December 28, 2011

News Release

Company: Olympus Corporation
Representative Director, President and CEO: Shuichi Takayama
(Code 7733, First Section, Tokyo Stock Exchange)
Contact: Akihiro Nambu, Manager, Public Relations and IR Office

(Corrections) Notice Concerning Partial Corrections to "Consolidated Financial Results (Kessan Tanshin) for the Fiscal Year Ended March 31, 2009"

Olympus Corporation (the "Company") has proceeded with operations to correct consolidated financial results (kessan tanshin) of past fiscal years as announced in "Notice Concerning Filing of the Amendments to the Past Securities Reports and Partial Corrections to Past Financial Results (Kessan Tanshin) and That for the First Quarter of the Fiscal Year Ending March 2012," a timely disclosure of the Company as prescribed by the Tokyo Stock Exchange dated December 15, 2011.

The Company has now completed the operations to correct "Consolidated Financial Results (Kessan Tanshin) for the Fiscal Year Ended March 31, 2009" dated May 12, 2009, and it accordingly announces the details of the corrections.

Because corrections have been made in numerous locations, two copies of the full document are attached: the version before corrections and the version after corrections. The places in the document where corrections were made are underlined.

END

(After Correction)

Consolidated Financial Results for the Fiscal Year Ended March 31, 2009

May 12, 2009

Company Name: Olympus Corporation
Code Number: 7733
(URL: http://www.olympus.co.jp/)
Stock Exchange Listing: First Section of Tokyo Stock Exchange
Representative: Tsuyoshi Kikukawa, President and Representative Director
Contact: Hironobu Kawamata, General Manager, Accounting Division
Phone: 03-3340-2111
Scheduled date to General Meeting of Shareholders: June 26, 2009
Scheduled date to submit the Securities Report: June 26, 2009
Scheduled date to commence dividend payments: –

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(1) Consolidated Results of Operations (% indicate changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
March 31, 2009	980,803	(13.1)	42,722	(62.1)	25,679	(73.6)	(50,561)	–
March 31, 2008	1,128,875	6.3	112,826	14.3	97,312	24.2	54,625	16.3

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended	(¥)	(¥)	%	%	%
March 31, 2009	(188.85)	–	(30.2)	2.3	4.4
March 31, 2008	202.11	202.07	24.4	8.8	10.0

Note: Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2009: ¥ (1,704) million
Fiscal year ended March 31, 2008: ¥ (2,766) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	(¥ million)	(¥ million)	%	(¥)
March 31, 2009	1,038,253	110,907	10.0	387.31
March 31, 2008	1,217,172	244,281	19.1	861.58

Note: Equity as of March 31, 2009: ¥103,487 million March 31, 2008: ¥232,833 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal year ended	(¥ million)	(¥ million)	(¥ million)	(¥ million)
March 31, 2009	36,864	(15,964)	(3,751)	132,720
March 31, 2008	88,204	(274,104)	134,401	119,842

2. Dividends

	Cash dividends per share					Total amount of cash dividends	Payout ratio	Ratio of dividends to net assets
(Record date)	First quarter	Second quarter	Third quarter	Year-end	Annual	(Annual)	(Consolidated)	(Consolidated)
Fiscal year ended	(¥)	(¥)	(¥)	(¥)	(¥)	(¥)	%	%
March 31, 2008	–	20.00	–	20.00	40.00	10,810	19.8	4.8
March 31, 2009	–	20.00	–	0.00	20.00	5,345	–	3.2
Fiscal year ending March 31, 2010 (Forecast)	–	15.00	–	15.00	30.00		20.0	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2010 (From April 1, 2009 to March 31, 2010)

(% indicate changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Six months	420,000	–	15,000	–	5,500	–	33,000	–	123.51
Full year	900,000	(8.2)	59,000	38.1	40,000	55.8	40,000	–	149.70

4. Others

(1) Changes in significant subsidiaries during period under review (changes in specified subsidiaries resulting in the changes in scope of consolidation): No

(2) Changes in accounting policies, procedures, methods of presentation for preparing the consolidated financial statements (changes described in the section of “Changes in Important Items That Form the Basis for Preparing the Consolidated Financial Statements”)

1) Changes due to revisions to accounting standards, and other regulations: Yes
2) Changes due to other reasons: No

Note: For details, refer to “Changes in Important Items That Form the Basis for Preparing the Consolidated Financial Statements” on p. 24.

(3) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the fiscal year (including treasury stock)

As of March 31, 2009 271,283,608 shares
As of March 31, 2008 271,283,608 shares

2) Total number of treasury shares at the end of the fiscal year

As of March 31, 2009 4,089,222 shares
As of March 31, 2008 1,044,440 shares

Note: Please refer to p. 31 (“Per-Share Data”) for the number of shares that are used as the basis for the calculation of net income per share (consolidated).

Reference: Summary of Non-Consolidated Financial Results

Financial results for the Fiscal Year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(1) Non-Consolidated Results of Operations (% indicates changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
March 31, 2009	105,115	(7.7)	(12,345)	–	5,701	(84.8)	(63,545)	–
March 31, 2008	113,871	7.3	(5,515)	–	37,517	374.9	31,163	427.5

	Net income per share	Fully diluted net income per share
Fiscal year ended	(¥)	(¥)
March 31, 2009	(237.35)	–
March 31, 2008	115.30	–

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	(¥ million)	(¥ million)	%	(¥)
March 31, 2009	572,078	35,132	6.1	131.49
March 31, 2008	639,752	113,149	17.7	418.70

Note: Equity as of March 31, 2009: ¥35,132 million March 31, 2008: ¥113,149 million

* Proper use of the forecast of financial results, and other special matters

The forward-looking statements, including forecast of financial results, contained in these materials include predictions based on future assumptions, projections and plans made at the time these materials were announced. Actual business results may differ substantially from the forecast due to certain risks and uncertain factors relating to movements in the global economy, competitive conditions and foreign exchange rates, among others. Please refer to p. 7-8 for matters relating to the forecast of financial results.

1. Results of Operations

(1) Analysis of Business Results

(Review of Operations)

Analysis of the overall operations

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income (loss)	Net income (loss) per share
Fiscal year ended March 31, 2009	980,803	42,722	25,679	(50,561)	¥(188.85)
Fiscal year ended March 31, 2008	1,128,875	112,826	97,312	54,625	¥202.11
Increase (Decrease) Ratio (%)	(13.1)	(62.1)	(73.6)	–	–

Comparison Table of Average Exchange Rate (Yen)

	Current fiscal year	Previous fiscal year
Against the U.S. dollar	100.54	114.28
Against the euro	143.48	161.53

In the Japanese economy during the fiscal year under review, exports, capital investments and consumer spending deteriorated sharply and the yen appreciated rapidly as the global financial crisis assumed serious proportions. Although the world economy continued to expand mainly in the emerging countries during the first half-year, business conditions mainly in Europe, North America and Asia generally slowed down rapidly in the second half-year as a result of the financial crisis and the weakened real economy, showing clearer signs of the worldwide recession.

Amid this adverse business environment, the Olympus Group endeavored to strengthen its organizational capabilities to implement valid strategies in accordance with its "'06 Corporate Strategic Plan" that it formulated as the medium-term business plan in 2006 by, for example, bolstering the global sales structure in the surgical field of its Medical Systems Business with a view to generating a synergistic effect from Gyrus, a British medical treatment equipment company, that it acquired in February 2008. In addition, in February 2009, the Olympus Group decided to assign its analyzer business to Beckman Coulter Inc. of the U.S. in July 2009.

While the Olympus Group's Medical Systems Business remained robust, the consolidated net sales decreased ¥148,072 million (13.1% year-on-year) to ¥980,803 million due to the worldwide business slowdown and sharp appreciation of the yen during the second half-year. Operating income decreased (62.1% year-on-year) to ¥42,722 million due to the adverse influences of exchange rate movements, reduced revenue from the Imaging Systems Business, costs of the business merger with Gyrus, and increased depreciation expenses associated with other consolidated subsidiaries. Ordinary income decreased (73.6% year-on-year) to ¥25,679 million primarily due to the deterioration in operating income. The Olympus Group ended the year with a consolidated net loss of ¥50,561 million (in contrast to a net income of ¥54,625 million for the previous fiscal year) as it recorded an extraordinary losses aggregating ¥46,096 million including a loss of ¥16,192 million on valuation of investment securities due to the heavily fallen market values and, with respect to shares of subsidiaries ¥20,518 million on one-time amortization of goodwill related to the subsidiaries as a result of the recording of a loss on valuation of investment securities in subsidiaries and affiliates, and income taxes aggregating ¥32,525 million.

During the fiscal year under review, the Olympus Group invested ¥70,010 million on research and development, and spent ¥55,632 million on capital investments.

Analysis of the performance by segment

(Millions of yen)

	Net sales			Operating income (loss)		
	Previous fiscal year	Current fiscal year	Increase (Decrease) ratio (%)	Previous fiscal year	Current fiscal year	Increase (Decrease) ratio (%)
Imaging Systems	320,589	224,460	(30.0)	33,086	(5,131)	–
Medical Systems	353,269	383,828	8.7	98,420	75,434	(23.4)
Life Science	131,446	118,819	(9.6)	6,990	4,760	(31.9)
Information & Communication	254,312	188,954	(25.7)	3,001	907	(69.8)
Others	69,259	64,742	(6.5)	1,120	(6,219)	–
Subtotal	1,128,875	980,803	(13.1)	142,617	69,751	(51.1)
Elimination or unallocation	–	–	–	(29,791)	(27,029)	–
Consolidated total	1,128,875	980,803	(13.1)	112,826	42,722	(62.1)

Note: Businesses are segmented by adding similarities of sales market to the business established based on line of products.

Imaging Systems Business

In the Imaging Systems Business, the Olympus Group registered consolidated net sales of ¥224,460 million (down 30.0 % year-on-year) and an operating loss of ¥5,131 million (in contrast to an operating income of ¥33,086 million in the previous fiscal year).

In the digital camera field, sales of compact camera, the "μ TOUGH" Series, boasting three major features of water/dust resistance, shock/load resistance and low-temperature movement, remained robust. In addition, Olympus launched new single-lens reflex models "E-30" and "E-620" equipped with the art filter feature that makes creative photographic expressions possible. However, sales declined mainly because fewer units were sold in step with the weakening market demand which was affected by the adverse influences of exchange rate movements and global economic downturn.

In the recorder field, the "Voice-Trek V" Series whose connectable design enabling direct connection to personal computers proved popular and sold favorably during the first half-year, but sales declined amid the global economic downturn in the second half-year.

The Olympus Group made serious efforts to reduce its selling, general and administrative expenses and inventories, but registered an operating loss as it was unable to fully make up for the reduced sales of digital cameras which resulted from the declined sales volume and unit sales prices due to the worldwide slowdown in consumer spending.

Medical Systems Business

Consolidated net sales in the Medical Systems Business amounted to ¥383,828 million (8.7% increase over the previous fiscal year), while operating income amounted to ¥75,434 million (23.4% decrease over the previous fiscal year).

In the medical endoscope field, high-definition videoscopes sold steadily both at home and abroad. However, overall sales for the medical endoscope field fell off due to the adverse influences of exchange rate movements.

In the field of surgical and endotherapy products, sales of "VISERA Pro System," an integrated endoscope video system which can be used to support endoscopic surgeries, pancreatico-biliary therapeutic devices such as guide wires, and gastric catheters which supply nourishment directly to the stomach, expanded in Japan. In overseas markets, an integrated endoscopic surgical system and sampling treatment services such as biopsy forceps sold well primarily in North America. In addition, sales of Gyrus, a British medical treatment equipment company that Olympus acquired in February 2008, contributed to the consolidated sales. Hence, sales for the field of surgical and endotherapy products as a whole expanded.

Operating income decreased due to the increased depreciation expenses associated with the business integration with Gyrus and the adverse influences of exchange rate movements.

Life Science Business

Consolidated net sales for the Life Science Business was ¥118,819 million (9.6% decrease over the previous fiscal year), while operating income amounted to ¥4,760 million (31.9% decrease compared to the previous fiscal year).

In the micro-imaging (microscopes) field, biological microscopes for teaching practice purposes in Japan and the “FLUOVIEW” Series of confocal scanning laser microscopes in the U.S. sold favorably, but sales for the micro-imaging field as a whole decreased primarily because sales of industrial microscopes dropped sharply as auto- and semiconductor-related industries put restraints on capital investments with the worsening economy.

In the diagnostic systems (clinical laboratory test) field, sales of small and medium-sized clinical chemistry analyzer expanded mainly in Europe and North America, and sales of transfusion test reagents and expendables grew robustly also in Europe and North America. However, sales for the field as a whole fell off as sales in Japan continued to lag.

Operating income for the Life Science Business as a whole decreased mainly due to the appreciating yen and reduced sales in the micro-imaging field.

Information & Communication Business

Consolidated net sales for the Information & Communication Business was ¥188,954 million (25.7% decrease over the previous fiscal year), while operating income showed ¥907 million (69.8% decrease over the previous fiscal year).

In the mobile field, sales of mobile phones fell off primarily because mobile phone owners’ upgrade cycle got longer in the wake of telecommunications carriers’ revisions of price plans and market demand for mobile phones decreased due to the slowdown in consumer spending in the wake of the deflationary spiral.

For operating income, gross profit rate improved as Olympus raised the proportion of more profitable directly managed stores and controlled discounts on mobile telephone terminals in the mobile phone sales business. Moreover, cost reductions in the automobile aftermarket business were implemented. However, due to a decreased gain on sales of stocks on small business development business of which we promoted in the previous fiscal year, operating income resulted in a decline during the fiscal year.

Others

Consolidated net sales for other businesses was ¥64,742 million (6.5% decrease over the previous fiscal year) and operating loss was ¥6,219 million (in contrast to an operating income of ¥1,120 million for the previous fiscal year).

In the non-destructive testing equipment field, ultrasonographic inspection systems equipped with phased-array features sold briskly, but sales of industrial endoscopes decreased as manufacturing sectors put the brakes on investments amid the worldwide economic downturn, and sales for the non-destructive testing equipment field as a whole decreased as well.

Sales for the information equipment field increases as Olympus launched new models of high-speed inkjet printers in collaboration with RISO KAGAKU CORPORATION and sales of the existing lineups of printers also grew.

In the biomedical materials field, sales of “OSferion,” an artificial bone replacement material, grew as it came within coverage of medical insurance for bone marrow transplants in Japan and was also offered for sale in Europe and China.

Olympus registered an operating loss due to the increased costs associated with amortization of goodwill of the subsidiaries that had been consolidated during the previous fiscal year and with structural reform including portfolio reexamination at ITX Corporation.

(Forecast for the Fiscal Year Ending March 31, 2010)

Forecast for the overall business and analysis of its preconditions

With no positive sign of business recovery in sight at home or abroad, the Japanese economy is expected to remain sluggish in the foreseeable future. Elsewhere in the world, there is a certain amount of hope for positive outcomes of fiscal and monetary measures including the U.S. government’s actions aimed at bringing about financial stability, but there are also concerns there will be a prolonged recession and even a further business downswing.

