Summary of Consolidated Financial Results [IFRS]
for the First Nine Months of the Fiscal Year Ending March 31, 2019

February 6, 2019

Listed company name	:	Sysmex Corporation
Code	:	6869
Listed stock exchanges	:	Tokyo Stock Exchange
URL	:	www.sysmex.co.jp
Company representative	:	Hisashi Ietsugu, Chairman and CEO
Contact	:	Kensuke Iizuka, Executive Officer, Corporate Business Administration
Phone	:	078(265)-0500
Scheduled date for filing of quarterly report	:	February13, 2019
Scheduled date for dividend payment	:	—
Preparation of supplementary material for quarterly earnings	:	Yes
Holding of earnings announcement	:	Yes

(Unit: Millions of Yen)

1. Results for the First Nine Months of the Fiscal Year Ending March 31, 2019

(1) Operating results

(% changes as compared with the corresponding period of the previous fiscal year)

	Net Sales		Operating profit		Profit before tax		Profit	
Nine months ended Dec. 31, 2018	208,372	2.9%	42,570	(4.5)%	39,931	(11.5)%	28,816	(5.1)%
Nine months ended Dec. 31, 2017	202,551	12.0%	44,583	13.8%	45,130	21.3%	30,359	(4.7)%

	Profit attributable to owners of the parent		Total comprehensive income		Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Nine months ended Dec. 31, 2018	28,907	(5.4)%	25,280	(34.6)%	138.58	138.34
Nine months ended Dec. 31, 2017	30,555	(4.4)%	38,628	26.9%	146.72	146.37

(2) Financial condition

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent to total assets
As of Dec. 31, 2018	323,444	252,431	251,730	77.8%
As of Mar. 31, 2018	321,979	241,443	240,749	74.8%

2. Dividend

	Dividend per share				
	First quarter (Yen)	Second quarter (Yen)	Third quarter (Yen)	Year-end (Yen)	Annual (Yen)
Year ended Mar. 31, 2018	—	30.00	—	36.00	66.00
Year ending Mar. 31, 2019	—	34.00	—		
Year ending Mar. 31, 2019 (Forecast)				34.00	68.00

Note: Revision of dividends forecast for this period: No

3. Financial Forecast for the Year Ending March 31, 2019

(% changes as compared with the corresponding period of the previous fiscal year)

	Net Sales		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share (Yen)
Year ending Mar. 31, 2019	300,000	6.4%	59,000	(0.1)%	56,000	(3.6)%	39,500	0.7%	189.34

Note: Revision of business forecast for this period: No

4. Other Information

(1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation): No

(2) Changes in accounting policies and accounting estimates
1) Changes in accounting policies required by IFRS: Yes
2) Other changes in accounting policies: No
3) Changes in accounting estimates: No

(3) Number of outstanding stock (common stock)
1) Number of outstanding stock at the end of each fiscal period (including treasury stock):
209,112,032 shares as of Dec. 31, 2018; 208,964,432 shares as of Mar. 31, 2018
2) Number of treasury stock at the end of each fiscal period:
446,020 shares as of Dec. 31, 2018; 445,468 shares as of Mar. 31, 2018
3) Average number of outstanding stock for each period (cumulative):
208,603,219 shares for the nine months ended Dec. 31, 2018
208,256,163 shares for the nine months ended Dec. 31, 2017

Note: Quarterly summaries of financial results are excluded from quarterly reviews.

* Explanation regarding the appropriate use of financial forecast and other information

1. Basic earnings per share have been revised from the figures indicated in the consolidated financial forecast announced on November 7, 2018, in accordance with changes in the number of shares of outstanding stock and treasury stock. No other figures in the financial forecast have been revised.
2. The forecasts and future projections contained herein have been prepared on the basis of rational decisions given the information available as of the date of announcement of this document. These forecasts do not represent a commitment by the Company, and actual performance may differ substantially from forecasts for a variety of reasons. Please refer to “3) Consolidated financial forecast” within “1. Qualitative information on quarterly financial results” on page 5 of the attachment to this document for cautionary statements concerning the conditions and performance forecasts that serve as the basis for these forecasts.
3. Supplementary financial materials (in Japanese and English) will be posted on the Sysmex website on Wednesday, February 6, 2019.

