

Consolidated Financial Results for the Six Months of the Fiscal Year Ending March 31, 2017 <under Japanese GAAP>



November 2, 2016

Company Name: Olympus Corporation
Code Number: 7733
(URL: <http://www.olympus.co.jp/>)
Stock Exchange Listing: First Section of Tokyo Stock Exchange
Representative: Hiroyuki Sasa, Representative Director, President
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Scheduled date to submit the Quarterly Securities Report: November 2, 2016
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 Six Months of the Fiscal Year Ending March 31, 2017 (From April 1, 2016 to September 30, 2016)

(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)	%
Six months ended September 30, 2016	349,973	(11.6)	34,359	(31.4)	28,831	(33.7)	22,199	(38.0)
September 30, 2015	395,774	11.5	50,080	30.3	43,498	46.6	35,810	60.4

Note: Comprehensive income: Six months ended September 30, 2016: ¥(23,322) million [–%]
Six months ended September 30, 2015: ¥38,181 million [(7.9)%]

	Net income per share	Fully diluted net income per share
Six months ended	(¥)	(¥)
September 30, 2016	64.87	64.84
September 30, 2015	104.63	104.60

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	(¥ million)	(¥ million)	%
September 30, 2016	900,772	355,220	39.2
March 31, 2016	1,000,614	384,283	38.2

Note: Equity as of September 30, 2016: ¥353,202 million March 31, 2016: ¥382,359 million

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended March 31, 2016	–	0.00	–	17.00	17.00
Fiscal year ending March 31, 2017	–	0.00			
Fiscal year ending March 31, 2017 (Forecast)			–	28.00	28.00

Note: Revisions of the forecast most recently announced: No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2017

(From April 1, 2016 to March 31, 2017)

(% 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)	%	(¥)
Full year	743,000	(7.7)	72,000	(31.1)	60,000	(34.0)	57,000	(8.9)	166.55

Note: Revisions of the forecast most recently announced: Yes

* Notes

(1) Changes in significant subsidiaries during the six months under review (changes in specified subsidiaries resulting in the changes in scope of consolidation): No

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

Note: For details, please refer to the section of “(2) Application of Special Accounting for Preparing Quarterly Consolidated Financial Statements” of “2. Matters Regarding Summary Information (Notes)” on page 5 of the attached material.

(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: No
- 2) Changes in accounting policies due to other reasons: No
- 3) Changes in accounting estimates: No
- 4) Restatement of prior period financial statements after error corrections: No

Note: For details, please refer to the section of “(3) 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 5 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 September 30, 2016	342,671,508 shares
As of March 31, 2016	342,671,508 shares

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

As of September 30, 2016	434,686 shares
As of March 31, 2016	436,607 shares

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

Six months ended September 30, 2016	342,235,813 shares
Six months ended September 30, 2015	342,236,654 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 Act. 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 4 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 Six Months

(1) Explanation of Results of Operations

Overall

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016	Increase (Decrease)	Increase (Decrease) Ratio
Net sales	395,774	349,973	(45,801)	(11.6)%
Operating income	50,080	34,359	(15,721)	(31.4)%
Ordinary income	43,498	28,831	(14,667)	(33.7)%
Net income attributable to owners of the parent	35,810	22,199	(13,611)	(38.0)%
Exchange rate (Yen/U.S. dollar)	121.80	105.29	(16.51)	–
Exchange rate (Yen/Euro)	135.07	118.15	(16.92)	–

During the six months ended September 30, 2016, improvements in personal consumption and the employment situation in the U.S. led to a continuation of the economic recovery. In Europe also the trend is one of moderate improvement, but in China economic growth decelerated gradually. In addition, the decision of the United Kingdom to leave the EU and the slowing of growth in developing countries have had their effect, leaving the global economy as a whole in an unstable situation. With regard to the Japanese economy, there are signs of a recovery in personal consumption, but with the trend of yen appreciation continuing, corporations' desire to invest is declining, and the outlook remains uncertain.

