

Consolidated Financial Results

Fiscal Year ended March 31, 2018

[IFRS]

April 1, 2017 – March 31, 2018

Konica Minolta, Inc.

Stock exchange listings: Tokyo (First Section)
 Local securities code number: 4902
 URL: <http://konicaminolta.com>
 Listed company name: Konica Minolta, Inc.
 Representative: Shoei Yamana
 President and CEO, Representative Executive Officer
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 Scheduled date for Ordinary General Meeting of Shareholders: June 19, 2018
 Scheduled date for dividends payment: May 30, 2018
 Scheduled date for submission of securities report: June 20, 2018
 Availability of supplementary information: Yes
 Organization of financial results briefing: Yes (for institutional investors)

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

1. Overview of performance (From April 1, 2017 to March 31, 2018)

(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 2018	1,031,256	7.1%	53,844	7.4%	49,124	-0.4%	32,207	2.3%
Fiscal Year ended Mar 2017	962,555	-6.7%	50,135	-16.5%	49,341	-15.0%	31,485	-1.6%

	(Millions of yen)			
	Profit attributable to owners of the company		Total comprehensive income	
Fiscal Year ended Mar 2018	32,248	2.2%	34,642	36.8%
Fiscal Year ended Mar 2017	31,542	-1.3%	25,317	—

	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 2018	65.17 yen	64.96 yen	6.1%	4.4%	5.2%
Fiscal Year ended Mar 2017	63.65 yen	63.47 yen	6.1%	5.0%	5.2%

(Reference) Share of profit (loss) of investments accounted for using the equity method:

Fiscal year ended March 31, 2018: ¥(647) million

Fiscal year ended March 31, 2017: ¥(66) million

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

(2) Financial position

(Millions of yen, unless otherwise stated)

	Total assets	Total equity	Equity attributable to owners of the company	Equity ratio attributable to owners of the company	Equity per share attributable to owners of the company
As of March 31, 2018	1,203,907	535,588	524,513	43.6%	1,060.72 yen
As of March 31, 2017	1,005,435	534,149	524,331	52.1%	1,057.92 yen

(3) Cash flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
Fiscal Year ended Mar 2018	65,367	(133,737)	126,638	149,913
Fiscal Year ended Mar 2017	68,659	(70,594)	(2,347)	92,628

2. Dividends per share

(yen)

	1Q	2Q	3Q	Year-end	Total
Fiscal Year ended Mar 2017	—	15.00	—	15.00	30.00
Fiscal Year ended Mar 2018	—	15.00	—	15.00	30.00
Fiscal Year ending Mar 2019 (forecast)	—	15.00	—	15.00	30.00

	Total dividends (annual) (Millions of yen)	Dividend payout ratio (consolidated) (%)	Dividends on equity attributable to owners of the company ratio (consolidated) (%)
Fiscal Year ended Mar 2017	14,867	47.1	2.9
Fiscal Year ended Mar 2018	14,872	46.0	2.8
Fiscal Year ending Mar 2019 (forecast)		40.1	

3. Consolidated results forecast for fiscal year ending March 31, 2019

(From April 1, 2018 to March 31, 2019)

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

(Millions of yen, unless otherwise stated)

	Revenue		Operating profit		Profit attributable to owners of the company		Basic earnings per share
Full year	1,080,000	4.7%	60,000	11.4%	37,000	14.7%	74.82 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
- Changes in accounting policies required by IFRS: None
 - Changes in accounting policies other than "a.": None
 - Changes in accounting estimates: None
- (3) Number of shares (common stock)
- Issued shares at period-end (including treasury shares)

As of March 31, 2018:	502,664,337 shares
As of March 31, 2017:	502,664,337 shares
 - Treasury shares at period-end

As of March 31, 2018:	8,175,975 shares
As of March 31, 2017:	7,041,082 shares
 - Average number of outstanding shares during the period

Fiscal Year ended March 31, 2018:	494,865,264 shares
Fiscal Year ended March 31, 2017:	495,554,436 shares

Starting from the second quarter of this consolidated fiscal year, the Company has established "Directors' Compensation Board Incentive Plan (BIP) Trust." The 1,274,000 shares of the Company's stock owned by the trust account relating to this trust are recognized as treasury shares.

(Reference) Overview of non-consolidated performance

1. Non-consolidated performance (From April 1, 2017 to March 31, 2018)

(1) Non-consolidated business performance

Percentage figures represent the change from the previous fiscal year.

(Millions of yen, unless otherwise stated)

	Revenue		Operating profit		Ordinary income		Net income	
Fiscal Year ended Mar 2018	436,157	-0.2%	82	-97.5%	7,655	-51.6%	12,756	8.8%
Fiscal Year ended Mar 2017	436,840	-10.1%	3,332	-82.9%	15,815	-36.1%	11,724	19.3%

	Net income per share	Net income per share (after full dilution)
Fiscal Year ended Mar 2018	25.78 yen	25.70 yen
Fiscal Year ended Mar 2017	23.66 yen	23.59 yen

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of March 31, 2018	792,860	343,086	43.2%	691.93 yen
As of March 31, 2017	679,030	349,234	51.3%	702.62 yen

Note: Equity:

Fiscal year ended March 31, 2018: ¥342,151 million

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

- The audit procedures by certified public accountant or by auditing firm are not applicable to this Consolidated Financial Results report.

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

(Note on forward-looking statements)

This document contains projections of performance and other projections that were made based on information currently available and certain assumptions judged to be reasonable. The Konica Minolta Group makes no warranty as to the achievability of the projections. There is a possibility that diverse factors may cause actual performance, etc. to differ materially from the projections. Please see “(1) Overview of Business Performance, c. Outlook for the Fiscal Year Ending March 31, 2019” in Section 1. “OVERVIEW of BUSINESS PERFORMANCE” on page 7 for more information on points to be remembered in connection with assumptions for projections and the use of projections.