Content of Supplementary Materials

1. Qualitative information on quarterly financial results	2
1) Operating performance analysis	2
2) Financial conditions analysis	5
3) Consolidated financial forecast	5
2. Condensed quarterly consolidated financial statements and notes	6
1) Condensed quarterly consolidated statement of financial position	6
2) Condensed quarterly consolidated statement of income	8
3) Condensed quarterly consolidated statement of other comprehensive income	9
4) Condensed quarterly consolidated statement of changes in equity	10
5) Condensed quarterly consolidated statement of cash flows	11
6) Notes to the condensed quarterly consolidated financial statements	12
1. Notes related to the going concern assumption	12
2. Changes in accounting policies	12
3. Segment information	13

1. Qualitative information on quarterly financial results

1) Operating performance analysis

Future-related information contained in the text below is based on the judgement as of the end of the fiscal period under review.

During the first nine months of the fiscal year ending March 31, 2019, the Japanese economy continued its modest recovery, buoyed by firm corporate capital investment and personal consumption. Overall, the overseas economy continued its gradual recovery, despite ongoing uncertainties, including prolonged trade friction stemming from US trade policies, European fiscal policy trends and concerns about economic deceleration in China.

On the healthcare front, as Japan becomes the world's longest-lived society the call is growing for the development of healthcare technologies that will help maintain long and healthy lives. This trend is expected to contribute to ongoing expansion of the healthcare market. In the United States, reviews of the Affordable Care Act—introduced to reduce the number of people without medical insurance—are being prolonged, though their impact on the market is limited. In China, policies to curtail medical expenses are gaining momentum, but healthcare-related demand remains solid due to national strategy measures. We also expect new domains to open up as genetic analysis technologies are used on the healthcare front.

Under these conditions, Sysmex is building the Bio-Diagnostic Reagent Center in Seishin Industrial Park (Nishi-ku, Kobe). The Company aims to strengthen its business mainly in the hemostasis, immunochemistry and life science fields by the integrated process from research and development, procurement of substances, and production to distribution of bio-diagnostic reagents using proteins and biological substances. The center adjoins Technopark, our R&D hub, and is slated to commence operations in April 2019.

To make hemostasis testing even more efficient and of higher quality, in December 2018 Sysmex launched Automated Blood Coagulation Analyzer CN-6000/CN-3000 in Japan. Compared with conventional products, the new models feature reduced measurement time and a smaller footprint. They also connect to Caresphere™, Sysmex's new network solution, which enables customers to monitor and analyze the status of instruments and the overall laboratory. Going forward, the Company plans to launch these instruments in overseas markets, as well.

In recent years, attention has focused on clinical cancer sequence testing that obtains a tumor genome profile*, which analyzes abnormalities in cancer-specific genes in cancer patients and elicits useful information to aid in cancer diagnosis and treatment and the selection of anti-cancer drugs. With the aim of introducing clinical cancer sequence testing into clinical settings at an early stage, in December 2018 Sysmex received manufacturing and marketing approval in Japan for the first time for the OncoGuide™ NCC Oncopanel System to be used in cancer genome profiling, which the Company developed jointly with the National Cancer Center. The testing utilizing this system are currently being conducted at 50 core hospitals for cancer genomic medicine, including the National Cancer Center Hospital, and affiliated hospitals. To expand opportunities for patients to receive this testing, we plan to apply for health insurance coverage for the system. Our aims are to bring patients a new method for diagnosing cancer and to promote the development and advancement of healthcare.

*Tumor genome profile:

Information obtained by simultaneously analyzing mutations, copy number alterations and fusion of multiple genes of significance to cancer diagnostics.

Net sales by destination

	Nine months ended December 31, 2017		Nine months ended December 31, 2018		YoY (Previous period = 100)
	Amount (Millions of yen)	Percentage of total (%)	Amount (Millions of yen)	Percentage of total (%)	
Japan	32,251	15.9	31,824	15.3	98.7
Americas	46,612	23.0	48,771	23.4	104.6
EMEA	53,360	26.4	55,232	26.5	103.5
China	52,321	25.8	54,795	26.3	104.7
Asia Pacific	18,005	8.9	17,748	8.5	98.6
Overseas subtotal	170,300	84.1	176,548	84.7	103.7
Total	202,551	100.0	208,372	100.0	102.9

In Japan, reagent sales increased, centered on the hematology, immunochemistry and urinalysis fields, but overall sales fell, due to the dissolution of a joint venture, Sysmex bioMérieux Co., Ltd,. As a result, sales in Japan decreased 1.3% year on year, to ¥31,824 million.

