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Consolidated Financial Results for the 1st Quarter of Fiscal Year Ending March 31, 2015

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**Consolidated Financial Results and
Business Overview for the 1Q(Apr.-Jun.)of
Fiscal 2015 (Fiscal Year Ending March 2015)**

1Q of Fiscal 2015 (1) Consolidated Financial Results

◆ Net sales up 5% YoY, substantial increase in all income figures

◆ Net income sets new 1Q record high

(Billions of yen)	Fiscal 2014 1Q (Apr-Jun)	Fiscal 2015 1Q (Apr-Jun)	YoY Change	YoY (%)
Net sales	159.2	167.0	+7.8	+5%
SG&A expenses (% of sales)	85.9 (54.0%)	91.3 (54.7%)	+5.4 (+0.7pt)	+6%
Operating income (% of sales)	8.2 (5.1%)	15.1 (9.0%)	+6.9 (+3.9pt)	+84%
Ordinary income (% of sales)	2.4 (1.5%)	11.2 (6.7%)	+8.8 (+5.2pt)	+365%
Net income (loss) (% of sales)	-1.8 (-)	8.1 (4.9%)	+10.0 (-)	-
[Foreign exchange rates and impact]				
¥/US\$	¥99	¥102	+¥3(yen depreciation)	
¥/Euro	¥129	¥140	+¥11(yen depreciation)	
Impact on net sales	-	+6.3 bil.		
Impact on operating income	-	+3.9 bil.		

1Q of Fiscal 2015 (2) Results by Business Segment

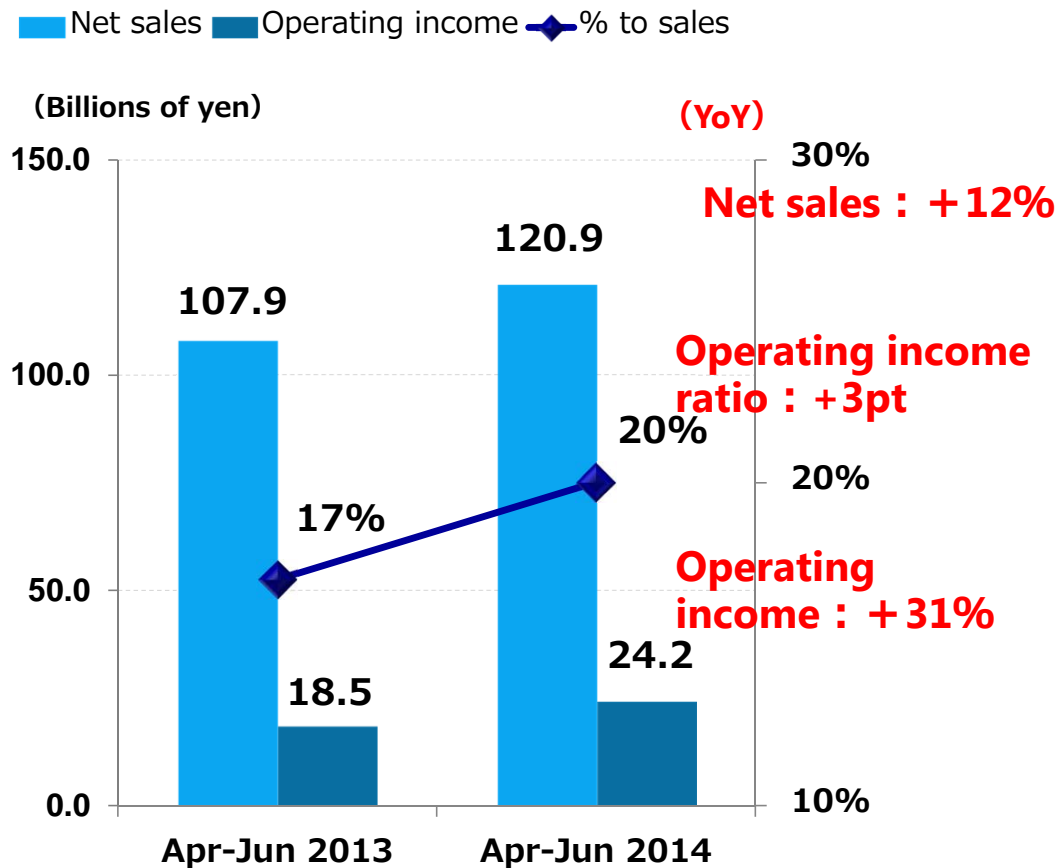
- ◆ Record-breaking 1Q net sales and operating income in Medical Business drives consolidated performance improvements
- ◆ Profitability achieved in Others Business due to withdrawal from biologics business

(Billions of yen)		Fiscal 2014 1Q (Apr-Jun)	Fiscal 2015 1Q(Apr-Jun)	YoY Change	YoY (%)
Medical	Net sales	107.9	120.9	+13.0	+12%
	Op. income	18.5	24.2	+5.7	+31%
Scientific Solutions*	Net sales	19.9	21.1	+1.1	+ 6 %
	Op. income	-1.0	-0.3	+0.7	-
Imaging	Net sales	25.0	19.8	-5.1	-21%
	Op. income	-0.6	-2.2	-1.6	-
Others	Net sales	6.4	5.2	-1.2	-19%
	Op. income	-1.4	0.3	+1.7	-
Elimination and corporate	Net sales	-	-	-	-
	Op. income	-7.3	-7.0	+ 0.3	-
Consolidated Total	Net sales	159.2	167.0	+7.8	+5%
	Op. income	8.2	15.1	+6.9	+84%

*Life Science & Industrial Business has been renamed to Scientific Solutions Business.