Amid these adverse conditions, we, the Olympus Group, will continuously move ahead with a structural reform and build a corporate structure whereby we can secure profits even in the most testing of business environments.

In the Imaging Systems Business, we will focus our energy on developing and marketing unique and high-value added products such as a digital single-lens camera with interchangeable lenses that can be dramatically reduced in size and weight by way of the Micro Four Thirds System standard which takes advantages of the superiority of entirely digital designing.

In the Medical Systems Business, we will globally bolster the surgical field where we expanded our business platform by acquiring Gyrus, and will seek to expand our earnings by simultaneously focusing our energy on endotherapy products.

We will also strive to optimize our manufacturing cost structure and deal with changes in exchange rates by building a global manufacturing system.

In addition, we will endeavor to implement an optimal business portfolio and resource allocation, and develop related businesses in the medical/health and imaging/information fields.

The forecast for the fiscal year ending March 31, 2010 is as follows.

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income (loss)	Net income (loss) per share
Fiscal year ending March 31, 2010	900,000	59,000	40,000	40,000	¥149.70
Fiscal year ended March 31, 2009	980,803	42,722	25,679	(50,561)	¥ (188.85)
Increase (Decrease) ratio (%)	(8.2)	38.1	55.8	–	–

In addition to the impact of strong yen compare to the previous fiscal year, we expect to see our sales to be decreased mainly due to a plan to assign the Olympus Group's analyzer business to the Beckman Coulter Group effective July 1, 2009. At the same time, we forecast that Imaging Systems Business and Life Science Business will be the drivers to boost the operating income and Information & Communication Business and the other businesses should also improve operating income, ordinary income and net income owing to an improved profitability as a result of structural reform. The exchange rates forming the basis of our forecast for the next fiscal year are: US$1 = ¥95 and €1 = ¥120.

Forecast by segment and analysis of preconditions

(Millions of yen)

	Net sales			Operating income (loss)		
	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Increase (Decrease) ratio (%)	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Increase (Decrease)
Imaging Systems	224,460	196,000	(12.7)	(5,131)	3,000	8,131
Medical Systems	383,828	364,000	(5.2)	75,434	75,000	(434)
Life Science	118,819	73,500	(38.1)	4,760	3,000	(1,760)
Information & Communication	188,954	197,500	4.5	907	5,000	4,093
Others	64,742	69,000	6.6	(6,219)	(1,000)	5,219
Subtotal	980,803	900,000	(8.2)	69,751	85,000	15,249
Elimination or unallocation	–	–	–	(27,029)	(26,000)	1,029
Consolidated total	980,803	900,000	(8.2)	42,722	59,000	16,278

Note: Businesses are segmented by adding similar sales markets to businesses established based on the product lines.

In the Life Science Business, the Company expects a decline in profits due to strong yen effects and the transfer of the analyzer business, among others. Contrastingly, the Medical Systems Business is projected to secure operating income at roughly the same level as the previous fiscal year, despite said strong yen effects, as a result of expanded sales of endoscopes and surgical products, which feature observation using specialized light spectra, as well as Gyrus products. Our Imaging Systems Business is expected to return to profitability thanks not only to the introduction of the Micro Four Thirds System in new products but also to effects from reductions in cost of sales and selling, general and administrative expenses, among others. The Information & Communication Business and other businesses are expected to witness significant improvements in revenue and expenses attributable to better profitability as a result of business structural reforms.

(2) Financial Position

(Analysis of the Status of Assets, Liabilities, Net Assets, and Cash Flows in the Current Fiscal Year)

Analysis of assets, liabilities and net assets

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009	Increase (Decrease)	Increase (Decrease) Ratio (%)
Total assets	1,217,172	1,038,253	(178,919)	(14.7)
Net assets	244,281	110,907	(133,374)	(54.6)
Equity ratio	19.1%	10.0%	(9.1%)	–

As of the end of the consolidated fiscal year under review, total assets decreased ¥178,919 million year-on-year to ¥1,038,253 million, primarily as a result of decrease of ¥33,297 million in notes and accounts receivable, ¥77,523 million in intangible fixed assets attributable to amortization of goodwill and customer related assets, and ¥79,832 million in investments and other assets.

Total liabilities decreased ¥45,545 million year-on-year to ¥927,346 million, primarily as a result of decreases of ¥16,998 million in notes and accounts payable, and ¥16,875 million in accrued expenses.

Net assets decreased ¥133,374 million year-on-year to ¥110,907 million, primarily due to decrease of ¥63,161 million in retained earnings, the acquisition of ¥9,998 million worth of treasury stock as a means of returning profits to shareholders, and ¥55,945 million in valuation and translation adjustments arising from fluctuations in exchange rates and stock prices. As a result of the foregoing, equity ratio declined from 19.1% as of the end of the previous consolidated fiscal year to 10.0%.

Analysis of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Increase (Decrease)
Cash flows from operating activities	88,204	36,864	(51,340)
Cash flows from investing activities	(274,104)	(15,964)	258,140
Cash flows from financing activities	134,401	(3,751)	(138,152)
Cash and cash equivalents at end of year	119,842	132,720	12,878

"Cash flows from operating activities" increased by ¥36,864 million mainly due to ¥44,594 million in depreciation and amortization and ¥37,881 million in the amortization of goodwill, among others. Contrastingly, decreasing factors mainly included a ¥20,383 million loss before provision for income taxes and a ¥14,340 million decrease in accounts payable.

"Cash flows from investing activities" decreased by ¥15,964 million mainly due to purchases of property, plant and equipment totaling ¥43,829 million as well as ¥21,379 million in additional acquisitions of consolidated subsidiaries. Contrastingly, increasing factors mainly included ¥3,440 million in withdrawals from time deposits, and ¥3,687 million from the sales and redemption of investment securities.

"Cash flows from financing activities" decreased by ¥3,751 million mainly due to a ¥218,220 million net decrease in short-term borrowings, ¥33,603 million in repayments of long-term debt, a ¥10,240 million expenditure on acquisition of treasury stock and ¥10,749 million in dividends paid.

As a result, cash and cash equivalents at the end of the current fiscal year reached ¥132,720 million, an increase of ¥12,878 million compared to the end of the previous fiscal year.

(Cash Flows Indicators)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Equity ratio (%)	19.4	21.4	19.1	10.0
Market value equity ratio (%)	105.5	108.7	67.1	40.7
Interest-bearing debt to cash flows ratio (years)	9.7	4.5	7.4	17.4
Interest coverage ratio (times)	5.3	8.7	6.4	2.3

Notes: Equity ratio: Shareholders' equity/Total assets
Market value equity ratio: Total market capitalization/Total assets
Interest-bearing debt to cash flows ratio: Interest-bearing debt/Cash flow
Interest coverage ratio: Cash flow/Interest payment

1. Each index was calculated by financial index of Consolidated basis.
2. Total market capitalization is calculated on the basis of the number of issued shares excluding treasury stocks.
3. Cash flows from operating activities are used as "Cash flow" for calculation purposes.
4. Interest-bearing debts include all of those debts reported on the Consolidated balance sheets on which interest is paid.

(3) Basic Strategy for Profit Sharing and Dividend for the Current Fiscal Year and Following Fiscal Year

We set our basic strategy to implement dividends, considering performance while securing continued profit sharing in order to respond to the expectations of our shareholders. Depending on circumstances, we are considering returning profits to shareholders by the acquisition of treasury stock. With regard to earning retention, research and development, capital investments, capital affiliations and other measures to strengthen our businesses will be proactively carried out to improve long-term corporate value.

However, we sincerely regret that, due to the significant amount of net loss posted in the current fiscal year, no year-end dividends will be paid. As a result, the annual dividend together with the interim dividends of ¥20, which have already been paid, is ¥20 per share.

The amount of dividends for the following year is expected to be ¥30 per share (¥15 for interim dividends, and ¥15 for year-end dividends).

(4) Business Risks

The business performances of the Olympus Group may be materially influenced by various factors which may occur in the future. Listed below are principal business risk factors, aside from managerial decisions made by the Olympus Group, which may give rise to changes in Olympus Group's business performances. The Olympus Group is aware of the possibilities of these risks, will strive to prevent them from occurring, and will deal conscientiously and diligently with any risk that may occur.

The future events described below are based on the judgment of the Olympus Group made as of the end of the fiscal year under review.

(Risks Associated with Selling Activities)

(i) In the Digital Camera Business, price competition in the market is intensifying steadily. If market prices fall more sharply than anticipated, such price falls may not adequately be absorbed by the cost reduction measures that the Olympus Group is currently advancing and may adversely impact the Olympus Group's ability to secure its earnings.

(ii) In the Medical Systems Business, if, as a result of a healthcare system reform, the healthcare policy is amended in an unforeseeable and material manner, and if the Olympus Group finds it difficult to adapt itself to the environmental change, the Olympus Group's ability to secure its earnings may be adversely impacted.

(iii) In the Micro-Imaging (Microscopes) Business, system provision to research activities funded by national budgets of countries accounts for a high proportion of earnings of the Olympus Group. Therefore, if such national budgets are curtailed in the wake of unfavorable macroeconomic fluctuations, the Olympus Group's ability to secure its earnings may be adversely impacted.

(Risks Associated with Production/Development Activities)

(i) In the Imaging Systems Business, core production bases center on China. Therefore, depending upon how sharply the Chinese yuan is revalued, operating costs may increase substantially, and the Olympus Group's ability to secure its earnings may be adversely impacted. Also, depending upon how serious or unstable the state of affairs including anti-Japanese activities may grow or how badly public safety may deteriorate in China, the Olympus Group's production activities may be adversely impacted.

(ii) The Olympus Group relies on certain specific suppliers to consistently develop and produce those products and parts which it cannot develop or produce internally. Hence, if the Group is subjected to constraints on procurement of such products and parts according to the said suppliers' convenience, the Olympus Group's ability to produce and supply them may be adversely impacted.

(iii) The Olympus Group and its outsourcees manufacture their products in accordance with the exacting quality standard. However, if any product deficiency occurs, not only substantial costs including those of a recall would be incurred but also the market's confidence in the Olympus Group would be undermined, and the Olympus Group's ability to secure its earnings may be adversely impacted.

(iv) The Olympus Group is continuing to advance development of digital products by adopting state-of-the-art Opto-Digital Technology. However, if technological progress occurs so fast and market changes cannot be predicted adequately, that the Group is unable to develop new products adequately meeting customers' needs in a timely manner, the Olympus Group's ability to secure its earnings may be adversely impacted.

(v) The Olympus Group, in conducting R&D and production activities, uses various intellectual property rights, and believes that the Group lawfully owns or is licensed to use such rights. However, if any third party asserts that the Group has unknowingly infringed any of these intellectual property rights and if any litigation occurs, the Olympus Group's ability to secure its earnings may be adversely impacted.

(Risks Associated with Stock-Investing Activities)

As stock prices are determined on the basis of market principle, the Olympus Group may not be able to realize anticipated earnings depending upon the movements of the market economy.

(Risks Associated with Business Collaborations and Corporate Acquisitions)

(i) The Olympus Group has built long-term strategic partnerships with advanced enterprises in the industry on technologies and product development. If the Group can no longer maintain such partnerships due to occurrence of a financial or any other business-related problem or change of its goals, the business activities of the Group may be adversely impacted.

(ii) The Olympus Group may acquire or take an equity stake in a business enterprise in order to expand its business. If the Group is unable to integrate the acquired business in line with the Group's management strategy or utilize management resources in an efficient manner as to the existing business or the acquired business, the Group's business may be adversely impacted or its business performances and financial position may be adversely impacted due to impairment of goodwill or such like.

(Other Comprehensive Risks)

The Olympus Group operates business globally. If any natural disaster, disease, war, or terrorist attack occurs in any of the countries of regions in which the Group operates, or if interest rates rise or exchange rates fluctuate beyond its expectations, the Olympus Group's ability to secure its earnings may be adversely impacted.

2. Status of the Corporate Group

The Company, 204 subsidiaries and 29 affiliated companies are engaged mainly in the manufacture and sales of products in Imaging, Medical, Life Science, Information & Communication, others and Holding companies and Financial Investment etc. related to the each business.

Described below are business of the corporate group, roles of each business and relations to business segments.

Segmentation	Main products and business	Principal consolidated subsidiaries
Imaging Systems	Digital cameras, Voice recorders	(Consolidated subsidiaries) Olympus Imaging Corp., Olympus Opto-Technology Co., Ltd., Olympus Imaging America Inc., Olympus Imaging Europa GmbH, Olympus Hong Kong and China Limited, Olympus Korea Co., Ltd., Olympus Imaging China Co., Ltd., Olympus (Shenzhen) Industrial Ltd., Olympus Imaging Singapore Pte. Ltd.
Medical Systems	Medical endoscopes, Surgical endoscopes, Endo Therapy products, Ultrasound endoscopes	(Consolidated subsidiaries) Olympus Medical Systems Corp., KS Olympus Co., Ltd., Aizu Olympus Co., Ltd., Aomori Olympus Co., Ltd., Shirakawa Olympus Co., Ltd., Olympus America Inc., Olympus Medical Systems Europa GmbH, KeyMed (Medical & Industrial Equipment) Ltd., Gyrus ACMI, Inc., Olympus Winter & Ibe GmbH, Olympus Singapore Pte. Ltd.
Life Science	Blood analyzer (clinical chemistry analyzer), Biological microscopes, Industrial microscopes	Olympus Corporation (Consolidated subsidiaries) KS Olympus Co., Ltd., Mishima Olympus Co., Ltd., Olympus America Inc., Olympus Life Science Europa GmbH, Olympus Life Science Research Europa GmbH, Olympus Singapore Pte. Ltd.
Information & Communication	Sales of mobile terminals including mobile handsets, Mobile resolution, Mobile content services, development and sales of business package software, sales of network infrastructure systems, sales of semiconductor devices and electric equipment	(Consolidated subsidiaries) IT Telecom, Inc., ITX E-Globaledge Corporation, Soliste Corporation, Broadleaf Co., Ltd.
Others	Industrial endoscopes, Non-destructive testing equipment, Printers, Bar code data processing equipment, System development, etc.	Olympus Corporation (Consolidated subsidiaries) Okaya Olympus Co., Ltd., Olympus Terumo Biomaterials Corp., Olympus Systems Co., Ltd., Ai-medic Co., Ltd., Atlux Corporation, Nippon Outsourcing Corporation, KeyMed (Medical & Industrial Equipment) Ltd., Olympus NDT Canada Inc., Olympus NDT Corporation, Olympus Technologies Singapore Pte. Ltd.
Common	Holding Companies, Financial investment	Olympus Corporation (Consolidated subsidiaries) Olympus Leasing Co., Ltd., ITX Corporation, Olympus Corporation of the Americas, Olympus Europa Holding GmbH, Olympus KeyMed Group Limited, Olympus UK (Holding) Ltd., Olympus Finance Hong Kong Ltd., Olympus (China) Co., Ltd.

Note: Effective April 1, 2009, ITX Corporation merged with its subsidiary IT Telecom, Inc., with the former as surviving company. For details on the merger, please refer to “4. Consolidated Financial Statements (Important Subsequent Event)”.