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

Konica Minolta, Inc. will hold a financial results briefing for institutional investors on Monday, May 14, 2018. The proceedings and details of the briefing, along with the presentation slides to be used at the briefing, will promptly be posted on the website of the Group after the briefing.

Supplementary Information

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1. OVERVIEW of BUSINESS PERFORMANCE

(1) Overview of Business Performance

a. Overall earnings

(Billions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Increase (Decrease)	
Revenue	962.5	1,031.2	68.7	7.1%
Gross profit	459.9	489.8	29.8	6.5%
Operating profit	50.1	53.8	3.7	7.4%
Profit before tax	49.3	49.1	(0.2)	-0.4%
Profit attributable to owners of the company	31.5	32.2	0.7	2.2%
Basic earnings per share [yen]	63.65	65.17	1.52	2.4%
ROE	6.1%	6.1%	0.0	—
Capital expenditures	38.9	38.7	(0.2)	-0.5%
Depreciation and amortization expenses	51.8	56.2	4.4	8.6%
Research and development expenses	73.2	77.0	3.7	5.1%
Free cash flow	(1.9)	(68.3)	(66.4)	—
Number of employees (consolidated) [persons]	43,979	43,299	(680)	-1.5%
Foreign exchange rates [yen]				
US dollar	108.38	110.85	2.47	2.3%
euro	118.79	129.70	10.91	9.2%

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

Looking back at the economic situation during the fiscal year ended March 31, 2018 (hereafter, “the fiscal year under review”), economic growth continued steady against a background of solid personal consumption in the US, and in Europe as well economies posted solid growth, primarily on the back of exports, in addition to improved personal consumption. China maintained stable growth, supported by fiscal policy and personal consumption, and the economies of emerging countries such as those of ASEAN, and India, continued to expand. In Japan, the strength of the global economy supported improvements in corporate earnings, and the economy trended toward moderate recovery.

In the context of this economic environment, consolidated revenue in the fiscal year under review of the Konica Minolta Group (hereafter, “the Group”) reached ¥1,031.2 billion (up 7.1% year on year), with all business segments posting higher revenue. In the Office Business, in addition to strong sales of color MFPs (Multi-functional peripherals) in North America, sales in China grew significantly. In the Professional Print Business, sales of digital color printing systems strongly increased in China, and rose in Europe as well, while the industrial printing business unit also expanded, primarily in North America. In the Healthcare Business, digital product sales rose in North America, while in the Industrial Business the solid performance of the measuring instruments business unit continued throughout the fiscal year, leading to a substantial increase in revenue.

In order to accelerate the transformation of the business in line with the policies of the Medium Term Business Plan SHINKA 2019, structural reform expenses were posted of ¥5.3 billion in Japan and ¥4.6 billion overseas. Moreover, the Group optimized the use of its facilities (land, buildings) as part of its corporate real estate strategy, generating ¥20.3 billion in income from asset liquidation through sale and leaseback, which enabled it to offset structural reform expenses and investment in new businesses, including expenses associated with major acquisitions.

As a result of the above, operating profit was ¥53.8 billion (up 7.4% year on year). All business segments recorded growth in earnings, and the Group as a whole also posted higher profits.

Profit before tax came in at ¥49.1 billion (down 0.4% year on year), while profit attributable to owners of the company was ¥32.2 billion (up 2.2% year on year).

With the aim of becoming a high-profitability company, we are actively working to nurture businesses in the following three fields, as part of the Medium Term Business Plan SHINKA 2019.

1. High value-added services appropriate to an IoT era in which things are connected to other things
2. Full-scale promotion of digitalization in commercial and industrial printing
3. Full-scale entry into the area of precision medicine

During this fiscal year, which was the first year of the Medium Term Business Plan, we continued the development of Workplace Hub, Konica Minolta's edge IoT platform, with our corporate partners, moving forward with demonstrations of its value to customers, and progressing steadily towards commercialization. With regard to the promotion of the digitalization of commercial and industrial printing, in commercial printing we launched new products, including an optional unit providing proprietary Konica Minolta functionality, and in industrial printing the value-added products that we offered penetrated the market widely, leading to an acceleration in sales. In the field of precision medicine, we completed the acquisitions of Ambry Genetics Corporation and Invicro, LLC in October and November, respectively, inaugurating a business promotion structure that combines the strengths of those two companies with our proprietary High-Sensitivity Tissue Testing (HSTT) technology, in a move aimed at establishing of a bio-healthcare business unique to Konica Minolta.

In addition, in order to accelerate our business transformation, we are promoting structural reform in accordance with the Medium Term Business Plan, such as through the ongoing shifts in human resources, the consolidation of locations, and the conversion of fixed costs to variable costs. Also, while working to improve earnings power by reducing manufacturing costs and service costs, we continue to invest aggressively in new businesses that will form future pillars of earnings.

As a result of these initiatives, our progress was in line with projections as we prepared to meet the management targets of FY2019, the final year of the SHINKA 2019 business plan.

b. Overview by Segment

(Billions of yen)

		Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Increase (Decrease)	
Office Business	Revenue	558.2	583.8	25.6	4.6%
	Operating profit	44.3	44.9	0.5	1.3%
Professional Print Business	Revenue	203.9	214.2	10.2	5.0%
	Operating profit	8.2	9.2	1.0	12.4%
Healthcare Business	Revenue	89.9	96.5	6.5	7.3%
	Operating profit	2.8	5.5	2.7	94.6%
Industrial Business	Revenue	101.5	118.2	16.6	16.4%
	Operating profit	22.0	23.4	1.4	6.4%
Subtotal	Revenue	953.6	1,012.9	59.2	6.2%
	Operating profit	77.4	83.2	5.7	7.4%
"Others" and "Adjustments" (Note 2)	Revenue	8.8	18.3	9.4	107.0%
	Operating profit	(27.3)	(29.3)	(2.0)	—
Amount reported in Consolidated Statement of Profit or Loss	Revenue	962.5	1,031.2	68.7	7.1%
	Operating profit	50.1	53.8	3.7	7.4%

(Notes)

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

3. The classification for the reporting segments has been changed beginning this consolidated fiscal year. Details are provided in “4. CONSOLIDATED FINANCIAL STATEMENTS and RELATED NOTES, (6) Notes to the Consolidated Financial Statements [Segment Information].”

i. Office Business

In the office products business unit, sales volumes of both monochrome and color A3 MFPs grew year on year, and at a rate higher than that of the market. In particular, for color models, high-speed models posted high rates of expansion following the launch of new products. By region, sales volumes in Europe fell in comparison to the same period of the previous year, in which some major projects were established and major equipment installed, but sales grew in the second half of the fiscal year, primarily high-speed color models. In North America sales remained strong from the beginning of the fiscal year, and China also posted impressive year-on-year growth in sales volumes. Among sales to major companies that operate globally, sales to existing customers were robust, in addition to which there was an increase in major new projects, and the total value of contracts increased significantly.

