Financial Section

Financial Summary

(For the fiscal years as of / ended March 31)

Millions of yen

Consolidated	2010/3	2011/3	2012/3	2013/3	2014/3	2015/3
Net sales						
Domestic	373,163	386,502	398,237	287,025	172,583	161,432
Overseas	509,923	460,603	450,311	456,826	540,703	603,239
Total	883,086	847,105	848,548	743,851	713,286	764,671
Percentage change compared with previous year (%)	(10.0%)	(4.1%)	0.2%	(12.3%)	(4.1%)	7.2%
Selling, general and administrative expenses	347,125	349,306	348,287	343,121	367,011	398,889
Percentage of net sales (%)	39.3%	41.2%	41.0%	46.1%	51.5%	52.2%
Percentage of net sales excluding R&D expenditures (%)	32.3%	33.3%	33.8%	37.6%	42.1%	42.5%
Operating income	61,160	38,379	35,518	35,077	73,445	90,962
Percentage of net sales (%)	6.9%	4.5%	4.2%	4.7%	10.3%	11.9%
Net income (loss)	52,527	3,866	(48,985)	8,020	13,627	(8,737)
Percentage of net sales (%)	5.9%	0.5%	—	1.1%	1.9%	—
EBITDA margin*1 (%)	13.1%	9.9%	9.5%	10.6%	16.8%	18.5%
EBITDA margin (Medical Business)*2 (%)	29.2%	26.9%	26.6%	29.0%	29.7%	29.1%
R&D expenditures	61,850	67,286	61,356	63,379	66,796	74,101
Percentage of net sales (%)	7.0%	7.9%	7.2%	8.5%	9.4%	9.7%
Capital expenditures*3	34,323	32,699	37,961	28,109	37,810	47,743
Depreciation and amortization	43,099	34,188	33,787	33,899	36,850	41,219
Amortization of goodwill	11,854	11,619	11,103	9,683	9,457	9,421
Sales by region						
Japan	373,163	386,502	398,237	287,025	172,583	161,432
North America	196,076	182,009	165,263	177,233	216,098	249,896
Europe	188,527	154,363	156,149	157,179	184,012	195,223
Asia and Oceania	100,045	97,293	107,304	102,395	118,717	139,274
Others	25,275	26,938	21,595	20,019	21,876	18,846
Average exchange rate						
Yen / U.S. dollar	92.85	85.72	79.08	83.10	100.24	109.93
Yen / Euro	131.15	113.12	108.98	107.14	134.37	138.77
Balance Sheet, Cash Flows, and Financial Indicators						
Total assets*4	1,104,528	1,019,160	966,526	960,239	1,027,475	1,081,551
Total net assets*4	163,131	115,579	48,028	151,907	331,284	357,254
Equity ratio (%)	14.1%	11.0%	4.6%	15.5%	32.1%	32.9%
Interest-bearing debt	661,481	648,787	642,426	560,390	415,831	354,421
Net debt	454,698	435,226	442,338	330,780	163,710	144,546
Inventories	89,959	92,929	102,493	99,307	98,595	107,387
Inventory turnover period (months)	1.3	1.3	1.4	1.6	1.7	1.6
Cash and cash equivalents at end of year	203,013	210,385	198,661	225,782	251,344	209,809
Cash flows from operating activities	76,245	30,469	30,889	25,233	72,388	66,811
Cash flows from investing activities	(20,967)	19,003	(35,735)	33,455	(20,273)	(39,612)
Cash flows from financing activities	17,355	(37,359)	(5,761)	(42,436)	(39,693)	(70,185)
Return on equity (ROE) (%)	40.6%	2.9%	(62.3%)	8.3%	5.7%	(2.6%)
Return on assets (ROA) (%)	4.9%	0.4%	(4.9%)	0.8%	1.4%	(0.8%)
Net income (loss) per share (yen)	194.90	14.39	(183.54)	28.96	41.05	(25.53)
Total equity per share (yen)	576.63	421.37	167.76	493.30	962.83	1,038.64
Price earnings ratio (PER)*5 (times)	15.4	160.8	—	76.4	80.2	—
Price book-value ratio (PBR) (times)	5.2	5.5	8.1	4.5	3.4	4.3
Outstanding market value (billions of yen)	813.9	627.7	367.3	675.8	1,127.4	1,530.0
Cash dividends per share (yen)	30	30	—	—	—	10
Number of employees*6 (people)	35,376	34,391	34,112	30,697	30,702	31,540
Average number of temporary employees	(—)	(5,336)	(5,009)	(2,240)	(2,978)	(1,374)

*1. EBITDA = Operating income + Depreciation and amortization that is included in cost of sales or SG&A expenses + Amortization of goodwill that is included in SG&A expenses.
EBITDA margin = EBITDA / Net sales

*2. At the Company, EBITDA (Medical Business) is calculated using the following assumptions: EBITDA (Medical Business) = Segment profit in the Medical Business + Depreciation and amortization that is included in cost of sales or SG&A expenses + Amortization of goodwill that is included in SG&A expenses. EBITDA margin (Medical Business) = EBITDA (Medical Business) / Net sales

*3. Capital expenditures are calculated based on the definition of capital expenditures in accordance with ASBJ Statement No. 17 "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information."

*4. In line with the issuance of IAS No. 19 "Employee Benefits" (revised on June 16, 2011) to be applied for fiscal years beginning on or after January 1, 2013, certain overseas subsidiaries adopted IAS No. 19 effective this fiscal year and changed their method of recognizing actuarial gain or loss. This change has applied retroactively to the figures for the fiscal year ended March 31, 2013.

*5. Price earnings ratio (PER) for the fiscal years ended March 31, 2012 and 2015 are omitted as Olympus recorded net loss for these fiscal years.

*6. The average number of temporary employees is stated in parentheses from the fiscal year ended March 31, 2011 as the number of temporary employees is over 10% of the total number of employees.

We will conduct management emphasizing growth, capital efficiency, and financial soundness, as well as the balance between these points. Prioritizing investment on our central growth pillar—the Medical Business—we will expand Olympus' operations in order to realize ongoing investment returns and consistent shareholder returns.

Director, Senior Executive Managing Officer,
Chief Financial Officer
Yasuo Takeuchi

Financial Strategy: Improving Capital Efficiency

Aiming to use capital more efficiently, return on invested capital (ROIC) was positioned as a key performance index under the medium-term vision (corporate strategic plan). This index displays the degree of efficiency with which we are able to create returns through our business by investing the capital procured from our shareholders and from financial institutions. As such, it is perhaps the index that is most appropriate for gauging our progress with regard to one of the four basic strategies of the medium-term vision: "rebuilding of business portfolio / optimizing allocation of management resources." For this reason, we endeavored to improve corporate value over these three years by emphasizing ROIC and, consequently, capital efficiency in management.

In addition to ROIC, the medium-term vision also positioned as key performance indices the operating margin, free cash flow, and the equity ratio. This decision was based on the belief that management focused on improving these four indices constitutes shareholder-centric management and contributes to increased shareholder value.

Our progress on this front has been strong, with the operating margin, an indicator of business profitability, and the equity ratio, an indicator of financial soundness, both achieving the levels targeted for fiscal 2017 three years ahead of schedule in fiscal 2014. This success represents a substantial improvement in the Company's financial base, which is even more impressive given the short period of only three years over which this feat was accomplished. This seemingly herculean task was completed by boosting earnings from the Medical Business and other businesses, and then utilizing the resulting cash flows to reduce interest-bearing debt, and by procuring additional capital from overseas. ROIC also showed a pronounced improvement, rising from 2.7% in fiscal 2012 to 8.0% in fiscal 2015. This improvement was a result of increases in asset efficiency realized through the complete reorganization of non-core business domains, which included such businesses as the Information & Communication Business and the biologics business. Free cash flow as well is making smooth progress toward its fiscal 2017 target, having remained in the positive for three consecutive years, regardless of aggressive capital expenditures in the Medical Business.

With regard to return on equity (ROE), an index that has been garnering attention in recent years, a negative figure was posted in fiscal 2015 as a result of the substantial extraordinary losses recorded during this year. However, this is only a temporary setback, as we believe that it is entirely possible for the Company to consistently maintain a high level for ROE in the double digits. Going forward, we will target this level by improving profitability centered on the Medical Business and by using capital more efficiently.

We are currently in the process of formulating a new corporate strategic plan slated to begin in April 2016. This plan will focus on three key points—growth, capital efficiency, and financial soundness—and will place greater emphasis on ROE and other performance indices that incorporate shareholders' perspective.

Performance Indices and Targets of the Medium-Term Vision

	2012/3 (Results)	2013/3 (Results)	2014/3 (Results)	2015/3 (Results)	2017/3 (Targets)
ROIC*	2.7%	2.7%	5.9%	8.0%	10% or more
Operating margin	4.2%	4.7%	**10.3%**	**11.9%**	10% or more
Free cash flow	¥(4.8) billion	¥58.7 billion	¥52.1 billion	¥27.2 billion	¥70.0 billion or more
Equity ratio	4.6%	15.5%	**32.1%**	**32.9%**	30% or more
(Reference)					
ROE	(62.3%)	8.3%	5.7%	(2.6)%	—

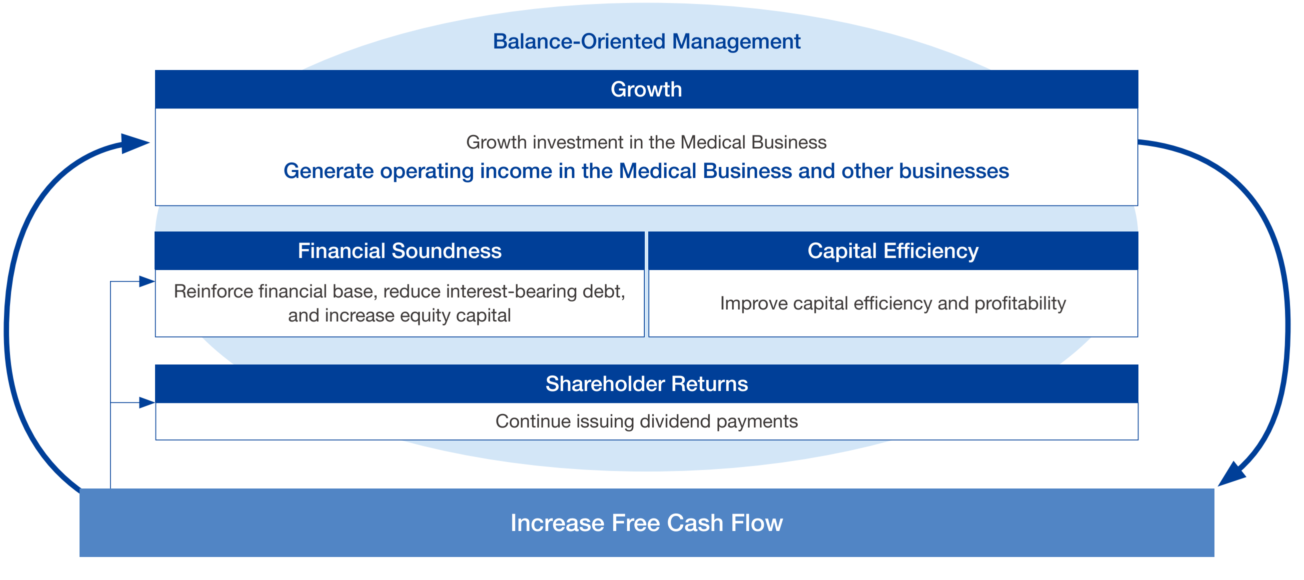
* Return on invested capital (ROIC): At Olympus, ROIC is calculated using the following assumptions: Return (Operating income after taxes) / IC (Shareholders' equity + Interest-bearing debt)

Resource Allocation and Shareholder Return Policies

At Olympus, we are aware that corporate value is best improved by living up to the expectations of our shareholders and various other stakeholders and pursuing balanced increases in the different types of value relevant to shareholders, customers, employees, and business partners. To realize sustained increases in these values, it is crucial for Olympus to always be a company that can continue to grow its business over the medium to long term. Moreover, this growth must be achieved while ensuring financial soundness and consistently generating the returns that our various stakeholders expect.

Recognizing this fact, we believe it is vital to conduct management that emphasizes the plan's three key points and places focus on the balance between these points.

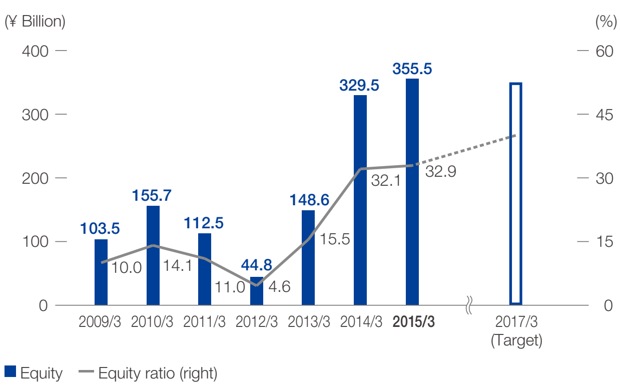
Balance-Oriented Management and Cash Cycle



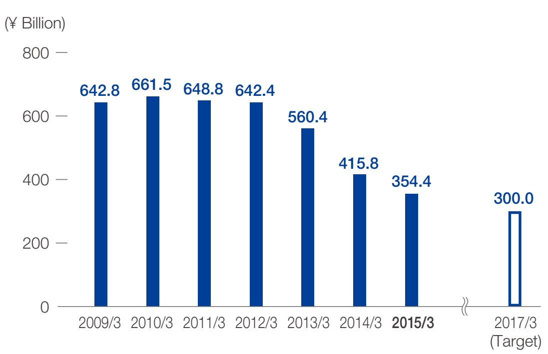
Construction of a Financial Base that Can Withstand Global Competition

Looking at financial soundness, the equity ratio improved from 4.6% on March 31, 2012, to 32.9% on March 31, 2015, exceeding the level of 30% that we had planned to target over the foreseeable future. However, we realize that this level is still insufficient when compared to other global medical equipment manufacturers. In the Medical Business, considering approval requirements among other factors, significant time and money must be invested throughout the process of developing and commercializing products. At the same time, we must also be prepared for the risks that are characteristic of this business. It is therefore necessary to build a financial base that can support these activities over the long term. In addition, ongoing upfront investments are crucial in ensuring stable growth. For this reason, I believe we need to further increase the level of equity capital by generating operating income in the Medical Business and other businesses. Naturally, we must remain aware of the capital costs involved in doing so. I am not talking about simply raising capital through fund procurement, but rather we formulate and implement financial strategies that boost capital while limiting capital costs and maintaining a balance with interest-bearing debt.

Equity / Equity Ratio



Interest-Bearing Debt



Growth Investments in the Medical Business Conducted as a Top Priority

Three years ago, quickly recovering the Company's financial reliability was one of the most important tasks for management. When planning medium- to long-term management resource allocations, the balance sheet is, of course, an important consideration. However, I believe that utilizing capital to fuel future growth is of even greater importance. Accordingly, I feel that conducting ongoing investments in the growth of the Medical Business should be a top priority for improving stakeholder value. In addition, M&A will be considered as a possible option for expanding these operations going forward.

Shareholder Returns

For fiscal 2015, we were able to issue dividend payments for the first time in four years. To date, there have been a number of concerns that have prevented us from resuming dividend payments, including securities litigations and deliberations with the U.S. Department of Justice. However, we have made notable progress toward resolving these issues, and have also secured an amount of monetary resources sufficient for issuing returns. Based on these factors, we judged that the Company was now capable of providing ongoing dividends, and thus decided to resume dividend payments in fiscal 2015.

Given the growth potential and profitability of the Medical Business, I am confident in our ability to secure sufficient cash flows even while conducting growth investments. Specific dividend policies, such as the target dividend payout ratio, will be developed as part of formulating the next corporate strategic plan. What I can say at the moment is this: we are committed to increasing dividends while improving business performance and maintaining a level of capital that can be deemed sound based on the characteristics of our business as a medical equipment manufacturer. By striking a balance between these concerns, we aim to respond to the expectations of our shareholders by issuing ongoing dividends in the future.

Emphasis on Constructive Communication with Shareholders

We recognize the importance of constructive communication with shareholders in realizing ongoing growth and medium- to long-term improvements in corporate value. For this reason, President Sasa and I take the lead in speaking with our shareholders in Japan and overseas. These interactions serve as opportunities for us to discuss a variety of topics, including circumstances regarding our business, measures to resolve management issues, and how we plan to realize the type of growth we promised when conducting the capital increase two years ago. In the past, a large number of shareholder inquiries voiced concerns for the Company's corporate governance systems. Today, however, shareholders are increasingly asking us about growth strategies, and the fact that they are now looking forward to Olympus' future with anticipation is unmistakably clear. Shareholder opinions will continue to be reflected in management decisions as we move forward and work to maintain a positive relationship with the market.

Analysis of Business Results, Financial Position, and Cash Flows

Analysis of Business Results

Company Overview

In the global economy during fiscal 2015, a gradual overall recovery continued, but uncertain factors remained. The U.S. economy showed signs of steady recovery on the back of improvements in the job market. In Europe, meanwhile, the sovereign debt issue continued. In Asia and other emerging markets, the speed of economic expansion decelerated even further, as indicated by such factors as economic slowdown in China. In Japan, economic recovery continued with yen depreciation and other factors helping to improve corporate earnings. However, the outlook remains uncertain due to such factors as a decline in consumer spending following the April 2014 consumption tax hike.

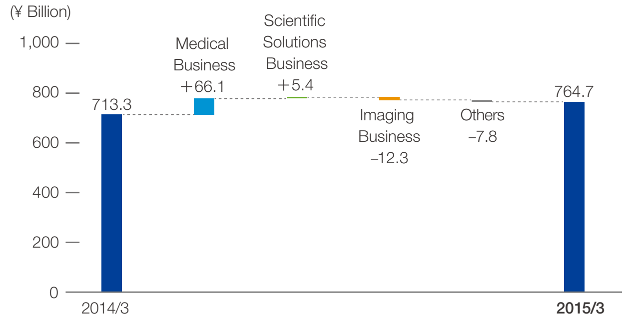
In this operating environment, the Olympus Group continued to advance the four basic strategies of the medium-term vision (corporate strategic plan) launched in fiscal 2013: "rebuilding of business portfolio / optimizing allocation of management resources," "review and reduction of costs," "restoration of financial health," and "restructuring of corporate governance." Acting in accordance with these strategies, the Olympus Group continued to steadily implement initiatives, such as accelerating growth through strategic investment in the Medical Business and developing a new operating structure after approving plans to reorganize the Group's organizational structure.

