

3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2016	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	99,937	94,706
Trade and other receivables	249,498	239,297
Inventories	121,361	147,492
Income tax receivables	3,210	986
Other financial assets	3,327	641
Other current assets	18,249	20,807
Subtotal	495,585	503,933
Assets held for sale	630	651
Total current assets	496,216	504,585
Non-current assets		
Property, plant and equipment	187,322	190,964
Goodwill and intangible assets	178,390	212,653
Investments accounted for using the equity method	3,614	3,375
Other financial assets	38,646	51,620
Deferred tax assets	59,052	59,764
Other non-current assets	13,128	7,074
Total non-current assets	480,154	525,453
Total assets	976,370	1,030,038

(Millions of yen)

	March 31, 2016	December 31, 2016
Liabilities		
Current liabilities		
Trade and other payables	162,907	167,694
Bonds and borrowings	42,624	42,170
Income tax payables	3,317	6,329
Provisions	6,821	5,248
Other financial liabilities	200	3,815
Other current liabilities	39,379	37,248
Total current liabilities	255,251	262,507
Non-current liabilities		
Bonds and borrowings	125,653	153,816
Retirement benefit liabilities	67,913	69,590
Provisions	1,227	1,167
Other financial liabilities	3,611	2,023
Deferred tax liabilities	3,443	5,522
Other non-current liabilities	4,286	4,521
Total non-current liabilities	206,137	236,641
Total liabilities	461,389	499,149
Equity		
Share capital	37,519	37,519
Share premium	203,397	203,397
Retained earnings	258,562	268,455
Treasury shares	(9,408)	(9,303)
Subscription rights to shares	1,009	1,010
Other components of equity	23,204	20,280
Equity attributable to owners of the company	514,285	521,360
Non-controlling interests	696	9,529
Total equity	514,981	530,889
Total liabilities and equity	976,370	1,030,038

(2) Condensed Consolidated Statement of Profit or Loss

Nine months ended December 31, 2015 and 2016

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Revenue	762,326	699,636
Cost of sales	395,379	360,551
Gross profit	366,947	339,084
Other income	5,976	10,514
Selling, general and administrative expenses	322,737	310,617
Other expenses	8,597	4,527
Operating profit	41,588	34,454
Finance income	1,633	2,045
Finance costs	2,698	2,228
Share of profit (loss) of investments accounted for using the equity method	0	(167)
Profit before tax	40,524	34,103
Income tax expense	14,026	9,037
Profit for the period	26,497	25,066
Profit attributable to		
Owners of the company	26,492	24,910
Non-controlling interests	5	156
Earnings per share		
Basic	53.32 yen	50.27 yen
Diluted	53.16 yen	50.13 yen

Three months ended December 31, 2015 and 2016

(Millions of yen)

	Three months ended December 31, 2015	Three months ended December 31, 2016
Revenue	255,081	237,670
Cost of sales	132,355	125,632
Gross profit	122,725	112,037
Other income	1,000	8,619
Selling, general and administrative expenses	108,451	103,352
Other expenses	1,896	1,388
Operating profit	13,378	15,915
Finance income	536	1,521
Finance costs	729	741
Share of profit (loss) of investments accounted for using the equity method	0	(72)
Profit before tax	13,186	16,624
Income tax expense	4,005	5,042
Profit for the period	9,181	11,581
Profit attributable to		
Owners of the company	9,162	11,666
Non-controlling interests	18	(85)
Earnings per share		
Basic	18.49 yen	23.54 yen
Diluted	18.44 yen	23.47 yen

(3) Condensed Consolidated Statement of Comprehensive Income

Nine months ended December 31, 2015 and 2016

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit for the period	26,497	25,066
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	131	(133)
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	(1,072)	3,086
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	3	(0)
Total items that will not be reclassified to profit or loss	(937)	2,953
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	303	(1,521)
Exchange differences on translation of foreign operations (net of tax)	(4,508)	(5,210)
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	—	(31)
Total items that may be subsequently reclassified to profit or loss	(4,204)	(6,763)
Total other comprehensive income	(5,142)	(3,810)
Total comprehensive income	21,355	21,256
Total comprehensive income attributable to		
Owners of the company	21,643	21,854
Non-controlling interests	(287)	(598)

Three months ended December 31, 2015 and 2016

(Millions of yen)

