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Consolidated Financial Results for the 1st Quarter of Fiscal Year Ending March 31, 2016

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Highlights

Consolidated Performance

All income figures up, net income doubles YoY

Medical Business

Record-breaking net sales and operating income

Performance Forecasts

Strong progress toward achieving full-year targets with consolidated and segment performances in line with initial expectations

Consolidated Financial Results and Business Overview for 1Q (Apr.-Jun.) of Fiscal 2016 (Fiscal Year Ending March 31, 2016)

1Q of Fiscal 2016 (1) Consolidated Financial Results

I Net sales up 12% YoY, all income figures show steady increases

II Net income sets new 1Q high

Provision of ¥2.4 billion recorded based on progress in discussions with U.S. DOJ with regard to Foreign Corrupt Practices Act

(Billions of yen)	FY2015 1Q (Apr.-Jun.)	FY2016 1Q (Apr.-Jun.)	YoY change	YoY (%)
Net sales	167.0	187.6	+20.6	+12%
Operating income (% of sales)	15.1 (9.0%)	17.2 (9.2%)	+2.1 (+0.2pt)	+14%
Ordinary income (% of sales)	11.2 (6.7%)	16.7 (8.9%)	+5.5 (+2.2pt)	+50%
Net income^(*) (% of sales)	8.1 (4.9%)	16.7 (8.9%)	+8.6 (+4.0pt)	+106%
¥/US\$	¥102	¥121	¥19(yen depreciation)	
¥/Euro	¥140	¥134	¥6(yen appreciation)	
Impact on net sales	-	+¥12.8 billion		
Impact on operating income	-	+¥3.0 billion		

1Q of Fiscal 2016 (2) Results by Business Segment

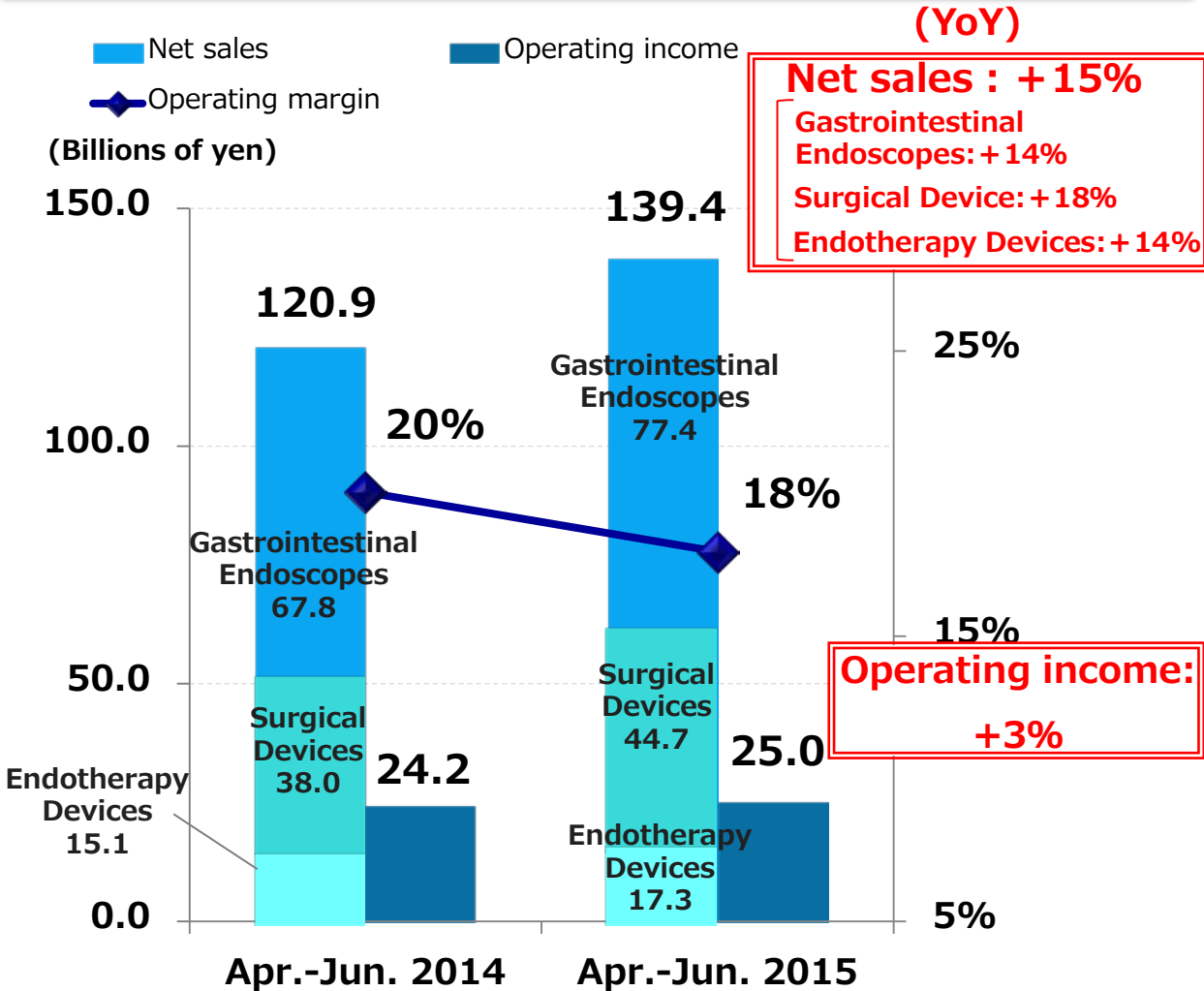
I Record-breaking 1Q net sales and operating income in Medical Business drive consolidated performance improvements

II Higher sales and reduced SG&A expenses lead Imaging Business to record operating income on single-quarter basis for first time in 4 years

(Billions of yen)		FY2015 1Q (Apr.-Jun.)	I FY2016 1Q (Apr.-Jun.)	YoY change	YoY (%)
Medical	Net sales	120.9	139.4	+18.5	+15%
	Operating income	24.2	25.0	+0.8	+3%
Scientific Solutions	Net sales	21.1	22.7	+1.7	+8%
	Operating income	-0.3	0.8	+1.0	-
Imaging^(*)	Net sales	18.6	21.5	+3.0	+16%
	Operating income	-1.9	1.1	+3.0	-
Others^(*)	Net sales	6.5	3.9	-2.6	-40%
	Operating income	0	-1.4	-1.4	-
Elimination and corporate	Net sales	-	-	-	-
	Operating income	-7.0	-8.3	-1.3	-
Total	Net sales	167.0	187.6	+20.6	+12%
	Operating income	15.1	17.2	+2.1	+14%

1Q of Fiscal 2016 (3) Medical Business

1Q (Apr.-Jun.)

