

Consolidated Financial Results for the Three Months of the Fiscal Year Ending March 31, 2016 <under Japanese GAAP>



August 6, 2015

Company Name: Olympus Corporation
Code Number: 7733
(URL: <http://www.olympus.co.jp/>)
Stock Exchange Listing: First Section of Tokyo Stock Exchange
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Scheduled date to submit the Quarterly Securities Report: August 6, 2015
Scheduled date to commence dividend payments: –
Presentation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes (for analysts and institutional investors)

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the Three Months of the Fiscal Year Ending March 31, 2016 (From April 1, 2015 to June 30, 2015)

(1) Consolidated Results of Operations (cumulative) (% indicate changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Three months ended June 30, 2015	187,572	12.3	17,165	14.0	16,679	49.5	16,734	105.5
June 30, 2014	167,013	4.9	15,053	84.3	11,155	365.2	8,141	–

Note: Comprehensive income: Three months ended June 30, 2015: ¥30,991 million [1,050.8%]
Three months ended June 30, 2014: ¥2,693 million [(86.8)%]

	Net income per share	Fully diluted net income per share
Three months ended	(¥)	(¥)
June 30, 2015	48.89	48.88
June 30, 2014	23.79	23.79

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	(¥ million)	(¥ million)	%
June 30, 2015	1,105,773	384,741	34.6
March 31, 2015	1,081,551	357,254	32.9

Note: Equity as of June 30, 2015: ¥382,989 million March 31, 2015: ¥355,463 million

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended March 31, 2015	–	0.00	–	10.00	10.00
Fiscal year ending March 31, 2016	–				
Fiscal year ending March 31, 2016 (Forecast)		0.00	–	17.00	17.00

Note: Revisions of the forecast most recently announced: No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2016

(From April 1, 2015 to March 31, 2016)

(% indicate changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Six months	390,000	9.9	45,000	17.1	37,000	24.7	28,000	25.4	81.81
Full year	810,000	5.9	100,000	9.9	86,000	18.2	56,000	—	163.63

Note: Revisions of the forecast most recently announced: Yes

* Notes

- (1) Changes in significant subsidiaries during the three months under review (changes in specified subsidiaries resulting in the changes in scope of consolidation): Yes

[New: —

Excluded: 1 company (Olympus Imaging Corp.)]

Note: For details, please refer to the section of “(1) Changes in Significant Subsidiaries during the Three Months under Review” of “2. Matters Regarding Summary Information (Notes)” on page 6 of the attached material to the quarterly financial results report.

- (2) Application of special accounting for preparing quarterly consolidated financial statements: Yes

- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

- 1) Changes in accounting policies due to revisions to accounting standards, and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: Yes
- 3) Changes in accounting estimates: Yes
- 4) Restatement of prior period financial statements after error corrections: No

Note: For details, please refer to the section of “(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements after Error Corrections” of “2. Matters Regarding Summary Information (Notes)” on page 6 of the attached material.

- (4) Total number of issued shares (common stock)

- 1) Total number of issued shares at the end of the period (including treasury stock)

As of June 30, 2015	342,671,508 shares
As of March 31, 2015	342,671,508 shares

- 2) Total number of treasury shares at the end of the period

As of June 30, 2015	434,784 shares
As of March 31, 2015	434,236 shares

- 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2015	342,236,942 shares
Three months ended June 30, 2014	342,240,117 shares

* Indication regarding execution of quarterly review procedures

This quarterly financial results report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Law. At the time of disclosure of this quarterly financial results report, the quarterly review procedures to the quarterly consolidated financial statements are in progress.

* Proper use of the forecast of financial results, and other special matters

The forward-looking statements, including forecast of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors. Please refer to the section of “Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements” on page 5 of the attached material to the quarterly financial results report for the suppositions that form the assumptions for the forecast and cautions concerning the use thereof.