In the IT services solution business unit, in addition to the impact of newly consolidated subsidiaries, sales of highly profitable security solutions contributed to increased revenue in the US. In Europe also, a company acquired in the second half of the fiscal year began to make a contribution to earnings, and revenue for the IT services solution business unit as a whole rose year on year, due to such factors as expanded sales of Managed Content Services, where margins rose due to improvement of service and support structure.

As a result of the above, revenue for the Office Business came in at ¥583.8 billion (up 4.6% year on year), while operating profit was ¥44.9 billion (up 1.3% year on year).

ii. Professional Print Business

For the production print business unit, markets were sluggish, primarily in developed countries, but although sales volumes in North America fell slightly year on year, sales in Europe expanded, centered on top-of-the-line models. In China, sales volumes greatly increased, leading to an overall year-on-year increase. The value of the intelligent quality optimizer “IQ-501,” which is equipped with proprietary Konica Minolta functionality that automatically controls output, in improving the efficiency of customer workflows has been widely accepted by customers, further enhancing our advantage over the competition.

In the industrial printing business unit, sales of the “AccurioJet KM-1” digital inkjet press, label printers, and digital decoration printing equipment made by French subsidiary MGI accelerated, primarily in North America and Europe, and sales volumes increased compellingly.

In the marketing services business unit there was growth in on-demand printing, which is being developed under the Kinko's brand, but in marketing print the impact of constraints on marketing costs at major customers in the first half of the fiscal year lingered, and revenue fell year on year.

As a result of the above, revenue for the Professional Print Business came in at ¥214.2 billion (up 5.0% year on year), while operating profit was ¥9.2 billion (up 12.4% year on year).

iii. Healthcare Business

In the healthcare (modality) business unit, sales volumes of digital radiography (DR) systems expanded, primarily in the US, due to strengthening our cooperation with X-ray device manufacturers, and the winning of a major project. Sales of diagnostic ultrasound systems remained solid in Japan, and sales volumes also expanded in China, Europe, and the US. There was an additional impact in the second half of the fiscal year from the contribution of newly launched products, leading to powerful growth in sales volumes.

In the medical IT business unit, higher revenue in the US contributed to higher profit and service contracts also expanded steadily.

As a result of the above, revenue for the Healthcare Business came in at ¥96.5 billion (up 7.3% year on year), while operating profit was ¥5.5 billion (up 94.6% year on year).

iv. Industrial Business

In the field of materials and components, against the background of the increasing size of LCD TVs, the strategic shift to such high value-added products as new water-resistant VA-TAC films and ZeroTAC film for IPS panels bore fruit in the performance materials business unit, and revenues grew despite price pressure. The optical component business unit recorded higher revenue, and the IJ (inkjet) component business unit saw continued strong sales, leading to an increase in revenue.

In the field of optical systems for industrial use, as a result of the measuring instruments business unit providing solutions that respond to innovations in display products, we were able to capture waves of demand from several customers, and revenue grew significantly.

As a result of the above, revenue for the Industrial Business came in at ¥118.2 billion (up 16.4% year on year), while operating profit was ¥23.4 billion (up 6.4% year on year).

(Reference) Overview of 4Q consolidated accounting period

(Billions of yen, unless otherwise stated)

	Three months ended March 31, 2017	Three months ended March 31, 2018	Increase (Decrease)	
Revenue	262.9	281.0	18.0	6.9%
Gross profit	120.8	132.2	11.3	9.4%
Operating profit	15.6	24.7	9.0	57.9%
Profit before tax	15.2	21.9	6.7	44.2%
Profit attributable to owners of the company	6.6	13.6	6.9	105.5%
Basic earnings per share [yen]	13.38	27.57	14.19	106.1%
Capital expenditures	11.4	13.9	2.5	22.1%
Depreciation and amortization expenses	12.7	14.9	2.1	17.2%
Research and development expenses	19.7	20.0	0.2	1.5%
Free cash flow	7.7	25.6	17.8	230.2%
Foreign exchange rates [yen]				
US dollar	113.64	108.30	(5.34)	-4.7%
euro	121.08	133.22	12.14	10.0%

Overview of main segments

(Billions of yen, unless otherwise stated)

		Three months ended March 31, 2017	Three months ended March 31, 2018	Increase (Decrease)	
Office Business	Revenue	150.9	156.1	5.2	3.5%
	Operating profit	13.0	14.9	1.9	14.5%
Professional Print Business	Revenue	55.7	59.2	3.4	6.2%
	Operating profit	1.4	4.2	2.7	189.0%
Healthcare Business	Revenue	26.5	29.6	3.0	11.5%
	Operating profit	1.3	1.6	0.3	25.1%
Industrial Business	Revenue	27.5	28.1	0.6	2.3%
	Operating profit	5.2	5.8	0.5	11.0%
Subtotal	Revenue	260.8	273.1	12.3	4.7%
	Operating profit	21.1	26.7	5.5	26.4%
"Others" and "Adjustments"	Revenue	2.1	7.8	5.7	270.0%
	Operating profit	(5.4)	(1.9)	3.4	-
Amount reported in Consolidated Statement of Profit or Loss	Revenue	262.9	281.0	18.0	6.9%
	Operating profit	15.6	24.7	9.0	57.9%

c. Outlook for the Fiscal Year Ending March 31, 2019

With regard to the global economic situation in which the Group operates, the current economic expansion is expected to continue, but we also anticipate a continuation of geopolitical risks and of the poor visibility caused by the impact of US trade policy. Japan also is expected to be affected by the instability and lack of visibility in the global economy, and we believe the recovery trend is likely to be only moderate in scope.

