



August 6, 2019

## Consolidated Financial Results of the First Quarter Ended June 30, 2019 (IFRS)

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Stock exchange listings: Tokyo

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Information meeting for quarterly financial results to be held: Yes (for institutional investors and analysts)

(Amounts are rounded to the nearest millions of yen)

### 1. Consolidated Results of the First Quarter ended June 30, 2019 (From April 1, 2019 to June 30, 2019)

#### (1) Consolidated Operating Results (Percentage represents comparison changes to the same period the previous year)

	Revenue		Operating Profit		Profit before Income Taxes		Profit Attributable to Owners of the Parent		Total Comprehensive Income for the Period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2019	142,952	(14.4)	9,302	(51.1)	10,707	(51.2)	8,200	(49.8)	1,846	(89.0)
Three months ended June 30, 2018	166,905	(2.0)	19,004	53.0	21,929	66.9	16,338	83.8	16,751	27.7

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Three months ended June 30, 2019	20.80	20.72
Three months ended June 30, 2018	41.23	41.10

#### (2) Consolidated Financial Position

	Total Assets	Total Equity	Equity Attributable to Owners of the Parent	Ratio of Equity Attributable to Owners of the Parent to Total Assets
	Millions of yen	Millions of yen	Millions of yen	%
As of June 30, 2019	1,108,578	596,701	595,924	53.8
As of March 31, 2019	1,134,985	616,726	615,920	54.3

### 2. Dividends

	Dividend per Share				
	First quarter ended	Second quarter ended	Third quarter ended	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	—	30.00	—	30.00	60.00
Year ending March 31, 2020	—				
Year ending March 31, 2020 (Planned)		30.00	—	30.00	60.00

(Notes) Revision of cash dividend forecast from the latest announcement: None

3. Consolidated Financial Forecasts for the Year ending March 31, 2020 (From April 1, 2019 to March 31, 2020)  
(Percentage represents comparison changes to the same period the previous year)

	Revenue		Operating Profit		Profit before Income Taxes		Profit Attributable to Owners of the Parent		Basic Earnings per Share Attributable to Owners of the Parent
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half ending September 30, 2019	290,000	(13.6)	15,000	(51.0)	17,000	(49.8)	13,000	(43.0)	33.08
Full year	670,000	(5.5)	52,000	(37.1)	55,000	(37.4)	42,000	(36.9)	106.89

(Note) Revision of forecast from the latest announcement: None

4. Others

(1) Changes in Significant Subsidiaries during the Current Fiscal Year: None

(Note) This refers to the presence or absence of specified subsidiaries, which accompany changes in scope of consolidation in the period under review.

(2) Changes in Accounting Policies and Changes in Accounting Estimates

1. Changes in accounting policies required by IFRS: Yes

2. Changes in accounting policies other than the above: None

3. Changes in accounting estimates: None

(Note) For details, please refer to page 14, "2. Condensed Consolidated Financial Statements (5) Notes to Condensed Consolidated Financial Statements, Changes in Accounting Policies."

(3) Number of shares issued (Common stock)

1. Number of shares issued as of the term end (Including treasury stocks):

First quarter ended June 30, 2019 400,878,921 shares

Year ended March 31, 2019 400,878,921 shares

2. Number of treasury stock as of the term end:

First quarter ended June 30, 2019 11,278,587 shares

Year ended March 31, 2019 4,620,047 shares

3. Average number of shares during the term (Quarterly total):

First quarter ended June 30, 2019 394,293,907 shares

First quarter ended June 30, 2018 396,223,268 shares

※ This report is out of scope of the quarterly review procedure by certified public accountants or auditing firms.

※ Appropriate use of business forecasts; other special items

Performance forecasts and other forward-looking statements included in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Due to various circumstances, however, actual results may differ significantly from such statements.