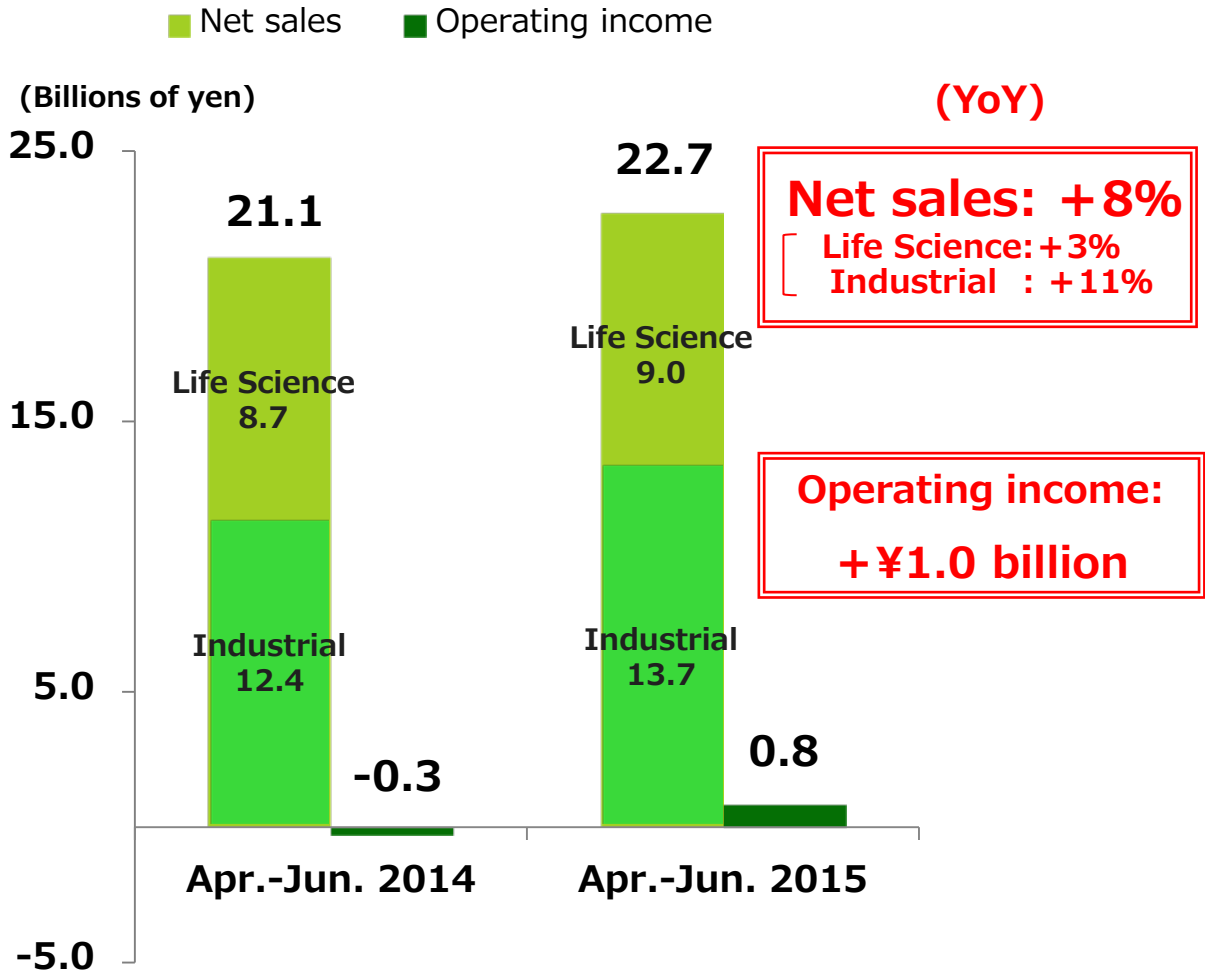


Topics

- ◆ Record-breaking 1Q net sales and operating income due to strong sales of mainstay gastrointestinal endoscopes as well as surgical endoscopes and endotherapy devices
- ◆ Increased outflows for strategic investments cause operating margin to decline 2 percentage points
 - Fixed costs rise due to massive increase in number of staff centered on surgical device field (ratio of SG&A expenses to net sales increases 2 percentage points)

1Q of Fiscal 2016 (4) Scientific Solution Business

1Q (Apr.-Jun.)

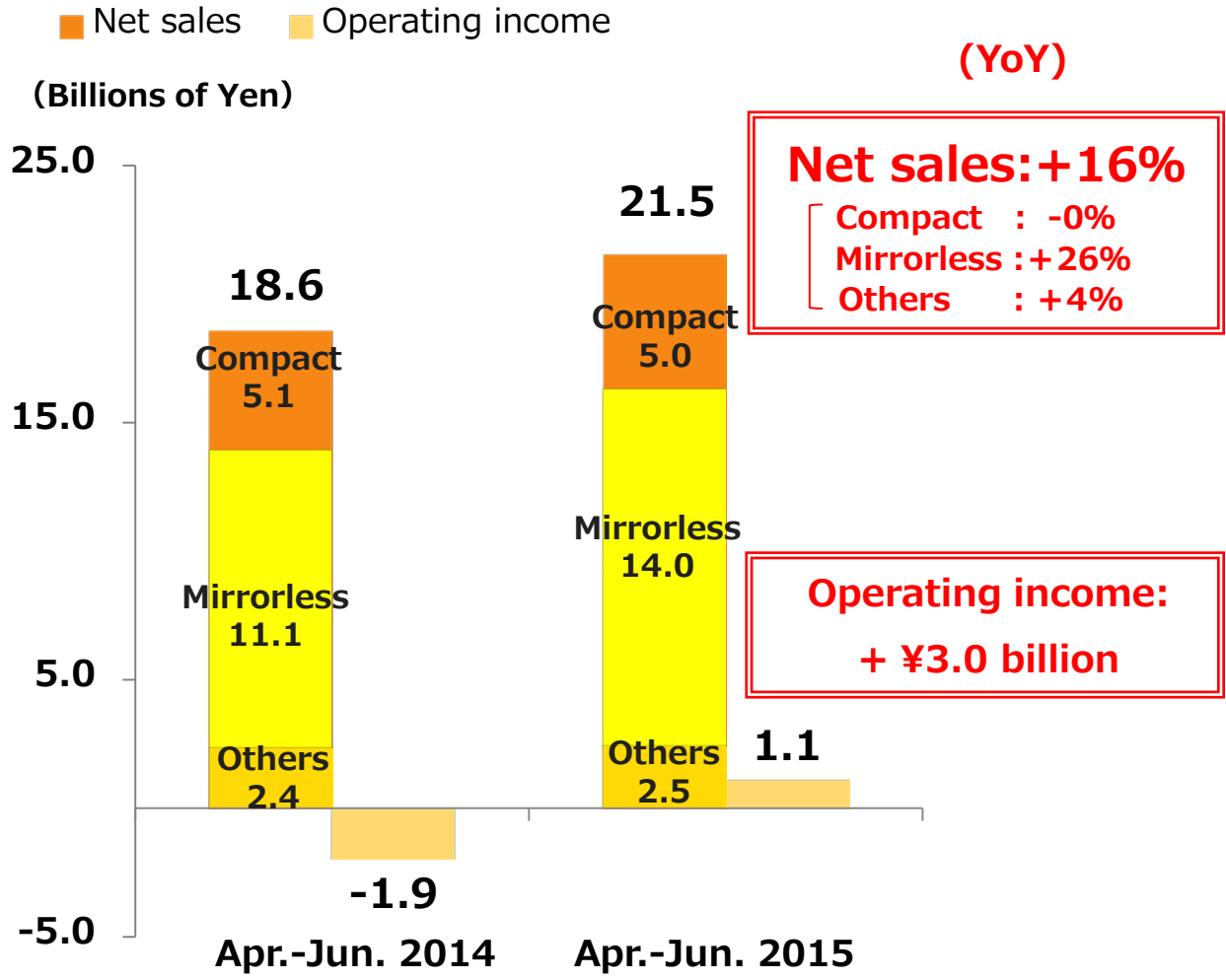


Topics

- ◆ Sales and income up in industrial field due to favorable sales of industrial microscopes and non-destructive testing equipment in Japan and Asia as result of improved market conditions
- ◆ Operating income recorded due to ongoing cost reductions
- ◆ Integration of sales functions improves efficiency
 - Sales functions in Asia and Europe to be integrated in same manner as done in Americas in FY2015, improved efficiency in sales activities to be pursued

1Q of Fiscal 2016 (5) Imaging Business

1Q (Apr.-Jun.)



Topics

【Net sales: +¥3 billion】

<Mirrorless cameras>

- ◆ Sales up 26% YoY due to strong sales of OM-D and PEN series (sales volume up 25%)
- ◆ Recovery trend seen in domestic market (sales volume basis)
 Sales in Japan: Up 96% YoY (Sales in Europe and the United States: Up 16% YoY)

<Compact cameras>

- ◆ Sales volume decreases (down 11% YoY) but sales unchanged YOY due to shift toward high-value-added models