On the subject of the demand outlook for the main markets in which the Group operates, in the Office Business the ratio of color MFP models is expected to rise in China and in emerging countries, while in developed countries demand is expected to increase for high-speed color models designed to enhance operational productivity. Along with a rising awareness of security issues among small and medium-sized enterprises, we assume that demand for IT services will continue to grow. In the Professional Print Business, we expect demand in commercial printing for solutions that support improved profitability for customers, as well as further diffusion of digitalization in industrial printing. In the Healthcare Business, the digitalization of medical diagnostic equipment is seen continuing, leading to increased cooperation among regional medical organizations, and rising demand for medical IT services. For the Industrial Business, continued demand for the Group's products is expected, driven by innovation and customer diversification in the display and automotive industries.

Taking into account these conditions, the exchange rate assumptions that form the basis of results forecasts for the next fiscal year have been set to [¥105 to the US dollar and ¥125 to the euro, respectively], with forecasts as follows:

	Fiscal year ended March 31, 2018	Forecast for the fiscal year ending March 31, 2019
Revenue	1,031.2	1,080.0
Operating profit	53.8	60.0
Profit attributable to owners of the company	32.2	37.0
ROE*1	6.1%	6.9%
ROE*2	6.3%	7.2%

(Notes)

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

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

(2) Overview of Financial Position

a. Analysis of Financial Position

		March 31, 2017	March 31, 2018	Increase (Decrease)
Total assets	[Billions of yen]	1,005.4	1,203.9	198.4
Total liabilities	[Billions of yen]	471.2	668.3	197.0
Total equity	[Billions of yen]	534.1	535.5	1.4
Equity attributable to owners of the company	[Billions of yen]	524.3	524.5	0.1
Equity per share attributable to owners of the company	[yen]	1,057.92	1,060.72	2.80
Equity ratio attributable to owners of the company	[%]	52.1	43.6	-8.5

Total assets at March 31, 2018 were ¥1,203.9 billion, an increase of ¥198.4 billion (19.7%) from the previous fiscal year-end. This was primarily attributed to an increase of ¥123.1 billion in goodwill and intangible assets, an increase of ¥57.2 billion in cash and cash equivalents, and an increase of ¥20.2 billion in trade and other receivables.

Total liabilities at March 31, 2018 were ¥668.3 billion, an increase of ¥197.0 billion (41.8%) from the previous fiscal year-end. This was primarily attributed to an increase of ¥108.1 billion in bonds and borrowings, an increase of ¥56.9 billion in other financial liabilities, an increase of ¥17.9 billion in trade and other payables, and an increase of ¥10.9 billion in other liabilities.

Total equity at March 31, 2018 amounted to ¥535.5 billion, an increase of ¥1.4 billion (0.3%) from the previous fiscal year-end.

Equity attributable to owners of the company totaled ¥524.5 billion, a slight increase from the previous fiscal year-end. This was primarily attributed to ¥32.2 billion in profit for the period attributable to owners of the company, a decrease of ¥17.7 billion in share premium, and a decrease of ¥14.8 billion in retained earnings due to cash dividends.

As a result of the above, equity per share attributable to owners of the company came to ¥1,060.72, and the equity ratio attributable to owners of the company decreased 8.5 percentage points to 43.6%.

b. Analysis of Cash Flows

	(Billions of yen)		
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Increase (Decrease)
Cash flows from operating activities	68.6	65.3	(3.2)
Cash flows from investing activities	(70.5)	(133.7)	(63.1)
Total (Free cash flow)	(1.9)	(68.3)	(66.4)
Cash flows from financing activities	(2.3)	126.6	128.9

During the fiscal year ended March 31, 2018, net cash provided by operating activities was ¥65.3 billion, while net cash used in investing activities, mainly associated with the purchase of investments in subsidiaries, totaled ¥133.7 billion. As a result, free cash flow (the sum of cash flows from operating and investing activities) was an outflow of ¥68.3 billion.

Net cash provided by financing activities was ¥126.6 billion.

In addition, cash and cash equivalents at March 31, 2018 increased ¥57.2 billion from the previous fiscal year-end to ¥149.9 billion, reflecting the effect of exchange rate changes on cash and cash equivalents.

Cash flows from operating activities

Net cash provided by operating activities was ¥65.3 billion, a result largely of cash inflow due to profit before tax of ¥49.1 billion, depreciation and amortization expenses of ¥56.2 billion, and an increase in trade and other payables of ¥11.5 billion on the one hand, and cash outflow attributable largely to an adjustment for gain/loss from sales and disposals of property, plant and equipment and intangible assets of ¥19.8 billion, an increase in trade and other receivables of ¥7.6 billion, and payment of income taxes of ¥14.0 billion.

Cash flows from investing activities

Net cash used in investing activities was ¥133.7 billion, due mainly to purchases of property, plant and equipment of ¥26.9 billion, purchases of intangible assets of ¥11.0 billion, purchases of investments in subsidiaries of ¥116.9 billion, and ¥23.4 billion in proceeds from sales of property, plant and equipment and intangible assets.

As a result, free cash flow (the sum of cash flows from operating and investing activities) was an outflow of ¥68.3 billion, compared to an outflow of ¥1.9 billion in the previous fiscal year.

Cash flows from financing activities

Net cash provided by financing activities was ¥126.6 billion, compared to net cash used of ¥2.3 billion in the previous fiscal year, as a result of cash inflow attributable mainly to proceeds from bonds issuance and long-term loans payable of ¥145.7 billion, and proceeds from share issuance to non-controlling shareholders of ¥35.4 billion, while cash outflow included net decrease in short-term loans payable of ¥15.1 billion, redemption of bonds and repayments of long-term loans payable of ¥23.3 billion, and cash dividends paid of ¥14.8 billion.