3. Operating Policy

(1) Basic Operating Policies

We, at the Olympus Group, refer to the concept of assimilating, as members, with society, sharing values with other members of society, and making people's lives healthy and happy by proposing new values through business activities as "Social IN," and identify the concept as the leading motive lying behind all our activities.

Based on this concept of "Social IN," we will endeavor to be a "value-creating enterprise" capable of continuing to create, and provide in a timely manner, new values truly needed by society by drawing upon the source of Opto-Digital Technology (optical technology, digital imaging technology and micro-processing technology) as our core competence. We are convinced that such endeavors will help all of our stakeholders including customers, shareholders, business partners, employees, communities and society feel more satisfied than ever.

(2) Targeted Operating Benchmarks

The Olympus Group strives to improve its corporate quality and financial standing by identifying "maximization of corporate value" as its management goal. The fiscal year ended March 31, 2009 was supposed to be the year in which we would have formulated our next basic management plan that would have started in the fiscal year ending March 31, 2010. However, as the business environment surrounding the Olympus Group is changing rapidly in the wake of the worldwide recession and as we need to implement urgent measures to improve our earnings structure, we have decided to postpone formulation of the next basic management plan.

In order to establish a stable earnings base for the fiscal year ending March 31, 2010, we will tackle the challenge of reforming our earnings structure by identifying the issues of enhancement of corporate quality and streamlining of management as our top priorities.

(3) Medium/Long-Term Management Strategy and Issues That Olympus Group Should Address

The basic strategy that the Olympus Group will adopt in developing its business is as follows:

In the Imaging Systems Business, we will build a corporate structure capable of continuously securing earnings by focusing our energy on high-value added products such as compact cameras with a water/dust resistance feature and proposing to users a digital single-lens camera with interchangeable lenses that can be dramatically reduced in size and weight by way of the Micro Four Thirds System standard which takes advantages of the superiority of entirely digital designing. In the Medical Systems Business, we will offer a "safe, dependable and efficient" means of healthcare, contribute to society by improving patients' quality of life, reducing medical costs and bolstering the surgical field in an effort to steadily expand profits. At the same time, we will seek to optimize our manufacturing cost structure and deal with exchange rate fluctuations by building a global development/manufacturing structure. In addition, we will endeavor to implement an optimal business portfolio and resource allocation, and develop related businesses in the medical/health and imaging/information fields.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
ASSETS		
Current assets		
Cash and time deposits	123,281	136,877
Notes and accounts receivable	193,555	160,258
Lease receivables and lease investment assets	-	11,880
Securities	3	199
Inventories	110,379	-
Merchandise and finished goods	-	58,683
Work in process	-	21,230
Raw materials and supplies	-	15,627
Deferred income taxes	36,719	35,583
Other current assets	47,032	36,614
Allowance for doubtful accounts	(3,780)	(4,594)
Total current assets	507,189	472,357
Fixed assets		
Property, plant and equipment		
Buildings and structures	125,968	144,199
Accumulated depreciation	(64,917)	(67,417)
Buildings and structures, net	61,051	76,782
Machinery and equipment	57,228	60,585
Accumulated depreciation	(39,397)	(44,259)
Machinery and equipment, net	17,831	16,326
Tools, furniture and fixtures	154,347	161,287
Accumulated depreciation	(111,724)	(118,693)
Tools, furniture and fixtures, net	42,623	42,594
Land	21,273	19,839
Lease assets	-	6,819
Accumulated depreciation	-	(3,307)
Lease assets, net	-	3,512
Construction in progress	6,398	3,391
Net property, plant and equipment	149,176	162,444
Intangible fixed assets		
Goodwill	227,759	170,252
Others	103,526	83,510
Total intangible fixed assets	331,285	253,762
Investments and other assets		
Investment securities	94,006	62,589
Long-term loans receivable	3,277	3,811
Deferred income taxes	10,230	17,909
Investment fund assets	67,816	8,458
Other assets	54,608	63,204
Allowance for doubtful accounts	(415)	(6,281)
Total investments and other assets	229,522	149,690
Total fixed assets	709,983	565,896
Total assets	1,217,172	1,038,253

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
LIABILITIES		
Current liabilities		
Notes and accounts payable	83,602	66,604
Short-term borrowings	338,787	97,068
Current maturities of bonds	35,201	20,300
Other payable	58,453	55,102
Accrued expenses	82,467	65,592
Income taxes payable	14,271	15,600
Provision for product warranties	10,141	8,875
Other reserves	133	61
Other current liabilities	21,817	19,899
Total current liabilities	644,872	349,101
Non-current liabilities		
Long-term bonds, less current maturities	105,397	130,200
Long-term borrowings, less current maturities	177,371	395,271
Deferred income taxes	30,488	28,068
Severance and retirement allowance	10,317	18,744
Severance and retirement allowance for directors and corporate auditors	122	130
Provision for loss on guarantees	452	-
Other non-current liabilities	3,872	5,832
Total non-current liabilities	328,019	578,245
Total liabilities	972,891	927,346
NET ASSETS		
Shareholders' equity		
Common stock	48,332	48,332
Capital surplus	73,049	73,049
Retained earnings	115,285	52,124
Treasury stock, at cost	(2,634)	(12,874)
Total shareholders' equity	234,032	160,631
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	5,334	(2,311)
Net unrealized gains (losses) on hedging derivatives, net of taxes	34	(1,330)
Foreign currency translation adjustments	(6,567)	(53,503)
Total valuation and translation adjustments	(1,199)	(57,144)
Minority interests	11,448	7,420
Total net assets	244,281	110,907
Total liabilities and net assets	1,217,172	1,038,253

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Net sales	1,128,875	980,803
Costs of sales	619,371	519,523
Gross profit	509,504	461,280
Selling, general and administrative expenses	396,678	418,558
Operating income	112,826	42,722
Non-operating income		
Interest income	3,202	2,420
Dividends income	955	1,007
Royalty income	125	352
Foreign currency exchange gain, net	457	5,009
Others	4,269	2,803
Total non-operating income	9,008	11,591
Non-operating expenses		
Interest expenses	13,905	16,192
Net loss of investment in affiliated companies carried on the equity method	1,224	1,704
Others	9,393	10,738
Total non-operating expenses	24,522	28,634
Ordinary income	97,312	25,679
Extraordinary income		
Gain on sales of investment securities in subsidiaries and affiliates	312	-
Gain on sales of property, plant and equipment	1,478	-
Net gains due to decrease in equity interest in subsidiaries	1,909	-
Gain on transfer of business	300	-
Gain on sales of investment securities	112	34
Total extraordinary income	4,111	34
Extraordinary losses		
Impairment loss on fixed assets	1,093	1,815
Loss on sales of investment securities	-	1,053
Loss on valuation of investment securities	2,211	16,192
Amortization of goodwill	-	20,518
Loss on funds invested	6,941	1,755
Provision of allowance for doubtful accounts	-	4,763
Total extraordinary losses	10,245	46,096
Income (loss) before provision for income taxes	91,179	(20,383)
Income taxes, current	38,952	32,511
Income taxes, deferred	(2,203)	14
Total	36,749	32,525
Minority interest in losses of consolidated subsidiaries	(195)	(2,347)
Net income (loss)	54,625	(50,561)

(3) Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Shareholders' equity		
Common stock		
Net assets at March 31, 2008	48,332	48,332
Changes during the year		
Net changes during the year	-	-
Balance at March 31, 2009	48,332	48,332
Capital surplus		
Net assets at March 31, 2008	73,049	73,049
Changes during the year		
Net changes during the year	-	-
Balance at March 31, 2009	73,049	73,049
Retained earnings		
Net assets at March 31, 2008	71,933	115,285
Effect of changes in accounting policies applied to foreign subsidiaries	-	1,567
Changes during the year		
Cash dividends paid	(11,893)	(10,749)
Increase in retained earnings due to exclusion of subsidiaries from consolidation	387	-
Net income (loss)	54,625	(50,561)
Adjustment on projected benefit obligation of the consolidated subsidiary in the UK	(465)	-
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States	697	(3,418)
Net changes during the year	43,351	(64,728)
Balance at March 31, 2009	115,285	52,124
Treasury stock, at cost		
Net assets at March 31, 2008	(2,264)	(2,634)
Changes during the year		
Acquisition of treasury stock	(370)	(10,240)
Net changes during the year	(370)	(10,240)
Balance at March 31, 2009	(2,634)	(12,874)
Total shareholders' equity		
Net assets at March 31, 2008	191,050	234,032
Effect of changes in accounting policies applied to foreign subsidiaries	-	1,567
Changes during the year		
Cash dividends paid	(11,893)	(10,749)
Increase in retained earnings due to exclusion of subsidiaries from consolidation	387	-
Net income (loss)	54,625	(50,561)
Adjustment on projected benefit obligation of the consolidated subsidiary in the UK	(465)	-
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States	697	(3,418)
Acquisition of treasury stock	(370)	(10,240)
Net changes during the year	42,981	(74,968)
Balance at March 31, 2009	234,032	160,631

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes		
Net assets at March 31, 2008	15,347	5,334
Changes during the year		
Net changes in items other than shareholders' equity	(10,013)	(7,645)
Net changes during the year	(10,013)	(7,645)
Balance at March 31, 2009	5,334	(2,311)
Net unrealized gains (losses) on hedging derivatives, net of taxes		
Net assets at March 31, 2008	(184)	34
Changes during the year		
Net changes in items other than shareholders' equity	218	(1,364)
Net changes during the year	218	(1,364)
Balance at March 31, 2009	34	(1,330)
Foreign currency translation adjustments		
Net assets at March 31, 2008	8,077	(6,567)
Changes during the year		
Net changes in items other than shareholders' equity	(14,644)	(46,936)
Net changes during the year	(14,644)	(46,936)
Balance at March 31, 2009	(6,567)	(53,503)
Total valuation and translation adjustments		
Net assets at March 31, 2008	23,240	(1,199)
Changes during the year		
Net changes in items other than shareholders' equity	(24,439)	(55,945)
Net changes during the year	(24,439)	(55,945)
Balance at March 31, 2009	(1,199)	(57,144)
Minority interests		
Net assets at March 31, 2008	10,661	11,448
Changes during the year		
Net changes in items other than shareholders' equity	787	(4,028)
Net changes during the year	787	(4,028)
Balance at March 31, 2009	11,448	7,420
Total net assets		
Net assets at March 31, 2008	224,951	244,281
Effect of changes in accounting policies applied to foreign subsidiaries	-	1,567
Changes during the year		
Cash dividends paid	(11,893)	(10,749)
Increase in retained earnings due to exclusion of subsidiaries from consolidation	387	-
Net income (loss)	54,625	(50,561)
Adjustment on projected benefit obligation of the consolidated subsidiary in the UK	(465)	-
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States	697	(3,418)
Acquisition of treasury stock	(370)	(10,240)
Net changes in items other than shareholders' equity	(23,652)	(59,973)
Net changes during the year	19,329	(134,941)
Balance at March 31, 2009	244,281	110,907

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Cash flows from operating activities		
Income (loss) before provision for income taxes	91,179	(20,383)
Depreciation and amortization	37,497	44,594
Impairment loss on fixed assets	1,093	1,815
Amortization of goodwill	7,899	37,881
Increase (decrease) in severance and retirement allowance	893	9,003
Decrease (increase) in prepaid pension cost	(8,757)	(8,853)
Increase (decrease) in provision for product warranties	1,504	366
Interest and dividend income	(4,157)	(3,427)
Interest expense	13,905	16,192
Net loss (gain) of investment in affiliated companies carried on the equity method	1,224	1,704
Net losses (gains) due to decrease in equity interest in subsidiaries	(1,909)	-
Loss (gain) on sale of investment securities in subsidiaries and affiliates	(312)	-
Loss (gain) valuation of investment securities	2,211	16,192
Decrease (increase) in accounts receivable	(3,959)	16,794
Decrease (increase) in inventories	(14,316)	6,528
Increase (decrease) in accounts payable	(9,230)	(14,340)
Increase (decrease) in other payable	15,932	(5,669)
Increase (decrease) in accrued expense	(31)	(12,618)
Loss on funds invested	6,941	1,755
Increase (decrease) in allowance for doubtful accounts on funds	-	4,763
Other	2,325	(1,315)
Sub-total	139,931	90,982
Interest and dividend received	4,114	3,439
Interest payments	(13,864)	(16,139)
Outflow of money from funds	-	(4,763)
Payment of fund related expenses	(802)	-
Income taxes paid	(41,175)	(36,655)
Net cash provided by operating activities	88,204	36,864

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Cash flows from investing activities		
Deposits in time deposits	(3,956)	(5,626)
Withdrawals from time deposits	6,775	3,440
Sales of securities	2,357	-
Purchase of property, plant and equipment, etc.	(47,953)	-
Purchase of property, plant and equipment	-	(43,829)
Sales of property, plant and equipment	2,306	-
Purchases of intangible fixed assets	-	(5,617)
Purchases of investment securities	(12,885)	(5,332)
Sales and redemption of investment securities	7,293	3,687
Payments for acquisition of new consolidated subsidiaries related to changes in scope of consolidation	(202,627)	(128)
Net decrease from sales of investment in subsidiaries related to changes in scope of consolidation	-	(123)
Net increase from sales of investment in subsidiaries related to changes in scope of consolidation	197	-
Payments for additional acquisition of consolidated subsidiaries	(8)	-
Payments for acquisition of new consolidated subsidiaries	-	(21,379)
Proceeds from sales of investment in consolidated subsidiaries	608	-
Payments for loans receivable	(9,912)	(1,531)
Proceeds from loans receivable	1,544	3,073
Money transfer of funds	(47,804)	(19,012)
Collection of fund assets invested	30,000	76,615
Other	(39)	(203)
Net cash used in investing activities	(274,104)	(15,964)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	152,797	(218,220)
Proceeds from long-term debt	37,097	259,719
Repayments of long-term debt	(45,064)	(33,603)
Proceeds from issuance of bonds	100	45,166
Redemption of bonds	(94)	(35,199)
Stock issue to minority shareholders	1,917	147
Expenditure on acquisition of treasury stock	-	(10,240)
Dividends paid	(11,893)	(10,749)
Dividends paid to minority shareholders	(88)	(114)
Other	(371)	(658)
Net cash provided by (used in) financing activities	134,401	(3,751)
Effect of exchange rate changes on cash and cash equivalents	(4,405)	(4,435)
Net increase (decrease) in cash and cash equivalents	(55,904)	12,714
Cash and cash equivalents at beginning of year	174,802	119,842
Net increase in cash and cash equivalents associated with newly consolidated subsidiaries	1,181	-
Net decrease in cash and cash equivalents associated with exclusion from scope of consolidation	(237)	(6)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	170
Cash and cash equivalents at end of year	119,842	132,720

(5) Notes on Premise of Going Concern

No items to report.