In overseas markets, instrument sales were down, mainly in the hematology field, but reagent sales increased in the hematology, hemostasis and immunochemistry fields. Consequently, overseas sales for the Sysmex Group rose 3.7% year on year, to ¥176,548 million. The overseas sales ratio rose 0.6 percentage point, to 84.7%.

As a result, during the first nine months of the fiscal year ending March 31, 2019, the Group recorded consolidated net sales of ¥208,372 million, up 2.9% year on year. Operating profit declined 4.5%, to ¥42,570 million; profit before tax decreased 11.5%, to ¥39,931 million; and profit attributable to owners of the parent fell 5.4%, to ¥28,907 million.

Performance by segment

(1) Japan

In Japan, sales increased 0.1% year on year, to ¥33,663 million, benefiting from higher sales of reagents, mainly in the hematology, immunochemistry and urinalysis fields, despite a drop in sales due to the dissolution of a joint venture Sysmex bioMérieux.

On the profit front, both SG&A expenses and R&D expenses increased, leading to a 5.9% year-on-year decline in segment profit (operating profit) to ¥28,060 million.

(2) Americas

In North America, sales of reagents and maintenance services increased, mainly in the hematology field. Instrument sales also expanded in the hemostasis field, pushing up sales. In Central and South America, sales fell as instrument sales dropped, principally in the hematology field. Overall, sales in the Americas grew 3.2% year on year, to ¥45,631 million.

Segment profit (operating profit) fell 33.9% year on year, to ¥2,515 million, due to a higher cost of sales stemming from such factors as an increase in payments of Group trademark royalties.

(3) EMEA

Sales of reagents increased mainly in the hematology and life science fields, causing sales in the segment to grow 4.1%, to ¥56,772 million.

Although SG&A expenses increased, the impact of higher sales and an improved cost of sales ratio led to an increase in gross profit and caused segment profit (operating profit) to surge 8.2% year-on-year, to ¥4,707 million.

(4) China

Despite lower instrument sales in the hematology and hemostasis fields, reagent sales increased in hemostasis and immunochemistry fields, leading to a 4.7% year-on-year sales rise, to

¥54,726 million.

Due to higher sales and other operating income, segment profit (operating profit) rose 15.2% year on year, to ¥6,984 million.

(5) Asia Pacific

In Taiwan and South Korea, sales increased, mainly in the hematology field. However, in Southeast Asia fell in comparison with the corresponding period of the previous year, when we benefited from large government-tender acquisitions in India and Bangladesh. Consequently, sales in the Asia Pacific region declined 1.8% year on year, to ¥17,578 million.

Although SG&A expenses increased, segment profit (operating profit) grew 4.1% year on year, to ¥2,298 million, due to the effects of an improved cost of sales ratio, which pushed up gross profit.

2) Financial conditions analysis

(1) Financial conditions

As of December 31, 2018, total assets amounted to ¥323,444 million, up ¥1,464 million from March 31, 2018. As principal factors, cash and cash equivalents fell ¥15,554 million. However, other short-term financial assets rose ¥8,206 million, property, plant and equipment grew ¥3,746 million, inventories expanded ¥3,387 million, and other current assets increased ¥2,066 million.

Meanwhile, total liabilities as of December 31, 2018, were ¥71,013 million, down ¥9,522 million from their level on March 31, 2018. Principal factors included decreases of ¥3,547 million in income taxes payable, ¥3,013 million in trade and other payables, ¥2,440 million in accrued bonuses.

Total equity came to ¥252,431 million, up ¥10,987 million from March 31, 2018. Among principal reasons, retained earnings increased ¥14,062 million, and other components of equity decreased ¥3,535 million. Equity attributable to owners of the parent to total assets as of December 31, 2018, was 77.8%, up 3.0 percentage points from the 74.8% recorded as of March 31, 2018.

