.61)	-3.0%
euro	127.23	134.18	(6.95)	-5.2%

Overview of main segments

(Billions of yen)

	Three months ended March 31, 2016	Three months ended March 31, 2015	Increase (Decrease)	
Business Technologies Business				
Revenue – external	216.0	224.4	(8.3)	-3.7%
Operating profit	19.3	22.6	(3.2)	-14.6%
Healthcare Business				
Revenue – external	27.6	23.3	4.2	18.4%
Operating profit	1.6	0.6	0.9	144.5%
Industrial Business				
Revenue – external	24.2	25.8	(1.5)	-6.1%
Operating profit	3.7	2.6	1.1	43.5%

c. Outlook for the Fiscal Year Ending March 31, 2017

Looking at the global economic conditions surrounding the Group, the employment environment is improving in the US and a moderate recovery is anticipated in Europe, driven by domestic demand following monetary easing. In the Japanese economy as well, rising real wages and increases in capital investments are expected to support business conditions. On the other hand, the deceleration in economic growth caused by the ongoing correction of overcapacity in China continues, while emerging countries have been unable to escape lower growth rates, with the result that another year of slow growth is forecast for the global economy.

With regard to the demand outlook for the main markets in which we operate, in the Business Technologies Business, we assume that the ratio of color MFPs for office use will continue to trend upwards in overseas markets. In the commercial and industrial printing field, we expect demand for digital printers to rise as a result of more individualized and fractionalized marketing. For the Healthcare Business, against the backdrop of the advancing digitalization of medical diagnosis, we expect growth in cassette-type digital X-ray diagnostics imaging systems and diagnostic ultrasound systems to be maintained in each region. In the Industrial Business, growth in smartphones will slow due to sluggish growth in emerging economies and the television market is also expected to be weak, but we believe that new demand will be created by the diversification in display-related products and the variety of their applications.

In consideration of the situation described above, we have predicated our forecasts for the fiscal year ending March 31, 2017 on exchange rates of 105 yen against the US dollar and 120 yen against the euro, as shown below. (Compared to the fiscal year under review, this is equivalent to the yen strengthening by 15.1 yen against the US dollar and 12.6 yen against the euro.)

In the Business Technologies Business, as well as making a full-scale drive for expanded sales of new A3 color MFP products in the office services field, in the commercial and industrial printing field we will strengthen our approaches to medium-and large-sized commercial printing companies. In the Healthcare Business, as well as expanding sales of diagnostic imaging equipment, we will concentrate on expanding sales of medical IT services such as PACS and solutions linked to the local region. As for the Industrial Business, in the performance materials field we will strive to increase sales of new products, while in the optical systems for industrial use field we will work to maximize the synergies with the two companies, one American and one German, acquired thus far in the measuring instruments category. In addition, we will focus on new segments such as in-vehicle components.

(Billions of yen)

	Forecast for the fiscal year ending March 31, 2017	Fiscal year ended March 31, 2016
Revenue	1,060.0	1,031.7
Operating profit	66.0	60.0
Profit attributable to owners of the company	44.0	31.9
ROE*1	—	6.1%
ROE*2	8.7%	6.5%

Note 1: Profit attributable to owners of the company divided by equity attributable to owners of the company (average at beginning and end of period)

Note 2: Profit attributable to owners of the company divided by (Share capital + Share premium + Retained earnings + Treasury shares) (average at beginning and end of period)

(Billions of yen)

	Revenue - external		Operating profit	
	Forecast for the fiscal year ending March 31, 2017	Fiscal year ended March 31, 2016	Forecast for the fiscal year ending March 31, 2017	Fiscal year ended March 31, 2016
Business Technologies Business	830.0	832.1	68.0	70.2
Healthcare Business	100.0	89.8	5.0	3.9
Industrial Business	125.0	105.9	22.0	17.0

Note: 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) Qualitative Information on the Consolidated Financial Position

a. Analysis of Financial Position

		March 31, 2016	March 31, 2015	Increase (Decrease)
Total assets	[Billions of yen]	976.3	1,001.8	(25.4)
Total equity	[Billions of yen]	514.9	537.0	(22.0)
Equity attributable to owners of the company	[Billions of yen]	514.2	535.9	(21.6)
Equity ratio attributable to owners of the company	[%]	52.7	53.5	(0.8)

Total assets at March 31, 2016 were ¥976.3 billion, a decrease of ¥25.4 billion (2.5%) from the previous fiscal year-end. 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.