(6) Important Items That Form the Basis for Preparing the Consolidated Financial Statements

Fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)
1. Scope of consolidation 1) Number of consolidated subsidiaries: 216 Included in these are the following 11 fund companies determined to be used as consolidated subsidiaries to segregate hidden losses on financial assets, derivative transactions, etc., and to be substantially controlled by the Company. ● SG Bond Plus Fund ● PS Global Investable Markets-O ● Central Forest Corporation ● TEAO Limited ● Neo Strategic Venture, L. P. ● Class Fund IT Ventures ● Quick Progress Co. Ltd ● Global Targets SPC-Sub Fund H Segregated Portfolio ● Dynamic Dragons II,SPC-Sub Fund H Segregated Portfolio ● Easterside Investments Limited ● Twenty-First Century Global Fixed Income Fund Limited Olympus Digital System Design Corp. and other 6 companies are newly established subsidiaries during the fiscal year ended March 31, 2008. Gyrus Group PLC and other 26 companies have been included into consolidation through equity participation carried out during the fiscal year. Olympus Moscow Limited Liability Company and other 3 companies have switched from non-consolidated subsidiaries accounted for under the equity method to consolidated subsidiaries effective from the fiscal year ended March 31, 2008, due to gains in materiality. Atlux Humanage, Inc. and other 1 company have been excluded from consolidated subsidiaries due to sale of shares during the fiscal year. Moranet Inc and other 5 companies have been excluded from consolidated subsidiaries due to merger with other consolidated subsidiaries during the fiscal year. AOI Technologies Inc. and other 5 companies have been excluded from consolidated subsidiaries due to liquidation during the fiscal year. Olympus Microsystems America, Inc. and other one have been excluded from consolidated subsidiaries due to decrease in materiality.	**1. Scope of consolidation** 1) Number of consolidated subsidiaries: 194 Included in these are the following 5 fund companies determined to be used as consolidated subsidiaries to segregate hidden losses on financial assets, derivative transactions, etc., and to be substantially controlled by the Company. ● SG Bond Plus Fund ● Central Forest Corporation ● Creative Dragons SPC-Sub Fund E ● Easterside Investments Limited ● Twenty-First Century Global Fixed Income Fund Limited Olympus UK Loan Notes Limited and other 1 company are newly established subsidiaries during the fiscal year ended March 31, 2009. Pulsecho Inc. has been included into consolidation through equity participation carried out during the fiscal year. Makewave Japan Co., Ltd. has been included into consolidation due to additional acquisition of shares during the fiscal year. ITX Capital Innovation Co., Ltd. and other 10 companies have been excluded from consolidated subsidiaries due to sale of shares during the fiscal year. Olympus NDT NW, Inc. and other 4 companies have been excluded from consolidated subsidiaries due to merger with other consolidated subsidiaries during the fiscal year. Recycle Institute Ltd. and other 2 companies have been excluded from consolidated subsidiaries due to liquidation during the fiscal year. LA PLANTA CO., LTD. has been excluded from consolidated subsidiaries due to decrease in materiality.

Fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)
2) Name of non-consolidated subsidiaries Non-consolidated subsidiaries are as follows: FEED CORPORATION Radio Cafe, Inc. S.T. SIX Co., Ltd., and other 11 companies Reason of excluding from the scope of consolidation The 14 non-consolidated subsidiaries are all small and not material when measured by the impact of total amounts of assets, net sales, net income, and retained earnings (based on the Company's ownership percentage) of those companies on consolidated financial statements. They have therefore been excluded from the scope of consolidation.	2) Name of non-consolidated subsidiaries Non-consolidated subsidiaries are as follows: FEED CORPORATION Radio Cafe, Inc. LA PLANTA CO., LTD., and other 7 companies Reason of excluding from the scope of consolidation The ten non-consolidated subsidiaries are all small and not material when measured by the impact of total amounts of assets, net sales, net income, and retained earnings (based on the Company's ownership percentage) of those companies on consolidated financial statements. They have therefore been excluded from the scope of consolidation.
2. Application of the Equity Method	**2. Application of the Equity Method**
1) Non-consolidated subsidiaries accounted for under the equity method: 2 FEED CORPORATION Radio Cafe, Inc. FEED CORPORATION became an equity participation company during the fiscal year. Beijing Beizhao Olympus Optical Co., Ltd. has been excluded from non-consolidated subsidiaries accounted for under the equity method due to liquidation during the fiscal year. Olympus Moscow Limited Liability Company has switched from a non-consolidated subsidiary accounted for under the equity method to a consolidated subsidiary effective from the fiscal year ended March 31, 2008, due to gains in materiality.	1) Non-consolidated subsidiaries accounted for under the equity method: 2 FEED CORPORATION Radio Cafe, Inc.
2) Affiliated companies accounted for under the equity method: 13 ORTEK Corporation Adachi Co., Ltd. Olympus Cytori Inc., and other 10 companies Media Hanshin Co., Ltd. became an equity participation company during the fiscal year. ADLINK Japan Inc. was newly established during the fiscal year. Cablenet Saitama Co., Ltd and other 3 companies have been excluded from affiliated companies accounted for under the equity method due to sale of shares.	2) Affiliated companies accounted for under the equity method: 18 ORTEK Corporation Adachi Co., Ltd. Olympus Cytori Inc., and other 15 companies ITX Capital Innovation Co., Ltd. and other 5companies have switched from consolidated subsidiaries to affiliated companies accounted for under the equity method due to partial sale of shares during the fiscal year. Resect Medical, Inc. has been excluded from affiliated companies accounted for under the equity method due to sale of shares during the fiscal year.
3) S.T. SIX Co., Ltd. and other 11 non-consolidated subsidiaries and 5 affiliated companies have not been accounted for under the equity method because the impact of all those companies on consolidated net income and retained earnings is not material.	3) LA PLANTA CO., LTD. and other 7 non-consolidated subsidiaries and 11 affiliated companies have not been accounted for under the equity method because the impact of all those companies on consolidated net income and retained earnings is not material.

(7) Changes in Important Items That Form the Basis for Preparing the Consolidated Financial Statements

Fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)
1. Method of depreciation of fixed assets Beginning from the fiscal year ended March 31, 2008, pursuant to the amendments to the Corporation Tax Law (the Law on Partial Amendments to the Income Tax Law [March 30, 2007, Law No. 6] and the Cabinet Order on Partial Amendments to the Order for Enforcement of the Corporation Tax Law [March 30, 2007, Cabinet Order No. 83]), the method of depreciation of fixed assets acquired on or after April 1, 2007 has been changed to the method based on the provisions of the revised Corporation Tax Law. This had immaterial effect on profit and loss in the fiscal year.	**1. Inventories** Before the change, inventories held for sale in the ordinary course of business were stated mainly using the lower-of-cost -or-market method per First-in First-out method. However, because the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, published July 5, 2006) has been applied from the current fiscal year, the First-in First-out cost method is now mainly employed (for the value stated in the balance sheet, the book value is written down based on the decreased profitability). The impact from this change on profit and loss is immaterial. **2. Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”** From the current fiscal year, the consolidated financial statements conform to the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18, May 17, 2006), and necessary amendments were made. The impact from this change on profit and loss is immaterial. **3. Application of Accounting Standard for Lease Transactions** Before the change, the accounting treatment for finance lease transactions not involving the transfer of ownership followed the method for operating lease transactions, but now after the application of the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007]) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee, January 18, 1994; revised March 30, 2007]) that begin from the current fiscal year, the accounting treatment for those transactions follows the method for ordinary purchase and sales transactions. Depreciation of finance lease assets not involving the transfer of ownership is calculated on the straight-line method over the lease period as the useful period and assuming no residual value. The accounting treatment for finance lease transactions not involving the transfer of ownership whose transaction commenced before the first fiscal year in which the Accounting Standard for Lease Transactions is applied follows the same method as for ordinary operating lease transactions. The impact from this change on profit and loss is immaterial.

(Additional Information)

Fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)
<Future conditions> Following the Company's announcement on November 8, 2011 concerning its postponing of recognition of losses on securities investments, etc., investigations by domestic and overseas investigative authorities, supervisory bodies and other public bodies (including those in the U.K. and U.S.) have begun. The consolidated financial statements may be amended if any further important information comes to light in such investigations on or after the day following the filing date of the amendment report for Annual Securities Report. Furthermore, as a result of inappropriate financial reporting by the Company, holders of its American Depositary Receipts (ADRs) have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company for a similar reason.	<Future conditions> Same as left
<Managed assets of fund> As the Company incurred large losses from securities investments, derivative transactions, etc. from the 1990's, with the intention of postponing the recognition of the losses, the Company segregated the hidden losses to a number of non-consolidated receiver funds that were to serve as assignee of financial assets, derivative transactions, etc. (collectively, the "Receiver Funds") beginning with the fiscal year ended March 2000. Assets held by the Receiver Funds are presented in bulk as "Managed assets of fund" in the consolidated balance sheet. This is because the operating assets of the Receiver Funds are, unlike usual investments by the Company, managed in an integrated manner in a series of transactional schemes to segregate and settle the losses. As stated in the section of reason for filing in the amendment report for the Annual Securities Report, some board members were aware of the circumstances surrounding the past transactions to segregate and settle the hidden losses. However, as a result of the matters pointed out in the Investigation Report by the Third Party Committee and the Company's internal investigation, it has come to light that the legal form and main platform of asset management of each Receiver Fund, and information on the details of operating assets, appraised value, etc. of each Receiver Fund during the period from the loss segregation to the liquidation of each Receiver Fund, were not fully maintained at the Company. Therefore, the Company is preparing the amendment report by obtaining accounting information from outside persons related with the loss segregation and settlement scheme.	<Managed assets of fund> Same as left

Fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)
<Participation in equity of Gyrus Group PLC, etc.> Concerning Gyrus Group PLC, in which the Company participated in equity during the current fiscal year, because the allocation of funds for the acquisition cost is incomplete as of the end of the current fiscal year, a provisional accounting treatment is effectuated based on available information deemed as rational. Also, there is the possibility of additional payments due to certain clauses in the purchasing agreement such as an employee incentive plan.	<Investment in Gyrus Group Limited> Concerning investments such as the equity participation in Gyrus Group Limited (formerly Gyrus Group PLC) during the previous fiscal year, because the amount to be expended in fees, etc. has been finalized and the allocation of funds for the acquisition cost is complete, a provisional accounting treatment has been determined.

(8) Notes Regarding the Consolidated Financial Statements

Notes

(Omission of disclosure)

Notes related to lease transactions, related party information, deferred tax accounting, securities, derivative transactions, retirement benefits, stock options, and business combinations are omitted, because the necessity of their disclosure in financial results are regarded as immaterial.

However, the aforementioned notes will be included in the securities report scheduled to be submitted on June 26, 2009, and will be available on the Electronic Disclosure for Investors' Network (EDINET), an electronic disclosure system with respect to disclosed documents such as annual securities reports submitted pursuant to the Financial Instruments and Exchange Law.

(Consolidated Statements of Income) (Millions of yen)

Fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)		Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)	
***2. Major items and amounts of selling, general and administrative expenses are as follows:**		***2. Major items and amounts of selling, general and administrative expenses are as follows:**	
Advertising and promotion expenses	58,658	Advertising and promotion expenses	53,058
Provision of allowance for doubtful accounts	480	Provision of allowance for doubtful accounts	2,309
Salaries and allowance	104,921	Salaries and allowance	113,920
Bonuses	28,111	Bonuses	19,349
Severance and retirement expenses	3,098	Severance and retirement expenses	5,397
Provision of severance and retirement allowance for directors and corporate auditors	49	Provision of severance and retirement allowance for directors and corporate auditors	62
Amortization of goodwill	7,899	Amortization of goodwill	17,363
Experiment and research expenses	38,552	Experiment and research expenses	45,927
Depreciation	22,682	Depreciation	31,437
***3. Research and development expenses included in general and administrative expenses and production cost for the current fiscal year are ¥65,928 million.**		***3. Research and development expenses included in general and administrative expenses and production cost for the current fiscal year are ¥70,010 million.**	

(Segment Information)

a. Segment information by type of business

Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008) (Millions of yen)

	Imaging Systems	Medical Systems	Life Science	Information & Communication	Others	Total	Elimination or Unallocation	Consolidated
I. Net sales and operating income or loss								
Sales								
(1) Sales to outside customers	320,589	353,269	131,446	254,312	69,259	1,128,875	–	1,128,875
(2) Internal sales of transfer among segments	347	85	219	–	574	1,225	(1,225)	–
Total	320,936	353,354	131,665	254,312	69,833	1,130,100	(1,225)	1,128,875
Operating expenses	287,850	254,934	124,675	251,311	68,713	987,483	28,566	1,016,049
Operating income (or operating loss)	33,086	98,420	6,990	3,001	1,120	142,617	(29,791)	112,826
II. Assets, depreciation cost, and capital expenditure								
Assets	147,293	520,190	94,916	128,949	97,356	988,704	228,469	1,217,172
Depreciation cost	8,748	10,778	5,943	2,470	4,334	32,273	5,224	37,497
Capital expenditure	10,638	16,536	7,792	3,191	4,476	42,633	7,437	50,070

Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009) (Millions of yen)

	Imaging Systems	Medical Systems	Life Science	Information & Communication	Others	Total	Elimination or Unallocation	Consolidated
I. Net sales and operating income or loss								
Sales								
(1) Sales to outside customers	224,460	383,828	118,819	188,954	64,742	980,803	–	980,803
(2) Internal sales of transfer among segments	133	64	189	–	492	878	(878)	–
Total	224,593	383,892	119,008	188,954	65,234	981,681	(878)	980,803
Operating expenses	229,724	308,458	114,248	188,047	71,453	911,930	26,151	938,081
Operating income (or operating loss)	(5,131)	75,434	4,760	907	(6,219)	69,751	(27,029)	42,722
II. Assets, depreciation cost, and capital expenditure								
Assets	119,492	456,693	82,609	99,205	74,100	832,099	206,154	1,038,253
Depreciation cost	8,465	19,250	5,265	2,655	3,921	39,556	5,038	44,594
Capital expenditure	8,580	21,974	4,466	2,988	4,871	42,879	12,753	55,632

Notes:

1. Method of segmentation of business during the fiscal year
   Business established based on product line are segmented taking into consideration similarities in sales markets.
2. The main products for each business are as follows:
   (1) Imaging Systems: Digital cameras, Voice recorders
   (2) Medical Systems: Medical endoscopes, Surgical endoscopes, Endo Therapy products, Ultrasound endoscopes
   (3) Life Science: Blood analyzer (clinical chemistry analyzer), Biological microscopes, Industrial microscopes
   (4) Information & Communication: Sales of mobile terminals including mobile handsets, Mobile solution, Mobile content services, Development and sales of business package software, Sales of network infrastructure systems, Sales of semiconductor devices and electric equipment
   (5) Others: Industrial endoscopes, Non-destructive testing equipment, Printers, Bar code data processing equipment, System development, etc.
3. Among the operating expenses, the amount of unallocatable operating expenses recorded in the section of Elimination or Unallocation was ¥29,791 million for the previous consolidated fiscal year, and ¥27,029 million for the current consolidated fiscal year, most of which consisted of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.
4. Among the assets, the amount of unallocatable assets recorded in the section of Elimination or Unallocation was ¥228,468 million for the previous consolidated fiscal year, and ¥206,154 million for the current consolidated fiscal year, most of which consisted of the surplus operating fund at the parent company (cash and securities), long-term investment fund (investment securities), and assets related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.

b. Segment information by region

Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008) (Millions of yen)