Faced with this business environment, the Olympus Group's overall net sales decreased over the six months ended September 30, 2016 to ¥349,973 million (down 11.6% year on year), due to appreciation of the yen and other factors that caused revenue to decline in each of the three main businesses of Medical, Scientific Solutions and Imaging. Operating income was ¥34,359 million (down 31.4% year on year), due mainly to the decline of sales. Ordinary income was ¥28,831 million (down 33.7% year on year), due mainly to the decline of operating income. Moreover, due to the arising of income taxes of ¥3,814 million and other factors, net income attributable to owners of the parent was ¥22,199 million (down 38.0% year on year).

Regarding foreign exchange, the yen appreciated against both the U.S. dollar and the euro compared to the same period of the previous fiscal year. The average exchange rate during the period was ¥105.29 against the U.S. dollar (¥121.80 in the same period of the previous fiscal year) and ¥118.15 against the euro (¥135.07 in the same period of the previous fiscal year), which caused net sales and operating income to drop by ¥43,500 million and ¥14,300 million, respectively, year on year.

Medical Business

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016	Increase (Decrease)	Increase (Decrease) Ratio
Net sales	297,920	271,813	(26,107)	(8.8)%
Operating income	67,876	56,594	(11,282)	(16.6)%

Net sales in the Medical Business for the six months ended September 30, 2016 amounted to ¥271,813 million (down 8.8% year on year), while operating income amounted to ¥56,594 million (down 16.6% year on year).

Net sales in the Medical Business fell as a result of the stronger yen, but on a local currency basis that excludes the impact of the foreign exchange rate, they grew by 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, and the 3D laparoscopy system were strong, while the sales of "THUNDERBEAT" integrated energy device with both advanced bipolar and ultrasonic energy continued to grow. In the therapeutic devices field, sales of the new "EZ Shot 3 Plus" single-use aspiration needle for use in endoscopic ultrasonically-guided fine needle aspiration and others were strong.

Operating income in the Medical Business declined as a result of the stronger yen, but excluding the impact of the foreign exchange rate, operating income rose by 2% year on year, due to strong results in all fields.

Scientific Solutions Business

(Millions of yen)				
	Six months ended September 30, 2015	Six months ended September 30, 2016	Increase (Decrease)	Increase (Decrease) Ratio
Net sales	48,468	40,185	(8,283)	(17.1)%
Operating income/loss	3,322	(648)	(3,970)	–

Net sales in the Scientific Solutions Business for the six months ended September 30, 2016 amounted to ¥40,185 million (down 17.1% year on year), while operating loss amounted to ¥648 million (compared with an operating income of ¥3,322 million in the same period of the previous fiscal year).

While sales of products for hospitals and life science research grew in the U.S. and Asia, sales declined in Japan and Europe due to the impact of delays in budget execution of research institutions. Also, although sales of non-destructive testing equipment grew in Europe, growth of sales was slow in other regions due to the impact of sluggish investment into the development of resources such as crude oil. Consequently, there was a decline in net sales for the Scientific Solutions Business overall.

Although the Company made efforts to improve efficiency, such as by reducing expenses, the stronger yen and the fall in sales resulted in an operating loss for the Scientific Solutions Business.

Imaging Business

(Millions of yen)				
	Six months ended September 30, 2015	Six months ended September 30, 2016	Increase (Decrease)	Increase (Decrease) Ratio
Net sales	41,502	29,789	(11,713)	(28.2)%
Operating income/loss	20	(1,439)	(1,459)	–

Net sales in the Imaging Business for the six months ended September 30, 2016 amounted to ¥29,789 million (down 28.2% year on year), while operating loss amounted to ¥1,439 million (compared with an operating income of ¥20 million in the same period of the previous fiscal year).

Ongoing moves to shrink the Imaging Business to a scale more appropriate for the shrinking market and the impact of the Kumamoto earthquake of April 2016, which caused delays in the supply of some products, resulted in lower sales for the Imaging Business.

Despite efforts to squeeze expenses, lower sales resulted in an operating loss in the Imaging Business.

Others

(Millions of yen)				
	Six months ended September 30, 2015	Six months ended September 30, 2016	Increase (Decrease)	Increase (Decrease) Ratio
Net sales	7,884	8,186	302	3.8%
Operating loss	(3,251)	(1,995)	1,256	–

Net sales in other businesses for the six months ended September 30, 2016 amounted to ¥8,186 million (up 3.8% year on year) and operating loss was ¥1,995 million (compared with an operating loss of ¥3,251 million in the same period of the previous fiscal year).