1Q of Fiscal 2015 (3) Medical Business

1st quarter (Apr-Jun)

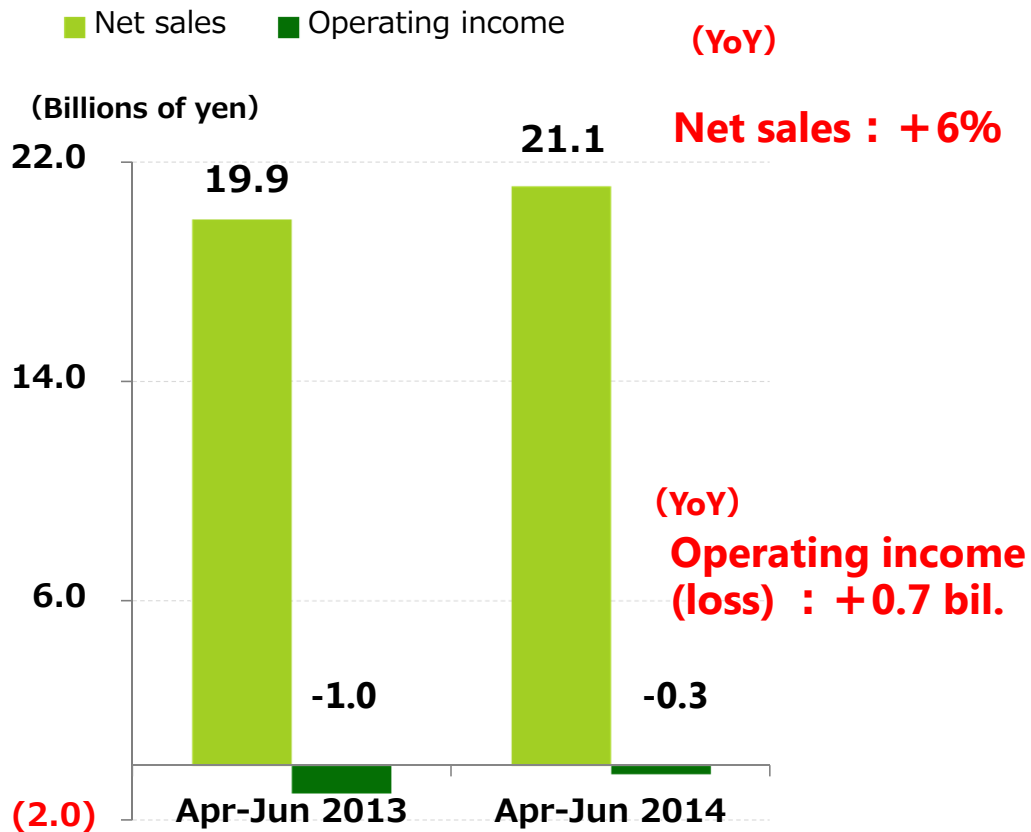


Topics

- ◆ Record-breaking 1Q net sales and operating income achieved due to strong sales of mainstay gastrointestinal endoscopes as well as energy devices and endotherapy products
- ◆ Staff expansion (sales force strengthening)
 - Achieved approx. 25% of target of increasing staff by 1,000 people centered on major bases in Japan, Europe, the U.S., and China (of this, approx. 150-people increase centered on sales forces in Europe and the U.S.)
- ◆ Sales promotion and R&D expenditures
 - Full-fledged expenditure plans scheduled to begin in 2Q

1Q of Fiscal 2015 (4) Scientific Solutions Business*

1st Quarter (Apr-Jun)

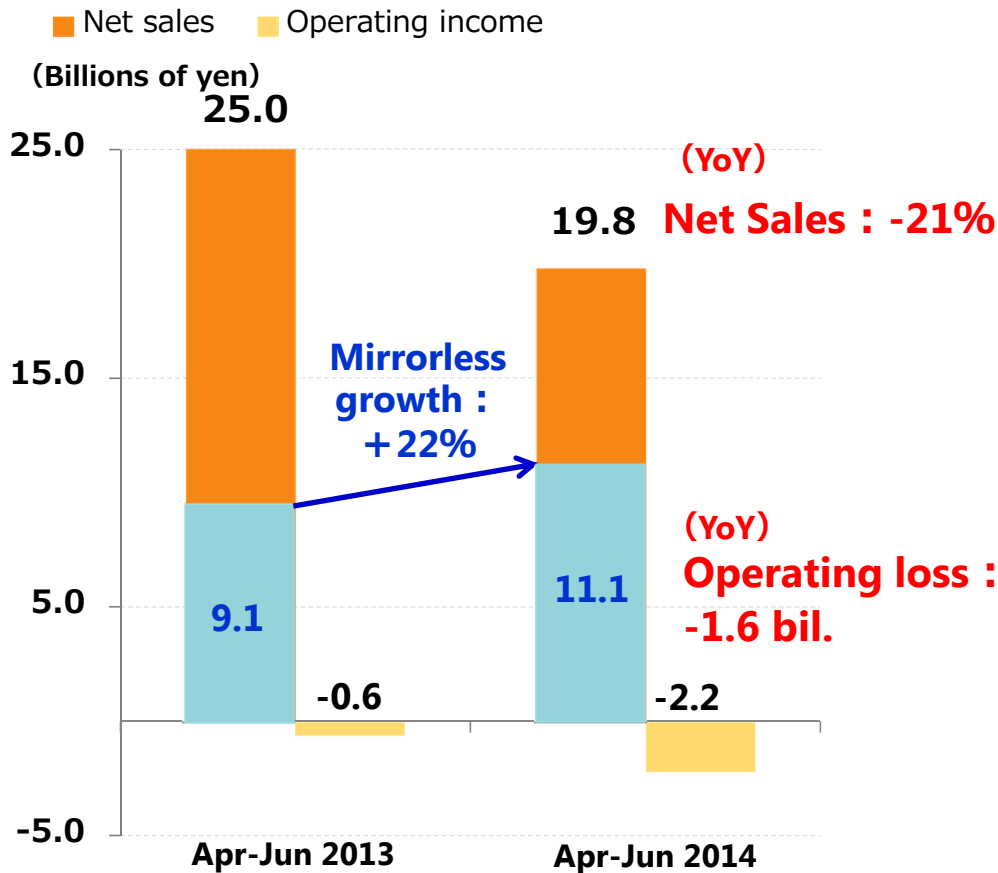


Topics

- ◆ Sales up due to strong performances of non-destructive testing equipment and biological microscopes, primarily overseas
- ◆ Integration of functions in conjunction with customer group oriented strategies
 - Early integration of life science (microscopes) and industrial field sales functions in Americas and Asia