	Japan	Americas	Europe	Asia	Total	Elimination or Unallocation	Consolidated
I. Net sales and operating income or loss							
Sales							
(1) Sales to outside customers	484,146	259,137	299,667	85,925	1,128,875	–	1,128,875
(2) Internal sales of transfer among segments	341,219	10,675	13,318	110,410	475,622	(475,622)	–
Total	825,365	269,812	312,985	196,335	1,604,497	(475,622)	1,128,875
Operating expenses	734,000	250,022	290,863	185,801	1,460,686	(444,637)	1,016,049
Operating income	91,365	19,790	22,122	10,534	143,811	(30,985)	112,826
II. Assets	542,993	364,099	228,072	121,033	1,256,197	(39,025)	1,217,172

Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009) (Millions of yen)

	Japan	Americas	Europe	Asia	Total	Elimination or Unallocation	Consolidated
I. Net sales and operating income or loss							
Sales							
(1) Sales to outside customers	394,459	256,894	256,958	72,492	980,803	–	980,803
(2) Internal sales of transfer among segments	262,143	8,588	17,846	75,814	364,391	(364,391)	–
Total	656,602	265,482	274,804	148,306	1,345,194	(364,391)	980,803
Operating expenses	619,772	260,462	257,049	141,785	1,279,068	(340,987)	938,081
Operating income	36,830	5,020	17,755	6,521	66,126	(23,404)	42,722
II. Assets	262,277	315,513	253,883	113,812	945,485	92,768	1,038,253

Notes:

1. Countries and regions are segmented by geographical proximity.
2. Major countries and regions other than Japan are as follows:
   (1) Americas: USA, Canada, Mexico, and Brazil
   (2) Europe: Germany, UK, France, etc.
   (3) Asia: Singapore, Hong Kong, China, Korea, Australia, etc.
3. Among the operating expenses, the amount of unallocatable operating expenses recorded in the section of Elimination or Unallocation was ¥29,791 million for the previous consolidated fiscal year, and ¥27,029 million for the current consolidated fiscal year, most of which consisted of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.
4. Among the assets, the amount of unallocatable assets recorded in the section of Elimination or Unallocation was ¥228,468 million for the previous consolidated fiscal year, and ¥206,154 million for the current consolidated fiscal year, most of which consisted of the surplus operating fund at the parent company (cash and securities), long-term investment fund (investment securities), and assets related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.

c. Overseas sales

Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008) (Millions of yen)

	North America	Europe	Asia	Others	Total
I. Overseas sales	240,254	303,110	138,873	26,411	708,648
II. Consolidated sales					1,128,875
III. Percentage of overseas sales in consolidated sales (%)	21.3	26.9	12.3	2.3	62.8

Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009) (Millions of yen)

	North America	Europe	Asia	Others	Total
I. Overseas sales	237,656	257,894	114,152	23,840	633,542
II. Consolidated sales					980,803
III. Percentage of overseas sales in consolidated sales (%)	24.2	26.4	11.6	2.4	64.6

Notes:
1. Overseas sales refer to the sales of the Company and its consolidated subsidiaries in countries or regions other than Japan.
2. Regions are segmented by geographical proximity.
3. Major countries and regions other than Japan are as follows:
   (1) North America: USA, Canada
   (2) Europe: Germany, UK, France, etc.
   (3) Asia: Singapore, Hong Kong, China, Korea, Australia, etc.
   (4) Others: Central and South America, Africa, etc.

d. Production, orders and sales

Businesses are segmented by adding similar sales markets to business established based on product lines. Purchasing performance is recorded in addition to production performance for some consolidated subsidiaries, because they engage in the sales and services of equipments.

(1) Production Performance

Segment Name by Type of Business	Amount (Millions of yen)	Comparison vs. Previous Fiscal Year (%)
Imaging Systems	239,547	(24.8)
Medical Systems	366,016	4.1
Life Science	109,697	(2.8)
Information & Communication	–	–
Others	47,228	(1.9)
Total	762,488	(8.3)

Notes: 1. Amounts are calculated based on the sales price.
2. Amounts do not include consumption tax.

(2) Purchasing Performance

Segment Name by Type of Business	Amount (Millions of yen)	Comparison vs. Previous Fiscal Year (%)
Imaging Systems	–	–
Medical Systems	–	–
Life Science	–	–
Information & Communication	149,695	(27.7)
Others	24,492	(2.7)
Total	174,187	(25.0)

Note: Amounts do not include consumption tax.

(3) Orders Received

As we have mainly adopted a make-to-stock production system, the description of the situation of accepting orders has been omitted.

(4) Sales Performance

Segment Name by Type of Business	Amount (Millions of yen)	Comparison vs. Previous Fiscal Year (%)
Imaging Systems	224,460	(30.0)
Medical Systems	383,828	8.7
Life Science	118,819	(9.6)
Information & Communication	188,954	(25.7)
Others	64,742	(6.5)
Total	980,803	(13.1)

Note: Amounts do not include consumption tax.

(Per-Share Data)

Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)		Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)	
Net assets per share	¥861.58	Net assets per share	¥387.31
Net income per share	¥202.11	Net loss per share	¥(188.85)
Fully diluted net income per share	¥202.07	Although potential shares exist, the fully diluted net income per share is not described here due to the net loss per share resulting from dilution.	

Note: The basis for calculating net income per share, net loss per share, and fully diluted net income per share is as follows:

(Million of yen)

	Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)
Net income (loss)	54,625	(50,561)
Amount that does not belong to ordinary shareholder	–	–
Net income (loss) concerning common stock	54,625	(50,561)
Average number of shares during the year	270,271,738 shares	267,725,706 shares
Main components of the net income adjustment used for calculating the fully diluted net income per share Adjustment for potential shares issued by consolidated subsidiaries	(11)	–
Net income adjustment	(11)	–
Amount of increase of common stock	–	–
Outline of the residual securities excluded from the calculation of the fully diluted net income per share because they have no dilutive effects.	There are share options as residual securities held by consolidated subsidiaries.	Same as left.

(Important Subsequent Event)

Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

Olympus Corporation, at a meeting of its Board of Directors on May 8, 2008, resolved to repurchase of its own shares in order to increase shareholders' returns and to implement more flexible capital policies in accordance with changes of business environment under Article 156 of the Company Law as applied pursuant to Article 165, Paragraph 3 of the Company Law as follows.

Resolution at a meeting of its Board of Directors regarding repurchase of own shares

1. Class of shares:	Common stock
2. Total number of shares to be repurchased:	Up to 3.5 million shares
3. Total cost of repurchase:	Up to ¥10,000 million
4. Period of repurchase:	From May 9, 2008 to June 20, 2008
5. Method of repurchase:	Purchase in the market through a trust bank

The Company's own shares acquired on the Tokyo Stock Exchange between May 9, 2008, and June 20, 2008, amount to 2,958,000 shares of common stock at ¥9,998 million.

Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(Notification concerning Olympus Corporation making Iwaken Co., Ltd. its Wholly-Owned Subsidiary through a Share Exchange)

The Board of Directors of Olympus Corporation (the "Company") resolved to make Iwaken Co., Ltd. ("Iwaken") its wholly-owned subsidiary through a share exchange (the "Share Exchange") with a scheduled date of June 1, 2009, and entered into a basic agreement with Iwaken (the "Basic Agreement") on April 10, 2009.

The Company plans to implement the Share Exchange without obtaining approval at General Meeting of Shareholders in accordance with "simplified share exchange" (kan-i kabushiki kokan) procedures pursuant to Article 796, Paragraph 3 of the Company Law of Japan.

1. Purpose of a Share Exchange

The Olympus Group has been focusing on steadily increasing profits in its Medical Systems Business, the core product of which is endoscopes for medical use, while contributing to society by supplying "safe, reliable and efficient" medical procedures.

In the midst of the substantial changes that are occurring in the environment surrounding medical treatment as a result of recent reforms in the healthcare system, the Olympus Group and Iwaken have developed a close partnership centering around the sale of Olympus Group products and Olympus Group Services.

The Company and Iwaken have entered into the Basic Agreement on the basis of their shared conclusion that integration on both a capital and an operational level is the most appropriate way to enable both companies to provide services of an even higher quality to medical institutions, research organizations and other customers.

2. Summary of the Share Exchange

(1) Schedule of the Share Exchange

April 10, 2009	Sign of the Basic Agreement between the Company and Iwaken
April 24, 2009	Meeting of the Board of Directors (Resolution to approve the sign of the agreement pertaining to the Share Exchange (the "Share Exchange Agreement"))
April 24, 2009	Sign of the Share Exchange Agreement between the Company and Iwaken
End of May, 2009	Extraordinary Meeting of Shareholders of Iwaken (Resolution to approve the Share Exchange) (scheduled)
June 1, 2009	Effective date of the Share Exchange (scheduled)

(2) Allocation of Shares in the Share Exchange

Name of Company	Olympus Corporation (Parent Company after the Share Exchange)	Iwaken Co., Ltd. (Wholly-Owned Subsidiary after the Share Exchange)
Allocation of Shares in the Share Exchange	1	8.7

Notes:

1. Share Exchange Ratio
   In the Share Exchange, the Company will allocate and deliver 8.7 shares of common stock in exchange for one share of common stock of Iwaken.
2. Number of Shares to be Delivered through the Share Exchange
   2,784,000 shares of common stock
   The Company will deliver common shares from its treasury stock to shareholders of Iwaken in the Share Exchange, and will not issue any new shares.

(3) Basis of Calculation of the Share Exchange Ratio

a. Basis of Calculation

In order to ensure the fairness and appropriateness of the calculation of the share exchange ratio in the Share Exchange, the Company decided to ask a third party for its opinion as a specialist, and appointed ABeam M&A Consulting Ltd. ("ABeam M&A Consulting") as such third party.

When calculating the share value of the Company shares, ABeam M&A Consulting employed the market price method, because the Company is a listed Company. ABeam M&A Consulting calculated the share value of the Company in accordance with the market price method with reference to share prices during (i) the past one-month period (from March 10, 2009 to April 9, 2009) and (ii) the past three-month period (from January 13, 2009 to April 9, 2009).

When calculating the share value of Iwaken shares, ABeam M&A Consulting employed the discounted cash flow method (the "DCF method"), because Iwaken is an unlisted company. The synergies that the Company expects will arise as a result of Iwaken joining the Olympus Group were included in the future profit plans which formed the basis of the analysis in accordance with the DCF method.

Based on the calculations of the respective share values of the Company and Iwaken in accordance with each of the methods described above and on the basis that one share of the Company represents a value of one, the share exchange ratio in the Share Exchange has been calculated by ABeam M&A Consulting as follows:

Range of the Share Exchange Ratio Valuation Between 6.03 and 11.58

The Company and Iwaken decided to use the share exchange ratio set forth above in the Share Exchange based on the aforementioned calculations by ABeam M&A Consulting and as a result of thorough discussions between the two companies. The share exchange ratio is subject to change upon consultation between the Company and Iwaken in the event of a material change in any of the numerous factors upon which calculations were based.

b. Relationship with the Appraiser

The appraiser, ABeam M&A Consulting, is not a related party of the Company or Iwaken.

3. Description of Iwaken Co., Ltd. (As of March 31, 2008)

Business Description	Sales of medical appliances, physical and chemical instruments and optical devices; repair services in connection with same
Head Office	6-4, Hongo 3-chome, Bunkyo-ku, Tokyo
Name and Title of Representative	Seiji Iwasaki, Representative Director and President
Paid-in Capital	¥16 million
Net Assets	¥3,203 million (non-consolidated)
Total Assets	¥8,042 million (non-consolidated)

(Merger of Consolidated Subsidiaries)

ITX Corporation, a consolidated subsidiary of the Company, resolved, at a meeting of its Board of Directors held on December 16, 2008, to merge with its subsidiary IT Telecom, Inc. where ITX Corporation was the surviving company and IT Telecom, Inc. was the absorbed company. The merger agreement was executed on the same date. With respect to ITX Corporation, the merger was a simplified merger in accordance with Article 796, Paragraph 3 of the Company Law and, with respect to IT Telecom, Inc., same was a short-form merger in accordance with Article 784, Paragraph 1 of said Law. Therefore, a General Meeting of Shareholders was not held for the approval of the merger. The merger took effect on April 1, 2009.

1. Names, etc. of companies subject to merger

(1) Names of companies subject to merger

Merging company	ITX Corporation (consolidated subsidiary of the Company)
Merged company	IT Telecom, Inc. (consolidated subsidiary of the Company)

(2) Description of business of merged company

Sales of mobile phones, etc. and broadband and other communications service provider

(3) Legal form of merger

Absorption-type merger where ITX Corporation is the surviving company and IT Telecom, Inc. is the absorbed company

(4) Name of entity after the merger

ITX Corporation

(5) Overview of transactions including the purpose

The purpose of the merger is to accelerate the advancement of business and strengthen the information and telecommunication service business as the core competency by concentrating managerial resources and integrating information and communication service functions fostered through various assets, resources and know-how over many years of the ITX Group.

2. Overview of accounting treatment

The “common control transactions” accounting treatment will be applied in accordance with the “Accounting Standard Relating to Business Combinations” (Business Accounting Council) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10). Consequently, this accounting treatment has no affect on the consolidated financial statements.