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## 1. Performance and Financial Position

### (1) Qualitative Information regarding Consolidated Operating Results

During the three months ended June 30, 2019, in the Imaging Products Business, the digital camera-interchangeable lens type market and the compact digital camera market continued to shrink. In the Precision Equipment Business, capital investments for mid-to-small size panels have settled, and capital investments for large-size panels were steady in the FPD-related field. A lull was seen in capital investments in the semiconductor-related field due to the slowdown in the semiconductor market. In the Healthcare Business, performance was solid in both the bioscience field and the ophthalmic diagnosis field.

Under these circumstances, during the three months ended June 30, 2019, decreases were seen in the following: revenue by 23,953 million yen (14.4%) year on year to 142,952 million yen, operating profit by 9,702 million yen (51.1%) year on year to 9,302 million yen, profit before income taxes by 11,222 million yen (51.2%) year on year to 10,707 million yen, and profit attributable to owners of the parent by 8,138 million yen (49.8%) year on year to 8,200 million yen.

Performance by segment is as follows.

In the Imaging Products Business, despite steady sales of full-frame mirrorless cameras and their interchangeable lenses, unit sales of both the digital camera-interchangeable lens type and compact digital cameras fell amidst the shrinking market. In addition, initial costs for the interchangeable lenses for mirrorless cameras also led to the decline in revenue and profits.

In the Precision Equipment Business, revenue and profits fell in the FPD lithography system field due to the decrease in unit sales. In the semiconductor lithography system field, the increase in unit sales of ArF immersion scanners led to a rise in revenue and profits. As a result, revenue and profits both decreased in the business as a whole. In April 2019, the Company started receiving orders for the optical processing machine Lasermeister 100A, which applies the Company's lithography system technology to new fields.

In the Healthcare Business, revenue fell in the bioscience field due to a decrease in sales of biological microscopes. Revenue rose in the ophthalmic diagnosis field due to steady sales of ultra-wide field retinal imaging devices. As a result, while the business overall saw a decline in revenue, initiatives such as reduced costs of biological microscopes and refined investment targets contributed to reducing operating loss.

## (2) Qualitative Information regarding Consolidated Financial Position

The balance of total assets as of June 30, 2019 decreased 26,407 million yen from the end of the previous fiscal year to 1,108,578 million yen. This was mainly because while increases were seen in right-of-use assets by 19,067 million yen and in inventories by 10,645 million yen, decreases were seen in the following: cash and cash equivalents by 30,910 million yen, trade and other receivables by 22,991 million yen and property, plant and equipment by 3,781 million yen. In addition, as a result of adopting IFRS 16 "Leases" (hereinafter, "IFRS 16"), right-of-use assets increased by 19,729 million yen and property, plant and equipment decreased by 2,514 million yen at April 1, 2019.

The balance of total liabilities as of June 30, 2019 decreased 6,382 million yen from the end of the previous fiscal year to 511,877 million yen. This was primarily because while the total of other current financial liabilities and other non-current financial liabilities rose by 16,087 million yen, trade and other payables decreased by 13,273 million yen, other current liabilities fell by 4,781 million yen mainly due to the decrease of accrued expenses, and income tax payables decreased by 3,568 million yen. In addition, as a result of adopting IFRS 16, lease liabilities, which are included in other current financial liabilities and other non-current financial liabilities, increased by 16,975 million yen at April 1, 2019.

The balance of total equity as of June 30, 2019 decreased 20,025 million yen from the end of the previous fiscal year to 596,701 million yen. This was mainly because treasury stock increased 9,977 million yen primarily due to the repurchasing of own shares, retained earnings decreased 3,705 million yen as a result of dividends paid despite posting profit attributable to owners of the parent, and other components of equity fell by 6,342 million yen primarily due to the decrease in exchange differences on transition of foreign operations.

During the three months ended June 30, 2019, for the cash flows from operating activities, net cash of 3,425 million yen was provided in operating activities, as profit before income taxes of 10,707 million yen and depreciation and amortization of 8,294 million yen were posted, and settlement from legal proceedings over patents was received. However on the contrary, increases were seen in inventories, and trade and other payables decreased. (Net cash of 35,470 million yen was provided in the same period the previous fiscal year).