(2) Cash flows

As of December 31, 2018, cash and cash equivalents amounted to ¥45,889 million, down ¥15,554 million from March 31, 2018.

Cash flows from various activities during the first nine months of the fiscal year are described in more detail below.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥29,092 million, down ¥5,133 million from the first nine months of the previous fiscal year. As principal factors, profit before tax provided ¥39,931 million (¥5,199 million less than in the corresponding period of the preceding year), depreciation and amortization provided ¥11,645 million (¥752 million more than in the corresponding period of the preceding year), a decrease in trade receivables provided ¥2,780 million (up ¥2,612 million), an increase in inventories used ¥3,823 million (down ¥2,167 million), a decrease in trade payables used ¥1,477 million (provided ¥2,818 million in the corresponding period of the preceding year), and income taxes paid used ¥15,768 million (up ¥5,795 million).

(Cash flows from investing activities)

Net cash used in investing activities was ¥29,420 million (up ¥2,543 million). Among major factors, purchases of property, plant and equipment used ¥12,286 million (up ¥3,698 million from the corresponding period of the previous fiscal year), purchases of intangible assets used ¥6,656 million (down ¥297 million), purchases of investments in equity instruments used ¥2,015 million (up ¥199 million) and payments into time deposits used ¥7,648 million (up ¥7,616 million).

(Cash flows from financing activities)

Net cash used in financing activities was ¥14,176 million (up ¥2,155 million). This was mainly due to dividends paid of ¥14,600 million (up ¥2,106 million).

3) Consolidated financial forecast

The Company maintains its consolidated financial forecasts, as announced on November 7, 2018.

These forecasts are based on information available as of the date of this release. Actual results may differ materially from these forecast due to unforeseen factors and future events.

2. Condensed quarterly consolidated financial statements and notes

1) Condensed quarterly consolidated statement of financial position

(Unit: Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	61,444	45,889
Trade and other receivables	72,567	69,311
Inventories	40,975	44,362
Other short-term financial assets	214	8,420
Income taxes receivables	619	873
Other current assets	9,131	11,198
Total current assets	184,952	180,057
Non-current assets		
Property, plant and equipment	67,651	71,397
Goodwill	12,251	11,882
Intangible assets	29,765	31,398
Investments accounted for using the equity method	411	1,251
Trade and other receivables	10,882	11,800
Other long-term financial assets	7,486	6,461
Asset for retirement benefits	802	769
Other non-current assets	2,343	2,830
Deferred tax assets	5,432	5,593
Total non-current assets	137,027	143,387
Total assets	321,979	323,444

(Unit: Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	28,579	25,565
Other short-term financial liabilities	690	674
Income taxes payable	7,717	4,169
Provisions	614	655
Contract liabilities	—	8,199
Advances received	4,588	—
Accrued expenses	10,632	10,394
Accrued bonuses	7,474	5,033
Other current liabilities	10,501	7,083
Total current liabilities	70,796	61,776
Non-current liabilities		
Long-term financial liabilities	712	587
Liability for retirement benefits	731	832
Provisions	202	224
Other non-current liabilities	2,652	3,028
Deferred tax liabilities	5,439	4,563
Total non-current liabilities	9,739	9,237
Total liabilities	80,536	71,013
Equity		
Equity attributable to owners of the parent		
Capital stock	12,276	12,570
Capital surplus	17,664	17,829
Retained earnings	214,952	229,014
Treasury stock	(295)	(301)
Other components of equity	(3,847)	(7,383)
Total equity attributable to owners of the parent	240,749	251,730
Non-controlling interests	693	700
Total equity	241,443	252,431
Total liabilities and equity	321,979	323,444

2) Condensed quarterly consolidated statement of income

(Unit: Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	202,551	208,372
Cost of sales	87,373	92,566
Gross profit	115,178	115,806
Selling, general and administrative expenses	59,024	60,307
Research and development expenses	11,921	13,330
Other operating income	471	1,078
Other operating expenses	120	676
Operating profit	44,583	42,570
Financial income	228	291
Financial expenses	139	307
Share of profit (loss) of associates accounted for using the equity method	(447)	(1,161)
Gain on sale of shares of associates	1,221	―
Foreign exchange gain (loss)	(315)	(1,460)
Profit before tax	45,130	39,931
Income taxes expenses	14,770	11,115
Profit	30,359	28,816
Profit attributable to		
Owners of the parent	30,555	28,907
Non-controlling interests	(195)	(91)
Profit	30,359	28,816