	Three months ended December 31, 2015	Three months ended December 31, 2016
Profit for the period	9,181	11,581
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	2	(58)
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	799	2,951
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	0	0
Total items that will not be reclassified to profit or loss	802	2,893
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	58	(1,541)
Exchange differences on translation of foreign operations (net of tax)	(3,952)	31,087
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	—	5
Total items that may be subsequently reclassified to profit or loss	(3,894)	29,552
Total other comprehensive income	(3,091)	32,445
Total comprehensive income	6,089	44,027
Total comprehensive income attributable to		
Owners of the company	6,250	43,987
Non-controlling interests	(161)	39

(4) Condensed Consolidated Statement of Changes in Equity

(Millions of yen)

	Share capital	Share premium	Retained earnings	Treasury shares	Subscription rights to shares	Other components of equity	Equity attributable to owners of the company	Non-controlling interests	Total equity
Balance at April 1, 2015	37,519	203,395	257,227	(10,727)	1,016	47,545	535,976	1,071	537,048
Profit for the period	—	—	26,492	—	—	—	26,492	5	26,497
Other comprehensive income	—	—	—	—	—	(4,849)	(4,849)	(292)	(5,142)
Total comprehensive income	—	—	26,492	—	—	(4,849)	21,643	(287)	21,355
Dividends	—	—	(12,448)	—	—	—	(12,448)	—	(12,448)
Acquisition and disposal of treasury shares	—	—	(49)	(9,869)	—	—	(9,919)	—	(9,919)
Cancellation of the treasury shares	—	—	(11,086)	11,086	—	—	—	—	—
Share-based payments (Subscription rights to shares)	—	—	—	—	17	—	17	—	17
Changes in the ownership interest in subsidiaries	—	2	—	—	—	—	2	(104)	(102)
Transfer from other components of equity to retained earnings	—	—	21	—	—	(21)	—	—	—
Total transactions with owners	—	2	(23,563)	1,217	17	(21)	(22,348)	(104)	(22,453)
Balance at December 31, 2015	37,519	203,397	260,156	(9,510)	1,033	42,674	535,271	679	535,950

(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, 2016	37,519	203,397	258,562	(9,408)	1,009	23,204	514,285	696	514,981
Profit for the period	—	—	24,910	—	—	—	24,910	156	25,066
Other comprehensive income	—	—	—	—	—	(3,055)	(3,055)	(754)	(3,810)
Total comprehensive income	—	—	24,910	—	—	(3,055)	21,854	(598)	21,256
Dividends	—	—	(14,865)	—	—	—	(14,865)	—	(14,865)
Acquisition and disposal of treasury shares	—	—	(20)	105	—	—	85	—	85
Share-based payments (Subscription rights to shares)	—	—	—	—	0	—	0	—	0
Changes in non-controlling interests due to increase in subsidiaries	—	—	—	—	—	—	—	9,430	9,430
Transfer from other components of equity to retained earnings	—	—	(131)	—	—	131	—	—	—
Total transactions with owners	—	—	(15,017)	105	0	131	(14,779)	9,430	(5,348)
Balance at December 31, 2016	37,519	203,397	268,455	(9,303)	1,010	20,280	521,360	9,529	530,889

(5) Condensed Consolidated Statement of Cash Flow

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Cash flows from operating activities		
Profit before tax	40,524	34,103
Depreciation and amortization expenses	37,452	39,059
Impairment losses	11	43
Share of (profit) loss of investments accounted for using the equity method	(0)	167
Interest and dividends income	(1,627)	(1,880)
Interest expenses	1,807	1,987
(Gain) loss on sales and disposals of property, plant and equipment and intangible assets	(2,653)	459
(Increase) decrease in trade and other receivables	8,262	11,965
(Increase) decrease in inventories	(22,441)	(21,350)
Increase (decrease) in trade and other payables	(3,246)	6,612
Decrease in transfer of lease assets	(4,856)	(4,372)
Increase (decrease) in retirement benefit liabilities	1,393	1,878
Others	(9,623)	(13,826)
Subtotal	45,001	54,849
Dividends received	523	512
Interest received	1,138	1,058
Interest paid	(1,971)	(1,959)
Income taxes paid	(13,553)	(5,745)
Net cash flows from operating activities	31,137	48,716