Attached Material

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1. Qualitative Information Regarding Settlement of Accounts for the Three Months

(1) Explanation of Results of Operations

Overall

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015	Increase (Decrease)	Increase (Decrease) Ratio
Net sales	167,013	187,572	20,559	12.3%
Operating income	15,053	17,165	2,112	14.0%
Ordinary income	11,155	16,679	5,524	49.5%
Net income attributable to owners of the parent	8,141	16,734	8,593	105.5%
Exchange rate (Yen/U.S. dollar)	102.16	121.36	19.2	–
Exchange rate (Yen/Euro)	140.07	134.16	(5.91)	–

In the global economy for the three months ended June 30, 2015, the recovery trend in the U.S. continued, but in Europe the outlook continued to be clouded by factors such as the problem in Greece, while the sense of an economic slowdown intensified in emerging countries such as China. In the Japanese economy, the tone of recovery is continuing due to improved corporate earnings, and personal consumption appears to be improving gradually after having declined due to the consumption tax hike implemented in April 2014.

Faced with this business environment, the Olympus Group's overall net sales increased over the three months of the fiscal year under review to ¥187,572 million (up 12.3% year on year), reflecting the substantial increase in sales in the Medical Systems Business, and sales increases in the Scientific Solutions Business and Imaging Systems Business. Operating income was ¥17,165 million (up 14.0% year on year), reflecting income growth in the Medical Systems Business, while the Scientific Solutions Business and the Imaging Systems Business both returned to profitability after recording losses in the same period of the previous fiscal year. Ordinary income was ¥16,679 million (up 49.5% year on year), reflecting the rise in operating income and an improvement in the balance of non-operating income and expenses due to a decrease in interest expenses and other factors. Moreover, income taxes became negative due to the recording of deferred income taxes and other factors, resulting in net income attributable to owners of the parent of ¥16,734 million (up 105.5% year on year).

Regarding foreign exchange, the yen depreciated against the U.S. dollar, on the other hand, it appreciated against the euro compared to the same period of the previous fiscal year. The average exchange rate during the period was ¥121.36 against the U.S. dollar (¥102.16 in the same period of the previous fiscal year) and ¥134.16 against the euro (¥140.07 in the same period of the previous fiscal year), which caused net sales and operating income to rise by ¥12,800 million and ¥3,000 million, respectively, year on year.

From the first quarter under review, a new business previously classified under the "Imaging Systems Business" (a new cross-functional business field aiming for a combination of medical systems and scientific solutions based on the optical technology, electronic and imaging technology, network technology and manufacturing technology accumulated in the Imaging Systems Business, and growth in this form) has been changed to "Others." In the following increase (decrease) ratio, the figures of the same period of the previous fiscal year have been restated to reflect the segment classification after this change.

Medical Systems Business

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015	Increase (Decrease)	Increase (Decrease) Ratio
Net sales	120,890	139,394	18,504	15.3%
Operating income	24,241	25,046	805	3.3%

Consolidated net sales in the Medical Systems Business amounted to ¥139,394 million (up 15.3% year on year), while operating income amounted to ¥25,046 million (up 3.3% year on year).

In gastrointestinal endoscope field, both sales of the endoscopy platform systems “EVIS EXERA III” and “EVIS LUCERA ELITE,” which are our mainstay products, were strong. In the surgical field, sales of the “VISERA ELITE” integrated endoscopic video system, which supports endoscopic surgery, the 3D laparoscopy system and the “THUNDERBEAT” energy device continued to grow. In the therapeutic devices field, there was growth in sales of the “QuickClip Pro” disposable rotatable clip fixing device, which is used to arrest bleeding of polyps, lesions, etc. and others. As a result, sales increased in all fields, driving an increase in sales in the Medical Systems Business.

Operating income in the Medical Systems Business increased due to the increase in sales.

Scientific Solutions Business

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015	Increase (Decrease)	Increase (Decrease) Ratio
Net sales	21,069	22,731	1,662	7.9%
Operating income/loss	(270)	760	1,030	–

Consolidated net sales in the Scientific Solutions Business amounted to ¥22,731 million (up 7.9% year on year), while operating income amounted to ¥760 million (compared with an operating loss of ¥270 million in the same period of the previous fiscal year).