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
ASSETS		
Current assets		
Cash and time deposits	24,369	17,830
Notes receivable	755	517
Accounts receivable	21,972	19,940
Finished goods	4,659	4,323
Work in process	5,593	6,812
Raw materials and supplies	512	496
Short-term loans receivable from subsidiaries and affiliates	220,731	11,766
Other receivable	13,807	9,500
Income taxes receivable	468	-
Deferred income taxes	9,740	9,393
Suspense payments of funds	-	17,731
Other current assets	2,126	2,821
Allowance for doubtful accounts	(1,878)	(436)
Total current assets	302,854	100,693
Fixed assets		
Property, plant and equipment		
Buildings	39,967	54,246
Accumulated depreciation	(26,764)	(28,040)
Buildings, net	13,203	26,206
Structures	3,115	3,325
Accumulated depreciation	(2,097)	(2,251)
Structures, net	1,018	1,074
Machinery and equipment	14,115	14,418
Accumulated depreciation	(10,661)	(11,353)
Machinery and equipment, net	3,454	3,065
Vehicles	62	60
Accumulated depreciation	(53)	(54)
Vehicles, net	9	6
Tools, furniture and fixtures	20,584	22,070
Accumulated depreciation	(15,065)	(16,577)
Tools, furniture and fixtures, net	5,519	5,493
Land	10,136	10,136
Lease assets	-	530
Accumulated depreciation	-	(56)
Lease assets, net	-	474
Construction in progress	4,126	799
Net property, plant and equipment	37,465	47,253

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
Intangible fixed assets		
Goodwill	427	320
Patent right	2,464	2,205
Software	4,505	1,852
Software in progress	504	-
Lease assets	-	113
Right of using facilities	65	64
Total intangible fixed assets	7,965	4,554
Investments and other assets		
Investment securities	66,510	44,238
Investment securities in subsidiaries and affiliates	148,610	332,111
Investments in capital of subsidiaries and affiliates	15,036	15,036
Long-term loans receivable	58	59
Long-term loans receivable from employees	129	99
Long-term loans receivable from subsidiaries and affiliates	3,861	8,198
Prepaid pension cost	6,188	8,236
Long-term prepaid expenses	4	2
Deferred income taxes	1,006	6,093
Investments in affiliates	46,869	8,458
Long-term accounts receivable-other	-	4,763
Investment in progress	1,303	-
Other assets	3,737	3,782
Allowance for doubtful accounts	(1,842)	(11,497)
Total investments and other assets	291,469	419,579
Total fixed assets	336,899	471,386
Total assets	639,752	572,078
LIABILITIES		
Current liabilities		
Notes payable	291	256
Accounts payable	9,145	9,497
Short-term borrowings	191,305	1,305
Current maturities of bonds	35,000	20,000
Current maturities of long-term borrowings	20,000	-
Lease liabilities	-	138
Other payable	12,908	18,950
Accrued expenses	17,071	12,889
Income taxes payable	214	3,510
Advances received	142	278
Deposits received	69,109	38,581
Provision for product warranties	52	76
Other current liabilities	3	268
Total current liabilities	355,239	105,748

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
Non-current liabilities		
Long-term bonds, less current maturities	105,000	130,000
Long-term borrowings, less current maturities	65,000	300,000
Long-term deposits received, less current maturities	732	751
Lease liabilities	-	447
Provision for loss on guarantees	632	-
Total non-current liabilities	171,364	431,198
Total liabilities	526,603	536,946
NET ASSETS		
Shareholders' equity		
Common stock	48,332	48,332
Capital surplus		
Legal capital surplus	73,027	73,027
Other capital surplus	22	22
Total capital surplus	73,049	73,049
Retained earnings		
Legal reserve	6,626	6,626
Other retained earnings		
Reserve for product development	4,000	4,000
Reserve for special depreciation	537	238
Reserve for advanced depreciation	2,744	2,567
General reserve	59,069	59,069
Retained earnings carried forward	(71,019)	(144,838)
Total retained earnings	1,957	(72,338)
Treasury stock, at cost	(2,634)	(12,874)
Total shareholders' equity	120,704	36,169
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	5,616	(878)
Net unrealized gains (losses) on hedging derivatives, net of taxes	(13,171)	(160)
Total valuation and translation adjustments	(7,555)	(1,037)
Total net assets	113,149	35,132
Total liabilities and net assets	639,752	572,078

(2) Non-Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Net sales		
Net sales of finished goods	83,929	76,427
Service revenue	29,942	28,688
Total net sales	113,871	105,115
Costs of sales		
Cost of finished goods sold		
Beginning finished goods	4,784	4,659
Cost of products manufactured	54,554	53,770
Total	59,338	58,429
Transfer to other account	993	1,303
Ending finished goods	4,659	4,323
Cost of finished goods sold	53,686	52,803
Cost of service	4,613	5,555
Total cost of sales	58,299	58,358
Gross profit	55,572	46,757
Selling, general and administrative expenses	61,087	59,102
Operating loss	(5,515)	(12,345)
Non-operating income		
Interest income	460	917
Interest on securities	262	170
Dividends income	50,610	29,652
Foreign currency exchange gain	118	-
Others	863	570
Total non-operating income	52,313	31,309
Non-operating expenses		
Interest expenses	1,651	4,805
Interest on bonds	1,781	2,187
Amortization of bond issuance cost	-	209
Foreign currency exchange loss	-	710
Provision of allowance for doubtful accounts	3,206	3,220
Others	2,645	2,132
Total non-operating expenses	9,282	13,264
Ordinary income	37,517	5,701
Extraordinary income		
Gain on sales of fixed assets	395	-
Gain on sales of investment securities	66	34
Gain on sales of investment securities in subsidiaries and affiliates	-	1,752
Reversal of provision for loss on guarantees	-	632
Total extraordinary income	461	2,418

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Extraordinary losses		
Loss on valuation of investment securities	2,802	13,127
Loss on valuation of investment securities in subsidiaries and affiliates	4,023	46,671
Provision of allowance for doubtful accounts	-	4,763
Loss on valuation of investments in affiliates	4,291	1,755
Total extraordinary losses	11,116	66,316
Income (loss) before provision for income taxes	26,861	(58,198)
Income taxes, current	(3,924)	5,850
Income taxes for prior periods	1,049	-
Income taxes, deferred	(1,426)	(502)
Total	(4,301)	5,348
Net income (loss)	31,163	(63,545)

(3) Non-Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Shareholders' equity		
Common stock		
Net assets at March 31, 2008	48,331	48,332
Changes during the year		
Net changes during the year	-	-
Balance at March 31, 2009	48,332	48,332
Capital surplus		
Legal capital surplus		
Net assets at March 31, 2008	73,027	73,027
Changes during the year		
Net changes during the year	-	-
Balance at March 31, 2009	73,027	73,027
Other capital surplus		
Net assets at March 31, 2008	22	22
Changes during the year		
Net changes during the year	-	-
Balance at March 31, 2009	22	22
Retained earnings		
Legal reserve		
Net assets at March 31, 2008	6,626	6,626
Changes during the year		
Net changes during the year	-	-
Balance at March 31, 2009	6,626	6,626
Other retained earnings		
Net assets at March 31, 2008	(23,938)	(4,669)
Changes during the year		
Cash dividends paid	(11,893)	(10,749)
Net income (loss)	31,163	(63,545)
Net changes during the year	19,270	(74,295)
Balance at March 31, 2009	(4,669)	(78,964)
Treasury stock, at cost		
Net assets at March 31, 2008	(2,264)	(2,634)
Changes during the year		
Acquisition of treasury stock	(370)	(10,240)
Net changes during the year	(370)	(10,240)
Balance at March 31, 2009	(2,634)	(12,874)
Total shareholders' equity		
Net assets at March 31, 2008	101,803	120,704
Changes during the year		
Cash dividends paid	(11,893)	(10,749)
Net income (loss)	31,163	(63,545)
Acquisition of treasury stock	(370)	(10,240)
Net changes during the year	18,900	(84,535)
Balance at March 31, 2009	120,704	36,169

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes		
Net assets at March 31, 2008	13,285	5,616
Changes during the year		
Net changes in items other than shareholders' equity	(7,669)	(6,493)
Net changes during the year	(7,669)	(6,493)
Balance at March 31, 2009	5,616	(878)
Net unrealized gains (losses) on hedging derivatives, net of taxes		
Net assets at March 31, 2008	(5)	(13,171)
Changes during the year		
Net changes in items other than shareholders' equity	(13,165)	13,011
Net changes during the year	(13,165)	13,011
Balance at March 31, 2009	(13,171)	(160)
Total valuation and translation adjustments		
Net assets at March 31, 2008	13,279	(7,555)
Changes during the year		
Net changes in items other than shareholders' equity	(20,834)	6,518
Net changes during the year	(20,834)	6,518
Balance at March 31, 2009	(7,555)	(1,037)
Total net assets		
Net assets at March 31, 2008	115,083	113,149
Changes during the year		
Cash dividends paid	(11,893)	(10,749)
Net income (loss)	31,163	(63,545)
Acquisition of treasury stock	(370)	(10,240)
Net changes in items other than shareholders' equity	(20,834)	6,518
Net changes during the year	(1,934)	(78,017)
Balance at March 31, 2009	113,149	35,132

Marginal notes for Non-Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2008

Note: 1. Breakdown of other retained earnings

(Millions of yen)

	Reserve for product development	Reserve for special depreciation	Reserve for advanced depreciation	General reserve	Retained earnings carried forward	Total
Net assets at March 31, 2007	4,000	944	2,624	79,068	(110,577)	(23,938)
Changes during the year Cash dividends paid					(11,893)	(11,893)
Reversal of reserve for special depreciation		(408)			408	-
Provision of reserve for advanced depreciation			294		(294)	-
Reversal of reserve for advanced depreciation			(174)		174	-
Reversal of general reserve				(20,000)	20,000	-
Net income (loss)					31,163	31,163
Net changes during the year	-	(408)	120	(20,000)	39,558	19,270
Balance at March 31, 2008	4,000	537	2,744	59,069	(71,019)	(4,669)

Note: 2. Net assets at March 31, 2007 is truncated to the nearest million yen, and balance at March 31, 2008 and Changes during the year are rounded off to the nearest million yen.
As dividends were already paid in accordance with the procedures based on the resolution by the general shareholders' meeting and the Board of Directors, the amount of retained earnings carried forward was determined after subtracting the dividends.

Fiscal year ended March 31, 2009

Note: Breakdown of other retained earnings

(Millions of yen)

	Reserve for product development	Reserve for special depreciation	Reserve for advanced depreciation	General reserve	Retained earnings carried forward	Total
Net assets at March 31, 2008	4,000	537	2,744	59,069	(71,019)	(4,669)
Changes during the year Cash dividends paid					(10,749)	(10,749)
Reversal of reserve for special depreciation		(299)			299	-
Reversal of reserve for advanced depreciation			(177)		177	-
Net income (loss)					(63,545)	(63,545)
Net changes during the year	-	(299)	(177)	-	(73,819)	(74,295)
Balance at March 31, 2009	4,000	238	2,567	59,069	(144,838)	(78,964)

As dividends were already paid in accordance with the procedures based on the resolution by the general shareholders' meeting and the Board of Directors, the amount of retained earnings carried forward was determined after subtracting the dividends.

(4) Notes on Premise of Going Concern

No items to report.

(Before Correction)

Consolidated Financial Results for the Fiscal Year Ended March 31, 2009

May 12, 2009

Company Name: Olympus Corporation
Code Number: 7733
(URL: http://www.olympus.co.jp/)
Stock Exchange Listing: First Section of Tokyo Stock Exchange
Representative: Tsuyoshi Kikukawa, President and Representative Director
Contact: Hironobu Kawamata, General Manager, Accounting Division
Phone: 03-3340-2111
Scheduled date to General Meeting of Shareholders: June 26, 2009
Scheduled date to submit the Securities Report: June 26, 2009
Scheduled date to commence dividend payments: –

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(1) Consolidated Results of Operations (% indicate changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
March 31, 2009	980,803	(13.1)	34,587	(69.3)	18,390	(80.2)	(114,810)	–
March 31, 2008	1,128,875	6.3	112,623	14.1	93,085	22.1	57,969	21.3

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended	(¥)	(¥)	%	%	%
March 31, 2009	(428.83)	–	(44.4)	1.5	3.5
March 31, 2008	214.48	214.44	16.8	7.6	10.0

Note: Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2009: ¥ (1,704) million
Fiscal year ended March 31, 2008: ¥ (2,766) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	(¥ million)	(¥ million)	%	(¥)
March 31, 2009	1,106,318	168,784	14.6	603.92
March 31, 2008	1,358,349	367,876	26.2	1,318.65

Note: Equity as of March 31, 2009: ¥161,364 million March 31, 2008: ¥356,351 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal year ended	(¥ million)	(¥ million)	(¥ million)	(¥ million)
March 31, 2009	41,628	(20,728)	(3,751)	132,720
March 31, 2008	89,006	(304,303)	164,401	119,842

2. Dividends

	Cash dividends per share					Total amount of cash dividends	Payout ratio	Ratio of dividends to net assets
(Record date)	First quarter	Second quarter	Third quarter	Year-end	Annual	(Annual)	(Consolidated)	(Consolidated)
Fiscal year ended	(¥)	(¥)	(¥)	(¥)	(¥)	(¥)	%	%
March 31, 2008	–	20.00	–	20.00	40.00	10,810	18.6	3.1
March 31, 2009	–	20.00	–	0.00	20.00	5,345	–	2.1
Fiscal year ending March 31, 2010 (Forecast)	–	15.00	–	15.00	30.00		20.0	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2010 (From April 1, 2009 to March 31, 2010)

(% indicate changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Six months	420,000	(21.6)	15,000	(53.3)	5,500	(71.9)	33,000	815.9	123.51
Full year	900,000	(8.2)	59,000	70.6	40,000	117.5	40,000	–	149.70

4. Others

(1) Changes in significant subsidiaries during period under review (changes in specified subsidiaries resulting in the changes in scope of consolidation): No

(2) Changes in accounting policies, procedures, methods of presentation for preparing the consolidated financial statements (changes described in the section of "Changes in Important Items That Form the Basis for Preparing the Consolidated Financial Statements")

1) Changes due to revisions to accounting standards, and other regulations: Yes
2) Changes due to other reasons: No

Note: For details, refer to "Changes in Important Items That Form the Basis for Preparing the Consolidated Financial Statements" on p. 24.

(3) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the fiscal year (including treasury stock)

As of March 31, 2009 271,283,608 shares
As of March 31, 2008 271,283,608 shares

2) Total number of treasury shares at the end of the fiscal year

As of March 31, 2009 4,089,222 shares
As of March 31, 2008 1,044,440 shares

Note: Please refer to p. 30 ("Per-Share Data") for the number of shares that are used as the basis for the calculation of net income per share (consolidated).

Reference: Summary of Non-Consolidated Financial Results

Financial results for the Fiscal Year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(1) Non-Consolidated Results of Operations (% indicates changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
March 31, 2009	105,115	(7.7)	(12,345)	–	5,556	(85.5)	(136,227)	–
March 31, 2008	113,871	7.3	(5,515)	–	38,264	410.0	41,308	414.0

	Net income per share	Fully diluted net income per share
Fiscal year ended	(¥)	(¥)
March 31, 2009	(508.83)	–
March 31, 2008	152.84	–

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	(¥ million)	(¥ million)	%	(¥)
March 31, 2009	627,610	93,999	15.0	351.80
March 31, 2008	788,853	244,568	31.0	905.01

Note: Equity as of March 31, 2009: ¥93,999 million March 31, 2008: ¥244,568 million

* Proper use of the forecast of financial results, and other special matters

The forward-looking statements, including forecast of financial results, contained in these materials include predictions based on future assumptions, projections and plans made at the time these materials were announced. Actual business results may differ substantially from the forecast due to certain risks and uncertain factors relating to movements in the global economy, competitive conditions and foreign exchange rates, among others. Please refer to p. 7-8 for matters relating to the forecast of financial results.

1. Results of Operations

(1) Analysis of Business Results

(Review of Operations)

Analysis of the overall operations

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income (loss)	Net income (loss) per share
Fiscal year ended March 31, 2009	980,803	34,587	18,390	(114,810)	¥(428.83)
Fiscal year ended March 31, 2008	1,128,875	112,623	93,085	57,969	¥214.48
Increase (Decrease) Ratio (%)	(13.1)	(69.3)	(80.2)	–	–

Comparison Table of Average Exchange Rate (Yen)

	Current fiscal year	Previous fiscal year
Against the U.S. dollar	100.54	114.28
Against the euro	143.48	161.53

In the Japanese economy during the fiscal year under review, exports, capital investments and consumer spending deteriorated sharply and the yen appreciated rapidly as the global financial crisis assumed serious proportions. Although the world economy continued to expand mainly in the emerging countries during the first half-year, business conditions mainly in Europe, North America and Asia generally slowed down rapidly in the second half-year as a result of the financial crisis and the weakened real economy, showing clearer signs of the worldwide recession.