(Unit: Yen)

Earnings per share		
Basic	146.72	138.58
Diluted	146.37	138.34

3) Condensed quarterly consolidated statement of other comprehensive income

(Unit: Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	30,359	28,816
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net gain (loss) on financial assets measured at fair value through other comprehensive income	626	(643)
Total	626	(643)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	7,641	(2,894)
Share of other comprehensive income of investments accounted for using the equity method	0	2
Total	7,642	(2,892)
Total other comprehensive income	8,268	(3,535)
Comprehensive income	38,628	25,280
Comprehensive income attributable to		
Owners of the parent	38,823	25,371
Non-controlling interests	(195)	(91)
Comprehensive income	38,628	25,280

4) Condensed quarterly consolidated statement of changes in equity

Nine months ended December 31, 2017

(Unit: Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
As of April 1, 2017	11,611	17,303	188,506	(289)	(7,725)	209,406	845	210,252
Cumulative effects of changes in accounting policies			—			—		—
Restated balance	11,611	17,303	188,506	(289)	(7,725)	209,406	845	210,252
Profit			30,555			30,555	(195)	30,359
Other comprehensive income					8,268	8,268	0	8,268
Comprehensive income	—	—	30,555	—	8,268	38,823	(195)	38,628
Exercise of warrants	402	225				627		627
Cash dividends			(12,493)			(12,493)		(12,493)
Purchase of treasury stock				(6)		(6)		(6)
Establishment of subsidiary with non-controlling interests						—	—	—
Equity transactions with non-controlling interests		(11)				(11)	(6)	(18)
Total transactions with the owners	402	213	(12,493)	(6)	—	(11,883)	(6)	(11,890)
As of December 31, 2017	12,013	17,517	206,568	(295)	542	236,346	643	236,990

Nine months ended December 31, 2018

(Unit: Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
As of April 1, 2018	12,276	17,664	214,952	(295)	(3,847)	240,749	693	241,443
Cumulative effects of changes in accounting policies			(244)			(244)		(244)
Restated balance	12,276	17,664	214,707	(295)	(3,847)	240,504	693	241,198
Profit			28,907			28,907	(91)	28,816
Other comprehensive income					(3,535)	(3,535)	0	(3,535)
Comprehensive income	—	—	28,907	—	(3,535)	25,371	(91)	25,280
Exercise of warrants	294	164				459		459
Cash dividends			(14,600)			(14,600)		(14,600)
Purchase of treasury stock				(5)		(5)		(5)
Establishment of subsidiary with non-controlling interests						—	98	98
Equity transactions with non-controlling interests		—				—	—	—
Total transactions with the owners	294	164	(14,600)	(5)	—	(14,146)	98	(14,048)
As of December 31, 2018	12,570	17,829	229,014	(301)	(7,383)	251,730	700	252,431

5) Condensed quarterly consolidated statement of cash flows

(Unit: Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Cash flows from operating activities		
Profit before tax	45,130	39,931
Depreciation and amortization	10,892	11,645
Gain on sale of shares of associates	(1,221)	—
Decrease (increase) in trade receivable	167	2,780
Decrease (increase) in inventories	(5,991)	(3,823)
Increase (decrease) in trade payable	2,818	(1,477)
Decrease/increase in consumption taxes receivable/payable	745	(33)
Increase (decrease) in advances received	(2,303)	—
Increase (decrease) in contract liabilities	—	(1,905)
Increase (decrease) in accrued bonuses	(1,970)	(2,428)
Other	(4,192)	(2)
Subtotal	44,076	44,684
Interest and dividend received	181	216
Interest paid	(59)	(40)
Income taxes paid	(9,973)	(15,768)
Net cash provided by (used in) operating activities	34,226	29,092
Cash flows from investing activities		
Purchases of property, plant and equipment	(8,587)	(12,286)
Purchases of intangible assets	(6,953)	(6,656)
Purchases of investments in equity instruments	(1,815)	(2,015)
Proceeds from the sale of equity instruments	1,500	—
Acquisitions of subsidiaries or other businesses	(10,980)	(20)
Payments into time deposits	(31)	(7,648)
Other	(8)	(793)
Net cash provided by (used in) investing activities	(26,876)	(29,420)
Cash flows from financing activities		
Dividends paid	(12,493)	(14,600)
Other	472	423
Net cash provided by (used in) financing activities	(12,021)	(14,176)
Effects of exchange rate changes on cash and cash equivalents	1,740	(1,050)
Net increase (decrease) in cash and cash equivalents	(2,931)	(15,554)
Cash and cash equivalents at the beginning of the term	57,944	61,444
Cash and cash equivalents at the end of the term	55,013	45,889