In the life science field, sales were boosted by a contribution from an expansion in the lineup of “FLUOVIEW FVMPE-RS” laser scanning microscopes for use in cutting-edge life science research. In the industrial field, the Company recorded higher sales for all product groups such as the “IPLEX RX” and “IPLEX RT” industrial videoscopes, which have the best image quality in the series. As a result, sales increased in both fields.

The Science Solutions Business returned to profitability, recording operating income after recording a loss in the same period of the previous fiscal year, as a result of the increase in sales as well as efficiency gains through such means as the integration of sales offices.

Imaging Systems Business

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015	Increase (Decrease)	Increase (Decrease) Ratio
Net sales	18,575	21,533	2,958	15.9%
Operating income/loss	(1,948)	1,085	3,033	–

Consolidated net sales in the Imaging Systems Business amounted to ¥21,533 million (up 15.9% year on year), while operating income amounted to ¥1,085 million (compared with an operating loss of ¥1,948 million in the same period of the previous fiscal year).

In the mirrorless interchangeable-lens camera field, the OM-D series continued to perform solidly, such as the “OM-D E-M5 Mark II,” which was launched in the previous fiscal year. Sales were also boosted by a contribution from the high performance interchangeable lenses “M.ZUIKO DIGITAL PRO” series with additions of new models bringing the lineup to four models. In the compact camera field, the Company continued to limit the number of units sold in response to market shrinkage, while retaining sales on a par with the previous year by further advancing the shift to high-value-added models. As a result, sales in the Imaging Systems Business overall increased year on year.

The Imaging Systems Business returned to profitability, recording operating income after recording a loss in the same period of the previous fiscal year, mainly due to the increase in sales and progress in reducing expenses.

Others

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015	Increase (Decrease)	Increase (Decrease) Ratio
Net sales	6,479	3,914	(2,565)	(39.6)%
Operating income/loss	38	(1,388)	(1,426)	—

Consolidated net sales for other businesses amounted to ¥3,914 million (down 39.6% year on year) and operating loss was ¥1,388 million (compared with an operating income of ¥38 million in the same period of the previous fiscal year).

Net sales for other businesses declined due to reorganization of our non-core business domains in order to allocate management resources to our business domains in a more concentrated manner.

As a result of these factors, the other businesses recorded an operating loss after recording income in the same period of the previous fiscal year, mainly reflecting investments in the creation of new businesses in the medical and imaging technology domains.

(2) Explanation of Financial Position

As of the end of the first quarter under review, total assets increased ¥24,222 million compared to the end of the previous fiscal year to ¥1,105,773 million.

This was primarily as a result of increases in cash and time deposits of ¥14,333 million and construction in progress of ¥6,221 million, and a decrease in notes and accounts receivable of ¥13,031 million.

Total liabilities decreased ¥3,265 million compared to the end of the previous fiscal year to ¥721,032 million due mainly to a decrease in short-term borrowings of ¥5,195 million.

Net assets increased ¥27,487 million compared to the end of the previous fiscal year to ¥384,741 million, primarily due to an increase in retained earnings reflecting ¥16,734 million in net income attributable to owners of the parent, and an increase in accumulated other comprehensive income of ¥14,246 million arising from fluctuations in foreign exchange and stock prices.

As a result of the foregoing, equity ratio increased from 32.9% as of the end of the previous fiscal year to 34.6%.

(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements

The forecast of consolidated financial results for the six months ending September 30, 2015 has been revised as follows, as the Company now expects net income attributable to owners of the parent to exceed initial forecasts due to the recording of deferred income taxes during the first quarter.

The full-year forecast of consolidated financial results has been left unchanged from the forecast announced on May 8, 2015, due to uncertain risk factors currently in effect, and so forth.

The average exchange rates for the first six months and onward of the fiscal year ending March 31, 2016, which are a precondition for the forecast, are expected to be ¥115 against the U.S. dollar and ¥130 against the euro.