For the cash flows from investing activities, net cash of 4,214 million yen was used in investing activities, primarily owing to the purchases of property, plant and equipment and intangible assets, in addition to purchases of investment securities, in spite of the proceeds from sales of property, plant and equipment of 4,013 million yen. (Net cash of 7,830 million yen was used in the same period the previous fiscal year).

For the cash flows from financing activities, net cash used in financing activities was 25,620 million yen, mainly due to the payment of dividends and the repurchasing of own shares. (Net cash of 8,860 million yen was used in the same period the previous fiscal year).

In addition, the effect of exchange rate changes on cash and cash equivalents decreased 4,501 million yen.

As a result of the above, the balance of cash and cash equivalents as of June 30, 2019 fell by 30,910 million yen from the end of the previous fiscal year to 380,144 million yen.

### (3) Qualitative Information regarding Consolidated Financial Forecasts

Regarding the business environment for the fiscal year ending March 31, 2020, in the Imaging Products Business, both the digital camera-interchangeable lens type market and the compact digital camera market are forecast to continue to shrink. As for the Precision Equipment Business, in the FPD-related field, although capital investments for mid-to-small size panels are expected to stay stabilized, capital investments for large-size panels are forecast to remain solid. A lull is expected for capital investments in the semiconductor-related field due to a slowdown in the semiconductor market. For the Healthcare Business, the bioscience field is expected to remain steady, and sales are expected to grow in new businesses related to cell contract manufacturing and stem cells. In the ophthalmic diagnosis field, the retinal diagnostic imaging equipment market is forecast to remain solid, mainly overseas.

There are no changes to the first-half and full-year consolidated financial forecasts for the fiscal year ending March 31, 2020 announced on May 9, 2019.

## 2. Condensed Consolidated Financial Statements

### (1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019	Changes
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	411,055	380,144	(30,910)
Trade and other receivables	115,847	92,856	(22,991)
Inventories	253,336	263,981	10,645
Other current financial assets	3,145	3,463	318
Other current assets	15,306	17,825	2,519
Total current assets	798,689	758,270	(40,419)
Non-current assets			
Property, plant and equipment	116,119	112,338	(3,781)
Right-of-use assets	—	19,067	19,067
Goodwill and intangible assets	59,176	56,970	(2,206)
Net defined benefit assets	5,097	5,050	(47)
Investments accounted for using the equity method	9,748	9,937	189
Other non-current financial assets	91,263	91,484	220
Deferred tax assets	51,383	51,999	616
Other non-current assets	3,508	3,461	(47)
Total non-current assets	336,296	350,308	14,012
Total assets	1,134,985	1,108,578	(26,407)

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019	Changes
LIABILITIES/ EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables	96,493	83,220	(13,273)
Bonds and borrowings	14,400	12,150	(2,250)
Income tax payables	8,222	4,654	(3,568)
Advances received	192,862	195,362	2,500
Provisions	5,619	5,300	(319)
Other current financial liabilities	27,006	32,915	5,910
Other current liabilities	38,961	34,181	(4,781)
Total current liabilities	383,564	367,783	(15,781)
Non-current liabilities			
Bonds and borrowings	112,010	111,324	(686)
Net defined benefit liabilities	9,031	9,468	437
Provisions	4,944	5,033	89
Deferred tax liabilities	4,063	3,574	(489)
Other non-current financial liabilities	2,140	12,317	10,177
Other non-current liabilities	2,507	2,378	(129)
Total non-current liabilities	134,695	144,094	9,399
Total liabilities	518,259	511,877	(6,382)
EQUITY			
Capital stock	65,476	65,476	—
Capital surplus	81,424	81,453	30
Treasury stock	(13,044)	(23,022)	(9,977)
Other components of equity	(19,992)	(26,334)	(6,342)
Retained earnings	502,056	498,351	(3,705)
Equity attributable to owners of the parent	615,920	595,924	(19,995)
Non-controlling interests	806	776	(29)
Total equity	616,726	596,701	(20,025)
Total liabilities and equity	1,134,985	1,108,578	(26,407)