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 non-current 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.

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 percentage points to 52.7%.

b. Cash Flows

(Billions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015	Increase (Decrease)
Cash flows from operating activities	59.2	101.9	(42.7)
Cash flows from investing activities	(110.7)	(54.0)	(56.7)
Total (Free cash flow)	(51.5)	47.9	(99.5)
Cash flows from financing activities	(20.5)	(62.1)	41.5

During the fiscal year ended March 31, 2016, net cash provided by operating activities was ¥59.2 billion, while net cash used in investing activities, mainly associated with capital expenditures and M&As, totaled ¥110.7 billion. As a result, free cash flow (the sum of operating and investing activities) was an outflow of ¥51.5 billion.

Net cash used in financing activities was ¥20.5 billion.

In addition, cash and cash equivalents at March 31, 2016 decreased ¥77.5 billion from the previous fiscal year-end to ¥99.9 billion, reflecting the unfavorable effect of exchange rate changes on cash and cash equivalents of ¥5.4 billion.

The details of cash flows associated with each activity during the fiscal year under review are as follows.

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 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.

(3) Basic Policy Regarding Profit Distribution, Dividends for the Fiscal Year and Projected Dividends for the Next Fiscal Year, and Acquisition of the Company’s Own Shares and Cancellation of Treasury Shares

a. Basic policy regarding profit distribution

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.

b. Dividends for the fiscal year and the next fiscal year

With respect to dividends from retained earnings for the fiscal year, the Company will distribute 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 above.

c. Acquisition of the Company’s own shares and cancellation of treasury shares

At the Board of Directors meeting held on May 13, 2015, the Company resolved the following items related to an acquisition of its own shares under Article 156 of the Companies Act, as applied pursuant to the provision under Article 165 paragraph 3 of said act. The Company also dissolved and exercised cancellation of its treasury shares under the provision of Article 178 of the Companies Act.

Acquisition of the Company's own shares

(1) Type of shares to be acquired: Common shares
(2) Number of shares to be acquired: Limited to 10 million
(3) Total value of shares to be acquired: Limited to ¥10.0 billion
(4) Acquisition period: May 14, 2015 to August 31, 2015

The total number of treasury shares acquired based on the above resolutions at the Board of Directors meeting was 6,571,500 shares, and the aggregate amount paid to acquire the shares totaled ¥9,999,960,300.

Cancellation of Treasury Shares

(1) Type of shares to be canceled: Common shares
(2) Number of shares to be canceled: 9 million
(3) Number of issued shares after cancellation: 502,664,337
(4) Date of cancellation: June 30, 2015

** Units of less than 100 million yen in “1. ANALYSIS of BUSINESS PERFORMANCE and FINANCIAL POSITION” have been omitted.*

2. GROUP OVERVIEW

The Group comprises the Company, 151 consolidated subsidiaries, and 6 associates accounted for using equity method.

A chart detailing the business structure as of March 31, 2016 follows.

Konica Minolta, Inc.