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Cash flows from investing activities		
Purchase of property, plant and equipment	(26,469)	(22,364)
Proceeds from sales of property, plant and equipment	8,618	833
Purchase of intangible assets	(9,235)	(6,623)
Purchase of investments in subsidiaries	(45,159)	(25,144)
Purchase of interests in investments accounted for using the equity method	(343)	—
Purchase of investment securities	(92)	(177)
Proceeds from sales of investment securities	287	73
Payments for loans receivable	(39)	(26)
Collection of loans receivable	104	132
Payments for transfer of business	(3,125)	(3,845)
Others	(2,042)	(1,273)
Net cash flows from investing activities	(77,497)	(58,415)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	29,838	13,283
Proceeds from bonds issuance and long-term loans payable	4	34,046
Redemption of bonds and repayments of long-term loans payable	(26,873)	(26,527)
Purchase of treasury shares	(10,014)	(2)
Cash dividends paid	(12,299)	(14,687)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(102)	—
Others	429	370
Net cash flows from financing activities	(19,015)	6,483
Effect of exchange rate changes on cash and cash equivalents	(1,991)	(2,016)
Net increase (decrease) in cash and cash equivalents	(67,367)	(5,230)
Cash and cash equivalents at the beginning of the period	177,496	99,937
Cash and cash equivalents at the end of the period	110,129	94,706

(6) Notes to the Condensed Consolidated Financial Statements

[Notes Regarding Going Concern Assumptions]

None.

[Other Income]

Components of other income are as follows.

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Patent-related income (Note 1)	—	7,751
Gain on sales of property, plant and equipment and intangible assets (Note 2)	3,811	153
Others	2,165	2,608
Total	5,976	10,514

(Note 1) Patent-related income for the period under review pertains to royalties for the license of patents related to the Industrial Business.

(Note 2) Gain on sales of property, plant and equipment and intangible assets recognized during the nine months ended December 31, 2015 was mainly due to sales of assets in North America.

[Other Expenses]

Components of other expenses are as follows.

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Loss on disposal of mass-produced trial products (Note 1)	986	1,708
Loss on sales and disposals of property, plant and equipment and intangible assets	1,157	613
Special extra retirement payment (Note 2)	2,512	155
Others	3,940	2,049
Total	8,597	4,527

(Note 1) Loss on disposal of mass-produced trial products is mainly attributable to loss arising from the disposal of mass-produced trial products, in connection with the launch of new products in the Industrial Business.

(Note 2) Special extra retirement payment includes extra retirement payment paid to retired employees related to the implementation of a special early retirement program.

[Share Capital and Treasury Shares]

(Shares)

	Number of authorized shares	Number of issued shares (Note 1) (Note 2)	Number of treasury shares
Balance at March 31, 2016	1,200,000,000	502,664,337	7,188,993
Increase	-	-	2,603
Decrease	-	-	82,716
Balance at December 31, 2016	1,200,000,000	502,664,337	7,108,880

(Note 1) Shares issued by the Company are non-par value ordinary shares.

(Note 2) Issued shares have been fully paid.

[Segment Information]

(a) Reportable segments

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

The business content of each reportable segment is as follows:

	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.

Nine months ended December 31, 2015

(Millions of yen)

	Reportable segments				Others	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Revenue						
External	616,100	62,217	81,724	760,042	2,284	762,326
Intersegment (Note)	1,559	475	3,146	5,181	15,942	21,124
Total	617,659	62,693	84,871	765,224	18,226	783,451
Segment profit	50,892	2,288	13,280	66,462	1,080	67,542

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

Nine months ended December 31, 2016

(Millions of yen)

	Reportable segments				Others	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Revenue						
External	562,243	63,352	65,512	691,108	8,528	699,636
Intersegment (Note)	3,266	574	3,245	7,085	14,263	21,349
Total	565,509	63,926	68,757	698,193	22,792	720,985
Segment profit	38,110	1,505	14,437	54,053	(788)	53,264

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

Three months ended December 31, 2015

(Millions of yen)

	Reportable segments				Others	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Revenue						
External	206,857	21,977	25,477	254,311	769	255,081
Intersegment (Note)	580	277	1,138	1,996	5,887	7,883
Total	207,437	22,255	26,615	256,307	6,656	262,964
Segment profit	16,528	799	2,827	20,154	449	20,604

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

Three months ended December 31, 2016

(Millions of yen)

	Reportable segments				Others	Total
	Business Technologies Business	Healthcare Business	Industrial Business	Total		
Revenue						
External	191,597	21,958	21,360	234,916	2,753	237,670
Intersegment (Note)	1,364	206	1,087	2,658	4,727	7,385
Total	192,962	22,164	22,448	237,574	7,481	245,056
Segment profit	11,950	265	9,714	21,930	(173)	21,757

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

Differences between the amount of “Totals” for reportable segments and the amount of “Condensed consolidated statement of profit or loss” and the principal content of these differences are provided below.