Amid this adverse business environment, the Olympus Group endeavored to strengthen its organizational capabilities to implement valid strategies in accordance with its "'06 Corporate Strategic Plan" that it formulated as the medium-term business plan in 2006 by, for example, bolstering the global sales structure in the surgical field of its Medical Systems Business with a view to generating a synergistic effect from Gyrus, a British medical treatment equipment company, that it acquired in February 2008. In addition, in February 2009, the Olympus Group decided to assign its analyzer business to Beckman Coulter Inc. of the U.S. in July 2009.

While the Olympus Group's Medical Systems Business remained robust, the consolidated net sales decreased ¥148,072 million (13.1% year-on-year) to ¥980,803 million due to the worldwide business slowdown and sharp appreciation of the yen during the second half-year. Operating income decreased (69.3% year-on-year) to ¥34,587 million due to the adverse influences of exchange rate movements, reduced revenue from the Imaging Systems Business, costs of the business merger with Gyrus, and increased depreciation expenses associated with other consolidated subsidiaries. Ordinary income decreased (80.2% year-on-year) to ¥18,390 million primarily due to the deterioration in operating income. The Olympus Group ended the year with a consolidated net loss of ¥114,810 million (in contrast to a net income of ¥57,969 million for the previous fiscal year) as it recorded an extraordinary losses aggregating ¥110,382 million including a loss of ¥15,797 million on valuation of investment securities due to the heavily fallen market values and, with respect to shares of subsidiaries ¥76,201 million on one-time amortization of goodwill related to the subsidiaries as a result of the recording of a loss on valuation of investment securities in subsidiaries and affiliates, and income taxes aggregating ¥25,870 million.

The yen appreciated far more sharply against both the U.S. dollar and the euro than it had during the previous fiscal year, and the yen stood on average at ¥100.54 against the U.S. dollar and ¥143.48 against the euro during the fiscal year under review, which caused net sales and operating income to drop by ¥81,900 million and ¥24,900 million, respectively, year-on-year.

During the fiscal year under review, the Olympus Group invested ¥70,010 million on research and development, and spent ¥55,632 million on capital investments.

Analysis of the performance by segment

(Millions of yen)

	Net sales			Operating income (loss)		
	Previous fiscal year	Current fiscal year	Increase (Decrease) ratio (%)	Previous fiscal year	Current fiscal year	Increase (Decrease) ratio (%)
Imaging Systems	320,589	224,460	(30.0)	33,086	(5,131)	–
Medical Systems	353,269	383,828	8.7	98,420	75,043	(23.8)
Life Science	131,446	118,819	(9.6)	6,990	4,760	(31.9)
Information & Communication	254,312	188,954	(25.7)	3,001	907	(69.8)
Others	69,259	64,742	(6.5)	917	(13,963)	–
Subtotal	1,128,875	980,803	(13.1)	142,414	61,616	(56.7)
Elimination or unallocation	–	–	–	(29,791)	(27,029)	–
Consolidated total	1,128,875	980,803	(13.1)	112,623	34,587	(69.3)

Note: Businesses are segmented by adding similarities of sales market to the business established based on line of products.

Imaging Systems Business

In the Imaging Systems Business, the Olympus Group registered consolidated net sales of ¥224,460 million (down 30.0 % year-on-year) and an operating loss of ¥5,131 million (in contrast to an operating income of ¥33,086 million in the previous fiscal year).

In the digital camera field, sales of compact camera, the "μ TOUGH" Series, boasting three major features of water/dust resistance, shock/load resistance and low-temperature movement, remained robust. In addition, Olympus launched new single-lens reflex models "E-30" and "E-620" equipped with the art filter feature that makes creative photographic expressions possible. However, sales declined mainly because fewer units were sold in step with the weakening market demand which was affected by the adverse influences of exchange rate movements and global economic downturn.

In the recorder field, the "Voice-Trek V" Series whose connectable design enabling direct connection to personal computers proved popular and sold favorably during the first half-year, but sales declined amid the global economic downturn in the second half-year.

The Olympus Group made serious efforts to reduce its selling, general and administrative expenses and inventories, but registered an operating loss as it was unable to fully make up for the reduced sales of digital cameras which resulted from the declined sales volume and unit sales prices due to the worldwide slowdown in consumer spending.

Medical Systems Business

Consolidated net sales in the Medical Systems Business amounted to ¥383,828 million (8.7% increase over the previous fiscal year), while operating income amounted to ¥75,043 million (23.8% decrease over the previous fiscal year).

In the medical endoscope field, high-definition videoscopes sold steadily both at home and abroad. However, overall sales for the medical endoscope field fell off due to the adverse influences of exchange rate movements.

In the field of surgical and endotherapy products, sales of "VISERA Pro System," an integrated endoscope video system which can be used to support endoscopic surgeries, pancreatico-biliary therapeutic devices such as guide wires, and gastric catheters which supply nourishment directly to the stomach, expanded in Japan. In overseas markets, an integrated endoscopic surgical system and sampling treatment services such as biopsy forceps sold well primarily in North America. In addition, sales of Gyrus, a British medical treatment equipment company that Olympus acquired in February 2008, contributed to the consolidated sales. Hence, sales for the field of surgical and endotherapy products as a whole expanded.

Operating income decreased due to the increased depreciation expenses associated with the business integration with Gyrus and the adverse influences of exchange rate movements.

Life Science Business

Consolidated net sales for the Life Science Business was ¥118,819 million (9.6% decrease over the previous fiscal year), while operating income amounted to ¥4,760 million (31.9% decrease compared to the previous fiscal year).

In the micro-imaging (microscopes) field, biological microscopes for teaching practice purposes in Japan and the “FLUOVIEW” Series of confocal scanning laser microscopes in the U.S. sold favorably, but sales for the micro-imaging field as a whole decreased primarily because sales of industrial microscopes dropped sharply as auto- and semiconductor-related industries put restraints on capital investments with the worsening economy.

In the diagnostic systems (clinical laboratory test) field, sales of small and medium-sized clinical chemistry analyzer expanded mainly in Europe and North America, and sales of transfusion test reagents and expendables grew robustly also in Europe and North America. However, sales for the field as a whole fell off as sales in Japan continued to lag.

Operating income for the Life Science Business as a whole decreased mainly due to the appreciating yen and reduced sales in the micro-imaging field.

Information & Communication Business

Consolidated net sales for the Information & Communication Business was ¥188,954 million (25.7% decrease over the previous fiscal year), while operating income showed ¥907 million (69.8% decrease over the previous fiscal year).

In the mobile field, sales of mobile phones fell off primarily because mobile phone owners’ upgrade cycle got longer in the wake of telecommunications carriers’ revisions of price plans and market demand for mobile phones decreased due to the slowdown in consumer spending in the wake of the deflationary spiral.

For operating income, gross profit rate improved as Olympus raised the proportion of more profitable directly managed stores and controlled discounts on mobile telephone terminals in the mobile phone sales business. Moreover, cost reductions in the automobile aftermarket business were implemented. However, due to a decreased gain on sales of stocks on small business development business of which we promoted in the previous fiscal year, operating income resulted in a decline during the fiscal year.

Others

Consolidated net sales for other businesses was ¥64,742 million (6.5% decrease over the previous fiscal year) and operating loss was ¥13,963 million (in contrast to an operating income of ¥917 million for the previous fiscal year).

In the non-destructive testing equipment field, ultrasonographic inspection systems equipped with phased-array features sold briskly, but sales of industrial endoscopes decreased as manufacturing sectors put the brakes on investments amid the worldwide economic downturn, and sales for the non-destructive testing equipment field as a whole decreased as well.

Sales for the information equipment field increases as Olympus launched new models of high-speed inkjet printers in collaboration with RISO KAGAKU CORPORATION and sales of the existing lineups of printers also grew.

In the biomedical materials field, sales of “OSferion,” an artificial bone replacement material, grew as it came within coverage of medical insurance for bone marrow transplants in Japan and was also offered for sale in Europe and China.

Olympus registered an operating loss due to the increased costs associated with amortization of goodwill of the subsidiaries that had been consolidated during the previous fiscal year and with structural reform including portfolio reexamination at ITX Corporation.

(Forecast for the Fiscal Year Ending March 31, 2010)

Forecast for the overall business and analysis of its preconditions

With no positive sign of business recovery in sight at home or abroad, the Japanese economy is expected to remain sluggish in the foreseeable future. Elsewhere in the world, there is a certain amount of hope for positive outcomes of fiscal and monetary measures including the U.S. government’s actions aimed at bringing about financial stability, but there are also concerns there will be a prolonged recession and even a further business downswing.

Amid these adverse conditions, we, the Olympus Group, will continuously move ahead with a structural reform and build a corporate structure whereby we can secure profits even in the most testing of business environments.

In the Imaging Systems Business, we will focus our energy on developing and marketing unique and high-value added products such as a digital single-lens camera with interchangeable lenses that can be dramatically reduced in size and weight by way of the Micro Four Thirds System standard which takes advantages of the superiority of entirely digital designing.

In the Medical Systems Business, we will globally bolster the surgical field where we expanded our business platform by acquiring Gyrus, and will seek to expand our earnings by simultaneously focusing our energy on endotherapy products.

We will also strive to optimize our manufacturing cost structure and deal with changes in exchange rates by building a global manufacturing system.

In addition, we will endeavor to implement an optimal business portfolio and resource allocation, and develop related businesses in the medical/health and imaging/information fields.

The forecast for the fiscal year ending March 31, 2010 is as follows.

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income (loss)	Net income (loss) per share
Fiscal year ending March 31, 2010	900,000	59,000	40,000	40,000	¥149.70
Fiscal year ended March 31, 2009	980,803	34,587	18,390	(114,810)	¥ (428.83)
Increase (Decrease) ratio (%)	(8.2)	70.6	117.5	–	–

In addition to the impact of strong yen compare to the previous fiscal year, we expect to see our sales to be decreased mainly due to a plan to assign the Olympus Group's analyzer business to the Beckman Coulter Group effective July 1, 2009. At the same time, we forecast that Imaging Systems Business and Life Science Business will be the drivers to boost the operating income and Information & Communication Business and the other businesses should also improve operating income, ordinary income and net income owing to an improved profitability as a result of structural reform. The exchange rates forming the basis of our forecast for the next fiscal year are: US$1 = ¥95 and €1 = ¥120.

Forecast by segment and analysis of preconditions

(Millions of yen)

	Net sales			Operating income (loss)		
	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Increase (Decrease) ratio (%)	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Increase (Decrease)
Imaging Systems	224,460	196,000	(12.7)	(5,131)	3,000	8,131
Medical Systems	383,828	364,000	(5.2)	75,043	75,000	(43)
Life Science	118,819	73,500	(38.1)	4,760	3,000	(1,760)
Information & Communication	188,954	197,500	4.5	907	5,000	4,093
Others	64,742	69,000	6.6	(13,963)	(1,000)	12,963
Subtotal	980,803	900,000	(8.2)	61,616	85,000	23,384
Elimination or unallocation	–	–	–	(27,029)	(26,000)	1,029
Consolidated total	980,803	900,000	(8.2)	34,587	59,000	24,413

Note: Businesses are segmented by adding similar sales markets to businesses established based on the product lines.

In the Life Science Business, the Company expects a decline in profits due to strong yen effects and the transfer of the analyzer business, among others. Contrastingly, the Medical Systems Business is projected to secure operating income at roughly the same level as the previous fiscal year, despite said strong yen effects, as a result of expanded sales of endoscopes and surgical products, which feature observation using specialized light spectra, as well as Gyrus products. Our Imaging Systems Business is expected to return to profitability thanks not only to the introduction of the Micro Four Thirds System in new products but also to effects from reductions in cost of sales and selling, general and administrative expenses, among others. The Information & Communication Business and other businesses are expected to witness significant improvements in revenue and expenses attributable to better profitability as a result of business structural reforms.

(2) Financial Position

(Analysis of the Status of Assets, Liabilities, Net Assets, and Cash Flows in the Current Fiscal Year)

Analysis of assets, liabilities and net assets

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009	Increase (Decrease)	Increase (Decrease) Ratio (%)
Total assets	1,358,349	1,106,318	(252,031)	(18.6)
Net assets	367,876	168,784	(199,092)	(54.1)
Equity ratio	26.2%	14.6%	(11.6%)	–

As of the end of the consolidated fiscal year under review, total assets decreased ¥252,031 million year-on-year to ¥1,106,318 million, primarily as a result of decrease of ¥21,404 million in cash and time deposits, ¥33,297 million in notes and accounts receivable, ¥139,410 million in intangible fixed assets attributable to amortization of goodwill and customer related assets, and ¥57,160 million in investments and other assets.

Total liabilities decreased ¥52,939 million year-on-year to ¥937,534 million, primarily as a result of decreases of ¥16,998 million in notes and accounts payable, and ¥21,083 million in accounts payable-other.

Net assets decreased ¥199,092 million year-on-year to ¥168,784 million, primarily due to decrease of ¥127,410 million in retained earnings, the acquisition of ¥9,998 million worth of treasury stock as a means of returning profits to shareholders, and ¥57,337 million in valuation and translation adjustments arising from fluctuations in exchange rates and stock prices. As a result of the foregoing, equity ratio declined from 26.2% as of the end of the previous consolidated fiscal year to 14.6%.

Analysis of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Increase (Decrease)
Cash flows from operating activities	89,006	41,628	(47,378)
Cash flows from investing activities	(304,303)	(20,728)	283,575
Cash flows from financing activities	164,401	(3,751)	(168,152)
Cash and cash equivalents at end of year	119,842	132,720	12,878

"Cash flows from operating activities" increased by ¥41,628 million mainly due to ¥44,804 million in depreciation and amortization and ¥101,459 million in the amortization of goodwill, among others. Contrastingly, decreasing factors mainly included a ¥91,301 million loss before provision for income taxes and a ¥14,340 million decrease in accounts payable.

"Cash flows from investing activities" decreased by ¥20,728 million mainly due to purchases of property, plant and equipment totaling ¥43,829 million as well as ¥40,390 million in additional acquisitions of consolidated subsidiaries. Contrastingly, increasing factors mainly included ¥38,440 million in withdrawals from time deposits, and ¥40,538 million from the sales and redemption of investment securities.

"Cash flows from financing activities" decreased by ¥3,751 million mainly due to a ¥218,220 million net decrease in short-term borrowings, ¥33,603 million in repayments of long-term debt, a ¥10,240 million expenditure on acquisition of treasury stock and ¥10,749 million in dividends paid.

As a result, cash and cash equivalents at the end of the current fiscal year reached ¥132,720 million, an increase of ¥12,878 million compared to the end of the previous fiscal year.

(Cash Flows Indicators)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Equity ratio (%)	29.8	30.6	26.2	14.6
Market value equity ratio (%)	95.9	99.8	60.1	38.2
Interest-bearing debt to cash flows ratio (years)	9.1	4.3	7.4	15.9
Interest coverage ratio (times)	5.3	8.7	6.4	2.6

Notes: Equity ratio: Shareholders' equity/Total assets
Market value equity ratio: Total market capitalization/Total assets
Interest-bearing debt to cash flows ratio: Interest-bearing debt/Cash flow
Interest coverage ratio: Cash flow/Interest payment

1. Each index was calculated by financial index of Consolidated basis.
2. Total market capitalization is calculated on the basis of the number of issued shares excluding treasury stocks.
3. Cash flows from operating activities are used as "Cash flow" for calculation purposes.
4. Interest-bearing debts include all of those debts reported on the Consolidated balance sheets on which interest is paid.