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

2. PENDING ISSUES

In recent years, the advance of digital technology has caused upheaval in all kinds of industries, and the speed of these changes is accelerating.

Konica Minolta has special strengths in the field of inputting, processing and outputting digital images, as well as specific know-how in the accumulation, analysis, and use of diverse data types, and it also possesses a valuable asset in the form of its “connections” with some two million corporate customers around the world.

Guided by the Medium Term Business Plan SHINKA 2019 that began in April 2017, we are consolidating these strengths and assets and working actively to resolve our customers’ operational issues, as well as those faced by society as a whole.

In FY2018, the interim year of SHINKA 2019, we will focus in particular on the following two areas.

1. Fundamental strengthening of profitability in core businesses
 - Bringing products to market, based on ideas originating with the customer, that are tightly focused on usability and appealing levels of quality
 - Extracting results from manufacturing innovation, such as by involving suppliers in labor-saving initiatives
 - Reducing service costs through expanded use of predictive maintenance and remote support
 - Enhancing productivity by utilizing digital technology in all kinds of fields
2. Steady business growth in new fields
 - Ramping the Workplace Hub business, which connects to working style reforms
 - Expanding the business in the fields of industrial printing and optics
 - Moving forward with the commercialization of precision medicine, for which we made major acquisitions in FY2017

Further, it is vital for the sustainable growth of companies to resolve the challenges faced by business and human society, and contribute to the evolution of that society by offering insights to customers. We believe that the source of our competitiveness is human capital, and we will continue to discover and nurture diverse human resources from a global perspective, with everyone in the Group striving together as one, and continuing to rise to the challenge of “The Creation of New Value.”

As a result of initiatives such as those described above, by the final year of the Medium Term Business Plan in FY2019, we will ensure that we have paved the way to our management targets of ¥75.0 billion in operating profit, ¥50.0 billion in profit for the period, and ROE of 9.5%.

3. BASIC VIEWS on SELECTION of ACCOUNTING STANDARDS

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

4. CONSOLIDATED FINANCIAL STATEMENTS and RELATED NOTES

(1) Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2017	March 31, 2018
Assets		
Current assets		
Cash and cash equivalents	92,628	149,913
Trade and other receivables	243,195	263,453
Inventories	136,020	139,536
Income tax receivables	1,878	4,327
Other financial assets	6,924	1,427
Other current assets	18,799	23,018
Total current assets	499,446	581,676
Non-current assets		
Property, plant and equipment	190,580	192,941
Goodwill and intangible assets	209,577	332,699
Investments accounted for using the equity method	3,489	3,601
Other financial assets	47,542	47,507
Deferred tax assets	48,129	37,540
Other non-current assets	6,668	7,942
Total non-current assets	505,988	622,230
Total assets	1,005,435	1,203,907

(Millions of yen)

	March 31, 2017	March 31, 2018
Liabilities		
Current liabilities		
Trade and other payables	156,090	173,996
Bonds and borrowings	41,294	33,136
Income tax payables	5,554	5,038
Provisions	5,659	8,472
Other financial liabilities	372	1,874
Other current liabilities	41,275	48,888
Total current liabilities	250,246	271,407
Non-current liabilities		
Bonds and borrowings	144,218	260,530
Retirement benefit liabilities	61,267	51,599
Provisions	1,136	4,288
Other financial liabilities	4,362	59,781
Deferred tax liabilities	5,222	12,558
Other non-current liabilities	4,833	8,152
Total non-current liabilities	221,040	396,911
Total liabilities	471,286	668,318
Equity		
Share capital	37,519	37,519
Share premium	202,631	184,841
Retained earnings	276,709	298,366
Treasury shares	(9,214)	(10,189)
Subscription rights to shares	998	934
Other components of equity	15,685	13,041
Equity attributable to owners of the company	524,331	524,513
Non-controlling interests	9,818	11,075
Total equity	534,149	535,588
Total liabilities and equity	1,005,435	1,203,907

(2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Revenue	962,555	1,031,256
Cost of sales	502,616	541,453
Gross profit	459,938	489,803
Other income	14,147	24,856
Selling, general and administrative expenses	416,622	443,996
Other expenses	7,328	16,819
Operating profit	50,135	53,844
Finance income	2,724	3,778
Finance costs	3,451	7,851
Share of loss of investments accounted for using the equity method	66	647
Profit before tax	49,341	49,124
Income tax expense	17,856	16,916
Profit for the year	31,485	32,207
Profit attributable to:		
Owners of the company	31,542	32,248
Non-controlling interests	(56)	(41)
Earnings per share		
Basic	63.65 yen	65.17 yen
Diluted	63.47 yen	64.96 yen

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit for the year	31,485	32,207
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	1,519	2,985
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	3,958	1,044
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	5,477	4,030
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	697	232
Exchange differences on translation of foreign operations (net of tax)	(12,324)	(1,854)
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	(18)	26
Total items that may be subsequently reclassified to profit or loss	(11,645)	(1,595)
Total other comprehensive income	(6,168)	2,435
Total comprehensive income	25,317	34,642
Total comprehensive income attributable to:		
Owners of the company	25,556	33,952
Non-controlling interests	(239)	690