In the Medical Business, sales of new products in our flagship gastrointestinal endoscope operations grew in Japan and overseas. In addition, we made investments targeting further growth in the surgical device field, which primarily included strengthening sales forces in North America. In the Scientific Solutions Business, we revised our strategies to move away from those based on product lineups to those oriented toward customer groups, and continued to streamline our business through reforms such as integrating business sites. In the Imaging Business, we moved forward with our shift from compact digital cameras to mirrorless cameras, and invested in the expansion of BtoB operations. In fiscal 2015, R&D expenditures amounted to ¥74,101 million and capital expenditures totaled ¥47,743 million.

In regard to foreign exchange, the yen depreciated significantly against both the U.S. dollar and the euro in comparison with the previous fiscal year. The average exchange rate during fiscal 2015 was ¥109.93 against the U.S. dollar (¥100.24 in the previous fiscal year) and ¥138.77 against the euro (¥134.37 in the previous fiscal year). These rates increased net sales by ¥39,400 million and operating income by ¥14,400 million year on year.

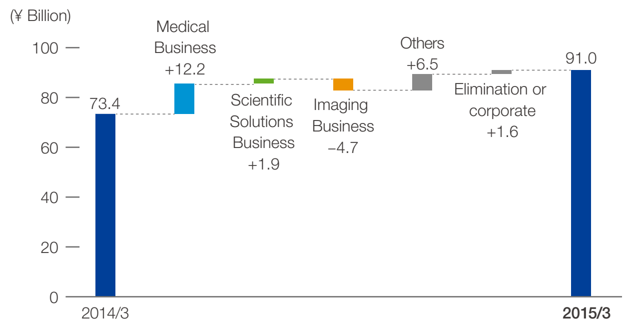
- **Net Sales**

Consolidated net sales increased 7.2% year on year, to ¥764,671 million, due largely to increased earnings in the Medical Business and the Scientific Solutions Business.



- **Operating Income**

Operating income was up 23.9% year on year, to ¥90,962 million, as the higher earnings of the Medical Business and the Scientific Solutions Business offset the operating loss in the Imaging Business.



- **Net Income (Loss)**

Net loss amounted to ¥8,737 million, compared with a net income of ¥13,627 million in the previous fiscal year, due in part to recording extraordinary losses of ¥63,848 million, primarily loss related to the investigation under U.S. Anti-kickback Act and the related Act.

Performance by Segment

- **Medical Business**

In the Medical Business, consolidated net sales totaled ¥558,348 million, up 13.4% year on year, and operating income was ¥124,894 million, up 10.8%.

In the gastrointestinal endoscope field, strong sales continued for mainstay gastrointestinal video endoscopy systems EVIS EXERA III and EVIS LUCERA ELITE. In the surgical device field, sales increases were once again achieved for the VISERA ELITE surgical video endoscopy system—designed to support endoscopic surgery—as well as for videoscopes for use in clinical departments such as general surgery and urology, our 3D laparoscopy surgical system, and the THUNDERBEAT energy device. In the endotherapy device field, sales were up in all product areas due to sales contributions from VisiGlide 2™, a new disposable guidewire product for use in endoscopic diagnosis and treatment of biliary and pancreatic ducts, and sales growth for QuickClip Pro, a disposable rotatable clip fixing device to stop bleeding of polyps and lesions. Operating income in the Medical Business increased due to the higher net sales.

• Scientific Solutions Business

In the Scientific Solutions Business, consolidated net sales totaled ¥103,880 million, up 5.5% year on year, and operating income amounted to ¥6,837 million, up 38.5%.

In the life science field, sales were relatively unchanged year on year as the temporary slowdown in the execution of budgets by research institutions in Japan offset sales contributions from FLUOVIEW FVMPE-RS, a new addition to our series of laser scanning microscopes for use in cutting-edge life science research. In the industrial field, meanwhile, sales of various products were buoyed by stimulated capital expenditures among corporations. For example, sales were up for IPLEX RX and IPLEX RT—industrial videoscopes that offer the highest levels of resolution in their series—as well as for the OmniScan series of ultrasonic phased array flaw detectors, which are used in non-destructive testing of social infrastructure. As a result, the total for sales in both fields increased year on year. Operating income in the Scientific Solutions Business rose as a result of the higher net sales and progress in efforts to reduce costs through means such as the integration of sales offices.

• Imaging Business

In the Imaging Business, consolidated net sales came to ¥83,825 million, down 12.8% year on year, while operating loss amounted to ¥13,870 million, compared with ¥9,182 million in the previous fiscal year.

In the digital single-lens camera field, sales of the OM-D series of mirrorless cameras were up in Europe. Sales of interchangeable lenses, such as M.ZUIKO DIGITAL ED 40–150mm F2.8 PRO, were also favorable. However, overall sales in the Imaging Business declined because we limited compact digital camera sales volumes in response to the contraction of the market for these products. Operating loss increased in this business reflecting, among others, a decrease in sales, write-downs on inventories as a result of strict revaluation, and investment carried out to expand BtoB operations.

• Others

In the Others Business, consolidated net sales amounted to ¥18,618 million, down 29.4% year on year, and operating income was ¥1,190 million, compared with an operating loss of ¥5,356 million in the previous fiscal year. In order to allocate management resources to our business domains in a more concentrated manner, we reorganized our non-core business domains, and withdrew from the biologics business in the previous fiscal year. Although the aforementioned initiatives contributed to a decline in net sales for the Others Business, profitability was achieved on the operating income level.

Fiscal 2016 Outlook

Looking ahead, although the moderate recovery trend in the global economy driven by the United States continues, the risk of economic downturn still remains due to such factors as the slowing growth in China and other emerging countries. In Japan, economic recovery is set to continue on the back of improved corporate earnings, but there is still cause for concern due to such issues as the decline in consumer spending following the April 2014 consumption tax hike, and it is clear that we cannot become complacent.

Given this environment, the Olympus Group will steadily advance its medium-term vision, which was formulated in June 2012. Furthermore, the Group was reorganized in April 2015 to give rise to a new organizational structure. Under this structure, we will enhance our ability to respond to the fast-changing business environment and promote efficient resource allocation. We will also strengthen our business foundation and accelerate growth in preparation for the new five-year medium-term management plan, which is scheduled to be drafted in fiscal 2016.

In the Medical Business, we will pursue further growth by stepping up business expansion initiatives in each of the business units established as part of the new organizational structure; namely the GI (gastrointestinal) Business Unit, GS (general surgery) Business Unit, Uro/Gyn (urology / gynecology) Business Unit, ENT (ear, nose, and throat) Business Unit, and Medical Service Business Unit. In the Scientific Solutions Business, we will further improve business organization efficiency through structural reforms, build a system for strengthening points of contact through customer group-oriented strategies, and explore new markets. In the Imaging Business, we will push forward with structural reforms with breaking even as the top priority, and will accelerate cost-cutting efforts while streamlining operations by narrowing product lineups and limiting the range of sales focus regions.

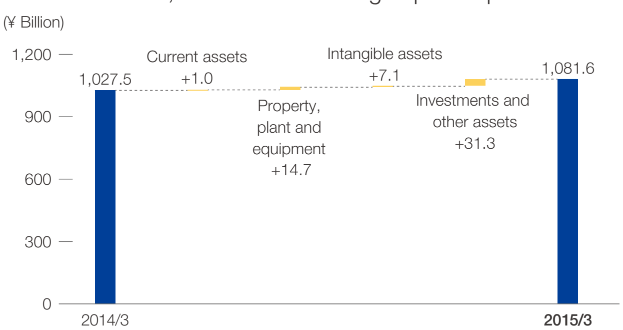
To integrate business functions under the new organizational structure, cross-divisional functional organizations have been established; namely, the Corporate Group, R&D Group, Manufacturing Group, Sales Group, and Quality and Regulatory Group. Resources related to functions will be distributed to each business in an optimal manner. In this way, we will build a structure that will allow management resources to be utilized efficiently and enable the Company to fully manifest its potential.

Furthermore, the Company will continue to enhance corporate governance systems while fostering compliance awareness to ensure sound management practices.

Financial Position

Total Assets

As of March 31, 2015, total assets stood at ¥1,081,551 million, up ¥54,076 million from a year earlier. Total current assets were up ¥1,016 million due mainly to an increase in notes and accounts receivable, and total non-current assets rose ¥53,060 million following capital expenditures.



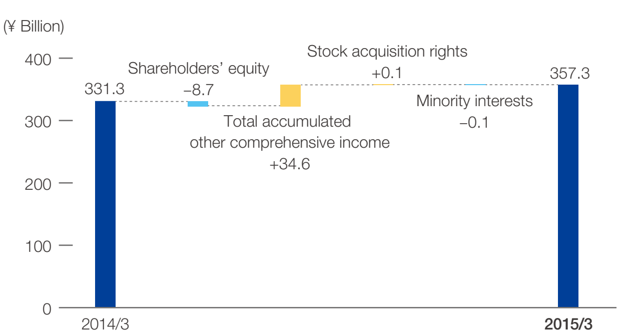
Liabilities

As of March 31, 2015, total liabilities amounted to ¥724,297 million, up ¥28,106 million from a year earlier. This increase was due mainly to the recording of provision for loss related to the investigation under U.S. Anti-kickback Act and the related Act of ¥58,883 million and an increase in liabilities for retirement benefits of ¥11,114 million, which offset a decrease in borrowings (long- and short-term) of ¥61,410 million.

Total Net Assets and Equity Ratio

Total net assets at the end of the fiscal year amounted to ¥357,254 million, up ¥25,970 million from the previous fiscal year-end. This rise was primarily due to an increase in total accumulated other comprehensive income of ¥34,604 million, which resulted from fluctuations in foreign exchange rates and stock prices.

As a result of the above, the equity ratio increased from 32.1% at the end of the previous fiscal year to 32.9%.



Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥66,811 million, down ¥5,577 million from the previous fiscal year. Major factors decreasing cash included declines in loss related to securities litigation of ¥10,440 million and loss on liquidation of business of ¥9,771 million, an increase in income taxes paid of ¥10,096 million, and the recording of increase in accounts receivable of ¥13,020 million, compared with decrease in accounts receivable of ¥1,950 million in the previous fiscal year, and of increase in inventories of ¥7,214 million, compared with decrease in inventories of ¥2,890 million. Major factors increasing cash included the recording of loss related to the investigation under U.S. Anti-kickback Act and the related Act of ¥53,866 million.

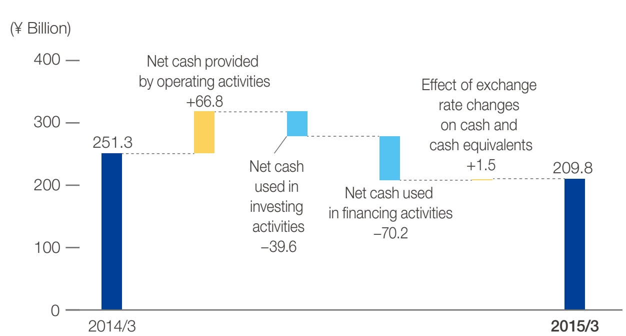
Cash Flows from Investing Activities

Net cash used in investing activities was ¥39,612 million, up ¥19,339 million from the previous fiscal year. Major factors decreasing cash included an increase in purchases of property, plant and equipment of ¥8,613 million, a decrease in withdrawals from time deposits of ¥5,094 million, and a decrease in net increase from sales of investments in subsidiaries resulting in changes in scope of consolidation of ¥4,600 million. Major factors increasing cash included a decrease in deposits in time deposits of ¥2,458 million.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥70,185 million, up ¥30,492 million from the previous fiscal year. Major factors decreasing cash included the absence of ¥101,594 million in proceeds from issuance of common stock and ¥11,067 million in proceeds from disposal of treasury shares recorded in the previous fiscal year. Major factors increasing cash included the absence of ¥35,000 million in redemption of bonds recorded in the previous fiscal year and the recording of increase in short-term borrowings of ¥7,977 million, compared with decrease in short-term borrowings of ¥24,714 million in the previous fiscal year.

As a result, cash and cash equivalents at end of year amounted to ¥209,809 million, a decrease of ¥41,535 million compared with the end of the previous fiscal year.



Risk Information

The following are the main factors, other than management decisions, and risks inherit to operations that may give rise to changes in the Group's business performance. Forward-looking statements in this section are based on the Group's judgment as of the end of the fiscal year under review.

Business Risks

(1) Risks Associated with Sales Activities

1. In the Medical Business, it is possible that healthcare policies may be amended in an unforeseeable and material manner due to healthcare system reforms or that some other significant change may occur in the medical industry. If the Olympus Group is unable to adapt to such environmental changes or obtain the licenses and approvals in various countries necessary for its business activities in a timely manner, earnings may be affected. In addition, earnings may be affected if government budgets are decreased due to changes in macroeconomic conditions or other factors.
2. In the life science sector of the Scientific Solutions Business, the supply of systems for research funded by the national budgets of countries accounts for a high proportion of earnings. The curtailment of these budgets for such reasons as macroeconomic changes may affect earnings.
3. In the digital camera field of the Imaging Business, market conditions are growing ever harsher. If the market contracts more rapidly than anticipated, the Group may be unable to adequately counter the resulting sales decline with its restructuring measures, and earnings may be impacted as a result.

(2) Risks Associated with Production and Development Activities

1. In the Imaging Business, core production sites are located in China and Vietnam. Accordingly, fluctuations in foreign currency exchange rates could result in cost increases, which may affect earnings. In addition, the destabilization of conditions or the deterioration of public safety in China, or anti-Japan sentiment in this country among other factors, may affect production activities.
2. The Group depends on certain specific suppliers for processes from development to production of products and components that cannot be developed and produced within the Group. Accordingly, procurement constraints resulting from conditions impacting these suppliers may affect production and supply capacity.
3. Olympus products, including products consigned to outside suppliers, are manufactured in accordance with strict quality standards. Nevertheless, the occurrence of product defects may result in substantial costs, such as for product recalls, as well as loss of confidence in the Olympus Group, which may affect earnings.
4. The Group is making continuous advances in the development of products that incorporate cutting-edge technologies. Nevertheless, technical progress is increasingly rapid, and the inability to sufficiently foresee market changes and develop new products that meet customer needs in a timely manner may affect earnings.
5. The Group applies various intellectual property rights in its R&D and production activities and believes that these are rights owned by the Group or are rights for which the Group has legally obtained licenses. However, assertion by a third party that the Group has unknowingly infringed on intellectual property rights and the occurrence of a dispute may affect earnings.

(3) Risks Associated with Business Partnerships and Corporate Acquisitions

1. Olympus has formed long-term strategic partnerships related to technologies and product development with leading companies in the industry. Inability to maintain such partnerships due to the occurrence of financial or other business-related issues with strategic partners, changes in goals, or other reasons may hinder the Group's business activities.
2. Olympus may acquire companies for the purpose of business expansion. Inability to integrate acquired businesses in accordance with the Group's management strategies or inability to efficiently utilize the management resources of existing businesses or acquired businesses may affect the Group's operations, business performance, or financial position for such reasons as the recording of impairment of goodwill, loss on sales of businesses associated with business reorganizations, or expenses for business liquidation.
3. As of March 31, 2015, the Olympus Group held listed stocks with a total value of ¥67,483 million and unlisted stocks with a total value of ¥2,069 million as investments for the purpose of facilitating business alliances. The stock price of listed stocks is determined based upon market principles. Accordingly, fluctuations in market trends could cause the value of these stocks to decline. For unlisted stocks, it is possible that the estimated value of these stocks could decline due to changes in the financial position of the company in question. Such price fluctuations could force the Group to record loss on valuation of investment securities, and the Group's earnings or financial position could be affected as a result.

(4) Risks Associated with Financing

The Group obtains financing by means of borrowings from financial institutions and other sources, and changes in conditions in financial markets may affect the Group's financing. In addition, an increase in financing costs as a result of such factors as deterioration in the Group's business performance may adversely affect the Group's financing.

(5) Risks Associated with Leakage of Information

The Group possesses important confidential information, such as technical information and personal information of customers and other interested parties. The Group has taken various measures to prevent leakage of such information outside the Group, including the preparation of internal regulations, thorough employee education, and the strengthening of security systems. Nevertheless, leakage of such information due to unforeseen circumstances may affect the Group's business performance or financial position as a result of such factors as damage to the Group's corporate value, loss of public trust, or the payment of compensation to customers or other interested parties affected by the leakage.

(6) Risks Associated with Deferred Posting of Past Losses

A case is pending in the Tokyo District Court in which the Company is charged with violations of the Securities and Exchange Act and the Financial Instruments and Exchange Act with respect to the Company's deferring of the posting of losses on investment securities, etc., since around the 1990s and the use, via multiple funds, of both the fees paid to financial advisors and funds to buy back preferred stock in relation to the acquisition of Gyrus Group PLC as well as the funds for the acquisition of three domestic companies (Altis Co., Ltd., NEWS CHEF, Inc., and Humalabo Co., Ltd.) to resolve unrealized losses on investment securities, etc., by deferring the posting of these losses. Furthermore, shareholders of the Company have filed legal complaints against the Company as a result of the Company's inappropriate financial reporting and are claiming damages and filing lawsuits against the Company, which may affect the Group's business performance or financial position. As of June 26, 2015, the following major lawsuits have been filed against the Company with pending claims totaling ¥82.3 billion.

In regard to the pending lawsuits in fiscal 2015, the Company recorded ¥11,000 million as provision for loss on litigation in current liabilities in consideration of the state of progress of lawsuits 1. and 3. mentioned below.

1. On June 28, 2012, 49 plaintiffs (of which one company withdrew its claim before the complaint was received), including the Teachers' Retirement System of the State of Illinois as well as non-Japanese institutional investors and pension funds that are shareholders of the Company, filed a complaint against the Company (the date the Company received the complaint was November 12, 2012). After a subsequent petition to change the object of claim and withdrawal of claim by several plaintiffs, the lawsuit has now been changed so that currently 46 plaintiffs are claiming compensation for damages of ¥20,842 million and 5% per annum interest on this amount for the period from November 8, 2011, up to the payment of the principal.