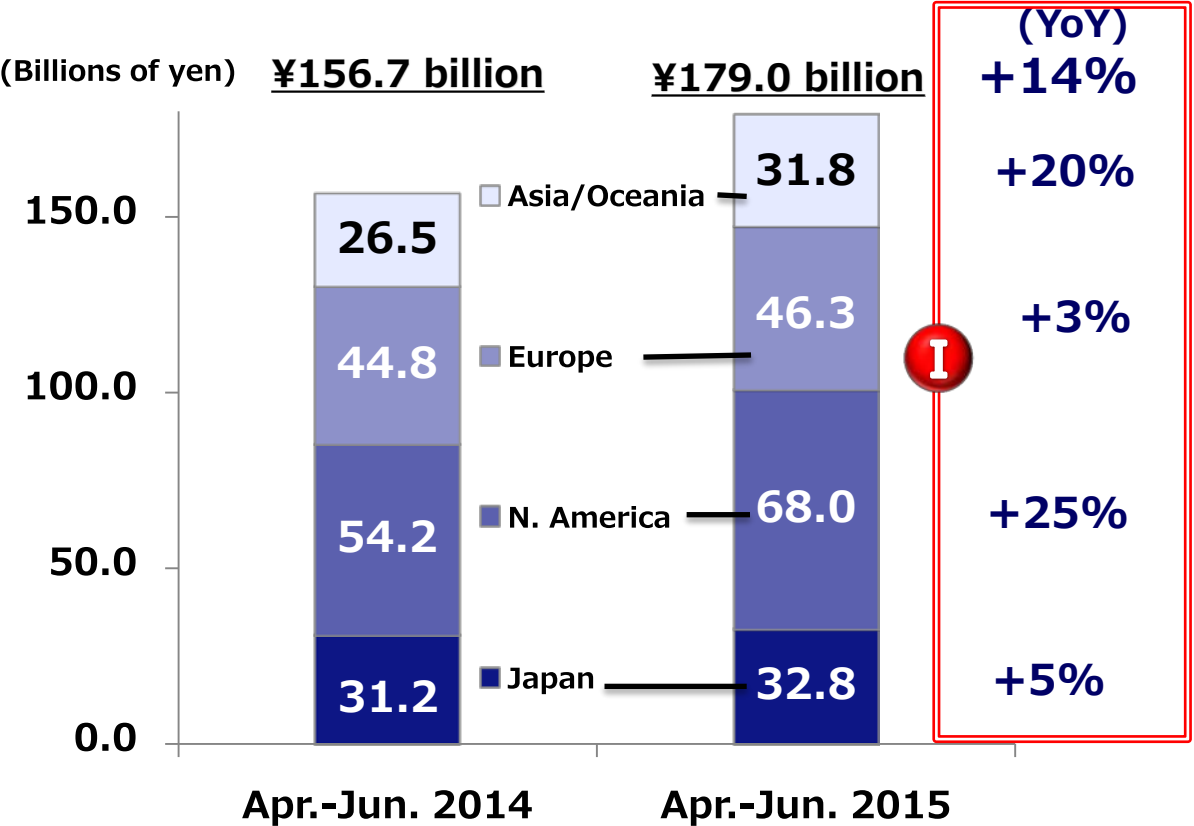
【Operating income: +¥3 billion】

- Higher sales (mirrorless cameras): +¥1.0
- Lower cost of sales ratio and SG&A expenses: +¥2.8 (Of this, benefits of management resource reallocation are included)
- Impact of foreign exchange rates: -¥0.8

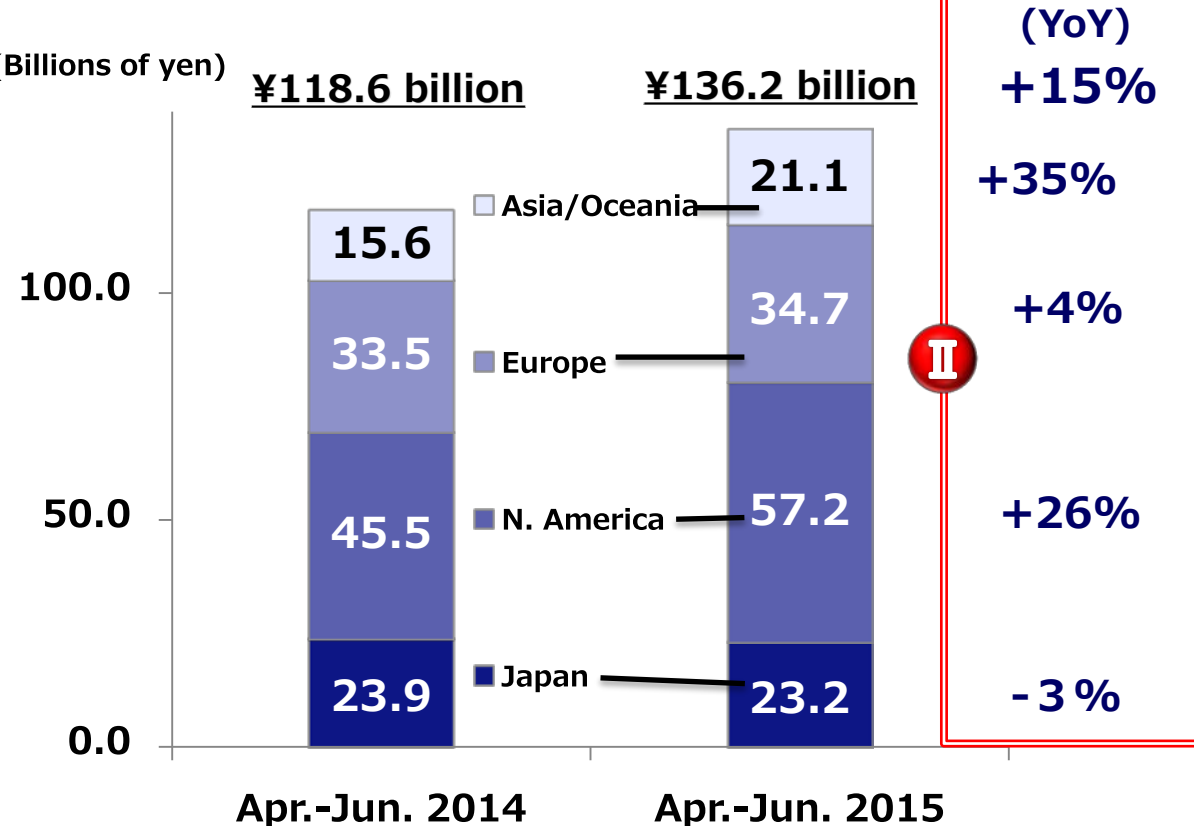
1Q of Fiscal 2016 (6) Net Sales by Region

- I Consolidated: Strong Medical Business performance drives consolidated performance, sales increases in all regions**
- II Medical Business: Favorable sales performance overseas, sales increase in all regions except Japan**
(Japan: Sales down due to sluggish budget execution among medical institutions during 1Q as result of revision of reimbursement etc)

Consolidated (Apr.-Jun.)^(*)



Medical Business (Apr.-Jun.)



(*)Graphs above are the total of core three businesses (Medical, Scientific Solutions and Imaging

Consolidated Balance Sheet (End of June 2015)

- I** Equity ratio increases to 34.6%, interest-bearing debt down ¥4.1 billion
- II** Digital camera inventories down ¥1.0 billion from March 31, 2015

(Billions of yen)	End Mar. 2015	End Jun. 2015	Change		End Mar. 2015	End Jun. 2015	Change
Current assets (Digital camera inventories)	577.5 (23.7)	II 589.3 (22.7)	+11.8 (-1.0)	Current liabilities	374.8	370.8	-4.0
Property, plant and equipment	150.1	159.3	+9.2	Non-current liabilities (Incl. bonds/long-term loans payable)	349.5 (253.3)	350.2 (254.3)	+0.7 (+1.1)
Intangible assets	180.6	179.9	-0.8	Net assets	357.3	384.7	+27.5
Investments and other assets	173.2	177.3	+4.0	(Equity ratio)	(32.9%)	I (34.6%)	(+1.7pt)
Total assets	1,081.6	1,105.8	+24.2	Total liabilities and net assets	1,081.6	1,105.8	+24.2

II Interest-bearing debt : ¥350.3 billion (-¥4.1 billion from March 31, 2015)
 Net interest-bearing debt : ¥126.1 billion (-¥18.5 billion from March 31, 2015)

Consolidated Cash Flows (April to June 2015)

I FCF increased 1.6 times YoY, to approx. ¥20 billion, mainly due to impressive business earnings

(Billions of yen)	FY2015 1Q	FY2016 1Q	Change
Net sales	167.0	187.6	+20.6
Operating income	15.1	17.2	+2.1
(%)	9.0%	9.2%	+0.2pt
CF from operating activities	21.0	30.5	+9.5
CF from investing activities	-8.3	-10.4	-2.1
CF from financing activities	-17.0	-9.2	+7.8
Cash flow	-4.3	10.9	+15.2
Free Cash flow	12.7	20.1	+7.3
Cash and cash equivalents at end of year	245.5	224.1	-21.4
Depreciation and amortization	9.0	9.6	+0.5
Amortization of goodwill	2.3	2.5	+0.2
Capital expenditures	9.4	16.2	+6.9

Forecast for Fiscal 2016

Forecasts of Consolidated Financial Results for Fiscal 2016

- I** Upward revision to first-half net income forecast, full-year forecast unchanged
- II** Higher sales and massive increases in all income figures forecast for first-half and full-year

(Billions of yen)	Fiscal 2016 1H (Apr.-Sept.)	YoY (%)	Fiscal 2016 Full-year	YoY (%)
Net sales	390	+10%	810	+6%
Operating income (% of net sales)	45 (11.5%)	+17%	100 (12.4%)	+10%
Ordinary income (% of net sales)	37 (9.5%)	+25%	86 (10.6%)	+18%
Net income (% of net sales)	28 (7.2%)	+25%	56 (6.9%)	-
¥/US\$	¥118	¥15(yen depreciation)	¥117	¥7(yen depreciation)
¥/Euro	¥132	¥7(yen appreciation)	¥131	¥8(yen appreciation)
Impact on net sales	+¥21.8 billion	-	+¥12.2 billion	-
Impact on operating income	+¥6.4 billion	-	+¥3.0 billion	-