(2) Condensed Consolidated Statements of Profit or Loss and Comprehensive Income  
Condensed Consolidated Statement of Profit or Loss

	Three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)		Three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)		Changes
	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)	Ratio to revenue (%)	(Millions of yen)
Revenue	166,905	100.0	142,952	100.0	(23,953)
Cost of sales	(91,797)	(55.0)	(86,291)	(60.4)	5,506
Gross profit	75,108	45.0	56,661	39.6	(18,447)
Selling, general and administrative expenses	(56,587)		(52,063)		4,524
Other income	1,221		4,885		3,664
Other expenses	(738)		(181)		557
Operating Profit	19,004	11.4	9,302	6.5	(9,702)
Finance income	3,053		1,956		(1,097)
Finance costs	(555)		(1,120)		(565)
Share of the profit of investments accounted for using the equity method	427		569		142
Profit before income taxes	21,929	13.1	10,707	7.5	(11,222)
Income tax expenses	(5,553)		(2,483)		3,070
Profit for the period	16,376	9.8	8,224	5.8	(8,152)
Attributable to:					
Owners of the parent	16,338	9.8	8,200	5.7	(8,138)
Non-controlling interests	39		25		(14)
Profit for the period	16,376	9.8	8,224	5.8	(8,152)
Earnings per share:					
Basic earnings per share (Yen)	41.23		20.80		
Diluted earnings per share (Yen)	41.10		20.72		

# Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)	Three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)	Changes
Profit for the period	16,376	8,224	(8,152)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain (loss) on financial assets measured at fair value through other comprehensive income	417	(18)	(435)
Share of other comprehensive income of investments accounted for using the equity method	1	(3)	(4)
Total of items that will not be reclassified subsequently to profit or loss	418	(21)	(439)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	(25)	(6,272)	(6,246)
Effective portion of the change in fair value on cash flow hedges	(26)	(56)	(30)
Share of other comprehensive income of investments accounted for using the equity method	9	(29)	(38)
Total of items that may be reclassified subsequently to profit or loss	(43)	(6,357)	(6,315)
Other comprehensive income, net of taxes	375	(6,378)	(6,753)
Total comprehensive income for the period	16,751	1,846	(14,905)
Attributable to:			
Owners of the parent	16,720	1,858	(14,862)
Non-controlling interests	31	(11)	(43)
Total comprehensive income for the period	16,751	1,846	(14,905)

## (3) Condensed Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent				
	Capital stock	Capital surplus	Treasury stock	Other components of equity	
				Gain (loss) on financial assets measured at fair value through other comprehensive income	Share of other comprehensive income of investments accounted for using the equity method
As of April 1, 2018	65,476	81,333	(13,152)	12,726	(799)
Profit for the period	—	—	—	—	—
Other comprehensive income	—	—	—	417	10
Total comprehensive income for the period	—	—	—	417	10
Dividends	—	—	—	—	—
Acquisition and disposal of treasury stock	—	(0)	(0)	—	—
Share-based payments	—	50	—	—	—
Changes in the ownership interest in subsidiaries	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(95)	—
Total transactions with owners	—	50	(0)	(95)	—
As of June 30, 2018	65,476	81,383	(13,153)	13,048	(789)

As of April 1, 2019	65,476	81,424	(13,044)	8,544	(835)
Profit for the period	—	—	—	—	—
Other comprehensive income	—	—	—	(10)	(32)
Total comprehensive income for the period	—	—	—	(10)	(32)
Dividends	—	—	—	—	—
Acquisition and disposal of treasury stock	—	(0)	(10,000)	—	—
Share-based payments	—	30	23	—	—
Changes in the ownership interest in subsidiaries	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—
Total transactions with owners	—	30	(9,977)	—	—
As of June 30, 2019	65,476	81,453	(23,022)	8,535	(867)