(Six months of the fiscal year ending March 31, 2016)

(Millions of yen)					
	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous Forecast (A)	390,000	45,000	37,000	24,000	¥70.13
Revised Forecast (B)	390,000	45,000	37,000	28,000	¥81.81
Increase (Decrease) (B-A)	–	–	–	4,000	–
Increase (Decrease) Ratio (%)	–	–	–	16.7	–

(Full year)

(Millions of yen)					
	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous Forecast (A)	810,000	100,000	86,000	56,000	¥163.63
Revised Forecast (B)	810,000	100,000	86,000	56,000	¥163.63
Increase (Decrease) (B-A)	–	–	–	–	–
Increase (Decrease) Ratio (%)	–	–	–	–	–

2. Matters Regarding Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Three Months under Review

Olympus Imaging Corp., a specified subsidiary of the Company, was absorbed in an absorption-type merger with the Company as the surviving company, carried out on April 1, 2015, Olympus Imaging Corp. has therefore been excluded from the scope of consolidation effective from the first quarter under review.

(2) Application of Special Accounting for Preparing Quarterly Consolidated Financial Statements

Taxes are calculated first by reasonably estimating the effective tax rates after applying tax effect accounting against income before provision for income taxes for the fiscal year including the first quarter under review, and next by multiplying the quarterly income before provision for income taxes by such estimated effective tax rates.

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements after Error Corrections

(Application of Accounting Standard for Business Combination, etc.)

Effective from the first quarter under review, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. As a result, the method of recording the amount of difference caused by changes in the Company’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the first quarter under review, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period to which the date of business combination belongs. In addition, the presentation method for “net income” and other related items was changed, and the presentation of “minority interests” was changed to “non-controlling interests.” To reflect these changes, the Company has reclassified its quarterly and full-year consolidated financial statements for the three months ended June 30, 2014 and the fiscal year ended March 31, 2015.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The Company is applying the said standard, etc. prospectively from the beginning of the first quarter under review.

The effect of these changes in accounting policies on quarterly consolidated financial statements is immaterial.

(Change in Method of Depreciation)

Previously, the Company and its consolidated subsidiaries in Japan have used the declining balance method for depreciating property, plant and equipment (excluding lease assets). From the first quarter under review, this has been changed to the straight-line method.

To achieve the basic strategy of the “Medium-Term Vision” announced by the Group in June 2012, of rebuilding of the business portfolio and optimal allocation of management resources, the Group has positioned the business domains of the Medical Systems Business, Scientific Solutions Business (formerly the Life Science and Industrial Systems Business), and the Imaging Systems Business, and set a clear policy of strategically concentrating management resources in the core Medical Systems Business.

As part of this strategy, the Group conducted a management integration and shifted to a new organization structure in April 2015, shifting from the in-house company system with three highly independent businesses, the Medical Systems Business, the Scientific Solutions Business, and the Imaging Systems Business, to a business operation structure that facilitates concentrated allocation of management resources in the Medical Systems Business. In doing so, the Group has reexamined its depreciation method in order to reflect the usage status of its property, plant and equipment more appropriately.

The Medical Systems Business is the Group’s core business and the majority of the Group’s property, plant and equipment in Japan are allocated to it. In the reorganization of the production system of the Medical Systems Business, the Group plans to transfer production of certain medical therapeutic devices overseas, while conducting stable production in Japan in high-value-added fields such as gastrointestinal endoscopes. Furthermore, from the fiscal year ending March 31, 2016, the new buildings in the main production sites in Japan will successively start operations, and relative proportion of depreciation for buildings within overall depreciation cost will increase. Given this situation, the Group expects to conduct stable, long-term operation of its property, plant and equipment in Japan in general, and has therefore changed the method of depreciation by uniformly adopting the straight-line method.

As a result, compared with the results under the previous method, operating income has increased by ¥672 million, and ordinary income and income before provision for income taxes have both increased by ¥822 million.