Segment Forecasts for Fiscal 2016

- I** Medical Business to drive consolidated performance (higher income)
- II** Higher income projected in all 3 core businesses

(Billions of yen)		Fiscal 2016 1H (Apr.-Sept.)	YoY(%)	Fiscal 2016 Full-year	YoY(%)
Medical	Net sales	298.0	+16%	615.0	+10%
	Operating income	65.0	+19%	137.0	+10%
Scientific Solutions	Net sales	50.0	+7%	110.0	+6%
	Operating income	2.0	+60%	8.0	+17%
Imaging^(*)	Net sales	35.0	-7%	70.0	-12%
	Operating income	0	-	0	-%
Others^(*)	Net sales	7.0	-49%	15.0	-35%
	Operating income	-6.5	-	-12.0	-%
Elimination and corporate	Net sales	-	-	-	-%
	Operating income	-15.5	-	-33.0	-%
Consolidated Total	Net sales	390.0	+10%	810.0	+6%
	Operating income	45.0	+17%	100.0	+10%

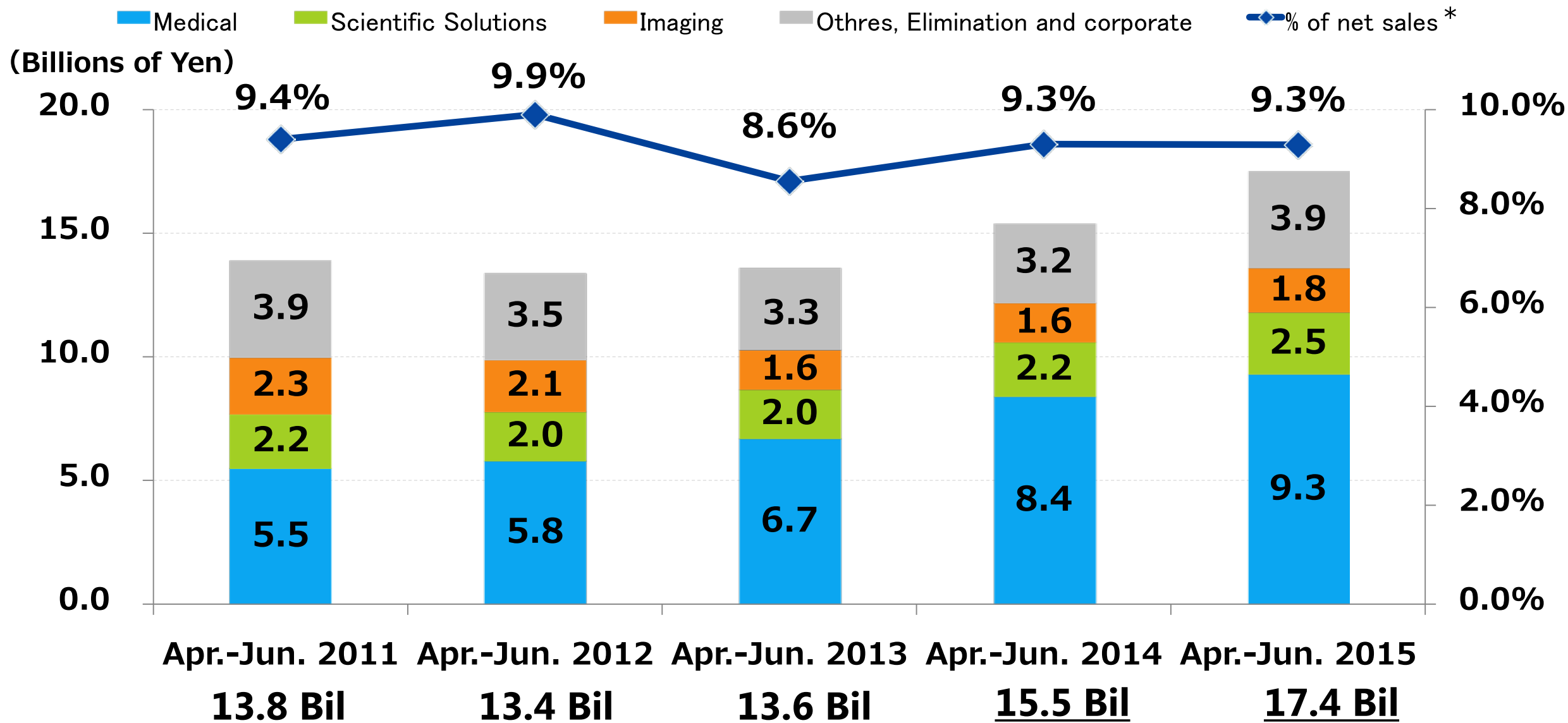
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Supplementary Materials

【Supplementary Materials】 Imaging Business 1Q YoY Difference

(Billions of Yen)	Fiscal 2015 1Q (Apr.- Jun.)	Fiscal 2016 1Q (Apr.-Jun.)	YoY change (Difference)
Net Sales	18.6	21.5	+3.0
Digital SLR (mirrorless)	11.1	14.0	+2.9
Compact Camera	5.1	5.0	-0.0
Others [*]	2.4	2.5	+0.1
Gross Profit	8.7	10.0	+1.4
SG&A expenses	10.6	8.9	-1.7
Operating income (loss)	-1.9	1.1	+3.0

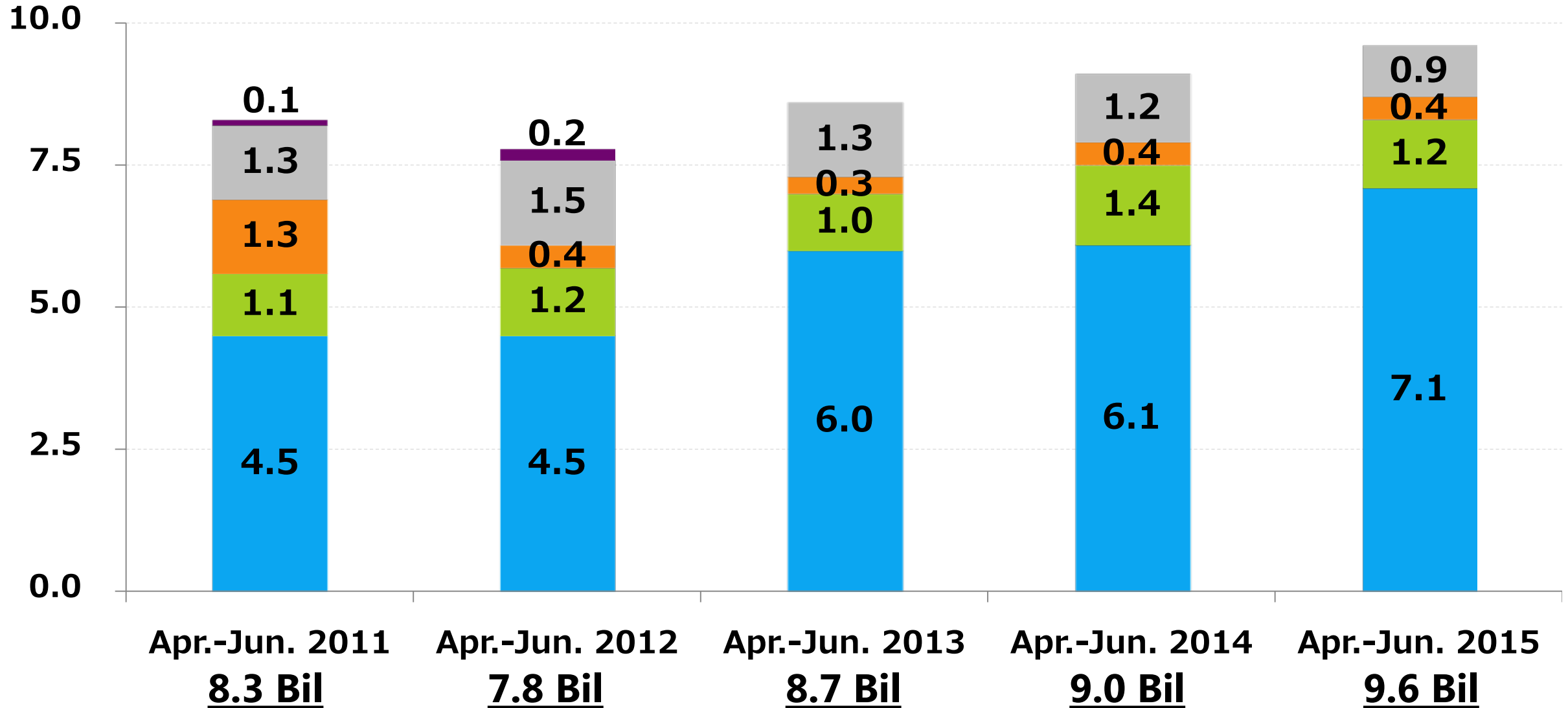
【Supplementary Materials】 R&D Expenditures