(Millions of yen)

(millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total		
	Exchange differences on translation of foreign operations	Effective portion of the change in fair value on cash flow hedges	Total				
As of April 1, 2018	(30,406)	169	(18,310)	457,561	572,908	633	573,541
Profit for the period	—	—	—	16,338	16,338	39	16,376
Other comprehensive income	(18)	(26)	382	—	382	(7)	375
Total comprehensive income for the period	(18)	(26)	382	16,338	16,720	31	16,751
Dividends	—	—	—	(8,730)	(8,730)	(35)	(8,764)
Acquisition and disposal of treasury stock	—	—	—	—	(1)	—	(1)
Share-based payments	—	—	—	—	50	—	50
Changes in the ownership interest in subsidiaries	—	—	—	—	—	6	6
Transfer from other components of equity to retained earnings	—	—	(95)	95	—	—	—
Total transactions with owners	—	—	(95)	(8,635)	(8,680)	(29)	(8,709)
As of June 30, 2018	(30,424)	142	(18,023)	465,264	580,948	635	581,583

As of April 1, 2019	(27,723)	21	(19,992)	502,056	615,920	806	616,726
Profit for the period	—	—	—	8,200	8,200	25	8,224
Other comprehensive income	(6,244)	(56)	(6,342)	—	(6,342)	(36)	(6,378)
Total comprehensive income for the period	(6,244)	(56)	(6,342)	8,200	1,858	(11)	1,846
Dividends	—	—	—	(11,905)	(11,905)	(38)	(11,943)
Acquisition and disposal of treasury stock	—	—	—	—	(10,001)	—	(10,001)
Share-based payments	—	—	—	—	53	—	53
Changes in the ownership interest in subsidiaries	—	—	—	—	—	20	20
Transfer from other components of equity to retained earnings	—	—	—	—	—	—	—
Total transactions with owners	—	—	—	(11,905)	(21,853)	(18)	(21,871)
As of June 30, 2019	(33,967)	(35)	(26,334)	498,351	595,924	776	596,701

## (4) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)	Three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)
Cash flows from operating activities:		
Profit before income taxes	21,929	10,707
Depreciation and amortization	6,809	8,294
Impairment losses	34	—
Interest and dividend income	(1,760)	(1,399)
Share of the (profit) loss of investments accounted for using the equity method	(427)	(569)
Losses (gains) on sales of property, plant and equipment	(11)	(3,970)
Interest expenses	347	479
Decrease (increase) in trade and other receivables	9,759	21,791
Decrease (increase) in inventories	(13,107)	(13,356)
Increase (decrease) in trade and other payables	1,361	(11,956)
Increase (decrease) in advances received	22,874	4,491
Increase (decrease) in provisions	(596)	(80)
Others, net	(1,365)	(5,249)
Subtotal	45,847	9,183
Interest and dividend income received	1,372	1,538
Interest expenses paid	(34)	(100)
Income taxes (paid) refund	(11,716)	(7,195)
Net cash provided by operating activities	35,470	3,425
Cash flows from investing activities:		
Purchases of property, plant and equipment	(5,582)	(5,242)
Proceeds from sales of property, plant and equipment	43	4,013
Purchases of intangible assets	(1,907)	(1,743)
Purchase of investment securities	(813)	(1,368)
Transfer to time deposits	(1,772)	(653)
Proceeds from withdrawal from time deposits	2,401	283
Others, net	(200)	495
Net cash used in investing activities	(7,830)	(4,214)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	—	(2,250)
Repayments of lease obligations	(236)	(1,717)
Cash dividends paid	(8,549)	(11,607)
Cash dividends paid to non-controlling interests	(35)	(38)
Purchase of treasury shares	(1)	(10,001)
Others, net	(39)	(7)
Net cash used in financing activities	(8,860)	(25,620)
Effect of exchange rate changes on cash and cash equivalents	359	(4,501)
Net increase (decrease) in cash and cash equivalents	19,138	(30,910)
Cash and cash equivalents at the beginning of the period	388,438	411,055
Cash and cash equivalents at the end of the period	407,576	380,144

(5) Notes to Condensed Consolidated Financial Statements

(Note regarding Going Concern Assumption)

Not applicable

(Changes in Accounting Policies)

The Group adopted IFRS 16 “Leases” (hereinafter, “IFRS 16”) from the three months ended June 30, 2019.