3. Important Event Regarding Premise of Going Concern

No items to report

4. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
ASSETS		
Current assets		
Cash and time deposits	209,875	224,208
Notes and accounts receivable	148,127	135,096
Merchandise and finished goods	57,179	58,814
Work in process	24,585	25,611
Raw materials and supplies	25,623	28,107
Other current assets	116,408	122,094
Allowance for doubtful accounts	(4,269)	(4,623)
Total current assets	577,528	589,307
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	48,753	49,483
Machinery and equipment, net	11,420	11,372
Tools, furniture and fixtures, net	59,413	60,256
Land	16,073	16,764
Lease assets, net	8,891	9,631
Construction in progress	5,595	11,816
Net property, plant and equipment	150,145	159,322
Intangible assets		
Goodwill	114,025	114,301
Others	66,622	65,583
Total intangible assets	180,647	179,884
Investments and other assets		
Investment securities	72,263	71,491
Other assets	110,524	115,353
Allowance for doubtful accounts	(9,556)	(9,584)
Total investments and other assets	173,231	177,260
Total fixed assets	504,023	516,466
Total assets	1,081,551	1,105,773

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
LIABILITIES		
Current liabilities		
Notes and accounts payable	39,155	39,835
Short-term borrowings	101,135	95,940
Income taxes payable	12,612	4,704
Provision for product warranties	5,116	5,275
Provision for loss on business liquidation	481	461
Provision for loss on litigation	11,000	2,305
Provision related to the U.S. Anti-kickback Act	58,883	62,443
Other current liabilities	146,411	159,822
Total current liabilities	374,793	370,785
Non-current liabilities		
Long-term bonds, less current maturities	55,000	55,000
Long-term borrowings, less current maturities	198,286	199,338
Net defined benefit liability	38,429	39,280
Other reserves	34	36
Other non-current liabilities	57,755	56,593
Total non-current liabilities	349,504	350,247
Total liabilities	724,297	721,032
NET ASSETS		
Shareholders' equity		
Common stock	124,520	124,520
Capital surplus	90,940	90,940
Retained earnings	113,817	127,101
Treasury stock, at cost	(1,111)	(1,113)
Total shareholders' equity	328,166	341,448
Accumulated other comprehensive income		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	24,764	25,234
Net unrealized gains (losses) on hedging derivatives, net of taxes	(8)	0
Foreign currency translation adjustments	15,285	28,502
Remeasurements of defined benefit plans	(12,745)	(12,194)
Total accumulated other comprehensive income	27,296	41,542
Subscription rights to shares	260	260
Non-controlling interests	1,532	1,491
Total net assets	357,254	384,741
Total liabilities and net assets	1,081,551	1,105,773

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income (cumulative)

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net sales	167,013	187,572
Costs of sales	60,635	65,832
Gross profit	106,378	121,740
Selling, general and administrative expenses	91,325	104,575
Operating income	15,053	17,165
Non-operating income		
Interest income	247	151
Dividends income	431	628
Foreign currency exchange gain	–	656
Others	395	1,390
Total non-operating income	1,073	2,825
Non-operating expenses		
Interest expenses	2,348	2,004
Foreign currency exchange loss	530	–
Advanced repayment expenses	807	–
Net loss of investment in affiliated companies carried on the equity method	348	1,216
Others	938	91
Total non-operating expenses	4,971	3,311
Ordinary income	11,155	16,679
Extraordinary losses		
Loss related to the U.S. Anti-kickback Act	–	2,421
Total extraordinary losses	–	2,421
Income before provision for income taxes	11,155	14,258
Income taxes	3,002	(2,484)
Net income	8,153	16,742
Net income attributable to non-controlling interests	12	8
Net income attributable to owners of the parent	8,141	16,734

Quarterly Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net income	8,153	16,742
Other comprehensive income		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	1,325	470
Net unrealized gains (losses) on hedging derivatives, net of taxes	5	8
Foreign currency translation adjustments	(5,393)	13,220
Remeasurements of defined benefit plans, net of taxes	(1,396)	551
Share of other comprehensive income of associates accounted for using equity method	(1)	(0)
Total other comprehensive income	(5,460)	14,249
Comprehensive income	2,693	30,991
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	2,675	30,979
Comprehensive income attributable to non-controlling interests	18	12