【Supplementary Material】 Depreciation and Amortization

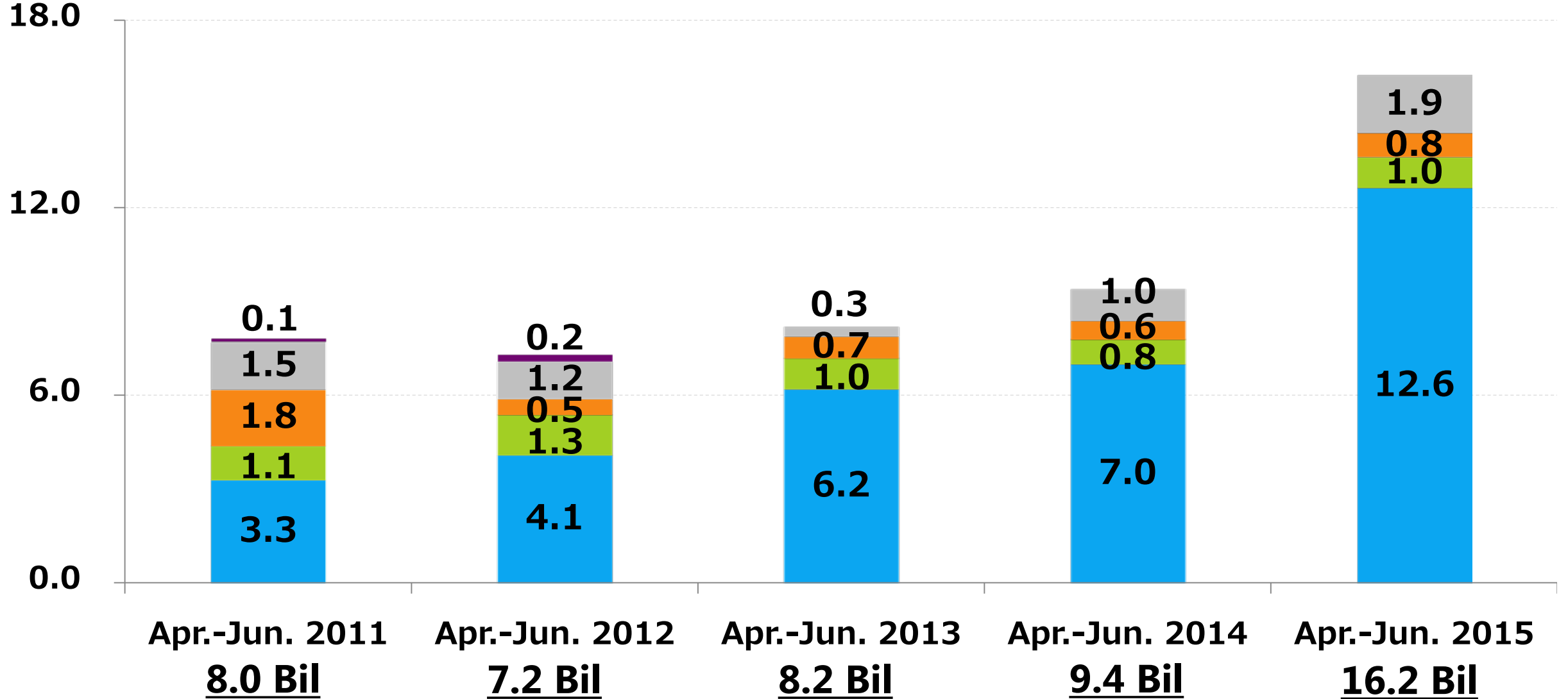
(Billions of Yen)

■ Medical
 ■ Scientific Solutions
 ■ Imaging
 ■ Others, Elimination and corporate
 ■ Information & Communication



【Supplementary Materials】 Capital Expenditures

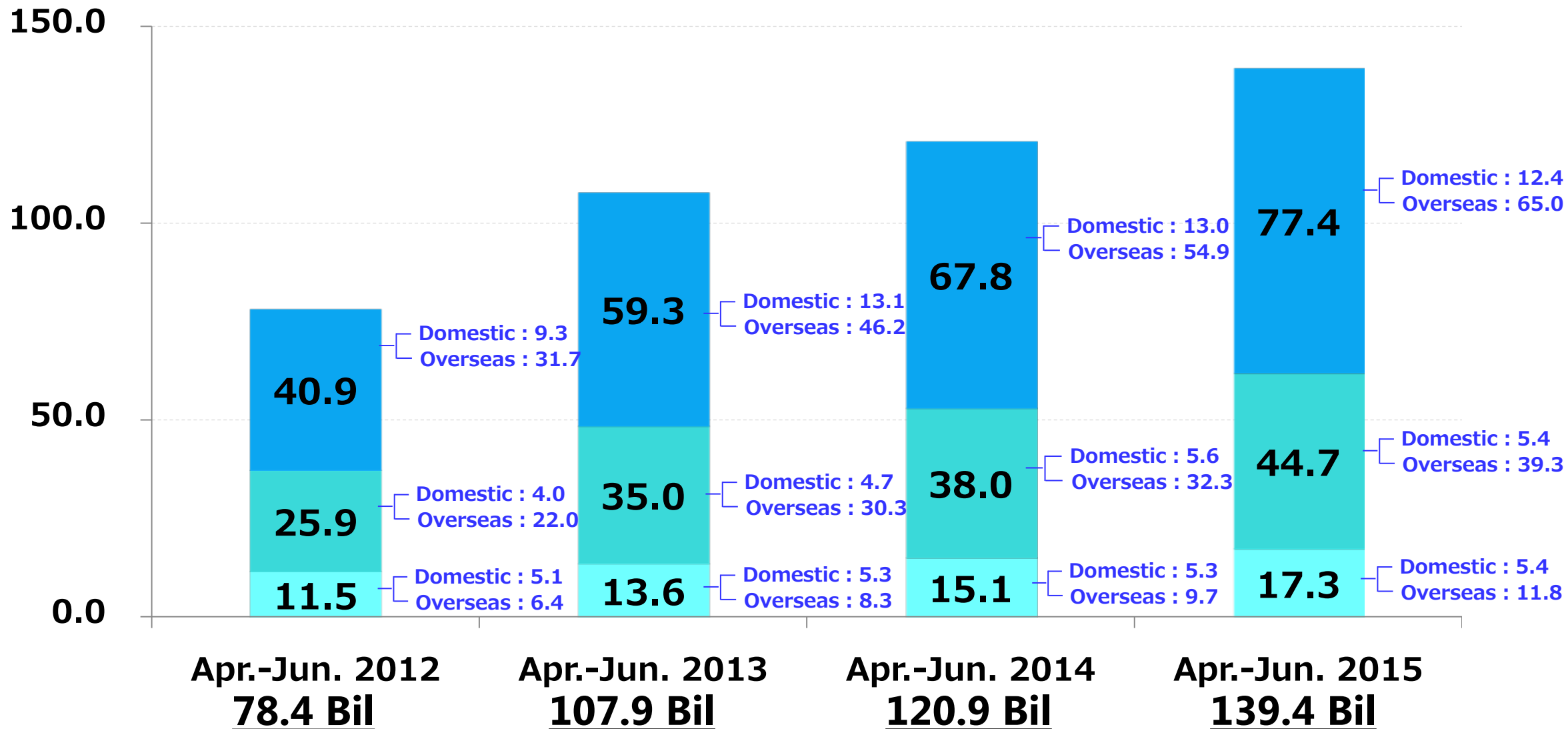
(Billions of Yen) ■ Medical ■ Scientific Solutions ■ Imaging ■ Others, Elimination and corporate ■ Information & Communication



【Supplementary Materials】 Sales by product (Medical)