		Summaries of new standards and amendments
IFRS 16	Leases	Accounting and relevant disclosure requirements for leases

In transitioning to IFRS 16, the Group chose the practical expedient detailed in IFRS 16 paragraph C3 and grandfathered its assessments of whether contracts are lease contracts or contracts that contain leases based on IAS 17 “Leases” (hereinafter, “IAS 17”) and IFRIC 4 “Determining whether an Arrangement contains a Lease.” For contracts with lease commencement dates after the date of application, assessments have been based on IFRS 16.

For leases that were previously classified as finance leases under IAS 17 and in which the Group was the lessee, the carrying amounts of right-of-use assets and lease liabilities at the date of initial application of IFRS 16 were the carrying amounts of lease assets and lease liabilities based on IAS 17 as of March 31, 2019.

For leases that were previously classified as operating leases under IAS 17 and in which the Group was the lessee, the right-of-use assets and lease liabilities were recognized at the date of initial application in accordance with IFRS 16 paragraph C8. Lease liabilities were measured at the present value of the remaining lease payments discounted using the lessee’s incremental borrowing rate at the date of initial application. The weighted average of the lessee’s incremental borrowing rate was 0.9%. Right-of-use assets were initially measured at the initial measurement amount of the lease liability and were adjusted for factors such as prepaid lease payments. In addition, the Group applied the following practical expedients in the application of IFRS 16.

- As an alternative to performing an impairment review, the Group relied on its assessment of whether leases are onerous in accordance with IAS 37 “Provision, Contingent Liabilities and Contingent Assets” immediately before the date of initial application.
- Leases with lease terms that will end within 12 months of the date of initial application were accounted for in the same way as short-term leases.
- Initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.

Upon the adoption of IFRS 16, the Group retrospectively recognized the cumulative effect of initial application as a transitional measure in accordance with IFRS 16 paragraph C5 (b), which was recognized at the date of initial application (April 1, 2019). The following table is a reconciliation of non-cancellable operating lease contracts under IAS 17 as of March 31, 2019 and lease liabilities recognized in the condensed consolidated statement of financial position at the date of initial application.

(Millions of yen)	
Non-cancellable operating lease contracts	4,523
(a) Finance lease liabilities as of March 31, 2019	2,582
(b) Cancellable operating lease contracts	14,169
(c) Leases accounted as short-term leases or leases of low-value assets	(1,717)
Lease liabilities recognized in the condensed consolidated statement of financial position at the date of initial application	19,557

(Note) Lease liabilities are included in other current financial liabilities and other non-current financial liabilities in the condensed consolidated statement of financial position.

(Segment Information)

(1) Outline of Reportable Business Segments

The business segments that the Group reports are the business units for which the Company is able to obtain respective financial information separately for the Board of Directors to conduct periodic investigations to determine distribution of management resources and evaluate the Group's business results.

In consideration of the similarity of economic characteristics, the Group integrated its business divisions into three reportable segments consisting of the Imaging Products Business, the Precision Equipment Business, and the Healthcare Business.

The Imaging Products Business provides products and services of imaging products and its peripheral domain, such as digital SLR cameras, compact digital cameras and interchangeable camera lenses. The Precision Equipment Business provides products and services with regard to the FPD lithography system and semiconductor lithography system. The Healthcare Business provides products and services for bioscience and ophthalmic diagnosis fields, such as biological microscopes, cell culture observation systems, and ultra-wide field retinal imaging devices.