   On March 27, 2015, an out-of-court settlement was reached with investors and others including the plaintiffs regarding this lawsuit for damages, under which the Company agrees to pay the counterparties a settlement package of up to ¥11,000 million in total, including the amount to be paid for lawsuit 3. below.
2. On December 13, 2012, 68 plaintiffs, including the California Public Employees' Retirement System as well as non-Japanese investors and pension funds that are shareholders of the Company, filed a complaint against the Company (the date the Company received the complaint was March 29, 2013). After a subsequent petition to amend the complaint and withdrawal of claim by several plaintiffs, the lawsuit has been changed so that currently 60 plaintiffs are claiming compensation for damages of ¥5,759 million and 5% per annum interest on this amount for the period from October 14, 2011, up to the payment of the principal.
3. On June 27, 2013, 43 plaintiffs, including the California State Teachers' Retirement System as well as non-Japanese investors and pension funds that are shareholders of the Company, filed a complaint against the Company (the date the Company received the complaint was July 16, 2013). After a subsequent withdrawal of claim by a plaintiff and a merger between plaintiffs, the lawsuit has been changed so that currently 40 plaintiffs are claiming compensation for damages of ¥16,799 million and 5% per annum interest on this amount for the period from November 8, 2011, up to the payment of the principal.

   On March 27, 2015, an out-of-court settlement was reached with investors including the plaintiffs regarding this lawsuit for damages, under which the Company agrees to pay the counterparties a settlement package of up to ¥11,000 million in total, including the amount to be paid for lawsuit 1. above.
4. On April 7, 2014, six plaintiffs, including Mitsubishi UFJ Trust and Banking Corporation and five other trust banks, filed a complaint against the Company (the date the Company received the complaint was April 17, 2014) seeking damages of ¥27,915 million and the interest accrued to the damages incurred relating to each of the shares at the rate of 5% per annum for the period from the day immediately following the share acquisition trade date of each of the shares that incurred losses up to the payment of the incurred losses of the shares.

(7) Risks Associated with Internal Control Systems, etc.

The Olympus Group has developed a system for ensuring appropriate and reliable financial reporting and effective and efficient work processes, which it operates and continuously improves. However, it cannot be ignored that, regardless of the effectiveness of the internal control system constructed by the Group, this system could fail to function effectively due to actions arising from malicious intent or gross negligence on the part of employees, changes in the business environment that were not envisaged at the time of the internal control system's construction, or other factors. Accordingly, it is possible that a violation of laws or regulations or some other incident could occur in the future. If such an incident were to occur, the Company may be obliged to pay fines resulting from government sanctions, penalties for criminal proceedings, or damages in civil lawsuits, or other expenses. Moreover, the Company may suffer an adverse impact on its business from a loss of social trust. Such events could have an adverse impact on the Company's operating results.

(8) Risks Relating to Laws and Regulations

The Company is developing its operations on a global scale in its various businesses, including the Medical Business, which is conducted in a regulated industry. The Company is subject to various laws and regulations, including medical industry-related and antimonopoly laws in Japan as well as other countries and regions. In addition, the Company is subject to the anti-bribery provisions of the U.S. Foreign Corrupt Practices Act of 1977 (FCPA), the U.K. Anti-Bribery Act, and other anti-bribery laws in other countries and regions. We are also subject to various laws targeting fraud and abuse in the healthcare industry, including the Act against Unjustifiable Premiums and Misleading Representations of Japan and the Anti-kickback Act and the False Claims Act of the United States.

In the Medical Business, government-sponsored healthcare systems are being developed around the world. Accordingly, Group companies and their distributors and suppliers often do business with government-affiliated entities, healthcare providers, and officials. In addition, some Group companies as well as their distributors and suppliers operate in countries or regions in which there has been governmental corruption in the past, and in certain circumstances strict compliance with anti-bribery laws, such as those mentioned above, may conflict with local business customs and practices. Furthermore, the various laws and regulations targeting fraud and abuse in the healthcare industry are wide-ranging and subject to changing interpretation and application, which could restrict the sales or marketing practices of Group companies.

Violations of these laws and regulations may be punishable by criminal or civil fines, imprisonment, or exclusion from participation in certain national healthcare programs. Many of the Group's customers rely on reimbursement from public health insurance and other government programs to subsidize their medical expenditures. For this reason, if the Company's ability to participate in such programs were to be restricted as a result of legal violations, it could adversely affect the demand for Olympus products or the number of procedures performed using these products.

The Company strives to fully comply with these laws and regulations. However, if a legal violation were to occur, regardless of whether or not the violation was intentional, the Company's business activities, financial position, performance, cash flows, and stock price could be affected.

Since November 2011, U.S. subsidiary Olympus Corporation of the Americas (OCA) has been under investigation by the U.S. Department of Justice in relation to potential violations of the Anti-kickback Act and the False Claims Act alleged to have occurred in this company's U.S. Medical Business operations during the period from 2006 to 2011. OCA is currently engaged in ongoing discussions with the Department of Justice aimed at resolving this matter. Based on the progress of these discussions, the Company recorded a provision for loss related to the investigation under U.S. Anti-kickback Act and the related Act of ¥58,883 million during fiscal 2015 to prepare for future losses based on a rational estimate of the potential settlement value. The expected amount of losses may change in the future depending on developments in the aforementioned investigation or discussions.

(9) Risks Relating to Duodenoscopes

In March 2015, the U.S. Department of Justice issued a legal request to subsidiary Olympus Medical Systems Corp. seeking information related to duodenoscopes manufactured and sold by the Group. As of June 26, 2015, civil lawsuits have been filed in the United States against Company subsidiaries on the charge that the plaintiffs had been harmed as a result of Olympus Group duodenoscopes. Depending on the developments in these matters, the Group's performance and financial position may be affected.

(10) Other General Risks

Through its domestic and overseas subsidiaries and affiliates, etc., the Company operates its various businesses around the world. These businesses may from time to time be subject to various investigations by domestic and overseas authorities, which may involve discussions with or reporting to authorities with respect to compliance with laws (for instance, response to investigations concerning compliance with the Antimonopoly Act or Pharmaceutical Affairs Act or voluntary disclosure to the U.S. Department of Justice regarding compliance with the FCPA), and the results of such investigations and consultations may affect earnings. In addition, the occurrence of natural disasters, disease, wars, terrorist attacks, or other incidents or the occurrence of greater than expected interest rate increases or exchange rate fluctuations may affect earnings.

Consolidated Balance Sheets

Olympus Corporation and Consolidated Subsidiaries
As of March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	**2015**	**2015**
ASSETS			
CURRENT ASSETS:			
Cash and deposits (Notes 4 and 25)	¥ 252,121	**¥ 209,875**	**$ 1,748,958**
Notes and accounts receivable (Notes 4 and 6)	132,233	**148,127**	**1,234,392**
Allowance for doubtful accounts	(3,386)	**(4,269)**	**(35,575)**
Lease receivables and leased investment assets (Notes 17 and 27)	23,454	**31,683**	**264,025**
Inventories (Note 7)	98,595	**107,387**	**894,892**
Deferred income taxes (Note 14)	35,925	**40,341**	**336,175**
Other current assets	37,570	**44,384**	**369,866**
Total current assets	576,512	**577,528**	**4,812,733**
PROPERTY, PLANT AND EQUIPMENT:			
Land	15,561	**16,073**	**133,942**
Buildings and structures	126,026	**127,751**	**1,064,592**
Machinery and equipment	244,330	**258,832**	**2,156,933**
Leased assets	13,086	**16,703**	**139,192**
Construction in progress	1,550	**5,595**	**46,625**
	400,553	**424,954**	**3,541,283**
Less–Accumulated depreciation	(265,113)	**(274,809)**	**(2,290,075)**
Net property, plant and equipment	135,440	**150,145**	**1,251,208**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 5)	56,076	**72,263**	**602,192**
Deferred income taxes (Note 14)	12,247	**9,480**	**79,000**
Goodwill	106,850	**114,025**	**950,208**
Net defined benefit assets (Note 11)	28,217	**36,547**	**304,558**
Other assets (Notes 17 and 27)	122,096	**131,119**	**1,092,658**
Allowance for doubtful accounts (Note 12)	(9,963)	**(9,556)**	**(79,632)**
Total investments and other assets	315,523	**353,878**	**2,948,984**
Total assets	¥1,027,475	**¥1,081,551**	**$ 9,012,925**

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 4, 8 and 17)	¥ 16,966	¥ 29,118	$ 242,650
Current maturities of long-term debt (Notes 4, 9 and 17)	52,051	72,017	600,142
Notes and accounts payable (Notes 4 and 10)	45,409	39,155	326,292
Other payables	28,871	37,450	312,083
Accrued expenses	73,738	83,391	694,925
Provision for warranty costs	8,937	5,116	42,633
Income taxes payable (Note 14)	13,403	12,612	105,100
Provision for loss on business liquidation	4,683	481	4,008
Provision for loss on litigation	11,000	11,000	91,667
Provision for loss related to the investigation under U.S. Anti-kickback Act and the related Act (Note 23)	—	58,883	490,692
Other current liabilities	21,248	25,570	703,774
Total current liabilities	276,306	374,793	3,123,274
NON-CURRENT LIABILITIES:			
Long-term debt, less current maturities (Notes 4, 9 and 17)	346,814	253,286	2,110,717
Deferred income taxes (Note 14)	33,711	39,160	326,333
Liabilities for retirement benefits (Note 11)	27,349	38,463	320,525
Other non-current liabilities	12,011	18,595	154,959
Total non-current liabilities	419,885	349,504	2,912,533
Total liabilities	696,191	724,297	6,035,807
CONTINGENT LIABILITIES (Note 16)			
NET ASSETS (Note 15):			
Common stock:			
Authorized—1,000,000,000 shares			
Issued—342,671,508 shares as of March 31, 2014 and 2015	124,520	124,520	1,037,667
Capital surplus	131,871	90,940	757,833
Retained earnings	81,534	113,817	948,475
Treasury stock, at cost	(1,098)	(1,111)	(9,258)
Total shareholders' equity	336,827	328,166	2,734,717
Net unrealized holding gains on available-for-sale securities, net of taxes	11,836	24,764	206,367
Net unrealized losses on hedging derivatives, net of taxes	(1)	(8)	(67)
Foreign currency translation adjustments	(13,411)	15,285	127,375
Retirement benefits liability adjustments	(5,732)	(12,745)	(106,208)
Total accumulated other comprehensive income (loss)	(7,308)	27,296	227,467
Stock acquisition rights	115	260	2,167
Minority interests	1,650	1,532	12,767
Total net assets	331,284	357,254	2,977,118
Total liabilities and net assets	¥1,027,475	¥1,081,551	$9,012,925

Consolidated Statements of Operations

Olympus Corporation and Consolidated Subsidiaries
For the years ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	**2015**	**2015**
Net sales	¥713,286	**¥764,671**	**$6,372,258**
Cost of sales (Note 7)	272,830	**274,820**	**2,290,167**
Gross profit	440,456	**489,851**	**4,082,091**
Selling, general and administrative expenses (Note 18)	367,011	**398,889**	**3,324,074**
Operating income	73,445	**90,962**	**758,017**
Other income (expenses):			
Interest expense, net	(10,496)	**(8,274)**	**(68,950)**
Gain on available-for-sale securities, net	1,331	**1,121**	**9,342**
Foreign currency exchange loss, net	(2,022)	**(1,669)**	**(13,908)**
Equity in losses of affiliates, net	(1,457)	**(2,791)**	**(23,258)**
Gain on sales of non-current assets	102	**—**	**—**
Gain on sales of investment securities in subsidiaries and affiliates, net	287	**—**	**—**
Bank loans-related expenses in conjunction with repayment made prior to due date	(1,528)	**(1,117)**	**(9,308)**
Impairment loss on fixed assets (Note 19)	(4,871)	**(119)**	**(992)**
Loss on liquidation of business (Note 20)	(11,591)	**(1,820)**	**(15,167)**
Penalty charges (Note 22)	(700)	**—**	**—**
Loss related to securities litigation (Note 21)	(17,256)	**(6,816)**	**(56,800)**
Soil improvement cost	(808)	**(745)**	**(6,208)**
Loss related to the investigation under U.S. Anti-kickback Act and the related Act (Note 23)	—	**(53,866)**	**(448,883)**
Other, net	(8,011)	**(5,932)**	**(49,435)**
Total	(57,020)	**(82,028)**	**(683,567)**
Income before income taxes and minority interests	16,425	**8,934**	**74,450**
Income taxes (Note 14):			
Current	19,740	**20,076**	**167,300**
For prior periods (Note 24)	(230)	**—**	**—**
Deferred	(16,712)	**(2,271)**	**(18,925)**
Total	2,798	**17,805**	**148,375**
Income (loss) before minority interests	13,627	**(8,871)**	**(73,925)**
Minority interests	0	**134**	**1,117**
Net income (loss)	¥ 13,627	**¥ (8,737)**	**$ (72,808)**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Olympus Corporation and Consolidated Subsidiaries
For the years ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	**2015**	**2015**
Income (loss) before minority interests	¥13,627	**¥ (8,871)**	**$ (73,925)**
Other comprehensive income (Note 28):			
Net unrealized holding gains on available-for-sale securities, net of taxes	5,541	**12,928**	**107,733**
Net unrealized losses on hedging derivatives, net of taxes	(21)	**(7)**	**(58)**
Foreign currency translation adjustments	44,622	**28,759**	**239,658**
Pension liability adjustments of foreign subsidiaries	1,150	**—**	**—**
Retirement benefits liability adjustments	—	**(7,013)**	**(58,442)**
Share of other comprehensive income of affiliates accounted for by the equity method	77	**4**	**34**
Total other comprehensive income	51,369	**34,671**	**288,925**
Comprehensive income	¥64,996	**¥25,800**	**$215,000**
Total comprehensive income attributable to:			
Shareholders of Olympus Corporation	¥64,915	**¥25,867**	**$215,558**
Minority interests	81	**(67)**	**(558)**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Olympus Corporation and Consolidated Subsidiaries
For the years ended March 31, 2014 and 2015

	Millions of yen				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2013	¥73,332	¥ 79,788	¥ 68,000	¥(11,255)	¥209,865
Issuance of common stock	51,189	51,189			102,378
Net income			13,627		13,627
Transfer to retained earnings from capital surplus					
Change in scope of consolidation			(93)		(93)
Acquisition of treasury stock				(16)	(16)
Disposal of treasury stock		894		10,173	11,067
Net change in items other than those in shareholders' equity					—
Net changes during the year	51,189	52,083	13,534	10,157	126,963
Balance at April 1, 2014	¥124,520	¥131,871	¥ 81,534	¥ (1,098)	¥336,827
Cumulative effects of changes in accounting policies			89		89
Restated balance	124,520	131,871	81,623	(1,098)	336,916
Issuance of common stock					—
Net loss			(8,737)		(8,737)
Transfer to retained earnings from capital surplus		(40,931)	40,931		—
Change in scope of consolidation					—
Acquisition of treasury stock				(13)	(13)
Disposal of treasury stock					—
Net change in items other than those in shareholders' equity					—
Net changes during the year	—	(40,931)	32,194	(13)	(8,750)
Balance at March 31, 2015	**¥124,520**	**¥ 90,940**	**¥113,817**	**¥ (1,111)**	**¥328,166**

	Millions of yen								
	Net unrealized holding gains on available-for-sale securities, net of taxes	Net unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Pension liability adjustments of foreign subsidiaries	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)	Stock acquisition rights	Minority interests	Total net assets
Balance at April 1, 2013	¥ 6,295	¥ 20	¥(58,029)	¥(9,546)	¥ —	¥(61,260)	¥ —	¥ 3,302	¥151,907
Issuance of common stock						—			102,378
Net income						—			13,627
Change in scope of consolidation						—			(93)
Acquisition of treasury stock						—			(16)
Disposal of treasury stock						—			11,067
Net change in items other than shareholders' equity	5,541	(21)	44,618	9,546	(5,732)	53,952	115	(1,652)	52,415
Net changes during the year	5,541	(21)	44,618	9,546	(5,732)	53,952	115	(1,652)	179,378
Balance at April 1, 2014	¥11,836	¥ (1)	¥(13,411)	¥ —	¥ (5,732)	¥ (7,308)	¥115	¥ 1,650	¥331,284
Cumulative effects of changes in accounting policies						—			89
Restated balance	11,836	(1)	(13,411)	—	(5,732)	(7,308)	115	1,650	331,373
Issuance of common stock						—			—
Net loss						—			(8,737)
Transfer to retained earnings from capital surplus						—			—
Change in scope of consolidation						—			—
Acquisition of treasury stock						—			(13)
Disposal of treasury stock						—			—
Net change in items other than shareholders' equity	12,928	(7)	28,696	—	(7,013)	34,604	145	(118)	34,631
Net changes during the year	12,928	(7)	28,696	—	(7,013)	34,604	145	(118)	25,881
Balance at March 31, 2015	**¥24,764**	**¥ (8)**	**¥ 15,285**	**¥ —**	**¥(12,745)**	**¥ 27,296**	**¥260**	**¥ 1,532**	**¥357,254**

	Thousands of U.S. dollars (Note 1)				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2014	$1,037,667	$1,098,925	$679,449	$(9,150)	$2,806,891
Cumulative effects of changes in accounting policies	—	—	742	—	742
Restated balance	1,037,667	1,098,925	680,191	(9,150)	2,807,633
Issuance of common stock	—	—	—	—	—
Net loss	—	—	(72,808)	—	(72,808)
Transfer to retained earnings from capital surplus	—	(341,092)	341,092	—	—
Change in scope of consolidation	—	—	—	—	—
Acquisition of treasury stock	—	—	—	(108)	(108)
Disposal of treasury stock	—	—	—	—	—
Net change in items other than those in shareholders' equity	—	—	—	—	—
Net changes during the year	—	(341,092)	268,284	(108)	(72,916)
Balance at March 31, 2015	**$1,037,667**	**$ 757,833**	**$948,475**	**$(9,258)**	**$2,734,717**