Due to growth in sales in the external lens sales business, other businesses recorded higher net sales.

The Company conducted investment aimed at creating new businesses in the medical and imaging technology domains, but it was primarily an improvement in the profitability of the external lens sales business that led to a smaller operating loss in other businesses.

(2) Explanation of Financial Position

As of the end of the second quarter under review, total assets decreased ¥99,842 million compared to the end of the previous fiscal year to ¥900,772 million.

This was primarily as a result of decreases in cash and time deposits of ¥27,670 million, notes and accounts receivable of ¥24,537 million and goodwill of ¥15,128 million.

Total liabilities decreased ¥70,779 million compared to the end of the previous fiscal year to ¥545,552 million due mainly to an increase in short-term borrowings of ¥28,912 million and decreases in long-term borrowings of ¥42,320 million and current maturities of bonds of ¥10,000 million.

Net assets decreased ¥29,063 million compared to the end of the previous fiscal year to ¥355,220 million, primarily due to an increase in retained earnings mainly reflecting ¥22,199 million in net income attributable to owners of the parent and a decrease in accumulated other comprehensive income of ¥45,542 million arising from fluctuations in foreign exchange and stock prices.

As a result of the foregoing, equity ratio increased from 38.2% as of the end of the previous fiscal year to 39.2%.

Analysis of cash flows

The following are the cash flows for the six months ended September 30, 2016 and their causes.

“Cash flows from operating activities” increased by ¥41,376 million. Increasing factors mainly included ¥26,064 million in income before provision for income taxes and ¥22,734 million in depreciation and amortization, as opposed to the main decreasing factor of an increase of ¥9,705 million in inventories.

“Cash flows from investing activities” decreased by ¥32,723 million. Decreasing factors mainly included ¥24,332 million in purchase of property, plant and equipment.

“Cash flows from financing activities” decreased by ¥24,221 million. Decreasing factors mainly included ¥10,000 million in redemption of bonds and ¥5,818 million in dividends paid.

As a result, cash and cash equivalents at the end of the six months ended September 30, 2016 reached ¥138,689 million, a decrease of ¥27,634 million compared to the end of the previous fiscal year.

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

Regarding the forecast of consolidated financial results for the fiscal year ending March 31, 2017, the forecast figures announced on August 3, 2016 in the “Consolidated Financial Results for the Three Months of the Fiscal Year Ending March 31, 2017” have been revised.

With regard to foreign exchange, due to the impact of the yen appreciating more strongly than expected against both the pound sterling and the renminbi and other factors, we anticipate that net sales, operating income and ordinary income will each undershoot the previous forecast figures. As for net income attributable to owners of the parent, in addition to our expectation that an extraordinary income accompanying the transfer of shares in a subsidiary will be posted in the third quarter ending December 31, 2016, income taxes are now anticipated to be lower than originally forecast, for which reasons we have left the previous forecast for net income attributable to owners of the parent unchanged. The average exchange rates for the first nine months and onward of the fiscal year ending March 31, 2017, which are a precondition for the forecast, are expected to be ¥105 against the U.S. dollar and ¥115 against the euro.

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous Forecast (A)	775,000	77,000	67,000	57,000	¥166.55
Revised Forecast (B)	743,000	72,000	60,000	57,000	¥166.55
Increase (Decrease) (B-A)	(32,000)	(5,000)	(7,000)	—	—
Increase (Decrease) ratio (%)	(4.2)	(6.4)	(10.4)	—	—

2. Matters Regarding Summary Information (Notes)

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

No items to report

All the shares held in Adachi Co., Ltd., which was an affiliated company accounted for under the equity method, have been sold, leading to said company being excluded from the scope of the equity method from the first quarter ended June 30, 2016 onward. This does not correspond to changes in specified subsidiaries.