6) Notes to the condensed quarterly consolidated financial statements

1. Notes related to the going concern assumption

   Not applicable

2. Changes in accounting policies

The Company has applied IFRS 15, “Revenue from Contracts with Customers,” from the first three months of the fiscal year ending March 31, 2019. Of the transitional measures accepted for application of IFRS 15, the Company has adopted the method of recognizing the cumulative effect of application from the date the standard was applied.

In line with the application of IFRS 15, the Company recognizes revenue based on the following five-step approach.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation

The Sysmex Group engages in the sale of IVD instruments and reagents and the provision of related services. Based on the five-step approach outlined above, in accordance with the details of contracts with customers, we enter into contracts and identify multiple performance obligations. Transaction prices are determined on the basis of consideration agreed upon in contracts with customers, less discounts and rebates. Transaction prices determined in this manner are allocated to the performance obligations, and revenue is recognized. Certain of these contracts are transactions comprising multiple elements, including instruments, reagents and maintenance services.

(1) Sales of instruments and reagents

We recognize revenue from the sale of instruments and reagents based on the details of contracts with customers, when the customer obtains control of such products and performance obligations are deemed to have been satisfied. Specifically, revenue is recognized when the rights of ownership and the risks thereof are transferred from the Sysmex Group to the customer, either on the shipping date, at the time of transfer to the customer or at the time of customer inspection and acceptance.

(2) Maintenance service

Maintenance services mainly involve the provision of services on products for a certain period of time. As the control of these maintenance services is transferred over a defined period, revenue is recognized when performance obligations are satisfied over a defined period.

Revenue from maintenance services on products is primarily recognized through a calculation based on the percentage of the total volume of goods or services transferred (output method). If consideration is received from a customer before performance obligations are satisfied, this consideration is recognized as a contract liability.

Consideration related to the provision of these product sales and services is generally received within one year from the point revenue is recognized, so does not include a significant financial element.

Revising the recognition of revenue to be based on the five-step approach described above has resulted mainly in differences in the allocation of transaction prices for individual performance obligations under contract identification and multiple-element transactions. Differences between this revenue and revenue recognized on the basis of previous accounting standards is recognized in contract assets, contract liabilities and refund liabilities and presented, respectively, in other current assets, contract liabilities and other current liabilities.

As a result, compared with the previously applied accounting standards, other current assets rose ¥344 million, contract liabilities increased ¥91 million, and other current liabilities grew ¥629 million, while deferred tax assets decreased ¥56 million and deferred tax liabilities declined by ¥189 million, causing retained earnings to fall by ¥244 million in the condensed quarterly consolidated statement of financial position at the beginning of the three-month period.

Compared with the previously applied accounting standards, in the condensed quarterly consolidated statements of income for the nine-month period under review, sales were down by ¥202 million, operating profit and profit before tax were both down ¥202 million, and profit was down ¥149 million.

In addition, at the end of the nine-month period under review, other current assets were up ¥303 million, contract liabilities were up ¥257 million, other current liabilities were up ¥629 million, and deferred tax assets were up ¥2 million, while deferred tax liabilities were down ¥183 million, causing retained earnings to fall ¥394 million. .

With the application of IFRS 15, from the three-month period deferred revenue previously presented under advances received and other current liabilities is presented as contract liabilities under current liabilities.

As a result, compared with the previously applied accounting standards, advances received were down ¥4,588 million in the condensed quarterly consolidated statement of financial position at the beginning of the first three months of the fiscal year ending March 31, 2019, and down ¥2,891 million at the end of the first nine months of the fiscal year. The corresponding figures for other current liabilities were down ¥5,697 million and ¥5,050 million.