	Thousands of U.S. dollars (Note 1)								
	Net unrealized holding gains on available-for-sale securities, net of taxes	Net unrealized losses on hedging derivatives, net of taxes	Foreign currency translation adjustments	Pension liability adjustments of foreign subsidiaries	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)	Stock acquisition rights	Minority interests	Total net assets
Balance at April 1, 2014	$ 98,633	$ (8)	$(111,758)	$—	$ (47,767)	$ (60,900)	$ 958	$13,750	$2,760,699
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	742
Restated balance	98,633	(8)	(111,758)	—	(47,767)	(60,900)	958	13,750	2,761,441
Issuance of common stock	—	—	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	—	(72,808)
Transfer to retained earnings from capital surplus	—	—	—	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	—	—	—
Acquisition of treasury stock	—	—	—	—	—	—	—	—	(108)
Disposal of treasury stock	—	—	—	—	—	—	—	—	—
Net change in items other than shareholders' equity	107,734	(59)	239,133	—	(58,441)	288,367	1,209	(983)	288,593
Net changes during the year	107,734	(59)	239,133	—	(58,441)	288,367	1,209	(983)	215,677
Balance at March 31, 2015	**$206,367**	**$(67)**	**$ 127,375**	**$—**	**$(106,208)**	**$227,467**	**$2,167**	**$12,767**	**$2,977,118**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Olympus Corporation and Consolidated Subsidiaries
For the years ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 16,425	¥ 8,934	$ 74,450
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	36,850	41,219	343,492
Impairment loss on fixed assets (Note 19)	4,871	119	992
Amortization of goodwill	9,457	9,421	78,508
Bank loans-related expenses in conjunction with repayment made prior to due date	1,528	1,117	9,308
Loss related to the investigation under U.S. Anti-kickback Act and the related Act (Note 23)	—	53,866	448,883
Penalty charges	700	—	—
Loss on liquidation of business	11,591	1,820	15,167
Increase (decrease) in provision for retirement benefits	502	(914)	(7,617)
Increase in prepaid pension cost	(1,888)	(7,501)	(62,508)
Loss related to securities litigation	17,256	6,816	56,800
Increase (decrease) in provision for warranty costs	259	(3,580)	(29,833)
Interest income	(974)	(644)	(5,367)
Interest expense	11,470	8,918	74,317
Equity in losses of affiliates, net	1,457	2,791	23,258
Gain on available-for-sale securities, net	(1,331)	(1,121)	(9,342)
Decrease in provision for loss on business liquidation	—	(3,679)	(30,658)
Gain on sales of investment securities in subsidiaries and affiliates, net	(287)	—	—
Decrease (increase) in accounts receivable	1,950	(13,020)	(108,500)
Decrease (increase) in inventories	2,890	(7,214)	(60,117)
Increase (decrease) in accounts payable	2,056	(5,740)	(47,833)
(Decrease) increase in other payables	(3,659)	3,772	31,433
Increase in accrued expense	2,087	7,672	63,933
Increase in non-current lease receivables	(7,337)	(3,772)	(31,433)
Other, net	1,176	6,460	53,834
Sub-total	107,049	105,740	881,167
Interest and dividends received	1,926	2,247	18,725
Interest paid	(11,911)	(9,055)	(75,458)
Bank loans-related expenses in conjunction with repayment made prior to due date paid	(1,528)	(1,117)	(9,308)
Loss related to securities litigation paid (Note 21)	(6,256)	(4,716)	(39,300)
Penalty charges paid (Note 22)	(700)	—	—
Income taxes paid	(16,192)	(26,288)	(219,068)
Net cash provided by operating activities	72,388	66,811	556,758
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposits in time deposits	(2,770)	(312)	(2,600)
Withdrawals from time deposits	6,096	1,002	8,350
Purchases of property, plant and equipment	(27,342)	(35,955)	(299,625)
Purchases of intangible assets	(5,242)	(5,143)	(42,858)
Purchases of investment securities	(544)	(328)	(2,733)
Sales of investment securities	1,196	1,157	9,642
Net increase from sales of investments in subsidiaries resulting in changes in scope of consolidation (Note 26)	4,854	254	2,117
Payments for loans receivable	(45)	—	—
Proceeds from loans receivable	2,559	29	242
Payment for transfer of business	—	(798)	(6,650)
Other, net	965	482	4,015
Net cash used in investing activities	(20,273)	(39,612)	(330,100)
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) increase in short-term borrowings	(24,714)	7,977	66,475
Proceeds from long-term borrowings	104	1,545	12,875
Repayments of long-term borrowings	(90,274)	(77,061)	(642,175)
Redemption of bonds	(35,000)	—	—
Proceeds from issuance of common stock	101,594	—	—
Proceeds from disposal of treasury shares	11,067	—	—
Payments for acquisition of treasury stock	(16)	(12)	(100)
Dividends paid to minority shareholders	(267)	(46)	(383)
Other, net	(2,187)	(2,588)	(21,567)
Net cash used in financing activities	(39,693)	(70,185)	(584,875)
Effect of exchange rate changes on cash and cash equivalents	13,140	1,451	12,092
Net increase (decrease) in cash and cash equivalents	25,562	(41,535)	(346,125)
Cash and cash equivalents at beginning of year	225,782	251,344	2,094,533
Cash and cash equivalents at end of year (Note 25)	¥251,344	¥209,809	$1,748,408

See accompanying notes to consolidated financial statements.

1. Summary of Significant Accounting Policies

(a) Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Olympus Corporation (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (Japanese GAAP), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards (IFRS).

Effective April 1, 2008, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18). In accordance with PITF No. 18, the accompanying consolidated financial statements have been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with either IFRS or accounting principles generally accepted in the United States as adjusted for certain items including those for goodwill, actuarial differences and capitalized development costs.

Solely for the convenience of readers outside Japan, the accompanying consolidated financial statements have been reformatted with some expanded descriptions and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Certain supplementary information included in the statutory Japanese-language consolidated financial statements is not presented in the accompanying consolidated financial statements.

On November 8, 2011, based on the findings of the independent Third-Party Committee, the Company announced that it had deferred recognition of losses on securities investments from around the 1990s and was using a number of non-consolidated funds (collectively, the "Funds") for the acquisition transactions for three domestic subsidiaries (Altis Co., Ltd., NEWS CHEF, Inc. and Humalabo Co., Ltd., hereinafter, collectively, the "Three Domestic Subsidiaries") and Gyrus Group PLC (Gyrus) to settle such losses.

Based on such findings of the investigation of the independent Third-Party Committee, it was determined that the Company substantially controlled the Funds, which had losses on securities investments and had not previously been consolidated for the purpose of deferring recognition of losses.

The consequences of these findings were reflected in the current and prior year financial statements, including the following:

- Upon discovery of the illegitimate payments to external collaborators, the Company recorded a non-current receivable and off-setting allowance for doubtful accounts of the Funds (Note 12 "Allowance for doubtful accounts").
- As an indirect consequence of these events, the Company has been investigated by various authorities and received various claims in connection with various lawsuits brought against the Company (Note 16 "Contingent liabilities" and Note 35 "Supplemental information").

In addition, certain reclassifications have been made in the 2014 consolidated financial statements to conform to the classification used in the 2015 consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate of ¥120 to US$1.00, the approximate rate of exchange prevailing at March 31, 2015. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

(b) Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. For the year ended March 31, 2015, the accounts of 133 (153 in 2014) subsidiaries have been included in the consolidated financial statements.

The Company consolidates all significant investees which were controlled through substantial ownership of majority voting rights or existence of certain conditions.

The financial statements of some subsidiaries are consolidated by using their financial statements as of or for the year ended March 31, which are prepared solely for consolidation purposes. Some subsidiaries are consolidated using their financial statements as of their respective fiscal year-end, which falls on December 31, and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in certain unconsolidated subsidiaries and affiliated companies in which the Company has significant influence, but less than a controlling interest, are accounted for by the equity method. For the year ended March 31, 2015, 4 (4 in 2014) affiliates were accounted for by the equity method. Investments in subsidiaries and affiliates which are not consolidated or accounted for by the equity method are carried at cost or less. Where there has been a significant decline in the value of such investments, the Company has written down the investments. The differences between acquisition cost and underlying net equity at the time of acquisition (goodwill) are amortized on the straight-line method in the range of mainly 5 to 20 years.

(c) Cash and Cash Equivalents

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase and subject to insignificant risk of change in value are considered to be cash and cash equivalents.

(d) Securities

In accordance with the accounting standard for financial instruments, the Company and its consolidated subsidiaries classified their securities into two categories.

Held-to-maturity debt securities are stated at amortized cost. Available-for-sale securities with fair values are stated at fair value and those with no fair values at cost. Unrealized gains and losses on available-for-sale securities are reported, net of applicable income taxes, as a separate component of net assets. Cost of securities sold is computed using the moving-average method.

(e) Derivative and Hedge Accounting

Accounting standards for financial instruments require companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains and losses unless derivative financial instruments meet the criteria for hedge accounting.

When derivative financial instruments are used as hedges and meet hedging criteria, the Company and consolidated subsidiaries defer recognition of gains and losses resulting from changes in fair value of derivative financial instruments until the related losses and gains on the hedged items are recognized.

(f) Inventories

Inventories are stated at the lower of cost (first-in, first-out) or net realizable value.

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is mainly computed by the declining balance method at rates based on the estimated useful lives of the relevant assets. The effective annual rates of depreciation for the years ended March 31, 2014 and 2015 were as follows:

	2014	**2015**
Buildings and structures	9.3%	**9.1%**
Machinery and equipment	29.2%	**32.7%**

(h) Allowance for Doubtful Accounts

The Company and its consolidated subsidiaries provide an allowance for doubtful accounts at an amount sufficient to cover probable losses on collection of receivables. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the historical percentage of write-offs.

(i) Common Stock and Bond Issuance Expenses

Common stock and bond issuance expenses are charged to income as incurred.

(j) Provision for Warranty Costs

A provision for warranty costs is provided to cover the cost of all services anticipated to be incurred during the entire warranty period based on the warranty contracts and past experience.

(k) Retirement Benefits

The Company and its consolidated subsidiaries provided an allowance for employees' retirement benefits as of the balance sheet date based on the amounts of projected benefit obligation and the fair value of the plan assets at that date.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (mainly 5 years) which are shorter than the average remaining years of service of the employees.

Prior service cost is being amortized by the straight-line method over periods (mainly 5 years) which are shorter than the average remaining years of service of the employees.

The retirement allowance for directors and corporate auditors was recorded at an amount to be paid in accordance with the internal rules if all eligible directors and corporate auditors were to have resigned their offices as of the balance sheet date.

Provision for retirement benefits presented in the non-current liabilities of the consolidated balance sheets included retirement allowance for directors and corporate auditors as of March 31, 2014 and 2015.

(l) Provision for Loss on Business Liquidation

Provision for loss on business liquidation is recorded for estimated losses arising from the business liquidations to be carried out by certain consolidated subsidiaries of the Company.

(m) Provision for Loss on Litigation

Provision for loss on litigation is recorded for estimated losses on pending litigation.

(n) Provision for Loss Related to the Investigation under U.S. Anti-kickback Act and the Related Act

Provision for loss related to the investigation under U.S. Anti-kickback Act and the related Act is recorded for estimated losses arising from an investigation by the U.S. Department of Justice relating to potential issues concerning its medical business under the Anti-kickback Act and the False Claims Act in the United States.

(o) Research and Development

Expenses relating to research and development activities are charged to income as incurred.

(p) Lease Transactions

Noncancelable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases. All other lease transactions are accounted for as operating leases and related payments are charged to income as incurred.

Leased assets are depreciated over the term of the lease based on the straight-line method with no residual value.

The accounting treatment for finance lease contracts that do not transfer ownership to lessee which commenced on or before March 31, 2008 follows the same method as for operating lease transactions.

(q) Income Taxes

The Company recognizes tax effects of temporary differences between the financial reporting and the tax bases of assets and liabilities by using the enacted tax rates and laws which will be in effect when differences are expected to reverse.

The Company and certain consolidated subsidiaries adopted the consolidated taxation system, which allows companies to make tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

(r) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(s) Translation of Foreign Currency Financial Statements

In accordance with the accounting standards for foreign currency translations, the balance sheet accounts of the foreign consolidated subsidiaries are translated at exchange rates as of the balance sheet date. Net assets excluding minority interests are translated at historical exchange rates. Revenues and expenses are translated at average exchange rates for each corresponding fiscal year. Differences arising from translation are presented as “Foreign currency translation adjustments” in a separate component of net assets.

2. Changes in Accounting Policies

Changes in Accounting Standard for Retirement Benefits

The Company and its domestic subsidiaries adopted Paragraph 35 of “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 26 of May 17, 2012) and the main clause of Paragraph 67 of “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 of May 17, 2012) effective as of April 1, 2014. As a result, the methods for determining the retirement benefit obligations and current service costs have been revised in the following respects: the method for attributing expected benefit to periods has been changed from the straight-line method to the benefit formula method, and the method for determining the discount rate has been changed to use a single weighted-average discount rates reflecting the estimated timing and amount of benefit payment.

The cumulative effect of changing the methods for determining the retirement benefit obligations and current service costs was recognized by adjusting retained earnings at April 1, 2014, in accordance with the transitional treatment provided in Paragraph 37 of Accounting Standard for Retirement Benefits.

As a result, liability for retirement benefits decreased ¥142 million and retained earnings increased ¥89 million at April 1, 2014. The effect of this application for the year ended March 31, 2015 is immaterial to the consolidated statement of operations. Also, the effect of this application on net assets per share and net loss per share as of and for the year ended March 31, 2015 is immaterial.

3. Changes in Presentation

(1) Consolidated Statements of Operations

For the year ended March 31, 2015, “Settlement charge” and “Provision for loss on litigation,” which were presented separately under “Other income (expenses)” for the year ended March 31, 2014, were presented in “Loss related to securities litigation” in aggregate, due to the similar nature.

As a result, ¥6,256 million presented as “Settlement charge” and ¥11,000 million presented as “Provision for loss on litigation” in the consolidated statement of operations for the year ended March 31, 2014 were combined and restated as “Loss related to securities litigation.”

(2) Consolidated Statements of Cash Flows

“Settlement charge” above “Sub-total” and “Increase (decrease) in provision for loss on litigation” and “Settlement charge” under “Sub-total,” which were presented separately under “Cash flows from operating activities” for the year ended March 31, 2014, were presented in “Loss related to securities litigation” or “Loss related to securities litigation paid,” due to the similar nature.

As a result, ¥6,256 million presented as “Settlement charge” above “Sub-total” and ¥11,000 million presented as “Increase in provision for loss on litigation” under “Cash flows from operating activities” in the consolidated statement of cash flows for the year ended March 31, 2014 were combined and restated as “Loss related to securities litigation,” while ¥6,256 million presented as “Settlement charge” under “Sub-total” was restated as “Loss related to securities litigation paid.”

4. Financial Instruments

Overview

(1) Policy for financial instruments

In consideration of plans for capital investment, the Company and its consolidated subsidiaries (collectively, the "Group") raise funds through bank borrowings and issuance of bonds. The Group manages temporary cash surpluses through low-risk financial assets. Furthermore, the Group raises short-term capital through bank borrowings. The Group uses derivatives for the purpose of reducing risk and does not enter into derivatives for speculative or trading purposes.

(2) Types of financial instruments and related risk

Trade receivables—notes and accounts receivable—are exposed to credit risk in relation to customers. In accordance with the internal policies of the Group for managing credit risk arising from receivables, each related division monitors the creditworthiness of their main customers periodically, and monitors due dates and outstanding balances by individual customer. In addition, the Group is exposed to foreign currency exchange risk arising from receivables denominated in foreign currencies. In principle, the foreign currency exchange risks deriving from the trade receivables denominated in foreign currencies are hedged by forward foreign exchange contracts.

Marketable securities and investment securities are exposed to market risk. Those securities are composed of mainly the shares of common stock of other companies with which the Group has business relationships or affiliated companies and the investment trust fund.

Substantially all trade payables—notes and accounts payable—have payment due dates within one year. Although the Group is exposed to foreign currency exchange risk arising from those payables denominated in foreign currencies, forward foreign exchange contracts are arranged to reduce the risk.

Short-term borrowings, long-term debt, bonds and lease obligations are raised mainly in connection with business activities, and long-term debt is taken out principally for the purpose of making capital investments. The repayment dates of these debts extend up to 7 years and 2 months from the balance sheet date. The debt with variable interest rates is exposed to interest rate fluctuation risk. However, to reduce such risk and fix interest expense for certain debt-bearing interest at variable rates, the Group utilizes interest rate swap transactions as a hedging instrument.

Regarding derivatives, the Group enters into forward foreign exchange contracts to reduce the foreign currency exchange risk arising from the trade receivables and payables denominated in foreign currencies. The Group also enters into interest rate swap transactions to reduce fluctuation risk deriving from interest payable for short-term borrowings, long-term borrowings and bonds bearing interest at variable rates.

Information regarding the method of hedge accounting, hedging instruments and hedged items, hedging policy, and the assessment of the effectiveness of hedging activities is found in Note 29 "Derivative financial instruments."

(3) Risk management for financial instruments

(a) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the internal policies of the Group for managing credit risk arising from receivables, each related division monitors the creditworthiness of their main customers periodically, and monitors due dates and outstanding balances by individual customer. In addition, the Group is making efforts to identify and mitigate risks of bad debts from customers who are having financial difficulties.

As of March 31, 2014, the carrying values of the financial assets represent the maximum credit risk exposures of the Group.

(b) Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

For trade receivables and payables denominated in foreign currencies, the Group identifies the foreign currency exchange risk for each currency on a monthly basis and enters into forward foreign exchange contracts to hedge such risk. In order to mitigate the interest rate risk for loans payable and bonds bearing interest at variable rates, the Group may also enter into interest rate swap transactions.

For marketable securities and investment securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers. In addition, the Group continuously evaluates whether securities other than those classified as held-to-maturity should be maintained by taking into account their fair values and relationships with the issuers.

In executing derivative transactions, the division in charge of each derivative transaction follows the internal policies, which set forth delegation of authority and maximum upper limit on positions. Monthly reports including actual transaction data are submitted to the director in charge of treasury function and the Board of Directors for their review.

(c) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

Based on the report from each division, the Group prepares and updates its cash flow plans on a timely basis and keeps its liquidity in hand over a certain ratio of consolidated sales, in order to manage liquidity risk.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair values. In addition, the notional amounts of derivatives in Note 29 "Derivative financial instruments" are not necessarily indicative of the actual market risk involved in derivative transactions.

Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheets as of March 31, 2014 and 2015 and estimated fair value are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (refer to 2) below:

As of March 31, 2014	Millions of yen		
	Carrying value	Estimated fair value	Difference
Assets:			
1) Cash and deposits	¥252,121	¥252,121	¥ —
2) Notes and accounts receivable	132,233	132,233	—
3) Investment securities	51,070	51,070	—
Total	¥435,424	¥435,424	¥ —
Liabilities:			
1) Notes and accounts payable	¥ 45,409	¥ 45,409	¥ —
2) Short-term borrowings	16,966	16,966	—
3) Bonds, including current maturities	55,000	56,325	1,325
4) Long-term borrowings, including current maturities	343,865	353,494	9,629
Total	¥461,240	¥472,194	¥10,954
Derivatives*	¥ (115)	¥ (115)	¥ —

As of March 31, 2015	Millions of yen		
	Carrying value	Estimated fair value	Difference
Assets:			
1) Cash and deposits	**¥209,875**	**¥209,875**	**¥ —**
2) Notes and accounts receivable	**148,127**	**148,127**	**—**
3) Investment securities	**67,483**	**67,483**	**—**
Total	**¥425,485**	**¥425,485**	**¥ —**
Liabilities:			
1) Notes and accounts payable	**¥ 39,155**	**¥ 39,155**	**¥ —**
2) Short-term borrowings	**29,118**	**29,118**	**—**
3) Bonds, including current maturities	**55,000**	**55,669**	**669**
4) Long-term borrowings, including current maturities	**270,303**	**275,195**	**4,892**
Total	**¥393,576**	**¥399,137**	**¥5,561**
Derivatives*	**¥ (1,254)**	**¥ (1,254)**	**¥ —**

As of March 31, 2015	Thousands of U.S. dollars		
	Carrying value	Estimated fair value	Difference
Assets:			
1) Cash and deposits	**$1,748,958**	**$1,748,958**	**$ —**
2) Notes and accounts receivable	**1,234,392**	**1,234,392**	**—**
3) Investment securities	**562,358**	**562,358**	**—**
Total	**$3,545,708**	**$3,545,708**	**$ —**
Liabilities:			
1) Notes and accounts payable	**$ 326,292**	**$ 326,292**	**$ —**
2) Short-term borrowings	**242,650**	**242,650**	**—**
3) Bonds, including current maturities	**458,333**	**463,908**	**5,575**
4) Long-term borrowings, including current maturities	**2,252,525**	**2,293,292**	**40,767**
Total	**$3,279,800**	**$3,326,142**	**$46,342**
Derivatives*	**$ (10,450)**	**$ (10,450)**	**$ —**

* The value of assets and liabilities arising from derivatives is shown at net value, with the amount in parentheses representing net liability position.

Notes:
1) Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Cash and deposits and Notes and accounts receivable
Since these items are settled in a short period of time, their carrying value approximates fair value.
Investment securities
The fair value of stocks is based on quoted market prices. The fair value of debt securities and investment trust fund is based on either quoted market prices or prices provided by the financial institutions making markets in these securities. For information on securities classified by holding purpose, please refer to Note 5 "Securities."
Notes and accounts payable and Short-term borrowings
Since these items are settled in a short period of time, their carrying value approximates fair value.
Bonds
The fair value of bonds is based on the present value of the total of principal and interest discounted by an interest rate determined by taking into account the remaining period of each bond and current credit risk.
Long-term borrowings
The fair value of long-term borrowings is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new borrowings were entered into.
Derivatives transactions
Please refer to Note 29 "Derivative financial instruments."

2) Financial instruments for which it is extremely difficult to determine the fair value as of March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
1) Non-listed equity securities	¥ 442	**¥ 226**	**$ 1,883**
2) Others	2,153	**1,843**	**15,358**
Total	¥2,595	**¥2,069**	**$17,241**

Because no quoted market price is available and estimating their future cash flow is deemed to be prohibitively expensive, therefore, it is extremely difficult to determine the fair value, the above financial instruments are not included in the above table.

3) Redemption schedule for receivables and marketable securities with maturities at March 31, 2014 and 2015

As of March 31, 2014	Millions of yen			
	Within a year	Over a year but within five years	Over five years but within ten years	Over ten years
Cash and deposits	¥252,093	¥ —	¥—	¥—
Notes and accounts receivable	132,233	—	—	—
Investment securities:				
Held-to-maturity debt securities:				
1) National and local government bonds	—	—	—	—
2) Corporate bonds	—	—	—	—
Other marketable securities with maturities:				
1) Corporate bonds	—	—	—	—
2) Other	781	1,372	—	—
Total	¥385,107	¥1,372	¥—	¥—

As of March 31, 2015	Millions of yen			
	Within a year	Over a year but within five years	Over five years but within ten years	Over ten years
Cash and deposits	**¥209,829**	**¥ —**	**¥—**	**¥—**
Notes and accounts receivable	**148,127**	**—**	**—**	**—**
Investment securities:				
Held-to-maturity debt securities:				
1) National and local government bonds	**—**	**—**	**—**	**—**
2) Corporate bonds	**—**	**—**	**—**	**—**
Other marketable securities with maturities:				
1) Corporate bonds	**—**	**—**	**—**	**—**
2) Other	**382**	**1,269**	**—**	**—**
Total	**¥358,338**	**¥1,269**	**¥—**	**¥—**

As of March 31, 2015	Thousands of U.S. dollars			
	Within a year	Over a year but within five years	Over five years but within ten years	Over ten years
Cash and deposits	$1,748,575	$ —	$—	$—
Notes and accounts receivable	1,234,392	—	—	—
Investment securities:				
Held-to-maturity debt securities:				
1) National and local government bonds	—	—	—	—
2) Corporate bonds	—	—	—	—
Other marketable securities with maturities:				
1) Corporate bonds	—	—	—	—
2) Other	3,183	10,575	—	—
Total	$2,986,150	$10,575	$—	$—

4) Repayment schedule for bonds, long-term borrowings, lease payables and other interest-bearing debt with maturities at March 31, 2014 and 2015

	Millions of yen					
As of March 31, 2014	Within a year	Over a year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Short-term borrowings	¥16,966	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	30,000	—	25,000	—
Long-term borrowings	52,051	72,415	21,313	75,757	53,429	68,900
Lease payables	2,378	2,210	1,382	955	292	25
Total	¥71,395	¥74,625	¥52,695	¥76,712	¥78,721	¥68,925

	Millions of yen					
As of March 31, 2015	Within a year	Over a year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Short-term borrowings	¥ 29,118	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	30,000	—	25,000	—	—
Long-term borrowings	72,017	23,025	57,117	54,721	48,205	15,218
Lease payables	2,481	2,462	1,745	1,015	366	185
Total	¥103,616	¥55,487	¥58,862	¥80,736	¥48,571	¥15,403

Note: Repayment dates of security deposits included in other interest-bearing debt are not determined.

	Thousands of U.S. dollars					
As of March 31, 2015	Within a year	Over a year but within two years	Over two years but within three years	Over three years but within four years	Over four years but within five years	Over five years
Short-term borrowings	$242,650	$ —	$ —	$ —	$ —	$ —
Bonds	—	250,000	—	208,333	—	—
Long-term borrowings	600,142	191,875	475,975	456,008	401,708	126,817
Lease payables	20,675	20,517	14,542	8,458	3,050	1,542
Total	$863,467	$462,392	$490,517	$672,799	$404,758	$128,359

5. Securities

The following tables summarize acquisition cost and book value of securities with fair value as of March 31, 2014 and 2015:

Available-for-sale securities

Securities with book value exceeding acquisition cost

	Millions of yen						Thousands of U.S. dollars		
	2014			2015			2015		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities	¥32,898	¥48,850	¥15,952	¥34,047	¥67,018	¥32,971	$283,725	$558,483	$274,758
Others	—	—	—	—	—	—	—	—	—
Total	¥32,898	¥48,850	¥15,952	¥34,047	¥67,018	¥32,971	$283,725	$558,483	$274,758

Securities with book value not exceeding acquisition cost

	Millions of yen						Thousands of U.S. dollars		
	2014			2015			2015		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities	¥2,446	¥2,220	¥(226)	¥527	¥465	¥(62)	$4,392	$3,875	$(517)
Others	—	—	—	—	—	—	—	—	—
Total	¥2,446	¥2,220	¥(226)	¥527	¥465	¥(62)	$4,392	$3,875	$(517)

Note: In the years ended March 31, 2014 and 2015, the Company recognized impairment loss of ¥228 million and ¥2 million ($17 thousand), respectively, on available-for-sale securities with fair value.

The Company recognizes impairment loss when the fair market value of marketable and investment securities declines to less than 50% of the acquisition cost at the end of the period. In addition, an impairment loss is also recognized when the fair market value declines more than 30% but less than 50%, and the recovery of the fair market value is not expected due to market conditions, trends of earnings and other key measures.

The following table summarizes sales of available-for-sale securities and the aggregate gain and loss for the years ended March 31, 2014 and 2015:

	Millions of yen						Thousands of U.S. dollars		
	2014			2015			2015		
	Sales proceeds	Aggregate gain	Aggregate loss	Sales proceeds	Aggregate gain	Aggregate loss	Sales proceeds	Aggregate gain	Aggregate loss
Equity securities	¥931	¥554	¥—	¥568	¥122	¥455	$4,733	$1,017	$3,792
Others	3	2	—	103	0	27	858	0	225
Total	¥934	¥556	¥—	¥671	¥122	¥482	$5,592	$1,017	$4,017

Investments in unconsolidated subsidiaries and affiliates included in investment securities as of March 31, 2014 and 2015 were as follows:

	Book value		
	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Investments in unconsolidated subsidiaries and affiliates	¥2,410	¥2,711	$22,592
Total	¥2,410	¥2,711	$22,592

6. Notes and Accounts Receivable

Notes and accounts receivable as of March 31, 2014 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Unconsolidated subsidiaries and affiliates	¥ 16	¥ 46	$ 383
Trade	132,217	148,081	1,234,009
Total	¥132,233	¥148,127	$1,234,392

7. Inventories

Inventories as of March 31, 2014 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Finished goods	¥51,613	¥ 57,179	$476,492
Work in process and raw materials	46,982	50,208	418,400
Total	¥98,595	¥107,387	$894,892

Write-downs of inventories for the years ended March 31, 2014 and 2015, net of the amount of the reversal, were included in the following account:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Cost of sales	¥(3,421)	¥5,883	$49,025

8. Short-Term Borrowings

Short-term borrowings consisted principally of bank loans. The annual interest rates on these borrowings ranged from 0.50% to 5.32% and from 0.50% to 5.04% as of March 31, 2014 and 2015, respectively.

9. Long-Term Debt

Long-term debt as of March 31, 2014 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
(Unsecured long-term debt)			
2.15% yen bonds, due July 2018	¥ 25,000	**¥ 25,000**	**$ 208,333**
1.94% yen bonds, due March 2017	20,000	**20,000**	**166,667**
1.98% yen bonds, due September 2016	10,000	**10,000**	**83,333**
2.53% loan from a Japanese bank, due September 2017	35,000	**35,000**	**291,667**
2.70% loan from a Japanese bank, due July 2018	33,100	**33,100**	**275,833**
2.33% loan from a Japanese bank, due September 2015	23,000	**23,000**	**191,667**
2.29% loan from a Japanese bank, due September 2014	21,900	**—**	**—**
1.89% loan from a Japanese bank, due March 2016	20,000	**20,000**	**166,667**
2.65% loan from a Japanese bank, due September 2018	20,000	**20,000**	**166,667**
2.49% loan from a Japanese bank, due September 2016	20,000	**20,000**	**166,667**
1.98% loan from a Japanese bank, due December 2017	20,000	**—**	**—**
2.64% loan from a Japanese bank, due August 2017	20,000	**20,000**	**166,667**
2.01% loan from a Japanese bank, due August 2014	20,000	**—**	**—**
1.51% loan from a Japanese bank, due March 2015	10,000	**—**	**—**
2.25% loan from a Japanese bank, due September 2019	20,000	**20,000**	**166,667**
1.58% loan from a Japanese bank, due May 2015	17,000	**17,000**	**141,667**
2.28% loan from a Japanese bank, due May 2019	18,000	**18,000**	**150,000**
2.00% loan from a Japanese bank, due May 2019	10,000	**10,000**	**83,333**
2.04% loan from a Japanese bank, due May 2021	15,000	**15,000**	**125,000**
Other loans from foreign banks	235	**216**	**1,800**
Other loans from Japanese banks	15,549	**12,618**	**105,149**
(Secured long-term debt)			
Other loans from Japanese banks	5,081	**6,369**	**53,075**
	398,865	**325,303**	**2,710,859**
Less–Current maturities	(52,051)	**(72,017)**	**(600,142)**
	¥346,814	**¥253,286**	**$2,110,717**

As of March 31, 2015, the aggregate annual maturities of long-term debt were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2016	¥ 72,017	$ 600,142
2017	53,025	441,875
2018	57,117	475,975
2019	79,721	664,342
2020	48,205	401,708
2021 and thereafter	15,218	126,817
Total	¥325,303	$2,710,859

10. Notes and Accounts Payable

Notes and accounts payable as of March 31, 2014 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Unconsolidated subsidiaries and affiliates	¥ 108	¥ 667	$ 5,558
Trade	45,301	38,488	320,734
Total	¥45,409	¥39,155	$326,292

11. Retirement Benefit Plans

Employees of the Company and certain consolidated subsidiaries have defined funded pension plans, defined contribution plans and unfunded retirement allowance plans. The Company and certain consolidated subsidiaries have cash balance plans by applying a point pension system to defined contribution pension plans.

Directors and corporate auditors of several domestic consolidated subsidiaries have unfunded retirement allowance plans.

The amounts of pension payments and retirement allowances are generally determined on the basis of length of service and basic salary at the time of termination of service.

It is the Company's policy to fund amounts required to maintain sufficient plan assets to provide for accrued benefits.

The changes in retirement benefit obligation during the years ended March 31, 2014 and 2015 were as follows (excluding retirement benefit obligation for the consolidated subsidiaries adopting the simplified method):

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Retirement benefit obligation at April 1	¥155,208	¥171,637	$1,430,308
Cumulative effects of changes in accounting policies	—	(142)	(1,183)
Restated balance at April 1	155,208	171,495	1,429,125
Service cost	6,003	6,230	51,917
Interest cost	4,854	4,713	39,275
Actuarial (gain) loss	(274)	14,925	124,375
Retirement benefit paid	(4,385)	(5,486)	(45,717)
Transfer to defined contribution plans in foreign subsidiary	—	(11,553)	(96,275)
Prior service cost	(3)	6	50
Effect of foreign exchange translation	10,072	9,939	82,825
Effect of changing from simplified method to standard method	—	1,888	15,733
Other	162	104	867
Retirement benefit obligation at March 31	¥171,637	¥192,261	$1,602,175

The changes in plan assets during the years ended March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Plan assets at April 1	¥152,476	¥175,196	$1,459,967
Expected return on plan assets	7,106	7,795	64,958
Actuarial gain	3,058	13,662	113,850
Contributions by the Company	5,418	5,568	46,400
Retirement benefit paid	(3,927)	(5,113)	(42,608)
Transfer to defined contribution plans in foreign subsidiary	—	(11,553)	(96,275)
Effect of foreign exchange translation	11,025	5,996	49,967
Other	40	(152)	(1,267)
Retirement benefit obligation at March 31	¥175,196	¥191,399	$1,594,992

The changes in retirement benefit obligation for the consolidated subsidiaries adopting the simplified method were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Provision for retirement benefits at April 1	¥2,618	¥ 2,633	$ 21,942
Retirement benefit expense	339	242	2,017
Retirement benefit paid	(222)	(88)	(733)
Effect of changing from simplified method to standard method	—	(1,676)	(13,967)
Other	(102)	(92)	(767)
Liability for retirement benefits at March 31	¥2,633	¥ 1,019	$ 8,492

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2014 and 2015 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Funded retirement benefit obligation	¥ 162,627	¥ 181,425	$ 1,511,875
Plan assets at fair value	(175,196)	(191,399)	(1,594,992)
	(12,569)	(9,974)	(83,117)
Unfunded retirement benefit obligation	11,643	11,856	98,800
Net (assets) liability for retirement benefits in the balance sheet	(926)	1,882	15,683
Liability for retirement benefits	27,291	38,429	320,241
Net defined benefit assets	(28,217)	(36,547)	(304,558)
Net amount	¥ (926)	¥ 1,882	$ 15,683

The components of retirement benefit expense for the years ended March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Service cost	¥ 6,003	¥ 6,230	$ 51,917
Interest cost on projected benefit obligation	4,854	4,713	39,275
Expected return on plan assets	(7,106)	(7,795)	(64,958)
Amortization of actuarial loss	4,506	427	3,558
Amortization of prior service cost	(1,886)	(1,897)	(15,808)
Retirement benefit expense for consolidated subsidiaries adopting the simplified method	339	211	1,758
Amortization of changing from simplified method to standard method	—	212	1,767
Other	73	94	783
Retirement benefit expense	¥ 6,783	¥ 2,195	$ 18,292

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Prior service cost	¥—	¥1,930	$16,083
Actuarial loss	—	2,245	18,709
Total	¥—	¥4,175	$34,792

The components of retirement benefit liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Unrecognized prior service cost	¥ (2,721)	¥ (791)	$ (6,592)
Unrecognized actuarial loss	10,858	13,103	109,192
Total	¥ 8,137	¥12,312	$102,600

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2014 and 2015 were as follows:

	2014	**2015**
Bonds	41%	**40%**
Stocks	28%	**29%**
General accounts	27%	**28%**
Other	4%	**3%**
Total	100%	**100%**

The expected return on assets has been estimated based on the current and anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans were as follows:

	2014	**2015**
Discount rate	mainly 1.5%	**mainly 1.5%**
Expected rate of return on plan assets	mainly 4.0%	**mainly 4.0%**

The contributions to the defined contribution plans by the Company and its consolidated subsidiaries were ¥3,498 million and ¥4,638 million ($38,650 thousand) in the years ended March 31, 2014 and 2015, respectively.

12. Allowance for Doubtful Accounts

The non-current allowance for doubtful accounts primarily represents an allowance recorded upon restatement and consolidation of the Funds as discussed in Note 1 “Summary of significant accounting policies” (a) “Basis of presenting consolidated financial statements.” Illegitimate payments for fees to external collaborators of ¥7,211 million and ¥7,211 million ($60,092 thousand) were recorded as a non-current receivable and included in non-current other assets on the balance sheets as of March 31, 2014 and 2015, respectively. The Company did not agree to the fees and is seeking collection of the amounts paid, however, collection of such amounts was determined to be doubtful and a full allowance was recorded against the non-current receivable.

13. Stock Option Plans

A summary of information regarding the consolidated subsidiaries’ stock option plans for the years ended March 31, 2014 and 2015 were as follows:

	First series of stock subscription rights	Second series of stock subscription rights
Qualified beneficiaries	5 directors, 20 executive officers	5 directors, 20 executive officers
Class and number of shares for which new subscription rights were offered	Common stock 40,100	Common stock 41,000
Grant date	August 26, 2013	July 11, 2014
Exercise period	From August 27, 2013 to August 26, 2043	From July 12, 2014 to July 11, 2044
Number of unvested stock options:		
As of March 31, 2014	—	—
Granted	—	41,000
Lapsed	—	—
Vested	—	41,000
As of March 31, 2015	—	—
Number of vested stock options:		
As of March 31, 2014	39,100	—
Vested	—	41,000
Exercised	—	—
Lapsed	—	1,000
As of March 31, 2015	39,100	40,000
For stock options exercised during the year:		
Exercise price (yen)	¥1	¥1
Average price of common stock at the date of exercise (yen)	¥—	¥—
Fair value per share at the grant date:		
Exercise price (yen)	¥2,940	¥3,625

No stock options were exercised during the years ended March 31, 2014 and 2015.