Business Technologies Business: 114
(Consolidated subsidiaries: 110, Associates accounted for using equity method: 4)

Production: 10	
Konica Minolta Supplies Manufacturing Co., Ltd. (Japan) Konica Minolta Business Technologies Manufacturing (HK) Limited (Hong Kong) Konica Minolta Business Technologies (WUXI) Co., Ltd. (China) Konica Minolta Business Technologies (DONGGUAN) Co., Ltd. (China) Konica Minolta Business Technologies (Malaysia) Sdn. Bhd. (Malaysia)	Other Companies: 5
Sales & Service: 104	
Konica Minolta Business Solutions Japan Co., Ltd. (Japan) (Note) Kinko's Japan Co., Ltd. (Japan) Konica Minolta Business Solutions U.S.A., Inc. (U.S.A.) Konica Minolta Business Solutions Europe GmbH (Germany) Konica Minolta Business Solutions Deutschland GmbH (Germany) Konica Minolta Business Solutions France S.A.S. (France) Konica Minolta Business Solutions (UK) Limited (U.K.) Charterhouse PM Limited (U.K.) Konica Minolta Business Solutions (CHINA) Co., Ltd. (China) Konica Minolta Business Solutions Australia Pty Ltd (Australia) Ergo Asia Pty Limited (Australia)	Other Companies: 93

Healthcare Business: 14 (Consolidated subsidiaries: 13, Associate accounted for using equity method: 1)

Production: 3	
Konica Minolta Technoproducts Co., Ltd. (Japan)	Other Companies: 2
Sales & Service: 11	
Konica Minolta Health Care Co., Ltd. (Japan) (Note) Konica Minolta Medical Imaging U.S.A., Inc. (U.S.A.) Konica Minolta Medical & Graphic Imaging Europe B.V. (Netherlands) Konica Minolta Medical & Graphic (SHANGHAI) Co., Ltd. (China)	Other Companies: 7

Industrial Business: 20 (Consolidated subsidiaries: 19, Associate accounted for using equity method: 1)

Production: 7	
Konica Minolta Opto Products Co., Ltd. (Japan) Konica Minolta Opto (DALIAN) Co., Ltd. (China)	Other Companies: 5
Sales & Service: 13	
Radiant Vision Systems, LLC (U.S.A.) Konica Minolta Sensing Americas, Inc. (U.S.A.) Instrument Systems GmbH (Germany) Konica Minolta Sensing Europe B.V. (Netherlands) Konica Minolta Sensing Korea Co., Ltd. (South Korea)	Other Companies: 8

Others: 9 (Consolidated subsidiaries: 9)

Konica Minolta Planetarium Co., Ltd. (Japan) Konica Minolta Business Associates Co., Ltd. (Japan) Konica Minolta Engineering Co., Ltd. (Japan) Konica Minolta Information System Co., Ltd. Konica Minolta Holdings U.S.A., Inc. (U.S.A.) Konica Minolta (China) Investment Ltd. (China)	Other Companies: 3

Note: Effective on April 1, 2016, Konica Minolta Health Care Co., Ltd. absorbed Konica Minolta Business Solutions Japan Co., Ltd., and was renamed Konica Minolta Japan, Inc.

3. MANAGEMENT POLICY

(1) Group’s Vision

Society’s and customers’ demands are becoming increasingly complex and diverse in this period of rapid transformation in which social and economic changes and technological innovation are occurring at unprecedented speeds. New business models that can bring about creative destruction to meet these needs are being continuously devised across industry lines.

In this environment, the Konica Minolta Group is striving to realize its Vision of becoming “a global company that is vital to society” and “an innovative company that is robust and constantly evolving,” based on our Philosophy of “the Creation of New Value.”

To realize this vision, we devised our Medium Term Business Plan, “TRANSFORM 2016,” and are carrying out reforms to become a company that contributes to the creation of value in order to realize a high-quality society by closely examining customers’ and society’s issues and driving innovation.

In order to generate innovation, human resources with diverse values must recognize each other’s differences, work hard together and thus create chemical reactions. This means that it is essential that we promote diversity. The Group comprises 43,000 employees, including the mid-career hires and employees joining the Group through M&As on a global scale who bring their varied experiences and values to the Group. We will create a workplace in which, regardless of nationality, age, and gender, these human resources can excel on the global stage as “One Konica Minolta.”

(2) Medium- to Long-term Management Strategies and Pending Issues

We have decided on the following three items as Basic Policies of the Medium Term Business Plan, “TRANSFORM 2016,” with the aim to fully understand our customers and become a partner that can provide them with high added value in order to outstrip global competition amid changes in the management environment surrounding the Group.