(Millions of yen)

Revenue	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Total revenue of reportable segments	765,224	698,193
Revenue categorized in “Others”	18,226	22,792
Total of reportable segments and “Others”	783,451	720,985
Adjustments (Note)	(21,124)	(21,349)
Revenue reported in condensed consolidated statement of profit or loss	762,326	699,636

(Note) Adjustments are intersegment eliminations.

(Millions of yen)

Revenue	Three months ended December 31, 2015	Three months ended December 31, 2016
Total revenue of reportable segments	256,307	237,574
Revenue categorized in “Others”	6,656	7,481
Total of reportable segments and “Others”	262,964	245,056
Adjustments (Note)	(7,883)	(7,385)
Revenue reported in condensed consolidated statement of profit or loss	255,081	237,670

(Note) Adjustments are intersegment eliminations.

(Millions of yen)

Profit	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Total operating profit of reportable segments	66,462	54,053
Operating profit categorized in “Others”	1,080	(788)
Total of reportable segments and “Others”	67,542	53,264
Adjustments (Note)	(25,953)	(18,810)
Operating profit reported in condensed consolidated statement of profit or loss	41,588	34,454

(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)

Profit	Three months ended December 31, 2015	Three months ended December 31, 2016
Total operating profit of reportable segments	20,154	21,930
Operating profit categorized in "Others"	449	(173)
Total of reportable segments and "Others"	20,604	21,757
Adjustments (Note)	(7,226)	(5,841)
Operating profit reported in condensed consolidated statement of profit or loss	13,378	15,915

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

[Business Combinations]

Nine months ended December 31, 2015

(Acquisition of shareholding of Radiant Vision Systems, LLC)

With regard to (b) below, the allocation of acquisition costs has been completed and the figures therefore now reflect revisions to the provisional figures that occurred after the end of the nine-month period ended December 31, 2015.

(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 and recognized value of assets acquired and liabilities assumed, as of the acquisition date

(Millions of yen)

Fair value of the consideration for acquisition	29,056
Recognized 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 condensed consolidated statement of profit or loss and the condensed consolidated statement of comprehensive income for the nine months ended December 31, 2015.

(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 previous fiscal year, on April 1, 2015, has no material effect on the condensed consolidated statement of profit or loss and the condensed

consolidated statement of comprehensive income for the nine months ended December 31, 2015, it is not disclosed here.

(Acquisition of shareholding in 20/20 Healthcare LLC)

With regard to (b) below, the allocation of acquisition costs has been completed and the figures therefore now reflect revisions to the provisional figures that occurred after the end of the nine-month period ended December 31, 2015.

(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 and recognized value of assets acquired and liabilities assumed, as of the acquisition date

	(Millions of yen)
Fair value of the consideration for acquisition	9,124
Recognized 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 acquired companies has no material effect on the condensed consolidated statement of profit or loss and the condensed consolidated statement of comprehensive income for the nine months ended December 31, 2015.

(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 previous fiscal year, on April 1, 2015, has no

material effect on the condensed consolidated statement of profit or loss and the condensed consolidated statement of comprehensive income for the nine months ended December 31, 2015, it is not disclosed here.

Nine months ended December 31, 2016

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

With regard to the business combination that occurred in the previous consolidated fiscal year, because during the previous consolidated fiscal year the allocation of acquisition costs had not been completed, the provisional calculations were made for fair value of the consideration for acquisition and recognized value of assets acquired and liabilities assumed as of the acquisition date. Concerning such figures, the allocation of acquisition costs was completed during the six months ended September 30, 2016. The changes from the provisional figures thereby consist of a decrease of ¥2,717 million in intangible assets and a decrease of ¥605 million in deferred tax liabilities, while the associated change in goodwill is an increase of ¥2,112 million.

The breakdown after this finalization is as follows.

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

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

(Note 1) There was no contingent consideration.

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

(Acquisition of shares of MOBOTIX AG)

(a) Description of the business combination

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

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

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

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

(Note 1) There was no contingent consideration.

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

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

(Note 4) The allocation of acquisition costs was completed during the three months ended September 30, 2016. The changes from the provisional figures consist of an increase of ¥258 million in intangible assets and an increase of ¥77 million in deferred tax liabilities, which resulted in a ¥62 million increase in non-controlling interests. The associated change in goodwill is a decrease of ¥118 million.

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

(c) Performance after the acquisition date

Information is not disclosed because the business combination of the said company has no

material effect on the condensed consolidated statement of profit or loss and the condensed consolidated statement of comprehensive income for the nine months ended December 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 period under review, on April 1, 2016, has no material effect on the condensed consolidated statement of profit or loss and the condensed consolidated statement of comprehensive income for the nine months ended December 31, 2016, it is not disclosed here.