The assumptions used to measure the fair value of stock options granted for the years ended March 31, 2014 and 2015 were as follows:

	First series of stock subscription rights	Second series of stock subscription rights
Estimate method	Black-Scholes option pricing model	Black-Scholes option pricing model
Expected volatility (Note 1)	49.39%	48.81%
Expected life (Note 2)	15 years	15 years
Expected dividends (Note 3)	¥0 per share	¥0 per share
Risk-free interest rate (Note 4)	1.28%	0.98%

Notes:
1. Expected volatility for First series of stock subscription rights was estimated based on the stock price data of the Company for 15 years from August 1998 to August 2013. Expected volatility for Second series of stock subscription rights was estimated based on the stock price data of the Company for 15 years from August 1999 to August 2014.
2. Because of the insufficient data and difficulty in making a reasonable estimate, the expected life was based on the assumption that the stock subscription rights would have been executed at the midpoint of the exercise period.
3. Expected dividend for First series of stock subscription rights was based on the dividend paid during the year ended March 31, 2013. Expected dividend for Second series of stock subscription rights was based on the dividend paid over the last two terms.
4. Risk-free interest rate was the interest rate of Japanese Government Bonds (JGBs) corresponding to the expected life of the options.

14. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries consist of corporate tax, inhabitants' tax and enterprise tax, which in the aggregate resulted in normal statutory tax rates of approximately 38.0% and 35.6% for the years ended March 31, 2014 and 2015, respectively. Income taxes of foreign consolidated subsidiaries are based generally on tax rates applicable in their countries of incorporation.

The following table summarizes the reconciliation between the statutory tax rates and the Company's effective tax rates for consolidated financial statement purposes for the years ended March 31, 2014 and 2015:

	2014	**2015**
Normal statutory tax rates	38.0%	**35.6%**
Non-deductible expenses	4.9	**247.5**
Non-taxable income	(14.0)	**(2.5)**
R&D tax credits	(4.8)	**(12.8)**
Effect of lower tax rates applied for foreign subsidiaries	(0.4)	**(43.9)**
Decrease in valuation allowance	(28.7)	**(88.7)**
Amortization of goodwill	21.7	**37.5**
Effect of reorganization of Group structure	(13.1)	**—**
Decrease in deferred tax assets due to tax rate change	12.3	**22.5**
Other, net	1.1	**4.1**
Effective tax rates	17.0%	**199.3%**

Changes in presentation

Due to its increased materiality, "R&D tax credits," which was included in "Other, net" for the year ended March 31, 2014, was presented separately in the year ended March 31, 2015.

As a result, 4.8% corresponding to "R&D tax credits" presented as "Other, net" for the year ended March 31, 2014 was restated as "R&D tax credits."

Significant components of deferred tax assets and liabilities as of March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Deferred tax assets:			
Inventories	¥ 6,456	¥ 6,962	$ 58,017
Prepaid expenses	5,024	5,287	44,058
Accrued bonuses	5,512	6,033	50,275
Investments in consolidated subsidiaries	4,515	5,268	43,900
Unrealized intercompany profits	4,015	6,837	56,975
Depreciation of property, plant and equipment	7,090	6,438	53,650
Amortization of intangible assets	4,186	4,134	34,450
Liability for retirement benefits	8,393	11,738	97,817
Securities	7,134	7,366	61,383
Loss carry forward	58,617	43,327	361,058
Other	38,430	38,355	319,625
Sub-total	149,372	141,745	1,181,208
Valuation allowance	(93,098)	(78,959)	(657,991)
Total deferred tax assets	56,274	62,786	523,217
Net defined benefit assets	(9,597)	(10,937)	(91,142)
Basis differences in assets acquired and liabilities assumed upon acquisition	(14,788)	(15,956)	(132,967)
Other	(17,871)	(26,751)	(222,925)
Total deferred tax liabilities	(42,256)	(53,644)	(447,034)
Net deferred tax assets	¥ 14,018	¥ 9,142	$ 76,183

Following the promulgation on March 31, 2015 of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 9 of 2015) and the “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 2 of 2015), the corporation tax rates were changed for the fiscal years beginning on or after April 1, 2015. In line with these changes, the effective tax rate used to measure deferred tax assets and liabilities was changed from 35.6% to 33.1% for temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2015, and to 32.3% for temporary differences expected to be eliminated in the fiscal years beginning from April 1, 2016. As a result of these tax rate changes, deferred tax assets (net of deferred tax liabilities) decreased by ¥791 million ($6,592 thousand), income taxes–deferred increased by ¥1,858 million ($15,483 thousand), net unrealized holding gains on available-for-sale securities increased by ¥874 million ($7,283 thousand) and retirement benefits liability adjustments increased by ¥193 million ($1,608 thousand) as of and for the year ended March 31, 2015.

15. Net Assets

Under the Japanese Corporate Law (the “Law”), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of its board of directors, designate an amount not exceeding one-half of the prices of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, all additional paid-in capital and legal earnings reserve may be transferred to other capital surplus and other retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

(1) March 31, 2014

A summary of information regarding the consolidated statement of changes in net assets for the year ended March 31, 2014 was as follows:

Total number and class of shares issued and treasury stock

Class of shares	As of April 1, 2013 (Number of shares)	Increase (Number of shares)	Decrease (Number of shares)	As of March 31, 2014 (Number of shares)
Shares issued:				
Common stock (Note 1)	305,671,508	37,000,000	—	342,671,508
Treasury stock:				
Common stock (Notes 2 and 3)	4,425,782	5,281	—	4,431,063

Notes:
1. The increase in the number of issued shares of common stock includes 37,000,000 shares through public offering (offering through a book building method).
2. The increase in the number of common stock in treasury includes 5,281 shares through the purchase of stock of less than one trading unit.
3. The decrease in the number of common stock in treasury includes 4,000,000 treasury shares disposed through public offering (offering through a book building method).

Share subscription rights

Please refer to Note 13 “Stock option plans.”

Dividends paid

There were no dividends paid in the year ended March 31, 2014, and there were no dividends whose record date is in the year ended March 31, 2014 but whose effective date is in the year ended March 31, 2015.

(2) March 31, 2015

A summary of information regarding the consolidated statement of changes in net assets for the year ended March 31, 2015 was as follows:

Total number and class of shares issued and treasury stock

Class of shares	As of April 1, 2014 (Number of shares)	Increase (Number of shares)	Decrease (Number of shares)	As of March 31, 2015 (Number of shares)
Shares issued:				
Common stock	**342,671,508**	**—**	**—**	**342,671,508**
Treasury stock:				
Common stock (Note)	**431,063**	**3,173**	**—**	**434,236**

Note: The increase in the number of common stock in treasury includes 3,173 shares through the purchase of stock of less than one trading unit.

Share subscription rights

Please refer to Note 13 “Stock option plans.”

Dividends paid

There were no dividends paid in the year ended March 31, 2015.

Dividends resolved during the year ended March 31, 2015 that will be effective after March 31, 2015

Resolution	Class of shares	Amount of dividends paid (Millions of yen)	Funds of distribution	Dividend per share (Yen)	Record date	Effective date
General Shareholders’ Meeting (June 26, 2015)	Common stock	¥3,422	Retained earnings	¥10.00	March 31, 2015	June 29, 2015

16. Contingent Liabilities

The Company and its consolidated subsidiaries were contingently liable for notes and bills discounted of ¥331 million and ¥209 million ($1,742 thousand) as of March 31, 2014 and 2015, respectively. The Company and its consolidated subsidiaries were also contingently liable as guarantors of borrowings, primarily for housing loans to employees, amounting to ¥65 million and ¥49 million ($408 thousand), respectively, and as guarantors of borrowings from banks to third parties, amounting to ¥843 million and ¥3,798 million ($31,650 thousand), respectively, as of March 31, 2014 and 2015.

Concerning the Company's deferral of recognition of losses on securities investments, etc., the Company has damage claim or lawsuits filed against it mainly by shareholders. A provision for loss on litigation was provided as of March 31, 2015 at an amount considered necessary, however, there is a risk that the outcome may adversely affect the consolidated financial results in the future and an additional provision for loss on litigation may be necessary depending on the progress of the lawsuits and the damage claim.

The provision for loss on litigation amounting to ¥11,000 million as of March 31, 2014 and 2015, respectively, which was presented as the current liabilities in the consolidated balance sheets, was provided in connection with the lawsuits which were filed against the Company by the Teachers' Retirement System of the State of Illinois, etc. on June 28, 2012 and California State Teachers' Retirement System, etc. on June 27, 2013.

Since November 2011, Olympus Corporation of the Americas, which is the Company's Americas regional headquarters, has been under investigation by the U.S. Department of Justice relating to the U.S. Anti-kickback Act and the U.S. False Claims Act, and is currently continuing discussions with the Department of Justice to resolve this matter. A provision related to the U.S. Anti-kickback Act was provided for the year ended March 31, 2015 (Note 23 "Loss related to the investigation under U.S. Anti-kickback Act and the related Act") at an amount considered necessary, however, there is a risk that the outcome may adversely affect the consolidated financial results in the future and an additional provision for loss on litigation may be necessary depending on the progress of the investigation. The Company recorded ¥58,883 million ($490,692 thousand) for "Provision for loss related to the investigation under U.S. Anti-kickback Act and the related Act."

17. Pledged Assets

The following assets were pledged as collateral for long-term debt, current maturities of long-term debt and short-term borrowings as of March 31, 2014 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
Lease receivables and leased investment assets	¥ 8,393	**¥14,781**	**$123,175**
Other assets	5,081	**6,369**	**53,075**
	¥13,474	**¥21,150**	**$176,250**

The obligations secured by such collateral were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
Long-term debt	¥ 5,081	**¥ 6,369**	**$ 53,075**
Short-term borrowings	8,393	**14,781**	**123,175**
	¥13,474	**¥21,150**	**$176,250**

18. Selling, General and Administrative Expenses

The following table summarizes the major components of selling, general and administrative expenses for the years ended March 31, 2014 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Advertising and promotion expenses	¥ 41,885	**¥ 42,906**	**$ 357,550**
Salaries and allowance	113,761	**124,863**	**1,040,525**
Bonuses	26,085	**28,073**	**233,942**
Retirement benefit expenses	8,650	**4,659**	**38,825**
Amortization of goodwill	9,457	**9,421**	**78,508**
Research and development expenses	29,174	**35,697**	**297,475**
Depreciation and amortization	26,002	**29,794**	**248,283**

The total of research and development expenses included in "selling, general and administrative expenses" and "Cost of sales" for the years ended March 31, 2014 and 2015 amounted to ¥66,796 million and ¥74,101 million ($617,508 thousand), respectively.

19. Impairment Loss on Fixed Assets

The losses on impairment of fixed assets that the Company and its consolidated subsidiaries recorded for the years ended March 31, 2014 and 2015 were as follows:

For the year ended March 31, 2014

Use	Type of assets	Location	Millions of yen
Assets used for Imaging Business	Buildings and structures	Tokyo, Massachusetts in America and others	¥2,394
	Tools, furniture and fixtures		137
	Machinery and equipment		906
	Construction in process		340
	Goodwill		174
	Long-term prepaid expenses		400
Idle properties	Buildings and structures	Fukushima	488
Assets scheduled for disposal	Software	Singapore	32
Total			¥4,871

For the year ended March 31, 2015

Use	Type of assets	Location	Millions of yen	Thousands of U.S. dollars
Idle properties	Buildings and structures	Aomori	**¥119**	**$992**
Total			**¥119**	**$992**

The Company and its consolidated subsidiaries mainly classify their assets for business use into groups based on business segment. However, assets to be disposed of and idle assets are classified as respective independent groups of assets.

Some assets for business use were not expected to make a profit constantly because of the deterioration in the business environment. As a result, carrying amounts for assets for business use were written down to their recoverable amounts. The recoverable amount is measured according to the value in use or net selling price based on real estate appraisal. When the value in use based on future cash flows is estimated to be negative, the assets are assumed to have no recoverable value.

With regard to assets scheduled for disposal, a decision has been made to dispose of an in-house system for supporting operational efficiency improvement. As a result, the book value of these assets is considered to be zero.

Carrying amounts of idle properties were written down to their recoverable amounts, owing to substantial decline in the fair market values. The recoverable amounts were estimated by net realizable values of fixed assets which were calculated based on net selling price.

20. Loss on Liquidation of Business

1) March 31, 2014

Loss on liquidation of business of ¥11,591 million recorded in the consolidated statement of operations for the year ended March 31, 2014 stems mainly from the liquidation of the consolidated subsidiaries which conducted the biologics business.

2) March 31, 2015

Loss on liquidation of business of ¥1,820 million ($15,167 thousand) recorded in the consolidated statement of operations for the year ended March 31, 2015 stems mainly from losses incurred due to the withdrawal from the business concerning E-Globaledge Corporation, which is a consolidated subsidiary.

21. Loss Related to Securities Litigation

The Company has received claims for compensation for damages from several individual and institutional investors for losses sustained as a result of the Company's false statements for the purpose of postponing recognition of losses in the Annual Securities Reports, Semi-Annual Securities Reports and Quarterly Securities Reports for the period from the year ended March 31, 2001 through the first quarter of the year ended March 31, 2012. "Loss related to securities litigation" represents losses relating to these claims for compensation for damages.

A breakdown of the losses is as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
Settlement charge	¥ 6,256	**¥6,760**	**$56,333**
Compensation for damage	—	**56**	**467**
Provision for loss on litigation	11,000	**—**	**—**
Total	¥17,256	**¥6,816**	**$56,800**

Settlement charge and Compensation for damage included the amount of settlements paid for some of the claims for damages and damages and interest on delayed payment based on a court judgment.

Provision for loss on litigation is a rational estimate of the amount considered likely to be required to prepare for losses related to litigation, etc., in light of the status of litigation proceedings.

22. Penalty Charges

In a case that was pending in the Tokyo District Court where the Company was accused of being in violation of the Securities and Exchange Act and the Financial Instruments and Exchange Act, the Company was fined ¥700 million which was presented as "Penalty charges" in the consolidated statement of operations for the year ended March 31, 2014. The judgment for the case was settled after the lapse of the period allowed for appeal.

23. Loss Related to the Investigation under U.S. Anti-Kickback Act and the Related Act

The Company's U.S. subsidiary, Olympus Corporation of the Americas, has been the subject of an investigation by the U.S. Department of Justice relating to potential issues concerning its medical business under the Anti-kickback Act and the False Claims Act in the United States. The Company recorded ¥53,866 million ($448,883 thousand) as "Loss related to the investigation under U.S. Anti-kickback Act and the related Act" for the estimated loss based on the current statues of the investigation.

24. Income Taxes for Prior Periods

Income taxes for prior periods in the consolidated statement of operations for the year ended March 31, 2014 was recorded for the reassessment of the prior year tax returns of the consolidated subsidiary.

Concerning the transactions over five years from the year ended March 31, 2007 to the year ended March 31, 2011 between the domestic consolidated subsidiary and the consolidated subsidiary in England, the Company received the written notice of reassessment on July 30, 2013 based on transfer pricing taxation. The Company disagreed with the reassessment and filed a notice of appeal for objection with the Tokyo Regional Taxation Bureau and entered into the procedure for a mutual agreement with the bureau based on a tax treaty to avoid double taxation. Considering the estimated effect on the possible mutual agreement, a net amount of ¥1,476 million, or the difference between the reassessed tax amount and the estimated tax refund amount based on the mutual agreement, was recorded as income taxes for prior periods in the consolidated statement of operations for the year ended March 31, 2014.

25. Cash and Cash Equivalents

Reconciliations of cash and deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows for the years ended March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
Cash and deposits	¥252,121	**¥209,875**	**$1,748,958**
Less–Time deposits with maturities over three months	(777)	**(66)**	**(550)**
Cash and cash equivalents	¥251,344	**¥209,809**	**$1,748,408**

26. Cash Flow from Sales of Investments in Subsidiaries Resulting in Changes in Scope of Consolidation

Details of assets and liabilities, and the reconciliation between the transaction price and proceeds from Japan Medical Data Center Co., Ltd. and 8 other companies, which have been excluded from consolidated subsidiaries due to the sale of shares during the year ended March 31, 2014 were as follows:

	Millions of yen
Current assets	¥ 8,621
Non-current assets	4,522
Current liabilities	(2,711)
Non-current liabilities	(651)
Foreign currency translation adjustments	(29)
Minority interests	(1,478)
Gain on sales of investment securities in subsidiaries, net	128
Transfer price for business	8,402
Cash and cash equivalents	(3,548)
Proceeds from sales of investment securities in subsidiaries, net	¥ 4,854

Details of assets and liabilities, and the reconciliation between the transaction price and proceeds from E-Globaledge and 3 other companies, which have been excluded from consolidated subsidiaries due to the sale of shares during the year ended March 31, 2015 were as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	**¥ 3,050**	**$ 25,417**
Non-current assets	**324**	**2,700**
Current liabilities	**(1,836)**	**(15,300)**
Non-current liabilities	**(120)**	**(1,000)**
Minority interests	**(6)**	**(50)**
Loss on liquidation of business	**(1,122)**	**(9,350)**
Transfer price for business	**290**	**2,417**
Cash and cash equivalents	**(36)**	**(300)**
Proceeds from sales of investment securities in subsidiaries, net	**¥ 254**	**$ 2,117**

27. Lease Transactions

Finance Lease Transactions (Lessee):

The Company and its consolidated subsidiaries lease certain machinery and equipment under the non-cancelable finance and operating leases. Finance leases that do not transfer ownership to lessees whose contract commenced on or before March 31, 2008 are not capitalized and are accounted for in the same manner as operating leases. Certain information for such non-capitalized finance leases as of or for the years ended March 31, 2014 and 2015 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
(Equivalent amount)			
Acquisition cost	¥ 302	**¥ 23**	**$ 192**
Accumulated depreciation	(287)	**(21)**	**(175)**
Accumulated loss on impairment	—	**—**	**—**
Net book value	¥ 15	**¥ 2**	**$ 17**

As of March 31	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
(Future lease payments)			
Due within one year	¥15	**¥ 2**	**$17**
Due after one year	2	**—**	**—**
Total	¥17	**¥ 2**	**$17**
Balance of impairment loss account on leased assets included in the outstanding future lease payments	¥—	**¥—**	**$—**

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
(Lease payments and pro forma information)			
Lease payments	¥59	**¥15**	**$125**
Equivalent of depreciation expense	51	**13**	**108**
Equivalent of interest expense	2	**0**	**1**

Equivalent of depreciation expense is computed using the straight-line method over the lease terms assuming no residual value. Equivalent of interest expense is computed using the interest rate method over the lease terms for the difference between acquisition cost and total lease payments.