1Q of Fiscal 2015 (5) Imaging Business-(i)

1st Quarter (Apr-Jun)



Topics

【Compact Camera】

- ◆ Compact camera sales volumes reduced to minimize risks and focus on high-value-added models (approx. 200,000 units, down 78% YoY)

【Mirrorless camera】

- ◆ Sales up 22% YoY
- ◆ OM-D series drives sales improvements in Europe and U.S market (Europe: Up approx. 70%; Americas: Up approx. 10%, yoy)
- ◆ Deceleration in domestic market and sluggish PEN series sales due to impact of consumption tax hike
- ◆ Ongoing investments in mirrorless camera sales promotions

1Q of Fiscal 2015 (5)-2 Imaging Business-(ii)

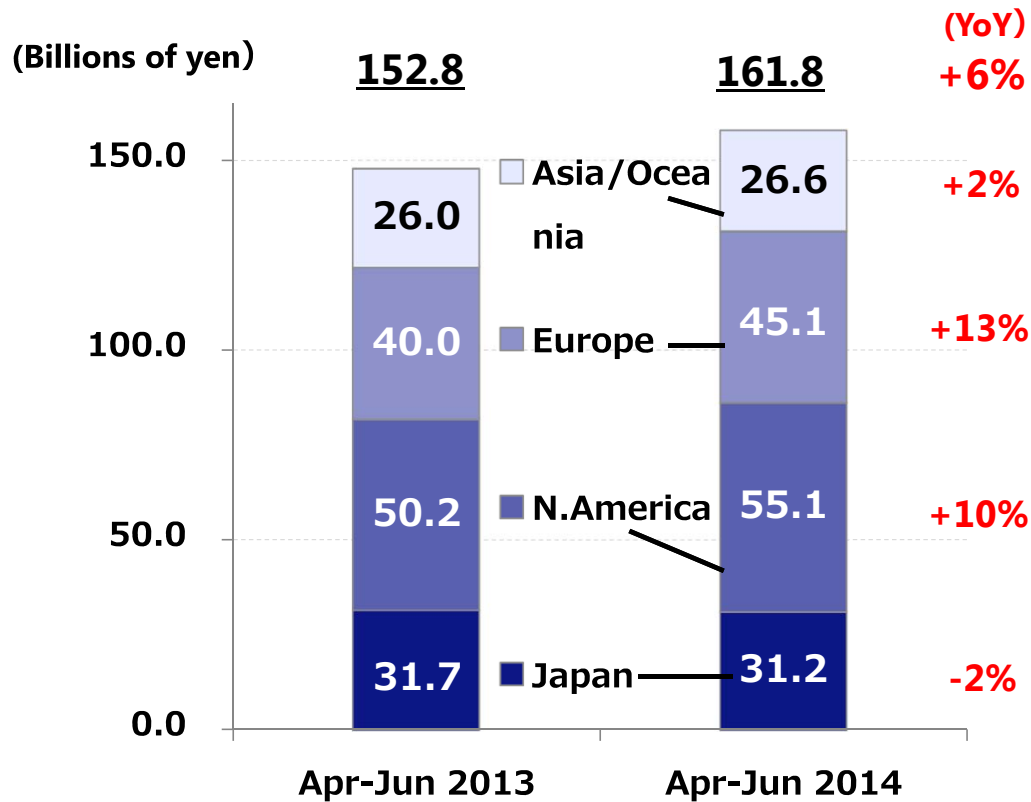
Difference Year on Year

(Billions of yen)	Fiscal 2014 1Q (Apr-Jun)	Fiscal 2015 1Q (Apr-Jun)	YoY change (Difference)	
Net Sales	25.0	19.8	-5.1	Net sales down YoY SLR(mirrorless) camera sales unable to compensate for decline in compact camera sales
Digital SLR (mirrorless)	9.1	11.1	+2.0	
Compact Camera	12.6	5.1	-7.5	
Others	3.3	3.7	+0.4	
Gross profit	11.6	8.8	-2.8	Gross profit down
SG&A expenses	12.2	11.0	-1.2	Investment in sales promotions and BtoB operations
Operating income (loss)	-0.6	-2.2	-1.6	Operating loss up

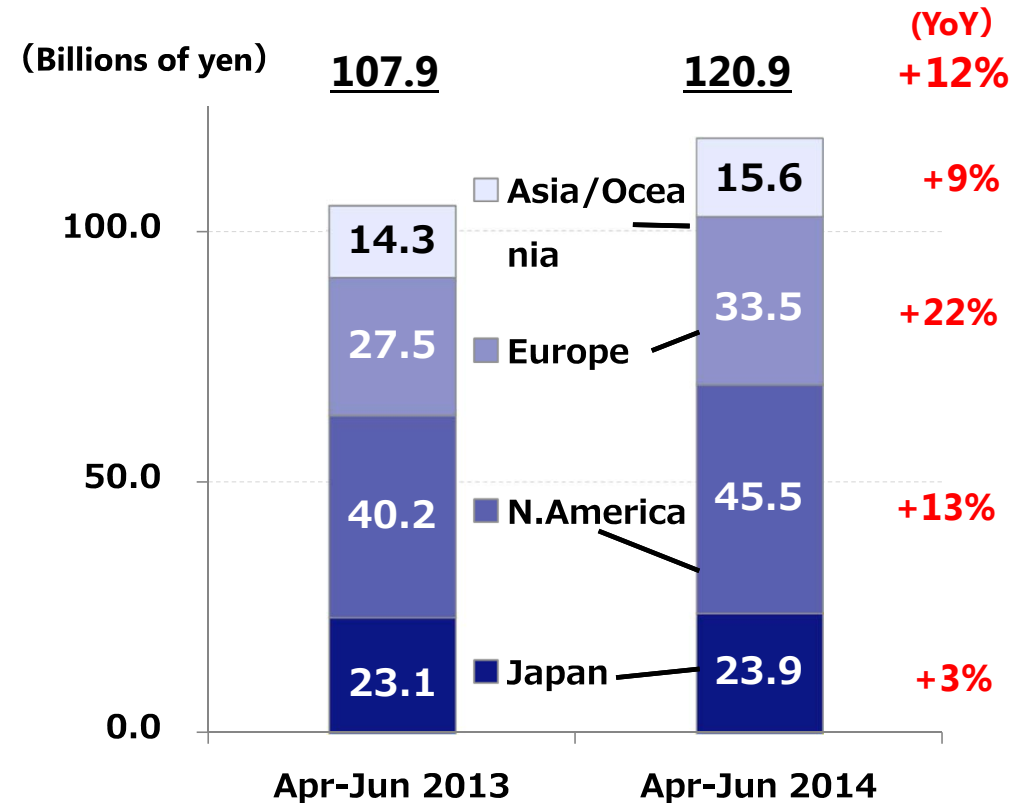
1Q of Fiscal 2015 (6) Net Sales by Region