(2) Information on Reportable Business Segments

Profit or loss of reportable segments is based on operating profit. The intersegment revenues are based on current market prices.

Information on revenue and profit (loss) by reportable segment is as follows.

For the three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Industrial Metrology and Others (Note1)	Total	Reconciliation (Note2)	Consolidated
Revenue							
External customers	79,127	59,022	13,333	15,422	166,905	—	166,905
Intersegment	257	80	40	15,671	16,049	(16,049)	—
Total	79,384	59,102	13,374	31,094	182,953	(16,049)	166,905
Segment profit (loss)	12,413	14,117	(2,144)	1,164	25,550	(6,546)	19,004
Finance income							3,053
Finance costs							(555)
Shares of the profit of investments accounted for using the equity method							427
Profit before income taxes							21,929

Notes: 1. The "Industrial Metrology and Others" category consists of operations not included in the reportable segments such as the Industrial Metrology Business, the Glass Business, and the Customized Products Business.

2. Regarding segment profit (loss), reconciliation is made between segment profit (loss) and operating profit reported in the condensed consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of minus 307 million yen and corporate profit (loss) of minus 6,239 million yen. The main components of corporate profit (loss) are fundamental research expenses, general and administrative expenses of headquarter functions, expenses incurred to establish new business, and other income or expenses that cannot be attributed to any segments.

For the three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)

(Millions of yen)

	Imaging Products	Precision Equipment	Healthcare	Industrial Metrology and Others (Note1)	Total	Reconciliation (Note2)	Consolidated
Revenue							
External customers	67,308	50,974	12,931	11,739	142,952	—	142,952
Intersegment	173	109	54	14,956	15,292	(15,292)	—
Total	67,481	51,083	12,985	26,695	158,244	(15,292)	142,952
Segment profit (loss)	3,589	10,177	(1,945)	431	12,252	(2,949)	9,302
Finance income							1,956
Finance costs							(1,120)
Shares of the profit of investments accounted for using the equity method							569
Profit before income taxes							10,707

Notes: 1. The "Industrial Metrology and Others" category consists of operations not included in the reportable segments such as the Industrial Metrology Business, the Glass Business, and the Customized Products Business.

2. Regarding segment profit (loss), reconciliation is made between segment profit (loss) and operating profit reported in the condensed consolidated statement of profit or loss. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of minus 1,001 million yen and corporate profit (loss) of minus 1,949 million yen. Out of the corporate profit (loss) of minus 1,949 million yen, gains from sales of land of 3,888 million yen are recognized in other income reported in the condensed consolidated statement of profit or loss. The main components of corporate profit (loss) are fundamental research expenses, general and administrative expenses of headquarter functions, expenses incurred to establish new business, and other income or expenses that cannot be attributed to any segments.



(Contingent Liabilities)

(Litigation)

The Company and its group companies are exposed throughout their business activities to the possibility of being involved in a contentious case, becoming a defendant in a lawsuit, and being the object of inquiries by government agencies, in Japan and overseas. The Company and its group companies examine the possibility of recognizing a provision for the obligation arising from a contentious case or a lawsuit, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Company's subsidiary in India (hereinafter referred as "Subsidiary in India") was inquired by the Indian Tax Authority regarding the import of the Company's digital cameras, and in October 2016, the imposition was confirmed in relation to the customs duty, interest, and penalty concerning those products. In January 2017, the Subsidiary in India appealed to the Customs, Excise and Service Tax Appellate Tribunal; however, the appeal was dismissed in December 2017. To object to this decision, in January 2018, the Subsidiary in India filed an appeal to the Supreme Court of India, which was admitted in March 2018 for the final hearing and decision. As it is currently unable to forecast the final decision, the provision is not recognized in accordance with the aforementioned accounting policy.

In regard to any other cases, no significant impact on the Company's consolidated performance and financial position is expected at this point in time.