Operating Lease Transactions (Lessee):

Future minimum lease payments under the non-cancelable operating leases subsequent to March 31, 2014 and 2015 were as follows:

	Millions of yen		
As of March 31, 2014	Due within one year	Due after one year	Total minimum lease payments
	¥1,175	¥1,732	¥2,907

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2015	Due within one year	Due after one year	Total minimum lease payments	Due within one year	Due after one year	Total minimum lease payments
	¥1,671	**¥2,207**	**¥3,878**	**$13,925**	**$18,392**	**$32,317**

Finance Lease Transactions (Lessor):

Leased investment assets recognized in the consolidated balance sheets as of March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Lease receivables and leased investment assets:			
Lease receivables	¥23,786	¥25,490	$212,417
Estimated residual value	1,347	3,083	25,692
Interest income	(2,614)	(2,943)	(24,526)
Leased investment assets	¥22,519	¥25,630	$218,583

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Other assets:			
Lease receivables	¥34,188	¥37,614	$313,450
Estimated residual value	5,140	2,480	20,667
Interest income	(4,816)	(3,851)	(32,092)
Leased investment assets	¥34,512	¥36,243	$302,025

The following table set forth amounts of lease receivables and leased investment assets to be collected subsequent to March 31, 2014 and 2015:

	Millions of yen					
As of March 31, 2014	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Lease receivables and leased investment assets:						
Lease receivables	¥ 934	¥ —	¥ —	¥ —	¥ —	¥ —
Lease receivable components of leased investment assets	23,786	—	—	—	—	—
Other assets:						
Lease receivables	—	344	552	66	24	2
Lease receivable components of leased investment assets	—	14,393	9,425	5,003	1,593	3,774

	Millions of yen					
As of March 31, 2015	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Lease receivables and leased investment assets:						
Lease receivables	¥ 6,053	¥ —	¥ —	¥ —	¥ —	¥ —
Lease receivable components of leased investment assets	25,490	—	—	—	—	—
Other assets:						
Lease receivables	—	3,713	2,455	1,322	527	26
Lease receivable components of leased investment assets	—	16,998	12,102	7,337	1,076	101

	Thousands of U.S. dollars					
As of March 31, 2015	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Lease receivables and leased investment assets:						
Lease receivables	$ 50,442	$ —	$ —	$ —	$ —	$ —
Lease receivable components of leased investment assets	212,417	—	—	—	—	—
Other assets:						
Lease receivables	—	30,942	20,458	11,017	4,392	217
Lease receivable components of leased investment assets	—	141,650	100,850	61,142	8,967	842

Operating Lease Transactions (Lessor):

Future minimum lease payments under the non-cancelable operating leases having remaining terms in excess of one year were as follows:

	Millions of yen		
As of March 31, 2014	Due within one year	Due after one year	Total minimum lease payments
	¥3,145	¥3,832	¥6,977

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2015	Due within one year	Due after one year	Total minimum lease payments	Due within one year	Due after one year	Total minimum lease payments
	¥5,149	**¥7,309**	**¥12,458**	**$42,908**	**$60,908**	**$103,817**

28. Other Comprehensive Income

The following table presents reclassification adjustments and corresponding tax effects allocated to each component of other comprehensive income for the years ended March 31, 2014 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes:			
Amount arising during the year	¥ 8,236	**¥17,086**	**$142,383**
Reclassification adjustments for gains and losses included in net income	(483)	**505**	**4,209**
Amount before tax effect	7,753	**17,591**	**146,592**
Tax effect	(2,212)	**(4,663)**	**(38,859)**
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	5,541	**12,928**	**107,733**
Net unrealized gains (losses) on hedging derivatives, net of taxes:			
Amount arising during the year	7	**0**	**0**
Reclassification adjustments for gains and losses included in net income	(28)	**(7)**	**(58)**
Amount before tax effect	(21)	**(7)**	**(58)**
Tax effect	—	**—**	**—**
Net unrealized gains (losses) on hedging derivatives, net of taxes	(21)	**(7)**	**(58)**
Foreign currency translation adjustments:			
Amount arising during the year	42,103	**28,651**	**238,758**
Reclassification adjustments for gains and losses included in net income	2,519	**108**	**900**
Foreign currency translation adjustments	44,622	**28,759**	**239,658**
Pension liability adjustments of foreign subsidiaries:			
Amount arising during the year	1,348	**—**	**—**
Reclassification adjustments for gains and losses included in net income	1,218	**—**	**—**
Amount before tax effect	2,566	**—**	**—**
Tax effect	(1,416)	**—**	**—**
Pension liability adjustments of foreign subsidiaries	1,150	**—**	**—**
Retirement benefits liability adjustments:			
Amount arising during the year	—	**(5,224)**	**(43,533)**
Reclassification adjustments for gains and losses included in net income	—	**(1,470)**	**(12,250)**
Amount before tax effect	—	**(6,694)**	**(55,783)**
Tax effect	—	**(319)**	**(2,659)**
Retirement benefits liability adjustments	—	**(7,013)**	**(58,442)**
Share of other comprehensive income of companies accounted for by the equity method:			
Amount arising during the year	77	**4**	**34**
Share of other comprehensive income of companies accounted for by the equity method	77	**4**	**34**
Total other comprehensive income	¥51,369	**¥34,671**	**$288,925**

29. Derivative Financial Instruments

The Company and its consolidated subsidiaries use derivative financial instruments in the normal course of their business to manage the exposure to fluctuations in foreign exchange rates and interest rates. The primary classes of derivatives used by the Company and its consolidated subsidiaries are forward foreign exchange contracts, currency options, currency swaps and interest rate swaps. Almost all derivative transactions are used to hedge interest rates and foreign currency positions in connection with their business. Accordingly, market risk in these derivatives is largely offset by opposite movements in the underlying positions. Management assesses derivative transactions and market risks surrounding these transactions according to the Company's policy regarding derivative transactions. Contracts of derivative financial instruments are executed by finance departments of the Company or its subsidiaries.

The Company's and its consolidated subsidiaries' trade payables that are denominated in foreign currencies which meet specific matching criteria and have been hedged by forward foreign exchange contracts are translated at the foreign exchange rate stipulated in the contracts (special hedge accounting for forward foreign exchange contracts).

Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential to be paid or received under the swap agreements are accrued and included in interest expense or income (special hedge accounting shortcut method for interest rate swaps).

The counterparties to the derivative financial instruments of the Company and its consolidated subsidiaries are substantial and credit worthy multinational commercial banks or other financial institutions that are recognized market makers. Neither the risks of counterparty non-performance nor the economic consequences of counterparty non-performance associated with these contracts are considered by the Company to be material.

The following table summarizes the underlying notional transaction amounts, fair values and unrealized gain (loss) for outstanding derivative financial instruments by risk category and instrument type as of March 31, 2014 and 2015:

Derivatives for which the hedge accounting is not applied

	Millions of yen		
As of March 31, 2014	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:			
To buy U.S. dollars	¥ 396	¥ 9	¥ 9
To buy other currencies	20,193	(269)	(269)
To sell U.S. dollars	3,312	(31)	(31)
To sell other currencies	3,129	6	6
Foreign exchange option contracts:			
Put option	3,584	154	154
Foreign currency swap contracts:			
Receive British pounds / pay Euro	1,418	0	0
Receive other currencies / pay other currencies	7,295	16	16

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2015	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:						
To buy U.S. dollars	**¥3,098**	**¥ 124**	**¥ 124**	**$25,817**	**$ 1,033**	**$ 1,033**
To buy other currencies	**6,872**	**(23)**	**(23)**	**57,267**	**(192)**	**(192)**
To sell U.S. dollars	**8,548**	**(1,349)**	**(1,349)**	**71,233**	**(11,242)**	**(11,242)**
To sell other currencies	**9,056**	**(225)**	**(225)**	**75,467**	**(1,875)**	**(1,875)**
Foreign exchange option contracts:						
Put option	**7,630**	**208**	**208**	**63,583**	**1,733**	**1,733**
Foreign currency swap contracts:						
Receive British pounds / pay Euro	**—**	**—**	**—**	**—**	**—**	**—**
Receive other currencies / pay other currencies	**5,491**	**11**	**11**	**45,758**	**92**	**92**

The fair values of foreign exchange option contracts and currency swap contracts are estimated by obtaining quotes from financial institutions. The fair value of forward foreign exchange contracts is estimated based on market prices for contracts with similar terms.

Derivatives for which the hedge accounting is applied

As of March 31, 2014	Millions of yen	
	Notional amount	Fair value
Forward foreign exchange contracts, accounted for by special hedge accounting:		
To buy U.S. dollars	¥11,243	*
To buy other currencies	6	*
To sell U.S. dollars	39,765	*
To sell other currencies	16,480	*
Interest rate swap contracts, accounted for by special hedge accounting shortcut method:		
Receive floating / pay fixed	284,900	**

As of March 31, 2015	Millions of yen		Thousands of U.S. dollars	
	Notional amount	Fair value	Notional amount	Fair value
Forward foreign exchange contracts, accounted for by special hedge accounting:				
To buy U.S. dollars	**¥ 6,599**	*	**$ 54,992**	*
To buy other currencies	**296**	*	**2,467**	*
To sell U.S. dollars	**49,588**	*	**413,233**	*
To sell other currencies	**26,128**	*	**217,733**	*
Interest rate swap contracts, accounted for by special hedge accounting shortcut method:				
Receive floating / pay fixed	**208,000**	**	**1,733,333**	**

The fair value of forward foreign exchange contracts is estimated based on market prices for contracts with similar terms.

The fair value of interest rate swap contracts is estimated by obtaining quotes from financial institutions.

* Forward foreign exchange contracts are accounted for as part of accounts receivable and accounts payable. Therefore, the fair value of the contracts is included in the fair value of underlying accounts receivable and accounts payable.

** Interest rate swap contracts are accounted for as part of long-term debt. Therefore, the fair value of the contracts is included in the fair value of underlying long-term debt.

30. Segment Information

(1) Overview of reportable segments

The reportable segments of the Olympus Group are components of the Company whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing performance.

The Olympus Group has established business divisions at the Company, Olympus Medical Systems Corp. and Olympus Imaging Corp. Each business division formulates comprehensive strategies for Japan and abroad with respect to products and services handled and deploys business activities.

Accordingly, being composed of segments, based on these business divisions, that are categorized according to products and services, the Olympus Group has the following four reportable segments: Medical Business, Scientific Solutions Business, Imaging Business and Others.

The Medical Business manufactures and sells medical endoscopes, surgical endoscopes, endotherapy devices and other products. The Scientific Solutions Business manufactures and sells biological microscopes, industrial microscopes, industrial endoscopes, non-destructive testing equipment and other products. The Imaging Business manufactures and sells digital cameras, voice recorders and other products. The Others Business manufactures and sells biomedical materials, conducts system development and other business activities.

Effective from the year ended March 31, 2015, the name of the reportable segment previously known as the Life Science and Industrial Business has been changed to the Scientific Solutions Business. This change has no impact on segment information.

(2) Method of calculating amounts of net sales, profit (loss), assets and other items

The accounting policies of the segments are basically the same as those described in the significant accounting policies in Note 1 “Summary of significant accounting policies.” Segment profit or loss corresponds to operating income on the consolidated statements of operations. The internal sales or transfer among segments are based on actual market prices.

(3) Information concerning net sales, profit (loss), assets and other items by reportable segment

	Millions of yen						
	For the year ended March 31, 2014						
	Medical	Scientific Solutions	Imaging	Others	Total	Adjustments	Consolidated Total
Net sales:							
Third parties	¥492,296	¥98,510	¥96,111	¥26,369	¥713,286	¥ —	¥ 713,286
Intersegment	109	10	13	298	456	(456)	—
Total	492,405	98,546	96,124	26,667	713,742	(456)	713,286
Segment profit (loss)	112,735	4,935	(9,182)	(5,356)	103,132	(29,687)	73,445
Assets	559,053	94,568	78,730	23,603	755,954	271,521	1,207,475
Depreciation and amortization	25,219	4,843	1,731	906	32,699	4,151	36,850
Amortization of goodwill	8,428	921	—	108	9,457	—	9,457
Capital expenditures	26,719	4,498	3,496	817	35,530	2,280	37,810

	Millions of yen						
	For the year ended March 31, 2015						
	Medical	Scientific Solutions	Imaging	Others	Total	Adjustments	Consolidated Total
Net sales:							
Third parties	**¥558,348**	**¥103,880**	**¥ 83,825**	**¥18,618**	**¥764,671**	**¥ —**	**¥ 764,671**
Intersegment	**155**	**79**	**18**	**604**	**856**	**(856)**	**—**
Total	**558,503**	**103,959**	**83,843**	**19,222**	**765,527**	**(856)**	**764,671**
Segment profit (loss)	**124,894**	**6,837**	**(13,870)**	**1,190**	**119,051**	**(28,089)**	**90,962**
Assets	**673,058**	**88,282**	**82,593**	**11,022**	**854,955**	**226,596**	**1,081,551**
Depreciation and amortization	**28,850**	**5,260**	**2,737**	**397**	**37,244**	**3,975**	**41,219**
Amortization of goodwill	**8,715**	**677**	**—**	**29**	**9,421**	**—**	**9,421**
Capital expenditures	**36,801**	**3,911**	**3,412**	**880**	**45,004**	**2,739**	**47,743**

	Thousands of U.S. dollars						
	For the year ended March 31, 2015						
	Medical	Scientific Solutions	Imaging	Others	Total	Adjustments	Consolidated Total
Net sales:							
Third parties	**$4,652,900**	**$865,667**	**$ 698,542**	**$155,149**	**$6,372,258**	**$ —**	**$6,372,258**
Intersegment	**1,292**	**658**	**150**	**5,034**	**7,134**	**(7,134)**	**—**
Total	**4,654,192**	**866,325**	**698,692**	**160,183**	**6,379,392**	**(7,134)**	**6,372,258**
Segment profit (loss)	**1,040,783**	**56,975**	**(115,583)**	**9,917**	**992,092**	**(234,075)**	**758,017**
Assets	**5,608,817**	**735,683**	**688,275**	**91,850**	**7,124,625**	**1,888,300**	**9,012,925**
Depreciation and amortization	**240,417**	**43,833**	**22,808**	**3,309**	**310,367**	**33,125**	**343,492**
Amortization of goodwill	**72,625**	**5,642**	**—**	**241**	**78,508**	**—**	**78,508**
Capital expenditures	**306,675**	**32,592**	**28,433**	**7,333**	**375,033**	**22,825**	**397,858**

Notes:

1. Segment profit (loss) is adjusted to agree with operating income on the consolidated statements of operations.
2. Adjustments for segment profit and loss include ¥(29,687) million and ¥(28,089) million ($(234,075) thousand) for the years ended March 31, 2014 and 2015, respectively, of corporate general administration and research and development center expenses, which are not allocable to the reportable segments.
3. Adjustments for segment assets include ¥271,521 million and ¥226,596 million ($1,888,300 thousand) as of March 31, 2014 and 2015, respectively, of corporate assets, which are not allocable to the reportable segments.
4. Adjustments for depreciation and amortization include ¥4,151 million and ¥3,975 million ($33,125 thousand) for the years ended March 31, 2014 and 2015, respectively, of depreciation and amortization for corporate assets, which are not allocable to the reportable segments.
5. Adjustments for capital expenditures include ¥2,280 million and ¥2,739 million ($22,825 thousand) for the years ended March 31, 2014 and 2015, respectively, of the increase in corporate assets, which are not allocable to the reportable segments.

(4) Related information

(a) Sales by destination

Net sales to third parties by countries or areas grouped according to geographic classification for the years ended March 31, 2014 and 2015 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
Japan	¥172,583	**¥161,432**	**$1,345,267**
North America	216,098	**249,896**	**2,082,467**
Europe	184,012	**195,223**	**1,626,858**
Asia	118,717	**139,274**	**1,160,617**
Other areas	21,876	**18,846**	**157,049**
	¥713,286	**¥764,671**	**$6,372,258**

Note:
Each destination is determined by geographic adjacency.
North America includes the United States and Canada.
Europe includes Germany, the United Kingdom, France and other countries.
Asia includes Singapore, Hong Kong, China, South Korea, Australia and other countries.
Other areas include Central and South America, Africa and others.

(b) Property, plant and equipment by geographic location

Property, plant and equipment by countries or geographic areas as of March 31, 2014 and 2015 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
Japan	¥ 53,748	**¥ 57,179**	**$ 476,492**
America	35,550	**44,881**	**374,008**
Europe	30,037	**28,024**	**233,533**
Asia	16,105	**20,061**	**167,175**
	¥135,440	**¥150,145**	**$1,251,208**

Note:
Each geographic location is determined by geographic adjacency.
America includes the United States, Canada, Mexico and Brazil.
Europe includes Germany, the United Kingdom, France and other countries.
Asia includes Singapore, Hong Kong, China, South Korea, Australia and other countries.

(c) Sales by major customer

Sales by major customer for the years ended March 31, 2014 and 2015 have been omitted due to the absence of a customer with sales volume which exceeds 10% of consolidated net sales.

(d) An impairment loss on fixed assets of ¥4,351 million for the year ended March 31, 2014, was attributed to “Other” segment. Impairment losses on fixed assets of ¥520 million and ¥119 million ($992 thousand) for the years ended March 31, 2014 and 2015, respectively, were attributed to Corporate as “Adjustments and eliminations.”

(e) Outstanding balances of goodwill by reportable segment as of March 31, 2014 and 2015 were as follows:

	Millions of yen				
	2014				
	Medical	Scientific Solutions	Imaging	Others	Consolidated Total
Outstanding balance of goodwill	¥103,745	¥3,005	¥—	¥100	¥106,850

	Millions of yen				
	2015				
	Medical	Scientific Solutions	Imaging	Others	Consolidated Total
Outstanding balance of goodwill	**¥111,205**	**¥2,749**	**¥—**	**¥71**	**¥114,025**

	Thousands of U.S. dollars				
	2015				
	Medical	Scientific Solutions	Imaging	Others	Consolidated Total
Outstanding balance of goodwill	**$926,708**	**$22,908**	**$—**	**$592**	**$950,208**

(f) Amortization of negative goodwill by reportable segment
There was no amortization of negative goodwill for the years ended March 31, 2014 and 2015.