◆ Strong Medical Business performance drives consolidated performance; Sales increases in all regions except Japan (Japan: Imaging Business sales down due to consumption tax hike)

Consolidated*



Medical Business



*Graphs above are the total of core three businesses (Medical, Scientific Solutions, and Imaging) 9

1Q of FY2015 (7) Progress toward Full-Year Forecasts (Compared with Internal Forecasts)

Medical	<u>Net Sales</u>	Progress in line with forecasts due to strong performance of gastrointestinal endoscopes in all regions such as Japan, Europe and the U.S.
	<u>Operating income</u>	Progress slightly higher than expected due to strong performance of high-margin gastrointestinal endoscopes and delayed incurrence of certain SG&A expenses
Scientific Solutions *	<u>Net sales</u>	Net sales targets unmet in Japan due to rebound from consumption tax hike, but overall progress in line with forecasts due to sales contributions from new products mainly in the industrial field
	<u>Operating income</u>	Progress in line with forecasts due to accomplishment of sales targets
Imaging	<u>Net sales</u>	Compact camera progress in line with forecasts; Mirrorless camera progress lower than forecast as failure to meet PEN series targets and consumption tax hike impact outweighed strong OM-D series performance
	<u>Operating income</u>	Progress lower than forecasts due to failure to meet mirrorless camera sales targets

*Life Science & Industrial Business has been renamed to Scientific Solutions Business.

Consolidated Balance Sheet (End of June 2014)

- ◆ Equity ratio reaches 33%; Interest-bearing debt reduced ¥16.9 billion through such means as early repayment
- ◆ Mirrorless camera inventories increased in preparation for sales promotions; Inventories expected to be decreased through sales in 2Q and beyond

(Billions of yen)	End Mar 2014	End June 2014	Change		End Mar 2014	End June 2014	Change
Current Asset (Digital camera inventories)	576.5 (21.7)	565.5 (24.6)	-11.0 (+2.9)	Current liabilities	276.3	294.0	+17.7
Property, plant and equipment	135.4	135.0	-0.4	Non-current liabilities (Incl. bonds/long-term loans payable)	419.9 (346.8)	379.4 (310.3)	-40.5 (-36.5)
Intangible assets	173.6	167.0	-6.5	Net assets	331.3	334.0	+2.7
Investments and other assets	142.0	139.9	-2.1	(Equity ratio)	(32.1%)	(33.0%)	(+0.9pt)
Total assets	1,027.5	1,007.5	-20.0	Total liabilities and net assets	1027.5	1007.5	-20.0

Interest-bearing debt:¥399 (-¥16.9 bil from Mar.2014)
 Net interest-bearing debt:¥153 (-¥10.7 bil from Mar.2014)

Consolidated Cash Flows (April to June 2014)

(Billions of yen)	Fiscal 2014 1Q(Apr-Jun)	Fiscal 2015 1Q(Apr-Jun)	Change
Net Sales	159.2	167.0	+7.8
Operating income	8.2	15.1	+6.9
(%)	5.1%	9.0%	+3.9pt
CF from operating activities	11.5	21.0	+9.5
CF from investing activities	-6.5	-8.3	-1.8
CF from financing activities	-93.7	-17.0	+76.7
Cash flow	-88.7	-4.3	+84.4
Free cash flow	5.0	12.7	+7.7
Cash and cash equivalents at end of year	142.4	245.5	+103.1
Depreciation and amortization	8.7	9.0	+0.4
Amortization of goodwill	2.3	2.3	-0
Capital Expenditures	7.9	8.8	+0.9

Forecast for Fiscal 2015

Forecast of Consolidated Financial Results for Fiscal 2015

- ◆ No change to first-half and full-year forecasts released in May 2014
- ◆ Net income forecast to show substantial YoY increase due to improvements in operating income driven by Medical Business and improvements in other income

(Billions of yen)	Fiscal 2015 1H(Apr-Sept)	YoY (%)	Fiscal 2015 Full-year	YoY (%)
Net Sales	360	+8%	760	+7%
Operating income (% to net sales)	35 (9.7%)	+23%	88 (11.6%)	+20%
Non-operating income/expenses	-10	-	-18	-
Ordinary income (% to net sales)	25 (6.9%)	+48%	70 (9.2%)	+38%
Net income (% to net sales)	13 (3.6%)	-	45 (5.9%)	+230%

Segment Forecasts for FY2015 (Full Year)

- ◆ Strong Medical Business performance expected; Increased operating income forecast for almost all businesses
- ◆ Other Business operating income to improve ¥5.4 billion due to withdrawal from biologics business