(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 second 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

(Additional Information)

(Application of ASBJ Guidance on Recoverability of Deferred Tax Assets)

Effective from the first quarter ended June 30, 2016, the Company has applied the “Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

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, 2016	As of September 30, 2016
ASSETS		
Current assets		
Cash and time deposits	166,554	138,884
Notes and accounts receivable	140,666	116,129
Merchandise and finished goods	54,245	52,240
Work in process	21,993	21,205
Raw materials and supplies	35,320	42,110
Other current assets	108,504	100,085
Allowance for doubtful accounts	(6,590)	(6,060)
Total current assets	520,692	464,593
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	56,480	64,004
Machinery and equipment, net	12,283	11,903
Tools, furniture and fixtures, net	55,088	50,949
Land	22,832	22,163
Lease assets, net	9,582	10,003
Construction in progress	9,799	1,717
Net property, plant and equipment	166,064	160,739
Intangible assets		
Goodwill	97,190	82,062
Others	53,607	45,022
Total intangible assets	150,797	127,084
Investments and other assets		
Investment securities	71,141	64,924
Other assets	100,974	92,301
Allowance for doubtful accounts	(9,054)	(8,869)
Total investments and other assets	163,061	148,356
Total fixed assets	479,922	436,179
Total assets	1,000,614	900,772

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
LIABILITIES		
Current liabilities		
Notes and accounts payable	40,597	36,187
Current maturities of bonds	30,000	20,000
Short-term borrowings	26,656	55,568
Income taxes payable	9,120	7,061
Provision for product warranties	6,314	5,731
Provision for points	207	218
Provision for loss on business liquidation	298	136
Provision for loss on litigation	567	–
Other current liabilities	152,866	125,929
Total current liabilities	266,625	250,830
Non-current liabilities		
Long-term bonds, less current maturities	25,000	25,000
Long-term borrowings, less current maturities	239,482	197,162
Net defined benefit liability	38,645	36,399
Other reserves	38	19
Other non-current liabilities	46,541	36,142
Total non-current liabilities	349,706	294,722
Total liabilities	616,331	545,552
NET ASSETS		
Shareholders' equity		
Common stock	124,520	124,520
Capital surplus	90,940	90,942
Retained earnings	172,989	189,368
Treasury stock, at cost	(1,122)	(1,118)
Total shareholders' equity	387,327	403,712
Accumulated other comprehensive income		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	24,947	21,712
Net unrealized gains (losses) on hedging derivatives, net of taxes	(7)	–
Foreign currency translation adjustments	(8,686)	(52,778)
Remeasurements of defined benefit plans	(21,222)	(19,444)
Total accumulated other comprehensive income	(4,968)	(50,510)
Subscription rights to shares	428	561
Non-controlling interests	1,496	1,457
Total net assets	384,283	355,220
Total liabilities and net assets	1,000,614	900,772

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

Quarterly Consolidated Statements of Income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	395,774	349,973
Costs of sales	132,994	117,200
Gross profit	262,780	232,773
Selling, general and administrative expenses	212,700	198,414
Operating income	50,080	34,359
Non-operating income		
Interest income	443	282
Dividends income	716	651
Others	1,881	1,337
Total non-operating income	3,040	2,270
Non-operating expenses		
Interest expense	3,932	3,868
Foreign currency exchange loss	2,592	1,250
Others	3,098	2,680
Total non-operating expenses	9,622	7,798
Ordinary income	43,498	28,831
Extraordinary income		
Legal settlement compensation	–	13
Total extraordinary income	–	13
Extraordinary losses		
Impairment loss on fixed assets	–	230
Loss on sales of investments in subsidiaries and affiliates	–	760
Loss related to securities litigation	467	1,790
Business restructuring expenses	790	–
Loss related to the U.S. Anti-kickback Statute	2,777	–
Total extraordinary losses	4,034	2,780
Income before provision for income taxes	39,464	26,064
Income taxes	440	2,025
Income taxes for prior periods	3,193	1,789
Net income	35,831	22,250
Net income attributable to non-controlling interests	21	51
Net income attributable to owners of the parent	35,810	22,199

Quarterly Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net income	35,831	22,250
Other comprehensive income		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	(1,398)	(3,234)
Net unrealized gains (losses) on hedging derivatives, net of taxes	8	7
Foreign currency translation adjustments	866	(44,121)
Remeasurements of defined benefit plans, net of taxes	2,876	1,778
Share of other comprehensive income of associates accounted for using equity method	(2)	(2)
Total other comprehensive income	2,350	(45,572)
Comprehensive income	38,181	(23,322)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	38,186	(23,342)
Comprehensive income attributable to non-controlling interests	(5)	20