31. Amounts per Share

Net income (loss) per share is computed by dividing income available to common shareholders by the average number of common shares outstanding for each fiscal year. Diluted income (loss) per share is similar to basic net income per share except that the average of common shares outstanding is increased by the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued. For the year ended March 31 2015, although there were dilutive potential common shares, diluted net income per share was not presented due to the recording of a net loss.

Net assets per share are computed based on the net assets excluding share subscription rights and minority interests and the number of shares of common stock outstanding at the year-end.

For the years ended March 31	Yen		U.S. dollars
	2014	**2015**	**2015**
Net income (loss):			
Basic	¥41.05	**¥(25.53)**	**$(0.213)**
Diluted	41.04	**—**	**—**

As of March 31	Yen		U.S. dollars
	2014	**2015**	**2015**
Net assets	¥962.83	**¥1,038.64**	**$8.655**

The basis for calculation are as follows:

(1) Basic and diluted net income (loss) per share

For the years ended March 31	Number of shares	
	2014	**2015**
Average number of shares for basic net income	331,992,635	**342,238,820**

(2) Net assets per share

As of March 31	Number of shares	
	2014	**2015**
Number of shares of common stock used for the calculation of net assets per share	342,240,445	**342,237,272**

As of March 31	Millions of yen		Thousands of U.S. dollars
	2014	**2015**	**2015**
Total net assets	¥331,284	**¥357,254**	**$2,977,117**
Amounts deducted from total net assets:			
Stock acquisition rights	115	**260**	**2,167**
Minority interests	1,650	**1,532**	**12,767**
Net assets attributable to shares of common stock	¥329,519	**¥355,462**	**$2,962,183**

32. Related-Party Transactions

(1) Related-party transactions

There were no related-party transactions to be disclosed for the years ended March 31, 2014 and 2015.

(2) Note about significant related party

A summary of financial statements regarding all affiliated companies accounted for by the equity method, including Sony Olympus Medical Solutions Inc., for the year ended March 31, 2015 was as follows:

	Millions of yen	Thousands of U.S. dollars
	2015	2015
Total current assets	¥17,666	$147,217
Total non-current assets	3,453	28,775
Total current liabilities	15,738	131,150
Total non-current liabilities	3,726	31,050
Total net assets	1,655	13,792
Net sales	33,609	280,075
Loss before income taxes	(4,352)	(36,267)
Net loss	(5,108)	(42,567)

33. Business Combinations

There were no material business combinations to be disclosed during the years ended March 31, 2014 and 2015.

34. Subsequent Events

(1) Transactions under Common Control

On April 1, 2015, the Company succeeded to the medical systems business of its wholly owned subsidiary Olympus Medical Systems Corp. (except for part of the manufacturing functions and part of the functions for responding to the laws and regulations for medical devices in the operating countries) based on an absorption-type company split, and merged its wholly owned subsidiary Olympus Imaging Corp. based on an absorption-type merger. In addition to the above reorganization, the Company also conducted an absorption-type merger with its wholly owned subsidiary Olympus Intellectual Property Services Co., Ltd. These actions were in accordance with resolutions of a Board of Directors' meeting held on December 19, 2014.

1. Overview of transactions

(1) Absorption-type company split

(i) Name and description of business involved in combination

Name of business	Medical systems business
Description of business	Manufacture and sales of medical endoscopes and other medical devices (except for part of the manufacturing functions and part of the functions for responding to the laws and regulations for medical devices in the operating countries)

Total assets ¥143,544 million ($1,196,200 thousand)

Liabilities ¥106,397 million ($886,642 thousand)

Net assets ¥37,147 million ($309,558 thousand)

(ii) Date of business combination

April 1, 2015

(iii) Legal form of business combination

Absorption-type company split in which Olympus Medical Systems Corp. becomes a splitting company and the Company becomes a succeeding company

(iv) Name of company after combination

Olympus Corporation

(2) Absorption-type merger

(i) Name of companies involved in the merger and description of their business

Names of companies

Olympus Imaging Corp.

Description of business	Manufacture and sales of digital cameras and others
Total assets	¥39,298 million ($327,483 thousand)
Liabilities	¥30,485 million ($254,042 thousand)
Net assets	¥8,813 million ($73,442 thousand)

Olympus Intellectual Property Services Co., Ltd.

Description of business	Research, analysis, and management related to intellectual property rights
Total assets	¥269 million ($2,242 thousand)
Liabilities	¥156 million ($1,300 thousand)
Net assets	¥113 million ($942 thousand)

(ii) Date of business combination

April 1, 2015

(iii) Legal form of business combination

Absorption-type merger in which the Company is a surviving company, and Olympus Imaging Corp. and Olympus Intellectual Property Services Co., Ltd. are absorbed companies

(iv) Name of company after combination

Olympus Corporation

(3) Description of transaction including purpose of the transaction

The Company seeks to promote its medium-term vision, further advance One Olympus to achieve further growth under its next medium- and long-term management plan, and achieve optimal allocation and maximum utilization of Companywide management resources. To this end, the Company reviewed its business unit structure and other aspects in the Medical Business and Imaging business, and consequently conducted a reorganization between itself and two companies: namely the medical systems business unit, Olympus Medical Systems Corp., and the Imaging business unit, Olympus Imaging Corp. Moreover, in addition to the above reorganization, the Company also took steps to streamline the Group's intellectual property operations, and strengthen their functions, by conducting an absorption-type merger with its wholly owned subsidiary Olympus Intellectual Property Services Co., Ltd. at the same time.

2. Outline of accounting treatment applied

These transactions were treated as transactions under common control in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013) and "Guidance on Accounting Standard for Business Combinations and Business Divestitures" (ASBJ Guidance No. 10, September 13, 2013).

(2) Granting of Share-Based Compensation Stock Options

The Company made a resolution at its Board of Directors' meeting held on June 26, 2015 to allot stock acquisition rights (The third series of stock acquisition rights of Olympus Corporation) as share-based compensation stock options to Directors (excluding Outside Directors) and Executive Officers for the purpose of incentivizing them to work for medium- to- long-term performance improvement and corporate value enhancement.

(1) Date of rights granted

July 13, 2015

(2) Number of stock acquisition rights to be issued

Directors (excluding Outside Directors)	119
Executive Officers	268
Total	387

(3) Class and number of shares to be issued upon exercise of stock acquisition rights
38,700 shares of common stock of the Company

(4) Qualified beneficiaries
24 in total (5 Directors and 19 Executive Officers of the Company)

(5) Period of exercise of the stock acquisition rights
From July 14, 2015 to July 13, 2045

(6) Proceeds upon exercise of stock acquisition rights
The amount is determined by multiplying the exercise price of ¥1 per share by the number of shares granted.

(7) Method to calculate amount to be paid in for stock acquisition rights granted
The amount to be paid in shall be determined by the Board of Directors of the Company based on the fair value calculated using the Black-Scholes model as of the date of stock acquisition rights granted. The said amount shall be offset against the remuneration claims of each Director and Executive Officer.

(8) Amount to increase common stock upon exercise of stock acquisition rights
The amount of the increase in common stock in the case that shares are issued due to the exercise of the stock acquisition rights shall be determined by multiplying the maximum increase in common stock, etc., calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Accounting of Companies by 0.5. If any fractional amounts less than ¥1 occur as a result of this calculation, the said amounts will be rounded up to the nearest yen.

The amount of the increase in legal capital surplus in the case that shares are issued due to the exercise of offered stock acquisition rights shall be determined by deducting the increase in common stock stipulated above from the maximum increase in common stock, etc.

35. Supplemental Information

Future Circumstance

Following the Company's announcement on November 8, 2011 concerning its deferral of recognition of losses on securities investments, etc., investigations by overseas investigative authorities, supervisory bodies and other public bodies (including those in the United Kingdom and the United States) remain ongoing. The consolidated financial statements may be corrected if any further material facts come to light during such investigations in the future.

In addition, in conjunction with the Company's deferral of recognition of losses mentioned above, the investigation by the UK Serious Fraud Office that had been ongoing is now completed and on September 3, 2013 prosecution was brought against the Company and its subsidiary Gyrus Group Limited ("GGL") on charges of breaching Section 501 of the UK Companies Act of 2006 in relation to the explanation made to the auditors of GGL subsidiaries concerning the documents related to GGL's financial accounts. The trial of this case is currently ongoing in the UK courts.

The effect of this prosecution on the financial results of the Company is uncertain since its financial impact is not estimable at this stage.

EY
Building a better working world

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho, Chiyoda-ku
Tokyo, Japan 100-0011

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
www.shinnihon.or.jp

Independent Auditor's Report

The Board of Directors
Olympus Corporation

We have audited the accompanying consolidated financial statements of Olympus Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Olympus Corporation and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

EY
Building a better working world

Emphasis of Matters

1. We draw attention to Note 35 of the consolidated financial statements, which describes that, following the Company's announcement on November 8, 2011 concerning its deferral of recognition of losses on securities investments, etc., investigations by overseas investigative authorities, supervisory bodies and other public bodies (including those in the United Kingdom and the United States) remain ongoing. The consolidated financial statements may be corrected if any further material facts come to light during such investigations in the future.
2. We draw attention to Note 16 of the consolidated financial statements, which describes that, concerning the Company's deferral of recognition of losses on securities investments, etc., the Company has damage claim or lawsuits filed against it mainly by shareholders. A provision for loss on litigation was provided as of March 31, 2015 at an amount considered necessary, however, there is a risk that the outcome may adversely affect the consolidated financial results in the future and an additional provision for loss on litigation may be necessary depending on the progress of the lawsuits and the damage claim.
3. We draw attention to Note 16 of the consolidated financial statements, which describes that, since November 2011, Olympus Corporation of the Americas, which is the Company's Americas regional headquarters, has been under investigation by the U.S. Department of Justice relating to the U.S. Anti-kickback Act and the U.S. False Claims Act, and is currently continuing discussions with the Department of Justice to resolve this matter. A provision related to the U.S. Anti-kickback Act was provided for the year ended March 31, 2015 at an amount considered necessary, however, there is a risk that the outcome may adversely affect the consolidated financial results in the future and an additional provision for loss on litigation may be necessary depending on the progress of the investigation.

Our opinion is not qualified in respect of these matters.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 26, 2015
Tokyo, Japan

A member firm of Ernst & Young Global Limited

Other Financial Data

Net Sales and Operating Income (loss) by Business Segment

Millions of yen

Fiscal years ended March 31		2010	2011	2012	2013	2014	2015
Medical	Net sales	350,716	355,322	349,246	394,724	492,296	**558,348**
	Operating expenses	275,507	283,640	281,058	307,655	379,561	**433,454**
	Operating income	75,209	71,682	68,188	87,069	112,735	**124,894**
Scientific Solutions	Net sales	80,100	100,808	92,432	85,513	98,510	**103,880**
	Operating expenses	74,480	92,255	86,993	81,986	93,575	**97,043**
	Operating income	5,620	8,553	5,439	3,527	4,935	**6,837**
Imaging	Net sales	174,924	131,417	128,561	107,638	96,111	**83,825**
	Operating expenses	171,610	146,436	139,321	130,711	105,293	**97,695**
	Operating income (loss)	3,314	(15,019)	(10,760)	(23,073)	(9,182)	**(13,870)**
Information & Communication	Net sales	189,354	209,520	229,399	114,243	—	**—**
	Operating expenses	184,490	204,278	224,122	112,539	—	**—**
	Operating income	4,864	5,242	5,277	1,704	—	**—**
Others	Net sales	87,992	50,038	48,910	41,733	26,369	**18,618**
	Operating expenses	89,861	53,644	56,902	46,603	31,725	**17,428**
	Operating income (loss)	(1,869)	(3,606)	(7,992)	(4,870)	(5,356)	**1,190**
Elimination or Corporate	Net sales	—	—	—	—	—	**—**
	Operating expenses	25,978	28,472	24,634	29,280	29,687	**28,089**
	Operating loss	(25,978)	(28,472)	(24,634)	(29,280)	(29,687)	**(28,089)**
Consolidated	Net sales	883,086	847,105	848,548	743,851	713,286	**764,671**
	Operating expenses	821,926	808,726	813,030	708,774	639,841	**673,709**
	Operating income	61,160	38,379	35,518	35,077	73,445	**90,962**

Note: On April 1, 2014, the Life Science & Industrial Business was renamed the Scientific Solutions Business.

Net Sales by Region

Millions of yen

Fiscal years ended March 31		2010	2011	2012	2013	2014	2015
Medical	Japan	75,064	79,430	80,418	89,512	105,871	**105,918**
	North America	125,912	129,766	121,020	137,715	175,869	**207,624**
	Europe	103,725	93,925	91,933	102,850	128,675	**143,449**
	Asia and Oceania	34,481	40,182	45,489	54,300	69,673	**89,454**
	Others	11,534	12,019	10,386	10,347	12,208	**11,903**
	Total	350,716	355,322	349,246	394,724	492,296	**558,348**
Scientific Solutions	Japan	21,171	31,114	18,954	17,841	19,823	**16,720**
	North America	18,937	23,011	23,288	20,941	23,475	**29,351**
	Europe	20,753	19,654	20,250	19,119	23,849	**24,621**
	Asia and Oceania	16,856	21,222	23,675	20,907	24,139	**26,513**
	Others	2,383	5,807	6,265	6,705	7,224	**6,675**
	Total	80,100	100,808	92,432	85,513	98,510	**103,880**
Imaging	Japan	27,598	26,087	31,351	31,360	29,876	**24,785**
	North America	41,178	26,280	19,001	16,847	14,801	**12,390**
	Europe	55,002	38,565	40,863	31,944	27,281	**25,293**
	Asia and Oceania	42,123	31,849	32,787	24,704	21,713	**21,089**
	Others	9,023	8,636	4,559	2,783	2,440	**268**
	Total	174,924	131,417	128,561	107,638	96,111	**83,825**
Information & Communication	Japan	189,354	209,520	229,399	114,243	—	**—**
	North America	—	—	—	—	—	**—**
	Europe	—	—	—	—	—	**—**
	Asia and Oceania	—	—	—	—	—	**—**
	Others	—	—	—	—	—	**—**
	Total	189,354	209,520	229,399	114,243	—	**—**
Others	Japan	59,976	40,351	38,115	34,069	17,013	**14,009**
	North America	10,049	2,952	1,954	1,730	1,953	**531**
	Europe	9,047	2,219	3,103	3,266	4,207	**1,860**
	Asia and Oceania	6,585	4,040	5,353	2,484	3,192	**2,218**
	Others	2,335	476	385	184	4	**—**
	Total	87,992	50,038	48,910	41,733	26,369	**18,618**
Total	Japan	373,163	386,502	398,237	287,025	172,583	**161,432**
	North America	196,076	182,009	165,263	177,233	216,098	**249,896**
	Europe	188,527	154,363	156,149	157,179	184,012	**195,223**
	Asia and Oceania	100,045	97,293	107,304	102,395	118,717	**139,274**
	Others	25,275	26,938	21,595	20,019	21,876	**18,846**
	Total	883,086	847,105	848,548	743,851	713,286	**764,671**

Note: On April 1, 2014, the Life Science & Industrial Business was renamed the Scientific Solutions Business.

Net Sales by Product

Millions of yen

Fiscal years ended March 31			2010	2011	2012	2013	2014	**2015**
Medical	Endoscopes	Domestic	40,904	43,848	43,803	47,335	57,136	**56,300**
		Overseas	151,044	151,611	147,995	171,339	216,830	**256,953**
		Total	191,948	195,459	191,798	218,674	273,966	**313,253**
	Surgical	Domestic	15,952	15,461	16,440	20,458	25,648	**26,485**
		Overseas	100,407	100,046	95,654	106,493	133,914	**153,326**
		Total	116,359	115,507	112,094	126,951	159,562	**179,811**
	Endotherapy	Domestic	18,208	20,121	20,175	21,719	23,087	**23,133**
		Overseas	24,201	24,235	25,179	27,380	35,681	**42,151**
		Total	42,409	44,356	45,354	49,099	58,768	**65,284**
	Total (Medical)	Domestic	75,064	79,430	80,418	89,512	105,871	**105,918**
		Overseas	275,652	275,892	268,828	305,212	386,425	**452,430**
		Total	350,716	355,322	349,246	394,724	492,296	**558,348**
Scientific Solutions	Life Science	Domestic	12,743	10,550	10,560	10,315	11,855	**8,400**
		Overseas	35,903	33,914	32,090	28,595	32,923	**36,118**
		Total	48,646	44,464	42,650	38,910	44,778	**44,518**
	Industrial	Domestic	19,493	20,564	8,394	7,526	7,968	**8,320**
		Overseas	29,664	35,780	41,388	39,077	45,764	**51,042**
		Total	49,157	56,344	49,782	46,603	53,732	**59,362**
	Diagnostic Systems (Blood Analyzers)	Domestic	1,950	—	—	—	—	**—**
		Overseas	14,342	—	—	—	—	**—**
		Total	16,292	—	—	—	—	**—**
	Total (Scientific Solutions)	Domestic	34,186	31,114	18,954	17,841	19,823	**16,720**
		Overseas	79,909	69,694	73,478	67,672	78,687	**87,160**
		Total	114,095	100,808	92,432	85,513	98,510	**103,880**
Imaging	Digital Cameras	Domestic	24,215	22,330	27,333	27,234	25,932	**22,345**
		Overseas	134,662	94,534	87,904	67,867	57,670	**46,957**
		Total	158,877	116,864	115,237	95,101	83,602	**69,302**
	Others	Domestic	3,383	3,757	4,018	4,126	3,944	**2,440**
		Overseas	12,664	10,796	9,306	8,411	8,565	**12,083**
		Total	16,047	14,553	13,324	12,537	12,509	**14,523**
	Total (Imaging)	Domestic	27,598	26,087	31,351	31,360	29,876	**24,785**
		Overseas	147,326	105,330	97,210	76,278	66,235	**59,040**
		Total	174,924	131,417	128,561	107,638	96,111	**83,825**
Information & Communication		Domestic	189,354	209,520	229,399	114,243	—	**—**
		Overseas	—	—	—	—	—	**—**
		Total	189,354	209,520	229,399	114,243	—	**—**
Others		Domestic	46,961	40,351	38,115	34,069	17,013	**14,009**
		Overseas	7,036	9,687	10,795	7,664	9,356	**4,609**
		Total	53,997	50,038	48,910	41,733	26,369	**18,618**
Total		Domestic	373,163	386,502	398,237	287,025	172,583	**161,432**
		Overseas	509,923	460,603	450,311	456,826	540,703	**603,239**
		Total	883,086	847,105	848,548	743,851	713,286	**764,671**

Note: On April 1, 2014, the Life Science & Industrial Business was renamed the Scientific Solutions Business.