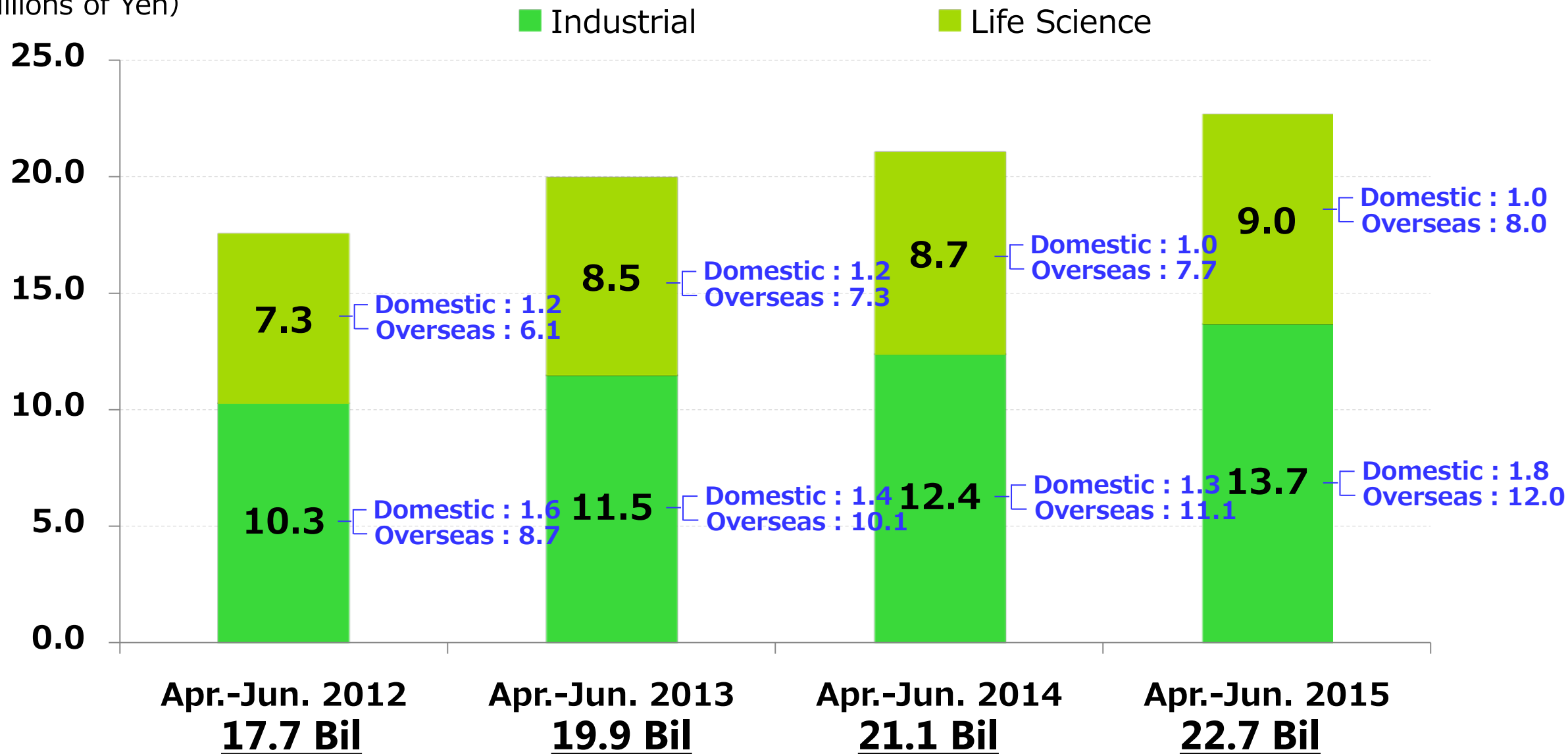
(Billions Of Yen)

Endotherapy Surgical Endoscopes



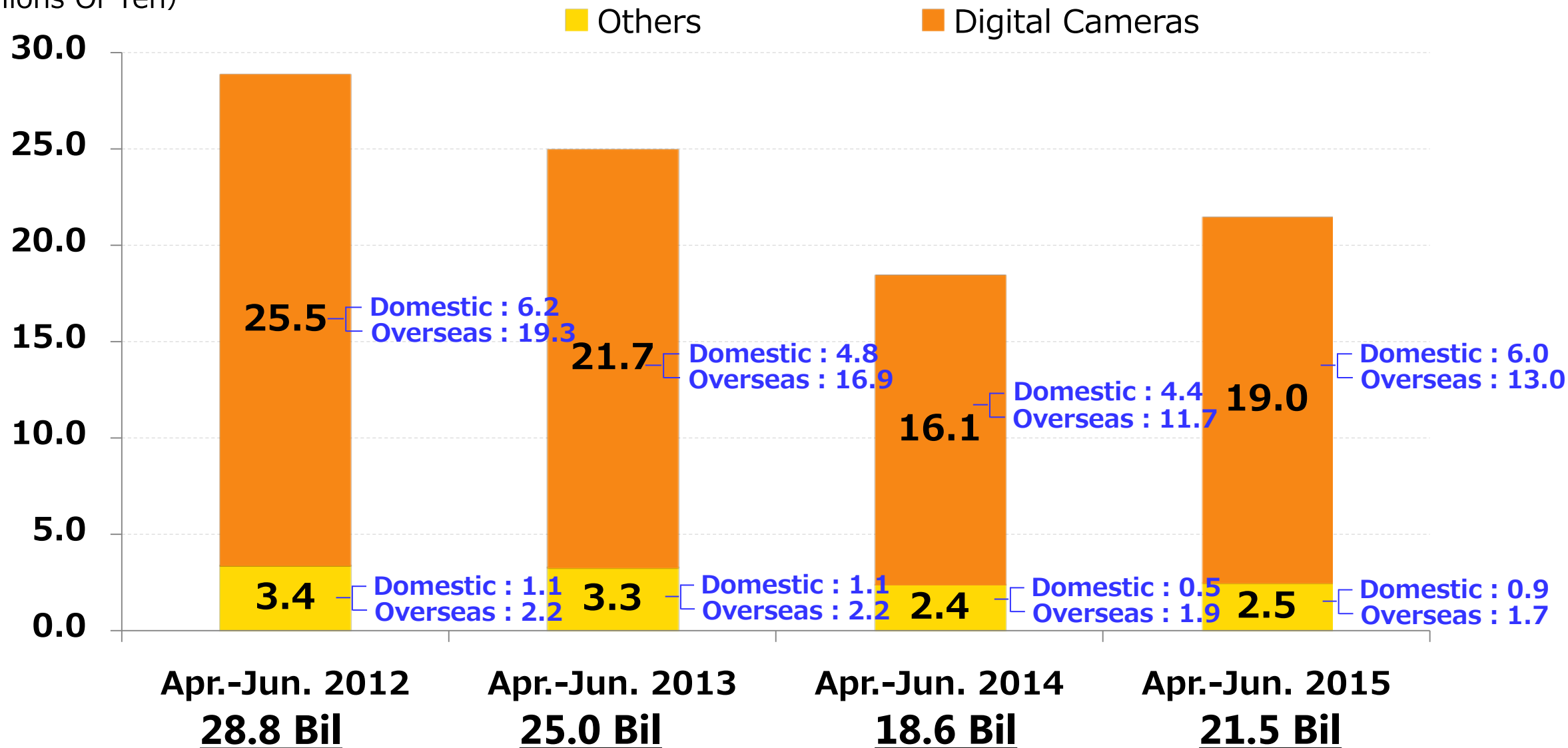
【Supplementary Materials】 Sales by product (Scientific Solutions)

(Billions of Yen)



【Supplementary Materials】 Sales by product (Imaging)