(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, 2016	37,519	203,397	258,562	(9,408)	1,009	23,204	514,285	696	514,981
Profit for the year	—	—	31,542	—	—	—	31,542	(56)	31,485
Other comprehensive income	—	—	—	—	—	(5,985)	(5,985)	(182)	(6,168)
Total comprehensive income	—	—	31,542	—	—	(5,985)	25,556	(239)	25,317
Dividends	—	—	(14,865)	—	—	—	(14,865)	—	(14,865)
Acquisition and disposal of treasury shares	—	—	(62)	194	—	—	131	—	131
Share-based payments	—	—	—	—	(10)	—	(10)	—	(10)
Changes in non-controlling interests due to changes in subsidiaries	—	—	—	—	—	—	—	9,805	9,805
Equity transactions, etc. with non-controlling shareholders	—	177	—	—	—	—	177	340	517
Put options written on non-controlling interests	—	(943)	—	—	—	—	(943)	(784)	(1,728)
Transfer from other components of equity to retained earnings	—	—	1,533	—	—	(1,533)	—	—	—
Total transactions, etc. with owners	—	(765)	(13,395)	194	(10)	(1,533)	(15,510)	9,361	(6,149)
Balance at March 31, 2017	37,519	202,631	276,709	(9,214)	998	15,685	524,331	9,818	534,149
Profit for the year	—	—	32,248	—	—	—	32,248	(41)	32,207
Other comprehensive income	—	—	—	—	—	1,703	1,703	731	2,435
Total comprehensive income	—	—	32,248	—	—	1,703	33,952	690	34,642
Dividends	—	—	(14,850)	—	—	—	(14,850)	—	(14,850)
Acquisition and disposal of treasury shares	—	—	(89)	(975)	—	—	(1,065)	—	(1,065)
Share-based payments	—	144	—	—	(63)	—	80	—	80
Changes in non-controlling interests due to changes in subsidiaries	—	—	—	—	—	—	—	35,924	35,924
Equity transactions, etc. with non-controlling shareholders	—	(135)	—	—	—	—	(135)	61	(73)
Put options written on non-controlling interests	—	(17,799)	—	—	—	—	(17,799)	(35,419)	(53,218)
Transfer from other components of equity to retained earnings	—	—	4,348	—	—	(4,348)	—	—	—
Total transactions, etc. with owners	—	(17,790)	(10,592)	(975)	(63)	(4,348)	(33,770)	566	(33,203)
Balance at March 31, 2018	37,519	184,841	298,366	(10,189)	934	13,041	524,513	11,075	535,588

(5) Consolidated Statement of Cash Flow

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before tax	49,341	49,124
Depreciation and amortization expenses	51,804	56,257
Impairment losses and reversal of impairment losses	379	592
Share of profit (loss) of investments accounted for using the equity method	66	647
Interest and dividends income	(2,688)	(3,201)
Interest expenses	2,848	5,043
(Gain) loss on sales and disposals of property, plant and equipment, and intangible assets	1	(19,889)
(Increase) decrease in trade and other receivables	1,806	(7,665)
(Increase) decrease in inventories	(12,446)	(169)
Increase (decrease) in trade and other payables	1,171	11,546
Decrease in transfer of lease assets	(6,831)	(6,856)
Increase (decrease) in retirement benefit liabilities	(3,045)	(4,786)
Others	(5,145)	139
Subtotal	77,263	80,783
Dividends received	525	605
Interest received	2,007	2,041
Interest paid	(2,792)	(4,010)
Income taxes paid	(8,343)	(14,052)
Net cash flows from operating activities	68,659	65,367

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from investing activities		
Purchase of property, plant and equipment	(32,731)	(26,941)
Purchase of intangible assets	(8,733)	(11,014)
Proceeds from sales of property, plant and equipment, and intangible assets	1,873	23,486
Purchase of investments in subsidiaries	(25,453)	(116,942)
Purchase of interests in investments accounted for using the equity method	—	(741)
Purchase of investment securities	(178)	(1,610)
Proceeds from sales of investment securities	111	2,357
Payments for loans receivable	(123)	(46)
Collection of loans receivable	139	122
Payments for transfer of business	(3,845)	(1,060)
Others	(1,651)	(1,345)
Net cash flows from investing activities	(70,594)	(133,737)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	3,140	(15,187)
Proceeds from bonds issuance and long-term loans payable	36,833	145,712
Redemption of bonds and repayments of long-term loans payable	(27,829)	(23,325)
Purchase of treasury shares	(3)	(1,164)
Cash dividends paid	(14,858)	(14,848)
Proceeds from share issuance to non-controlling shareholders	—	35,419
Others	370	32
Net cash flows from financing activities	(2,347)	126,638
Effect of exchange rate changes on cash and cash equivalents	(3,029)	(980)
Net increase (decrease) in cash and cash equivalents	(7,309)	57,285
Cash and cash equivalents at the beginning of the year	99,937	92,628
Cash and cash equivalents at the end of the year	92,628	149,913

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

None.

[Other Income]

Components of other income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Gain on sales of property, plant and equipment, and intangible assets	1,003	20,858
Patent-related income	7,751	—
Others	5,392	3,998
Total	14,147	24,856

[Other Expenses]

Components of other expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Special extra retirement payment	155	5,332
Business structure improvement expenses	1,486	4,620
Loss on disposal of mass-produced trial products	2,165	1,804
Loss on sales and disposals of property, plant and equipment, and intangible assets	1,004	968
Others	2,515	4,093
Total	7,328	16,819

[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.

Previously, reportable segments were classified into three segments, namely "Business Technologies Business," "Healthcare Business," and "Industrial Business." A change to this business segmentation has been made and starting from the first quarter of this fiscal year, segment information is presented for the four segments of "Office Business," "Professional Print Business," "Healthcare Business," and "Industrial Business."

This change reflects organizational realignment carried out to promote strategies as set out in "SHINKA 2019," our Medium Term Business Plan that is implemented from this fiscal year. In "SHINKA 2019," businesses are grouped into "core business," "growth business," and "new business," this last group comprising areas for which a management base will be built in the medium term. "Core business" and "growth business" are classified into the four reporting segments, while "new business" is included in "others." In conjunction with this realignment, the previous segment of "Business Technologies Business" is split into "Office Business" and "Professional Print Business," and the industrial inkjet component business unit, which was previously included in the "Business Technologies Business" segment, is now reported under "Industrial Business."

The segment information for the fiscal year ended March 31, 2017 presented in this report is based on the new business segmentation.