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

No items to report

(Notes on Significant Changes in the Amount of Shareholders' Equity)

No items to report

(Segment Information)

[Segment Information]

I. Three months of the fiscal year ended March 31, 2014 (from April 1, 2014 to June 30, 2014)

1. Information regarding net sales and income/loss by reportable segment

(Millions of yen)

	Reportable Segment					Adjustment (Note 1)	Amount on quarterly consolidated statements of income (Note 2)
	Medical Systems	Scientific Solutions	Imaging Systems	Others	Total		
Sales							
Sales to outside customers	120,890	21,069	18,575	6,479	167,013	–	167,013
Internal sales or transfer among segments	22	7	3	117	149	(149)	–
Total	120,912	21,076	18,578	6,596	167,162	(149)	167,013
Segment income (loss)	24,241	(270)	(1,948)	38	22,061	(7,008)	15,053

Notes:

1. The deduction of ¥7,008 million listed as an adjustment to segment income (loss) includes corporate expenses of ¥7,008 million not allocated to any reportable segment. These corporate expenses mostly consisted of expenses related to the Corporate Center (management departments such as the Administrative Department) and Research & Development Center of the parent company.
2. Segment income is adjusted to agree with operating income on quarterly consolidated statements of income.

2. Information regarding impairment loss on fixed assets, goodwill and negative goodwill, etc. by reportable segment

(Significant impairment loss on fixed assets)

No items to report

(Significant changes in the amount of goodwill)

No items to report

(Significant gain on negative goodwill)

No items to report

II. Three months of the fiscal year ending March 31, 2016 (from April 1, 2015 to June 30, 2015)

1. Information regarding net sales and income/loss by reportable segment

(Millions of yen)

	Reportable Segment					Adjustment (Note 1)	Amount on quarterly consolidated statements of income (Note 2)
	Medical Systems	Scientific Solutions	Imaging Systems	Others	Total		
Sales							
Sales to outside customers	139,394	22,731	21,533	3,914	187,572	–	187,572
Internal sales or transfer among segments	–	–	–	–	–	–	–
Total	139,394	22,731	21,533	3,914	187,572	–	187,572
Segment income (loss)	25,046	760	1,085	(1,388)	25,503	(8,338)	17,165

Notes:

- The deduction of ¥8,338 million listed as an adjustment to segment income (loss) includes corporate expenses of ¥8,338 million not allocated to any reportable segment. These corporate expenses mostly consisted of expenses related to the Corporate Group (management departments such as the Administrative Department) and R&D Group of the parent company.
 - Segment income is adjusted to agree with operating income on quarterly consolidated statements of income.
2. Information regarding impairment loss on fixed assets, goodwill and negative goodwill, etc. by reportable segment

(Significant impairment loss on fixed assets)

No items to report

(Significant changes in the amount of goodwill)

No items to report

(Significant gain on negative goodwill)

No items to report

3. Matters concerning change in reportable segments

(Change in Method of Depreciation of Property, Plant and Equipment)

As noted under “Changes in Accounting Policies,” with respect to the change in the method of depreciation of property, plant and equipment, whereas the Company and its consolidated subsidiaries in Japan have previously used the declining balance method, from the first quarter of the fiscal year under review the method has been changed to the straight-line method.

In accordance with this change, compared to the results under the previous method, segment income for the three months ended June 30, 2015 increased by ¥278 million in the Medical Systems Business, ¥48 million in the Scientific Solutions Business, and ¥105 million in the Imaging Systems Business, respectively, while segment loss in the Others decreased by ¥240 million.

(Change in Classification of Reportable Segments)

From the first quarter under review, in conjunction with changes in the Company’s organization, a new business previously classified under the Imaging Systems Business (a new cross-functional business field aiming for a combination of medical systems and scientific solutions based on the optical technology, electronic and imaging technology, network technology and manufacturing technology accumulated in the Imaging Systems Business, and growth in this form) has been changed to “Others.” Moreover, segment information for the three months of the fiscal year ended March 31, 2014 has been stated to reflect the segment classification after this change.