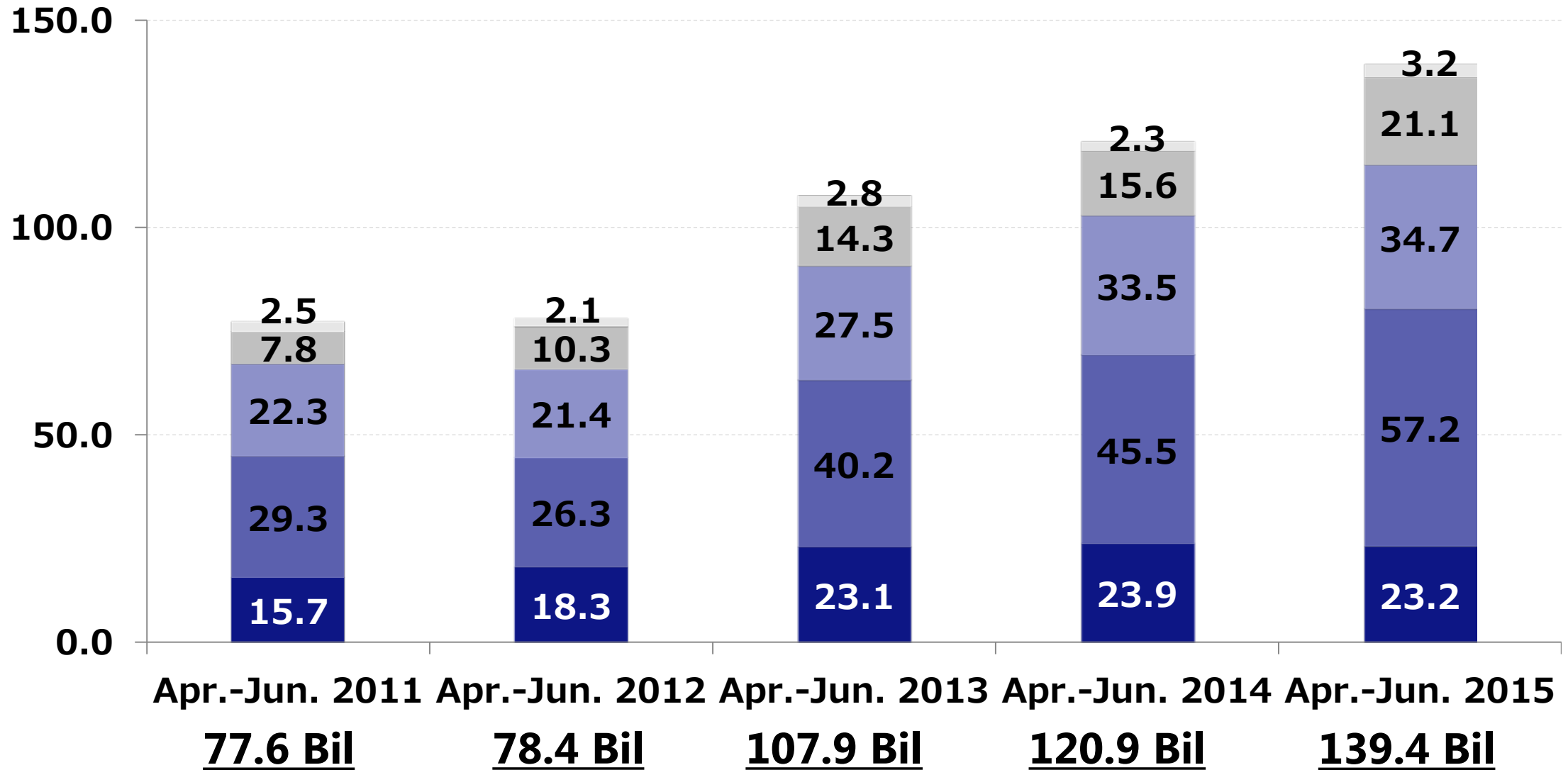
(Billions Of Yen)



【Supplementary Materials】 Sales by Reign (Medical)

(Billions Of Yen)

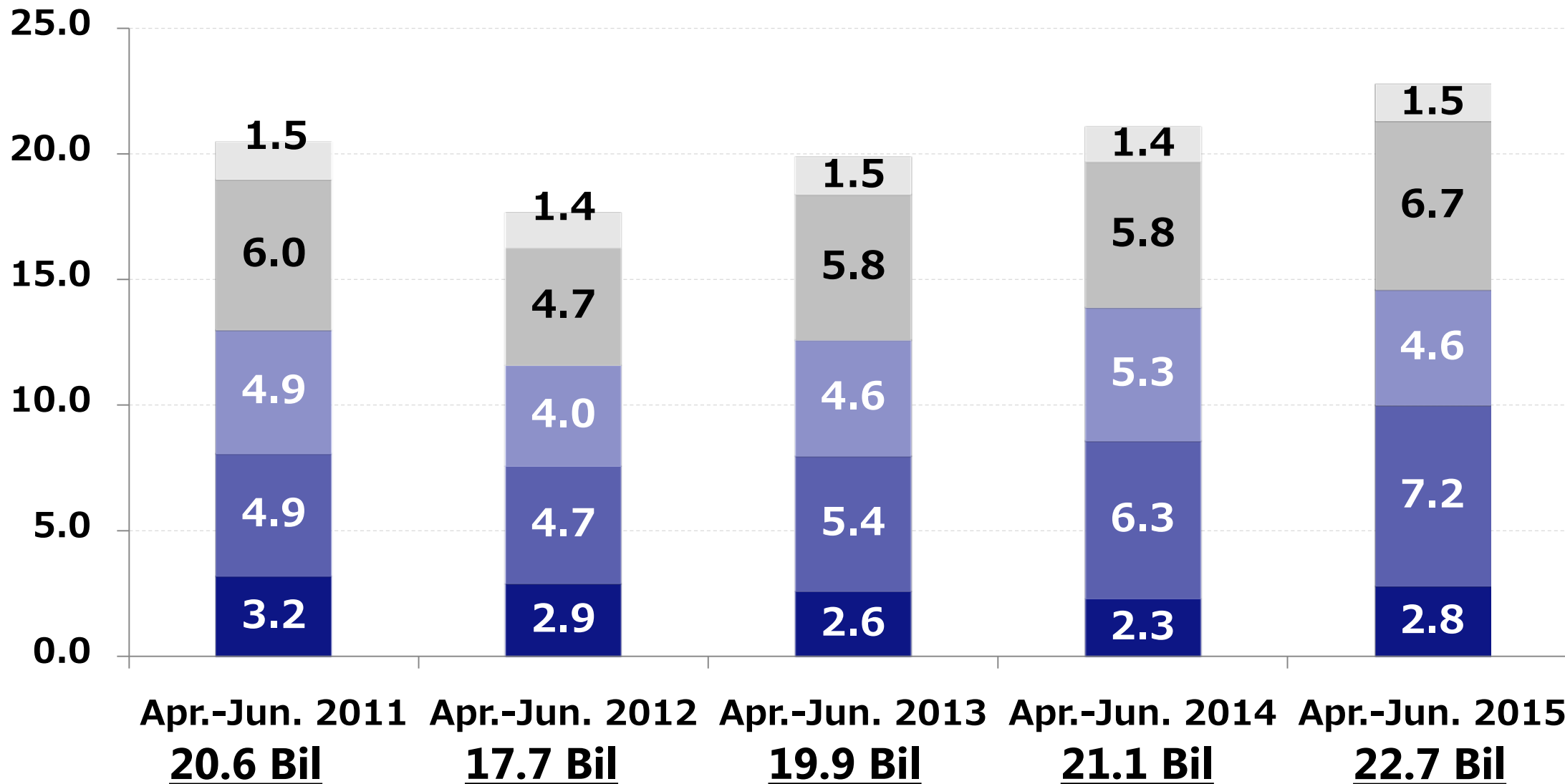
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【Supplementary Materials】 Sales by Reign (Scientific Solutions)

(Billions Of Yen)

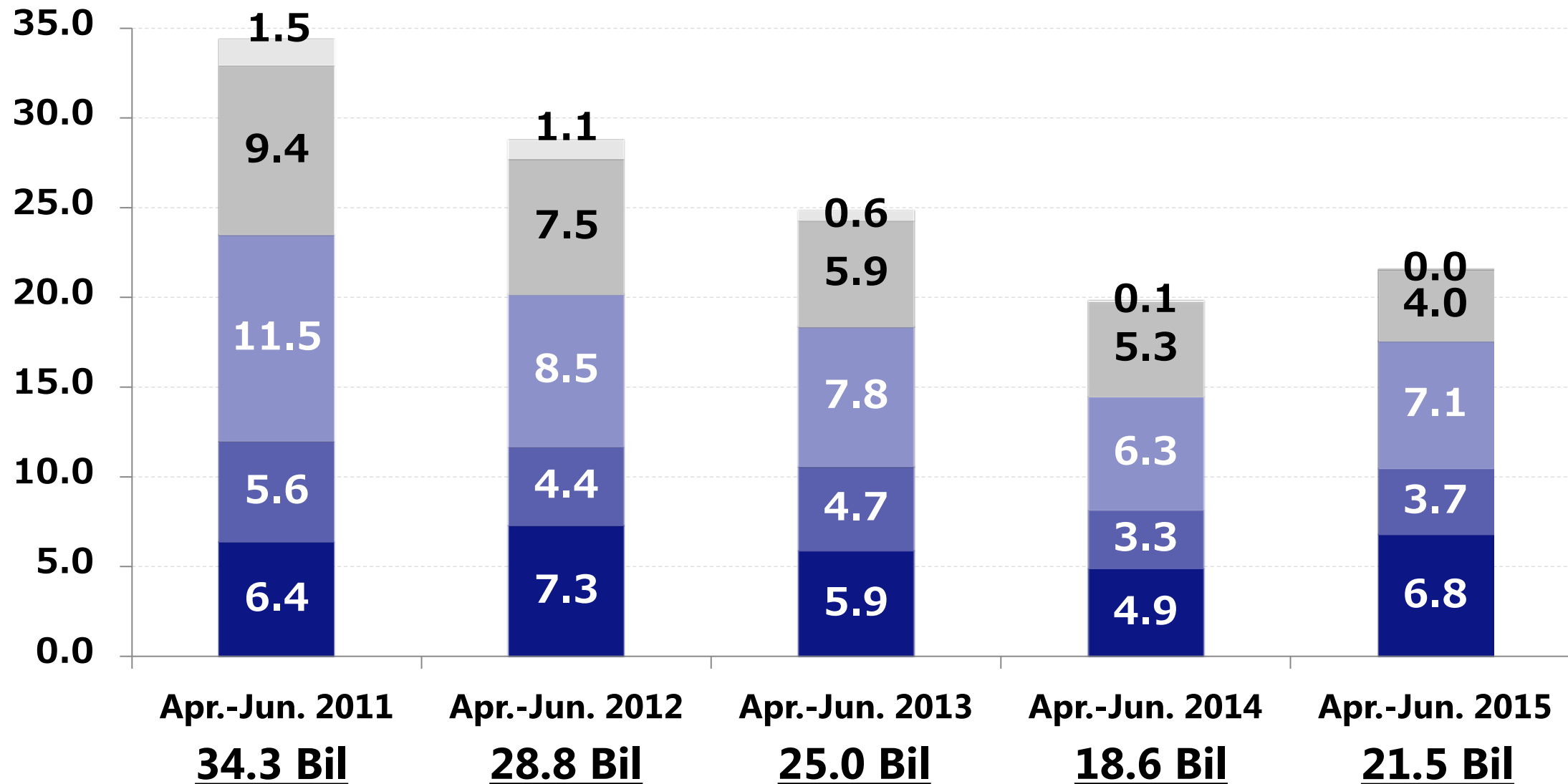
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【Supplementary Materials】 Sales by Reign (Imaging)