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Income before provision for income taxes	39,464	26,064
Depreciation and amortization	19,392	22,734
Impairment loss on fixed assets	–	230
Amortization of goodwill	5,044	4,233
Legal settlement compensation	–	(13)
Loss related to securities litigation	467	1,790
Loss related to the U.S. Anti-kickback Statute	2,777	–
Increase (decrease) in net defined benefit liabilities	394	1,872
Decrease (increase) in net defined benefit assets	(4,795)	1,284
Interest and dividend income	(1,159)	(932)
Interest expense	3,932	3,868
Increase (decrease) in provision for loss on business liquidation	(113)	(126)
Loss (gain) on sales of investments in subsidiaries and affiliates	–	760
Decrease (increase) in accounts receivable	10,750	14,130
Decrease (increase) in inventories	(2,759)	(9,705)
Increase (decrease) in accounts payable	(1,315)	(3,300)
Increase (decrease) in other payable	(1,367)	(2,405)
Increase (decrease) in accrued expense	(6,833)	(13,799)
Other	10,389	8,559
Sub-total	74,268	55,244
Interest and dividend received	1,159	932
Interest payments	(4,011)	(3,864)
Legal settlement compensation received	–	85
Loss related to securities litigation paid	(10,795)	(1,197)
Loss related to the U.S. Anti-kickback Statute paid	–	(4,580)
Income taxes paid	(5,770)	(5,244)
Net cash provided by operating activities	54,851	41,376
Cash flows from investing activities		
Deposits in time deposits	(5)	–
Withdrawals from time deposits	35	9
Purchase of property, plant and equipment	(25,691)	(24,332)
Purchases of intangible assets	(1,852)	(2,249)
Purchases of investment securities	(35)	(4)
Sales and redemption of investment securities	9	780
Payments for loans receivable	–	(7,013)
Other	80	86
Net cash used in investing activities	(27,459)	(32,723)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	71	(5,789)
Proceeds from long-term debt	1,827	20,000
Repayments of long-term debt	(40,000)	(20,105)
Redemption of bonds	–	(10,000)
Purchase of treasury stock	(6)	(3)
Dividends paid	(3,422)	(5,818)
Other	(1,597)	(2,506)
Net cash used in financing activities	(43,127)	(24,221)
Effect of exchange rate changes on cash and cash equivalents	776	(12,066)
Net increase (decrease) in cash and cash equivalents	(14,959)	(27,634)
Cash and cash equivalents at beginning of period	209,809	166,323
Cash and cash equivalents at end of period	194,850	138,689

(4) 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, etc.)

[Segment Information]

I. Six months of the fiscal year ended March 31, 2016 (from April 1, 2015 to September 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	Scientific Solutions	Imaging	Others	Total		
Sales							
Sales to outside customers	297,920	48,468	41,502	7,884	395,774	–	395,774
Internal sales or transfer among segments	0	20	8	167	195	(195)	–
Total	297,920	48,488	41,510	8,051	395,969	(195)	395,774
Segment income (loss)	67,876	3,322	20	(3,251)	67,967	(17,887)	50,080

Notes:

1. The deduction of ¥17,887 million listed as an adjustment to segment income (loss) includes corporate expenses of ¥17,887 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 (loss) 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. Six months of the fiscal year ending March 31, 2017 (from April 1, 2016 to September 30, 2016)

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	Scientific Solutions	Imaging	Others	Total		
Sales							
Sales to outside customers	271,813	40,185	29,789	8,186	349,973	–	349,973
Internal sales or transfer among segments	–	18	2	327	347	(347)	–
Total	271,813	40,203	29,791	8,513	350,320	(347)	349,973
Segment income (loss)	56,594	(648)	(1,439)	(1,995)	52,512	(18,153)	34,359

Notes:

1. The deduction of ¥18,153 million listed as an adjustment to segment income (loss) includes corporate expenses of ¥18,153 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.
 2. Segment income (loss) 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