(Billions of yen)		Fiscal 2015 1H(Apr-Sept)	YoY (%)	Fiscal 2014 Full-year	YoY (%)
Medical	Net sales	260.0	+13%	540.0	+10%
	Operating income	52.0	+6%	115.0	+2%
Scientific Solutions*	Net sales	48.0	+9%	104.0	+6%
	Operating income	0.0	-	4.5	-8%
Imaging	Net sales	44.0	-6%	97.0	+1%
	Operating income	-3.0	-	-3.5	-
Others	Net sales	8.0	-39%	19.0	-28%
	Operating income	0.0	-	0.0	-
Elimination and corporate	Net sales	-	-	-	-
	Operating income	-14.0	-	-28.0	-
Consolidated Total	Net sales	360.0	+8%	760.0	+7%
	Operating income	35.0	+23%	88.0	+20%

*Life Science & Industrial Business has been renamed to Scientific Solutions Business

Imaging Business in 2Q of FY2015 and Beyond

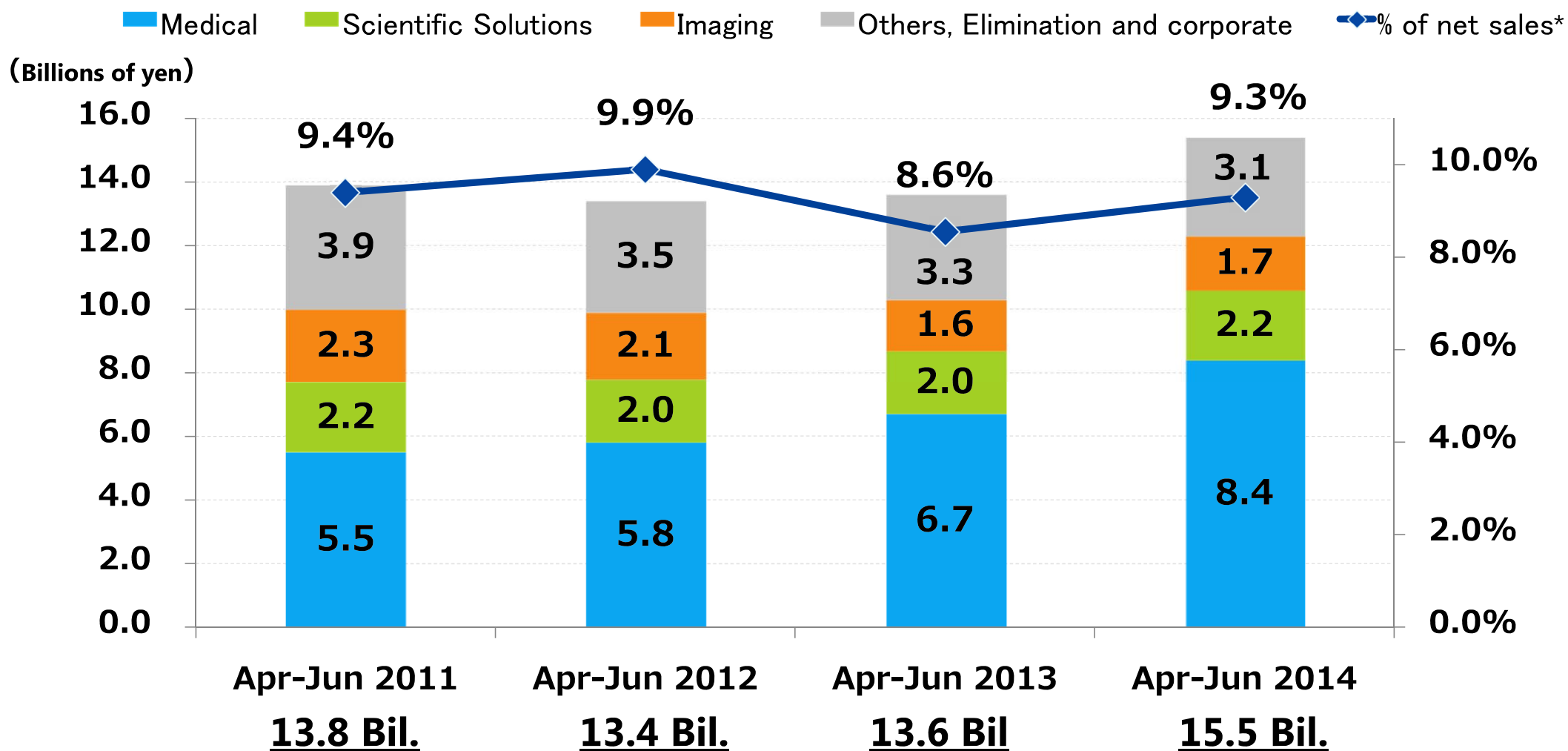
- ◆ Expansion in European and U.S. markets, where results are beginning to appear
 - Expand sales centered on OM-D series, which boosted performance in 1Q
- ◆ Improvement in Japanese and other Asian markets, where performance suffered during 1Q
 - Introduce new, competitive PEN series products
- ◆ Accelerate lens business expansion by bolstering lineup of professional-use products
 - Lens sales up approx. 40% YoY in 1Q of FY2015