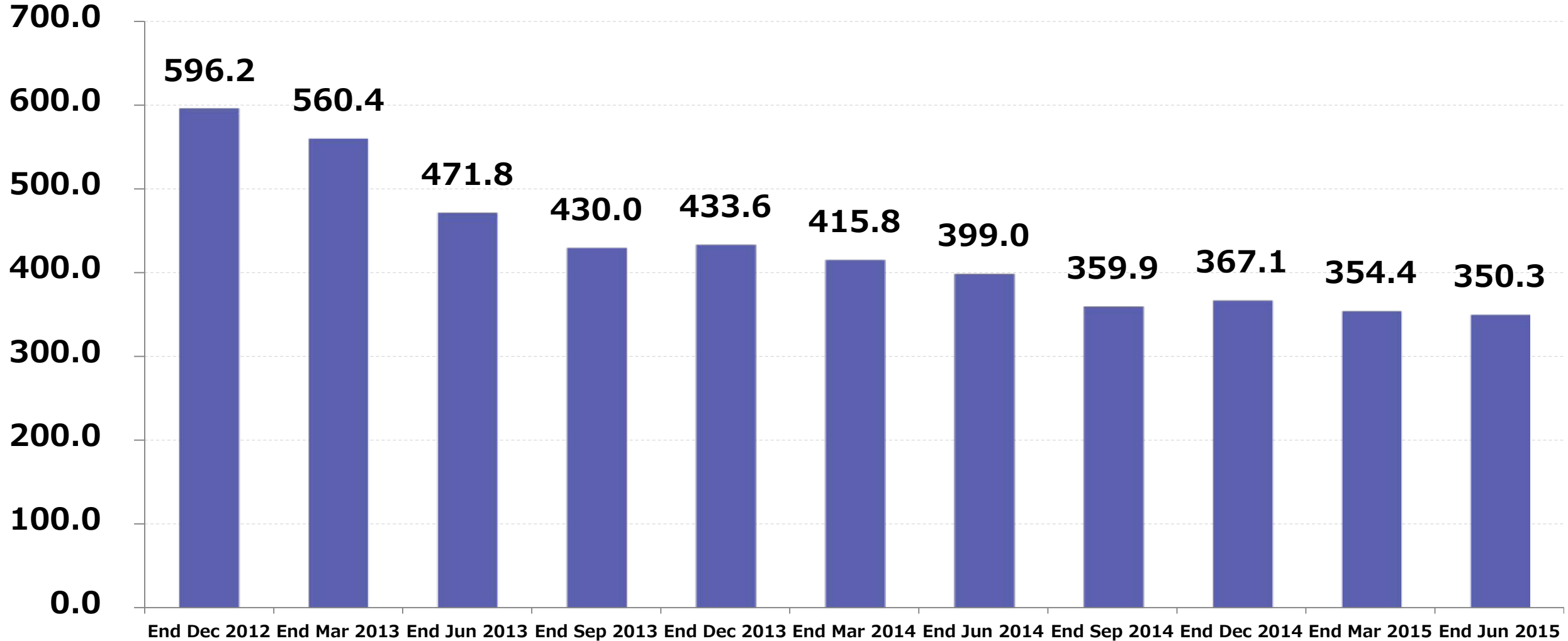
(Billions Of Yen)

■ Japan ■ N.America ■ Europe ■ Asia/Oceania ■ Others

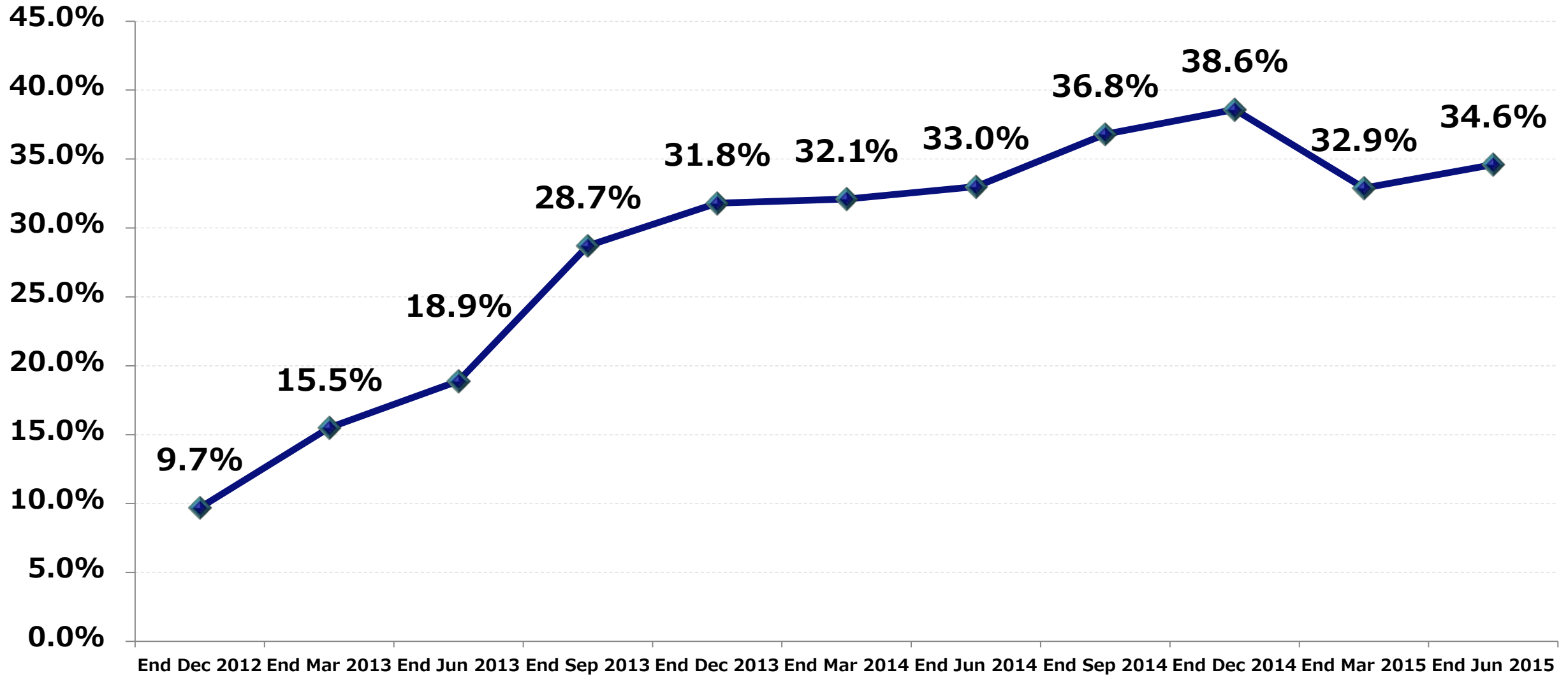


【Supplementary Materials】 Interest-bearing Debt

(Billions of Yen)



【Supplementary Materials】 Equity Ratio



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