1. Realize sustainable profit growth
2. Transform into a customer-centric company
3. Establish a strong corporate structure

Under the Basic Policies, with our eyes on the growth in the medium to long term beyond fiscal 2016, the final fiscal year of the Medium Term Business Plan, “TRANSFORM 2016” we will strive to radically reinforce our earning power.

1. Realize sustainable profit growth

From the previous product-centric sales approach in which we primarily offered MFPs for use in the customer’s administration and procurement departments, we are evolving towards a multi-pronged approach in which we actively submit proposals to resolve operational issues in various of the customer's departments. Specifically, by expanding the menu of services we can offer and by using a value-added, proposal-based sales approach that leverages the integrated capabilities of the “One Konica Minolta” Group, we will grow our earnings throughout the term of the transaction and use this non-price competition capability to capture new customer accounts.

In addition, since the introduction of product lifecycle management methods in fiscal 2014, we have been advancing initiatives to maximize earnings over the lifespan of the product, from development to production to termination of sales.

2. Transform into a customer-centric company

Because we take a comprehensive view of society as a whole and offer services that provide the means to resolve social problems and latent issues at customers, we work closely with customer facilities to realize business reforms that have real value to customers.

Based on these ideas, we will strive as a digital company in the vanguard of the IoT era, in which widely varied objects become connected to the Internet aiming to turn new business concepts into reality. Leveraging our specialties in sensor and optical technologies, we will digitalize events in the real world, analyze them using artificial intelligence-based deep learning and other techniques, and extract and output information that customers find useful, opening the way to resolving their issues.

In concrete terms, in each business field we will focus on creating the businesses that will drive the next generation of growth.

<Business Technologies Business>

In the office services field, we will evolve current MFPs to become data processing platforms to analyze the vast quantities of information generated in the office, supporting the customer’s management and decision-making as well as new working styles. In the commercial and industrial printing field, we will provide services that optimize the overall flow of operations by connecting the diverse range of printing equipment used by printing companies. In addition, we will provide marketing services to corporate marketing departments that fuse digital media with traditional advertising and sales promotion media to maximize return on investment.

<Healthcare Business>

While expanding our area of operations into high value-added X-ray diagnostic imaging systems, we will provide services that support community-based comprehensive medical care, which brings together primary care, nursing care, and home care. In addition, we are working on entering the field of drug discovery and clinical trial support.

<Industrial Business>

In the optical systems for industrial use field, we will add value by using status monitoring solutions to provide support for sophisticated systems for security, marketing, and mobile object detection in self-driving.

We will use our strengths in the core technologies for optical and image processing as well as our customer base and direct sales and service networks that span the globe as differentiators as we move ahead with these initiatives to reinforce our capabilities as a digital company. We are also rolling out predictive maintenance initiatives, which use artificial intelligence and the IoT to prevent equipment malfunctions, throughout our businesses with the aims of raising customer satisfaction as well as improving profitability. At the same time, leveraging our Business Innovation Centers in five major regions around the world, we will conduct joint development with the world's leading companies and promote strategic alliances that allow us to form connections between companies and realize our unique added value.

3. Establish a strong corporate structure

In preparation for enhancing production efficiency, we will move forward with a focus on our own proprietary “digital manufacturing.” At the Malaysian production site that began operations in May 2015, we are already working not only on automating in-house assembly processes and reforming the flow of operations, but also on sharing information with suppliers to significantly reduce production lead times and optimize inventory. Moreover, in all functions and operations, we will work to reform processes, promote standardization, improve our agility, and raise operational productivity per employee, enabling us to establish a corporate structure with augmented ability to generate profits and cash, without increasing fixed costs.

4. BASIC VIEWS on SELECTION of ACCOUNTING STANDARDS

The Group has voluntarily adopted International Financial Reporting Standards (IFRS) beginning with the securities report for the fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015) aiming to unify accounting treatments within the Group and to improve international comparability of the financial information in capital markets.

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.