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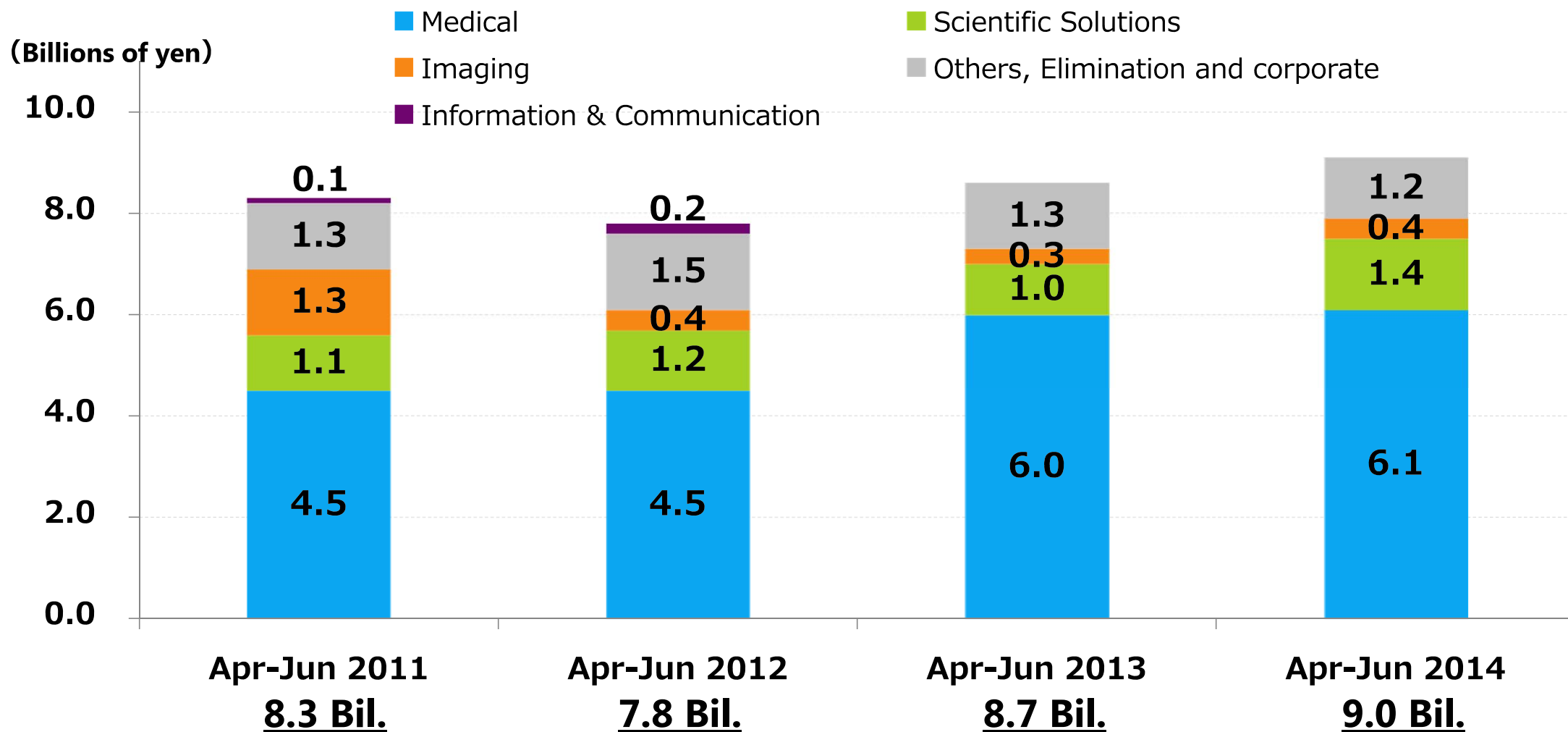
Supplementary Materials

【Supplementary Materials】 R&D Expenditures



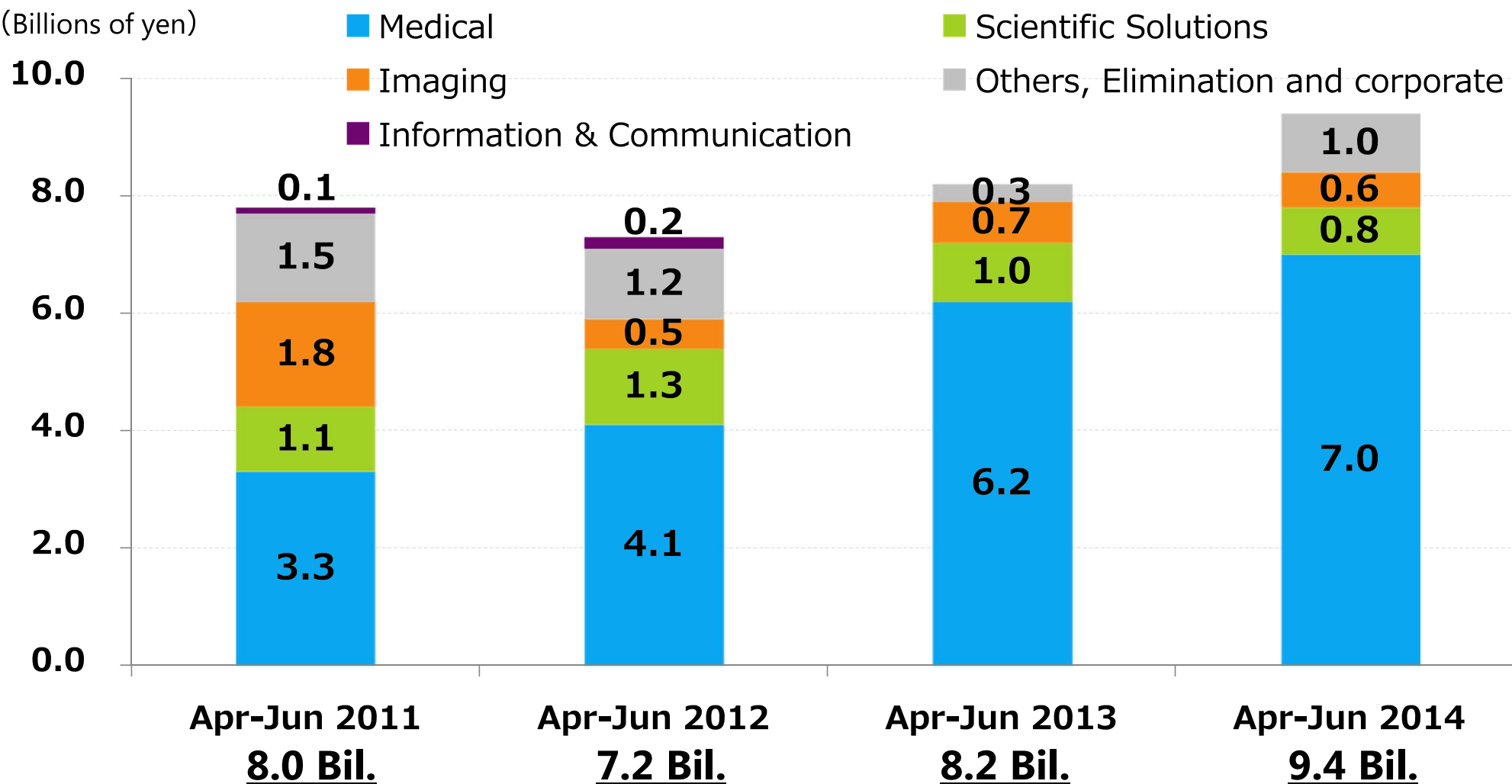
*Excluded net sales of Information & Communication Business