The business content of each reportable segment is as follows:

	Business content
Office Business	Development, manufacture, and sales of MFPs and related consumables; provision of related solutions and services
Professional Print Business	Development, manufacture, and sales of digital printing systems and related consumables; provision of various printing services, solutions, and services
Healthcare Business	Development, manufacture, and sales of, and provision of services for, diagnostic imaging systems (digital X-ray diagnostic imaging, diagnostic ultrasound systems, etc.); provision of digitalization, networking, solutions, and services in the medical field
Industrial Business	<Materials and Components> Development, manufacture, and sales of such products as TAC film for LCD displays, OLED lighting, Industrial inkjet printheads, and lenses for industrial and professional use, etc.
	<Optical Systems for Industrial Use> Development, manufacture, and sales of measuring instruments, 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, 2017

(Millions of yen)

	Reportable segments					Others	Total
	Office Business	Professional Print Business	Healthcare Business	Industrial Business	Total		
Revenue							
External	558,226	203,969	89,940	101,552	953,688	8,866	962,555
Intersegment (Note)	2,434	330	873	4,347	7,986	22,971	30,957
Total	560,661	204,299	90,814	105,899	961,674	31,838	993,513
Segment profit (loss)	44,346	8,254	2,863	22,033	77,499	(9,008)	68,491
Other items							
Depreciation and amortization expenses	23,550	8,992	4,000	8,923	45,467	199	45,667
Impairment losses on non-financial assets	113	53	0	124	292	-	292

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

Fiscal year ended March 31, 2018

(Millions of yen)

	Reportable segments					Others	Total
	Office Business	Professional Print Business	Healthcare Business	Industrial Business	Total		
Revenue							
External	583,886	214,256	96,513	118,247	1,012,904	18,351	1,031,256
Intersegment (Note)	1,838	349	1,046	4,913	8,148	20,792	28,940
Total	585,724	214,606	97,560	123,161	1,021,052	39,144	1,060,197
Segment profit (loss)	44,905	9,279	5,572	23,454	83,212	(14,850)	68,361
Other items							
Depreciation and amortization expenses	25,224	9,574	4,038	8,173	47,011	3,487	50,498
Impairment losses on non-financial assets	9	360	-	-	369	223	592

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

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

(Millions of yen)

Revenue	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Total revenue of reportable segments	961,674	1,021,052
Revenue categorized in "Others"	31,838	39,144
Total of reportable segments and "Others"	993,513	1,060,197
Adjustments (Note)	(30,957)	(28,940)
Revenue reported in consolidated financial statements	962,555	1,031,256

(Note) Adjustments are intersegment eliminations.

(Millions of yen)

Profit	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Total operating profit of reportable segments	77,499	83,212
Operating profit (loss) categorized in "Others"	(9,008)	(14,850)
Total of reportable segments and "Others"	68,491	68,361
Adjustments (Note)	(18,356)	(14,517)
Operating profit reported in consolidated financial statements	50,135	53,844

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

(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, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Depreciation and amortization expenses	45,467	47,011	199	3,487	6,136	5,759	51,804	56,257
Impairment losses on non-financial assets	292	369	—	223	89	—	382	592

(Note) Adjustments for depreciation and amortization expenses and impairment losses are mainly for facilities 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, 2017	Fiscal year ended March 31, 2018
Japan	192,297	196,393
U.S.A.	249,669	271,547
Europe	299,902	324,744
China	73,211	80,467
Asia	72,114	79,161
Others	75,359	78,942
Total	962,555	1,031,256

(Note) Revenue classifications are based on customers' geographical locations. There are no key countries presented separately other than those 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, 2017	March 31, 2018
Japan	205,495	206,108
U.S.A.	73,310	194,027
Europe	95,391	101,845
China	17,109	17,521
Asia	14,059	13,295
Others	4,768	4,229
Total	410,135	537,029

(d) Information on Principal Customers

No transactions with any 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, 2017	Fiscal year ended March 31, 2018
Basis of calculating basic earnings per share		
Profit for the year attributable to owners of the company [millions of yen]	31,542	32,248
Profit for the year not attributable to owners of the company [millions of yen]	—	—
Profit for the year to calculate basic earnings per share [millions of yen]	31,542	32,248
Weighted average number of ordinary shares outstanding during the period [thousands of shares]	495,554	494,865
Basic earnings per share [yen]	63.65	65.17
Basis of calculating diluted earnings per share		
Profit for the year to calculate basic earnings per share [millions of yen]	31,542	32,248
Adjustments of profit for the year [millions of yen]	—	—
Profit for the year to calculate diluted earnings per share [millions of yen]	31,542	32,248
Weighted average number of ordinary shares outstanding during the period [thousands of shares]	495,554	494,865
Impact of dilutive effects [thousands of shares]	1,409	1,560
Weighted average number of diluted ordinary shares outstanding during the period [thousands of shares]	496,963	496,426
Diluted earnings per share [yen]	63.47	64.96

[Business Combinations]

Acquisition of Ambry Genetics Corporation

(a) Description of the business combination

On October 18, 2017, the Group completed merger procedures between Konica Minolta Geno., Inc. (hereafter, "SPC2") and Ambry Genetics Corporation (hereafter, "Ambry"), a US firm engaged in genetic testing, with Ambry as the surviving company. SPC2 is a wholly owned subsidiary of Konica Minolta PM., Inc. (hereafter, "SPC1"), which is a company set up through joint investment with Innovation Network Corporation of Japan (hereafter, "INCJ") for the purpose of acquisition of Ambry.

Ambry was made a subsidiary by making a cash payment to shareholders of Ambry as a merger consideration, and converting SPC2 shares owned by SPC1 into shares of the surviving company.

Following the conclusion of the transaction, the Group's ownership ratio in Ambry stands at 60% and that of INCJ at 40%.