3. Segment information

1) Overview of reportable segments

The Group's reportable segments are the constituent business units of the Group for which separate financial data are available and that are examined on a regular basis for the purpose of enabling the Managing Board to allocate managerial resources and evaluate results of operations.

The Group is primarily engaged in the manufacture and sale of diagnostic instruments and reagents. These businesses are conducted in Japan by the Company, and in the Americas, EMEA, China and the Asia Pacific by regional headquarters established in those regions. These companies formulate overarching strategies tailored to regional characteristics and conduct business activities accordingly. Regional headquarters and other domestic and overseas subsidiaries are independent management units that handle production and sales for each region.

Accordingly, the Group has five reportable segments comprising geographical segments based on manufacturing and sales systems. These are "Japan," the "Americas," "EMEA," "China," and the "Asia Pacific."

2) Segment profit and operating results

Profit and operating results from continuing operations by reportable segment of the Group are as follows;

Intersegment sales are determined based on market prices or costs of goods manufactured.

Accounting policies of reporting segments are consistent with the Group's accounting policies noted in the "2. Changes in accounting policies."

Nine months ended December 31, 2017

(Unit: Millions of yen)

	Reportable segment						Adjustments (Note 1)	Consolidated (Note 2)
	Japan	Americas	EMEA	China	Asia Pacific	Total		
Sales								
Sales to external customers	33,643	44,199	54,528	52,272	17,907	202,551	—	202,551
Intersegment sales	72,654	276	1,836	14	3	74,785	(74,785)	—
Total	106,297	44,475	56,365	52,286	17,911	277,336	(74,785)	202,551
Segment profit	29,825	3,805	4,351	6,062	2,207	46,252	(1,668)	44,583
Financial income	—	—	—	—	—	—	—	228
Financial expenses	—	—	—	—	—	—	—	139
Share of profit (loss) of associates accounted for using the equity method	—	—	—	—	—	—	—	(447)
Gain on sale of shares of associates	—	—	—	—	—	—	—	1,221
Foreign exchange gain (loss)	—	—	—	—	—	—	—	(315)
Profit before tax	—	—	—	—	—	—	—	45,130
Income taxes expenses	—	—	—	—	—	—	—	14,770
Profit	—	—	—	—	—	—	—	30,359

Notes:

1. Segment profit adjustments of negative ¥1,668 million include negative ¥5 million for the elimination of intersegment transfers, negative ¥1,671 million for the unrealized gains on inventories and ¥7 million for the unrealized gains on non-current assets.
2. Segment profit is adjusted to coincide with operating profit in the condensed quarterly consolidated statement of income.

Nine months ended December 31, 2018

(Unit: Millions of yen)

	Reportable segment						Adjustments (Note 1)	Consolidated (Note 2)
	Japan	Americas	EMEA	China	Asia Pacific	Total		
Sales								
Sales to external customers	33,663	45,631	56,772	54,726	17,578	208,372	—	208,372
Intersegment sales	75,336	203	1,683	7	3	77,234	(77,234)	—
Total	109,000	45,835	58,455	54,734	17,582	285,606	(77,234)	208,372
Segment profit	28,060	2,515	4,707	6,984	2,298	44,566	(1,996)	42,570
Financial income	—	—	—	—	—	—	—	291
Financial expenses	—	—	—	—	—	—	—	307
Share of profit (loss) of associates accounted for using the equity method	—	—	—	—	—	—	—	(1,161)
Gain on sale of shares of associates	—	—	—	—	—	—	—	—
Foreign exchange gain (loss)	—	—	—	—	—	—	—	(1,460)
Profit before tax	—	—	—	—	—	—	—	39,931
Income taxes expenses	—	—	—	—	—	—	—	11,115
Profit	—	—	—	—	—	—	—	28,816

Notes:

1. Segment profit adjustments of negative ¥1,996 million include negative ¥1,858 million for the unrealized gains on inventories and negative ¥109 million for the unrealized gains on non-current assets.
2. Segment profit is adjusted to coincide with operating profit in the condensed quarterly consolidated statement of income.