【Supplementary Materials】 Depreciation and Amortization

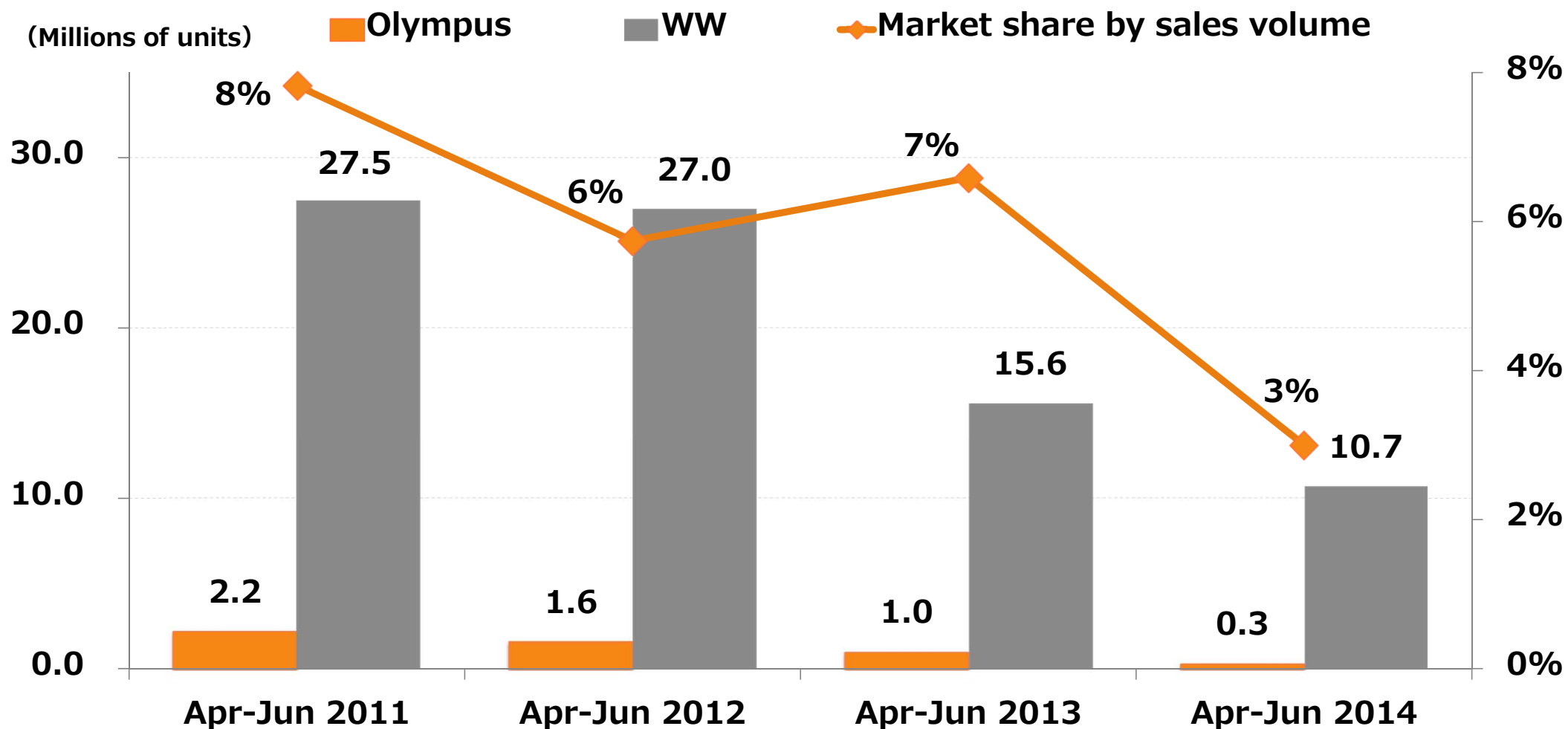


【Supplementary Materials】 Capital Expenditures

(Billions of yen)