Ambry, which possesses cutting-edge genetic diagnostics technology, sophisticated product development capabilities, a variety of test items, advanced test processing competencies, and overwhelming strength in the genetic counselor channel, has become a leader in the US market for genetic testing, which has recorded remarkable growth, primarily in the rapidly expanding field of oncology. The company, which started the world's first-ever exome analysis testing for diagnostic purposes, provides genetic tests in a variety of clinical fields, such as hereditary and non-hereditary tumors, heart disease, respiratory disease, and neurological disorders. The company's extensive and cutting-edge laboratory in California has amassed a track record of more than 1 million genetic tests.

Through the acquisition of Ambry, the Company will not only acquire Ambry's state-of-the-art genetic diagnostics technology, advanced IT analysis technology that makes full use of bioinformatics, a large cutting-edge laboratory for specimen testing, and lucrative service business, but will also be able to enhance the core technologies crucial to the grouping of patients and new drug development by combining Konica Minolta's proprietary High-Sensitivity Tissue Testing (HSTT) technology with Ambry's genetic diagnostics technology, to achieve global growth in the field of precision medicine.

(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 (Note 1)	
Cash	86,591
Payable amount (Note 2)	2,289
Contingent consideration	1,914
Total	90,796
Recognized value of assets acquired and liabilities assumed	
Cash and cash equivalents	2,162
Trade and other receivables	2,991
Inventories	474
Property, plant and equipment	4,052
Intangible assets	35,494
Other assets	2,629
Trade and other payables	(723)
Bonds and borrowings	(1,995)
Deferred tax liabilities	(13,289)
Other liabilities	(2,761)
Total	29,035
Goodwill (Note 3)	61,760

(Notes)

1. The fair value of the consideration for acquisition includes proceeds from share issuance to non-controlling shareholders. With respect to non-controlling interests, because put options are attached hereto, these are transferred to financial liabilities. The difference between the fair value of said financial liabilities and the transfer amount of ¥35,419 million is recorded as share premium.
2. This is the amount that is payable as of the release of this report resulting from price adjustments to the consideration for acquisition.
3. Goodwill largely represents excess earnings power of the acquired company and synergy effect expected from the acquisition, no part of which is expected to be tax-deductible.
4. The above amounts are provisional because adjustment of the consideration for acquisition and allocation of the consideration for acquisition based on fair values of identifiable assets and liabilities have not been completed.

(c) Contingent consideration

Contingent consideration in the business combination is calculated based on the agreement to pay an additional consideration in proportion to the performance level that will be achieved over the two fiscal years following the date of the acquisition of Ambry. There is a possibility that payment of US\$200 million at a maximum may occur. The fair value of the contingent consideration is calculated using Monte Carlo simulation.

Changes in contingent consideration during the fiscal year ended March 2018 are as follows:

	(Millions of yen)
Balance at April 1, 2017	—
Business Combinations	1,914
Settlement	—
Change in fair value	(573)
Effect of exchange rate fluctuations	(65)
Balance at March 31, 2018	1,274

(d) Acquisition-related costs

Acquisition-related costs of ¥2,129 million incurred in the business combination were recognized in “selling, general and administrative expenses.” Note that the ¥138 million that was incurred in the previous fiscal year was expensed in the previous fiscal year.

(e) Performance after the acquisition date

The effect of the business combination of said company on the consolidated statement of profit or loss for the fiscal year ended March 31, 2018 was ¥6,196 million in revenue and ¥643 million in loss attributable to owners of the company.

(f) Pro-forma information (unaudited information)

If it is assumed that the business combination of said company took place at the beginning of the period under review, on April 1, 2017, its effect on the consolidated statement of profit or loss for the fiscal year ended March 31, 2018 would be ¥17,287 million in revenue and ¥622 million in loss attributable to owners of the company.

Acquisition of equity interest in Invicro, LLC

(a) Description of the business combination

As of November 10, 2017, the Group used cash to acquire 95% of equity interest in Invicro, LLC (hereafter, "Invicro"), a US-based firm in drug discovery and development services.

Invicro is an imaging Contract Research Organization (CRO) that provides support in drug development with its strength in highly advanced numerical analysis technology and technology for the detection of biomarker, an indicator of body condition.

Together with the acquisition of Ambry mentioned above, the acquisition of Invicro constitutes a cornerstone in Konica Minolta's entry into the precision medicine business. By combining our proprietary High-Sensitivity Tissue Testing (HSTT) technology with Ambry's world-leading genetic diagnostics solutions and Invicro's data analytics, biomarker discovery technology, and image processing technologies, as well as their ability to generate proposals for pharmaceutical companies, we will contribute to a dramatic improvement in productivity for new drug development, and subsequent improvements in Quality of Life (QOL) for patients, while helping to suppress soaring national medical expenses. We will nurture this with the aim of developing a new, highly profitable business.

(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	
Cash	31,143
Recognized value of assets acquired and liabilities assumed	
Cash and cash equivalents	261
Trade and other receivables	1,759
Inventories	34
Property, plant and equipment	1,306
Intangible assets	10,643
Other assets	398
Trade and other payables	(570)
Bonds and borrowings	(1,564)
Other liabilities	(2,267)
Total	10,002
Non-controlling interests (Note 2)	500
Goodwill (Note 3)	21,640

(Notes)

1. There was no contingent consideration.
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.
3. Goodwill largely represents excess earnings power of the acquired company and synergy effect expected from the acquisition. The estimate amount of goodwill in tax accounting that is expected to be tax deductible is ¥14,401 million.
4. The above amounts are provisional because adjustment of the consideration for acquisition and allocation of the consideration for acquisition based on fair values of identifiable assets

and liabilities have not been completed.

(c) Acquisition-related costs

Acquisition-related costs of ¥328 million incurred in the business combination were recognized in “selling, general and administrative expenses.”

(d) Performance after the acquisition date

This information is not provided because the effect of the business combination of said company on the consolidated statement of profit or loss for the fiscal year ended March 2018 is immaterial.

(e) Pro-forma information (unaudited information)

The pro-forma information assuming that the business combination of said company took place at the beginning of the fiscal year under review, on April 1, 2017, is not provided because its impact on the consolidated statement of profit or loss for the fiscal year ended March 2018 is immaterial.

[Events after the Reporting Period]

None.