【Supplementary Materials】 Digital Cameras

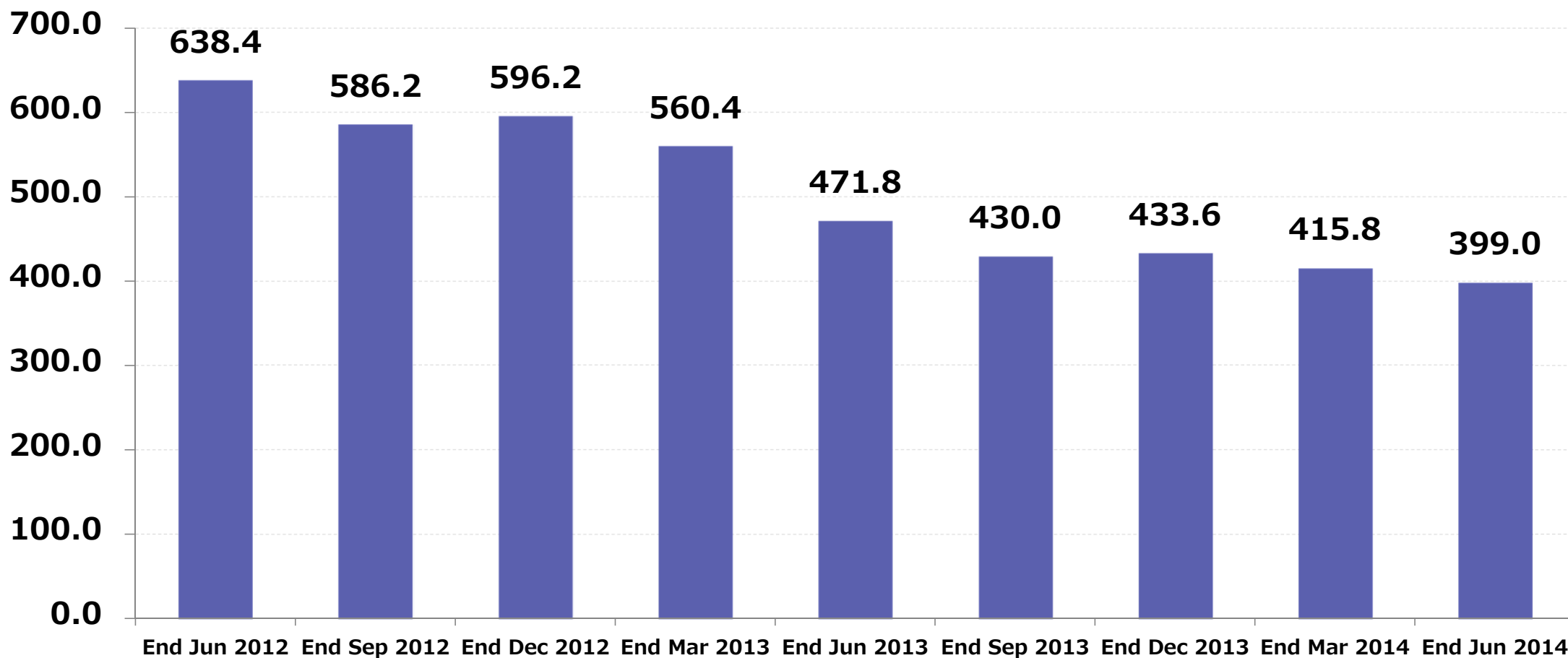


【Supplementary Materials】 Medium-Term Vision – Target by Segment

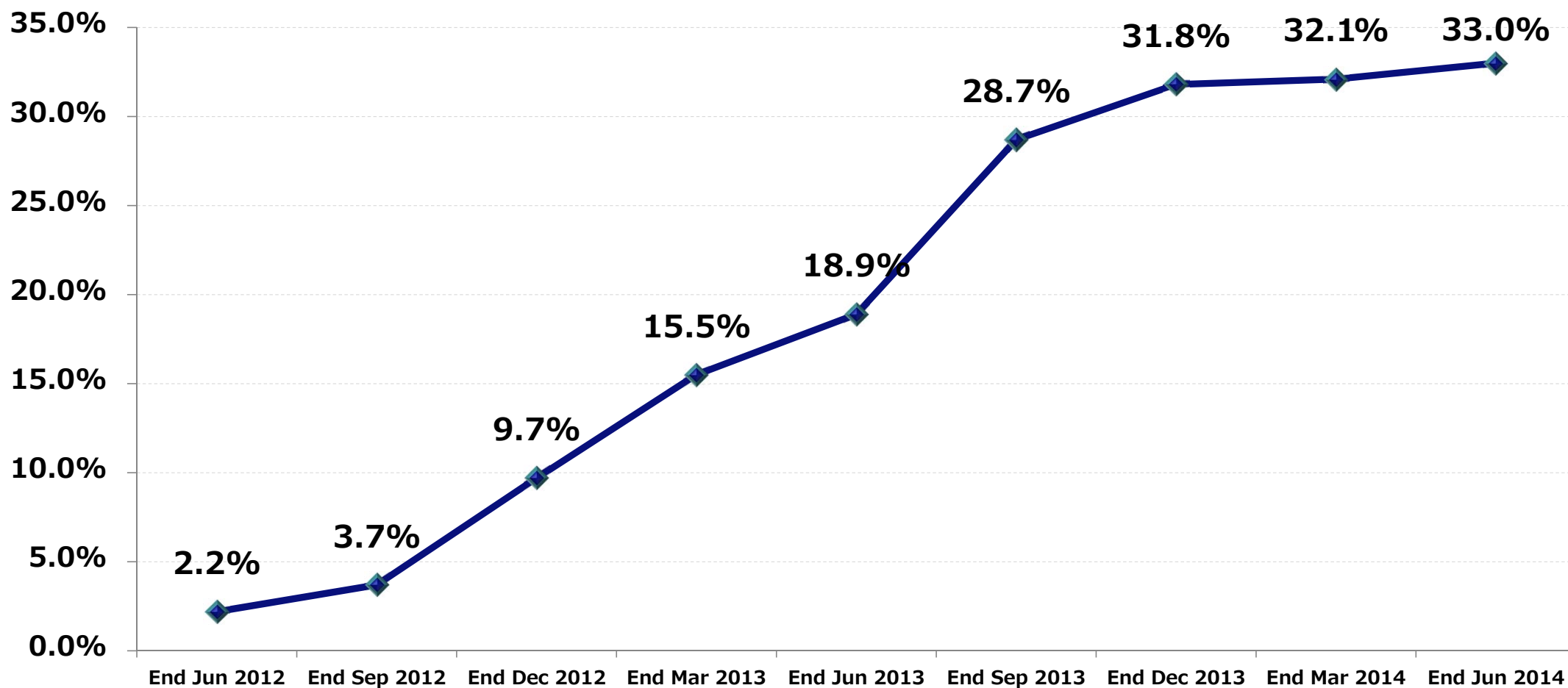
		(Billions of yen)	FY2015 (No change to targets)	FY2017
Net Sales	Medical		540	650
	Scientific Solutions		104	135
	Imaging		97	100
	Others		19	35
	Total		760	920
Operating income	Medical		115	150
	Scientific Solutions		4.5	15
	Imaging		-3.5	9
	Others		0	1
	Elimination or Corporate		-28	-32
	Total		88	143

【Supplementary Materials】 Interest-bearing Debt

(Billions of yen)



【Supplementary Materials】 Equity Ratio



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