(3) Basic Strategy for Profit Sharing and Dividend for the Current Fiscal Year and Following Fiscal Year

We set our basic strategy to implement dividends, considering performance while securing continued profit sharing in order to respond to the expectations of our shareholders. Depending on circumstances, we are considering returning profits to shareholders by the acquisition of treasury stock. With regard to earning retention, research and development, capital investments, capital affiliations and other measures to strengthen our businesses will be proactively carried out to improve long-term corporate value.

However, we sincerely regret that, due to the significant amount of net loss posted in the current fiscal year, no year-end dividends will be paid. As a result, the annual dividend together with the interim dividends of ¥20, which have already been paid, is ¥20 per share.

The amount of dividends for the following year is expected to be ¥30 per share (¥15 for interim dividends, and ¥15 for year-end dividends).

(4) Business Risks

The business performances of the Olympus Group may be materially influenced by various factors which may occur in the future. Listed below are principal business risk factors, aside from managerial decisions made by the Olympus Group, which may give rise to changes in Olympus Group's business performances. The Olympus Group is aware of the possibilities of these risks, will strive to prevent them from occurring, and will deal conscientiously and diligently with any risk that may occur.

The future events described below are based on the judgment of the Olympus Group made as of the end of the fiscal year under review.

(Risks Associated with Selling Activities)

(i) In the Digital Camera Business, price competition in the market is intensifying steadily. If market prices fall more sharply than anticipated, such price falls may not adequately be absorbed by the cost reduction measures that the Olympus Group is currently advancing and may adversely impact the Olympus Group's ability to secure its earnings.

(ii) In the Medical Systems Business, if, as a result of a healthcare system reform, the healthcare policy is amended in an unforeseeable and material manner, and if the Olympus Group finds it difficult to adapt itself to the environmental change, the Olympus Group's ability to secure its earnings may be adversely impacted.

(iii) In the Micro-Imaging (Microscopes) Business, system provision to research activities funded by national budgets of countries accounts for a high proportion of earnings of the Olympus Group. Therefore, if such national budgets are curtailed in the wake of unfavorable macroeconomic fluctuations, the Olympus Group's ability to secure its earnings may be adversely impacted.

(Risks Associated with Production/Development Activities)

(i) In the Imaging Systems Business, core production bases center on China. Therefore, depending upon how sharply the Chinese yuan is revalued, operating costs may increase substantially, and the Olympus Group's ability to secure its earnings may be adversely impacted. Also, depending upon how serious or unstable the state of affairs including anti-Japanese activities may grow or how badly public safety may deteriorate in China, the Olympus Group's production activities may be adversely impacted.

(ii) The Olympus Group relies on certain specific suppliers to consistently develop and produce those products and parts which it cannot develop or produce internally. Hence, if the Group is subjected to constraints on procurement of such products and parts according to the said suppliers' convenience, the Olympus Group's ability to produce and supply them may be adversely impacted.

(iii) The Olympus Group and its outsourcees manufacture their products in accordance with the exacting quality standard. However, if any product deficiency occurs, not only substantial costs including those of a recall would be incurred but also the market's confidence in the Olympus Group would be undermined, and the Olympus Group's ability to secure its earnings may be adversely impacted.

(iv) The Olympus Group is continuing to advance development of digital products by adopting state-of-the-art Opto-Digital Technology. However, if technological progress occurs so fast and market changes cannot be predicted adequately, that the Group is unable to develop new products adequately meeting customers' needs in a timely manner, the Olympus Group's ability to secure its earnings may be adversely impacted.

(v) The Olympus Group, in conducting R&D and production activities, uses various intellectual property rights, and believes that the Group lawfully owns or is licensed to use such rights. However, if any third party asserts that the Group has unknowingly infringed any of these intellectual property rights and if any litigation occurs, the Olympus Group's ability to secure its earnings may be adversely impacted.

(Risks Associated with Stock-Investing Activities)

As stock prices are determined on the basis of market principle, the Olympus Group may not be able to realize anticipated earnings depending upon the movements of the market economy.

(Risks Associated with Business Collaborations and Corporate Acquisitions)

(i) The Olympus Group has built long-term strategic partnerships with advanced enterprises in the industry on technologies and product development. If the Group can no longer maintain such partnerships due to occurrence of a financial or any other business-related problem or change of its goals, the business activities of the Group may be adversely impacted.

(ii) The Olympus Group may acquire or take an equity stake in a business enterprise in order to expand its business. If the Group is unable to integrate the acquired business in line with the Group's management strategy or utilize management resources in an efficient manner as to the existing business or the acquired business, the Group's business may be adversely impacted or its business performances and financial position may be adversely impacted due to impairment of goodwill or such like.

(Other Comprehensive Risks)

The Olympus Group operates business globally. If any natural disaster, disease, war, or terrorist attack occurs in any of the countries of regions in which the Group operates, or if interest rates rise or exchange rates fluctuate beyond its expectations, the Olympus Group’s ability to secure its earnings may be adversely impacted.

2. Status of the Corporate Group

The Company, 199 subsidiaries and 29 affiliated companies are engaged mainly in the manufacture and sales of products in Imaging, Medical, Life Science, Information & Communication, others and Holding companies and Financial Investment etc. related to the each business.

Described below are business of the corporate group, roles of each business and relations to business segments.

Segmentation	Main products and business	Principal consolidated subsidiaries
Imaging Systems	Digital cameras, Voice recorders	(Consolidated subsidiaries) Olympus Imaging Corp., Olympus Opto-Technology Co., Ltd., Olympus Imaging America Inc., Olympus Imaging Europa GmbH, Olympus Hong Kong and China Limited, Olympus Korea Co., Ltd., Olympus Imaging China Co., Ltd., Olympus (Shenzhen) Industrial Ltd., Olympus Imaging Singapore Pte. Ltd.
Medical Systems	Medical endoscopes, Surgical endoscopes, Endo Therapy products, Ultrasound endoscopes	(Consolidated subsidiaries) Olympus Medical Systems Corp., KS Olympus Co., Ltd., Aizu Olympus Co., Ltd., Aomori Olympus Co., Ltd., Shirakawa Olympus Co., Ltd., Olympus America Inc., Olympus Medical Systems Europa GmbH, KeyMed (Medical & Industrial Equipment) Ltd., Gyrus ACMI, Inc., Olympus Winter & Ibe GmbH, Olympus Singapore Pte. Ltd.
Life Science	Blood analyzer (clinical chemistry analyzer), Biological microscopes, Industrial microscopes	Olympus Corporation (Consolidated subsidiaries) KS Olympus Co., Ltd., Mishima Olympus Co., Ltd., Olympus America Inc., Olympus Life Science Europa GmbH, Olympus Life Science Research Europa GmbH, Olympus Singapore Pte. Ltd.
Information & Communication	Sales of mobile terminals including mobile handsets, Mobile resolution, Mobile content services, development and sales of business package software, sales of network infrastructure systems, sales of semiconductor devices and electric equipment	(Consolidated subsidiaries) IT Telecom, Inc., ITX E-Globaledge Corporation, Soliste Corporation, Broadleaf Co., Ltd.
Others	Industrial endoscopes, Non-destructive testing equipment, Printers, Bar code data processing equipment, System development, etc.	Olympus Corporation (Consolidated subsidiaries) Okaya Olympus Co., Ltd., Olympus Terumo Biomaterials Corp., Olympus Systems Co., Ltd., Ai-medic Co., Ltd., Atlux Corporation, Nippon Outsourcing Corporation, KeyMed (Medical & Industrial Equipment) Ltd., Olympus NDT Canada Inc., Olympus NDT Corporation, Olympus Technologies Singapore Pte. Ltd.
Common	Holding Companies, Financial investment	Olympus Corporation (Consolidated subsidiaries) Olympus Leasing Co., Ltd., ITX Corporation, Olympus Corporation of the Americas, Olympus Europa Holding GmbH, Olympus KeyMed Group Limited, Olympus UK (Holding) Ltd., Olympus Finance Hong Kong Ltd., Olympus (China) Co., Ltd.

Note: Effective April 1, 2009, ITX Corporation merged with its subsidiary IT Telecom, Inc., with the former as surviving company. For details on the merger, please refer to “4. Consolidated Financial Statements (Important Subsequent Event)”.

3. Operating Policy

(1) Basic Operating Policies

We, at the Olympus Group, refer to the concept of assimilating, as members, with society, sharing values with other members of society, and making people's lives healthy and happy by proposing new values through business activities as "Social IN," and identify the concept as the leading motive lying behind all our activities.

Based on this concept of "Social IN," we will endeavor to be a "value-creating enterprise" capable of continuing to create, and provide in a timely manner, new values truly needed by society by drawing upon the source of Opto-Digital Technology (optical technology, digital imaging technology and micro-processing technology) as our core competence. We are convinced that such endeavors will help all of our stakeholders including customers, shareholders, business partners, employees, communities and society feel more satisfied than ever.

(2) Targeted Operating Benchmarks

The Olympus Group strives to improve its corporate quality and financial standing by identifying "maximization of corporate value" as its management goal. The fiscal year ended March 31, 2009 was supposed to be the year in which we would have formulated our next basic management plan that would have started in the fiscal year ending March 31, 2010. However, as the business environment surrounding the Olympus Group is changing rapidly in the wake of the worldwide recession and as we need to implement urgent measures to improve our earnings structure, we have decided to postpone formulation of the next basic management plan.

In order to establish a stable earnings base for the fiscal year ending March 31, 2010, we will tackle the challenge of reforming our earnings structure by identifying the issues of enhancement of corporate quality and streamlining of management as our top priorities.

(3) Medium/Long-Term Management Strategy and Issues That Olympus Group Should Address

The basic strategy that the Olympus Group will adopt in developing its business is as follows:

In the Imaging Systems Business, we will build a corporate structure capable of continuously securing earnings by focusing our energy on high-value added products such as compact cameras with a water/dust resistance feature and proposing to users a digital single-lens camera with interchangeable lenses that can be dramatically reduced in size and weight by way of the Micro Four Thirds System standard which takes advantages of the superiority of entirely digital designing. In the Medical Systems Business, we will offer a "safe, dependable and efficient" means of healthcare, contribute to society by improving patients' quality of life, reducing medical costs and bolstering the surgical field in an effort to steadily expand profits. At the same time, we will seek to optimize our manufacturing cost structure and deal with exchange rate fluctuations by building a global development/manufacturing structure. In addition, we will endeavor to implement an optimal business portfolio and resource allocation, and develop related businesses in the medical/health and imaging/information fields.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
ASSETS		
Current assets		
Cash and time deposits	158,281	136,877
Notes and accounts receivable	193,555	160,258
Lease receivables and lease investment assets	-	11,880
Securities	3	199
Inventories	110,824	-
Merchandise and finished goods	-	58,683
Work in process	-	21,230
Raw materials and supplies	-	16,577
Deferred income taxes	36,719	36,843
Other current assets	47,032	36,614
Allowance for doubtful accounts	(3,109)	(4,394)
Total current assets	543,305	474,767
Fixed assets		
Property, plant and equipment		
Buildings and structures	126,260	144,413
Accumulated depreciation	(64,955)	(67,473)
Buildings and structures, net	61,305	76,940
Machinery and equipment	57,839	61,194
Accumulated depreciation	(39,489)	(44,410)
Machinery and equipment, net	18,350	16,784
Tools, furniture and fixtures	154,492	161,429
Accumulated depreciation	(111,800)	(118,799)
Tools, furniture and fixtures, net	42,692	42,630
Land	21,291	19,856
Lease assets	-	6,819
Accumulated depreciation	-	(3,307)
Lease assets, net	-	3,512
Construction in progress	6,398	3,391
Net property, plant and equipment	150,036	163,113
Intangible fixed assets		
Goodwill	299,800	180,540
Others	104,230	84,080
Total intangible fixed assets	404,030	264,620
Investments and other assets		
Investment securities	193,843	127,144
Long-term loans receivable	3,277	3,811
Deferred income taxes	9,665	15,661
Other assets	54,608	58,440
Allowance for doubtful accounts	(415)	(1,238)
Total investments and other assets	260,978	203,818
Total fixed assets	815,044	631,551
Total assets	1,358,349	1,106,318

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
LIABILITIES		
Current liabilities		
Notes and accounts payable	83,602	66,604
Short-term borrowings	338,787	97,068
Current maturities of bonds	35,201	20,300
Other payable	76,185	55,102
Accrued expenses	82,467	65,592
Income taxes payable	14,121	8,404
Provision for product warranties	10,141	8,875
Other reserves	133	61
Other current liabilities	21,817	19,899
Total current liabilities	662,454	341,905
Non-current liabilities		
Long-term bonds, less current maturities	105,397	130,200
Long-term borrowings, less current maturities	177,371	412,656
Deferred income taxes	30,488	28,068
Severance and retirement allowance	10,317	18,744
Severance and retirement allowance for directors and corporate auditors	122	130
Provision for loss on guarantees	452	-
Other non-current liabilities	3,872	5,831
Total non-current liabilities	328,019	595,629
Total liabilities	990,473	937,534
NET ASSETS		
Shareholders’ equity		
Common stock	48,332	48,332
Capital surplus	73,049	73,049
Retained earnings	237,817	110,407
Treasury stock, at cost	(2,634)	(12,874)
Total shareholders’ equity	356,564	218,914
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	6,320	(1,457)
Net unrealized gains (losses) on hedging derivatives, net of taxes	34	(1,330)
Foreign currency translation adjustments	(6,567)	(54,763)
Total valuation and translation adjustments	(213)	(57,550)
Minority interests	11,525	7,420
Total net assets	367,876	168,784
Total liabilities and net assets	1,358,349	1,106,318

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Net sales	1,128,875	980,803
Costs of sales	619,396	519,580
Gross profit	509,479	461,223
Selling, general and administrative expenses	396,856	426,636
Operating income	112,623	34,587
Non-operating income		
Interest income	3,202	2,420
Dividends income	955	1,007
Royalty income	125	352
Foreign currency exchange gain, net	457	5,009
Others	4,244	2,834
Total non-operating income	8,983	11,622
Non-operating expenses		
Interest expenses	13,905	16,192
Net loss of investment in affiliated companies carried on the equity method	2,766	1,704
Loss on interest in investments in partnership	2,893	-
Others	8,957	9,923
Total non-operating expenses	28,521	27,819
Ordinary income	93,085	18,390
Extraordinary income		
Gain on sales of investment securities in subsidiaries and affiliates	312	-
Gain on sales of property, plant and equipment	1,478	-
Net gains due to decrease in equity interest in subsidiaries	1,909	-
Gain on transfer of business	300	-
Gain on sales of investment securities	112	691
Total extraordinary income	4,111	691
Extraordinary losses		
Impairment loss on fixed assets	1,093	1,815
Loss on sales of investment securities	-	1,053
Loss on valuation of investment securities	1,491	15,797
Amortization of goodwill	-	76,201
Loss on prior period adjustment	-	15,516
Total extraordinary losses	2,584	110,382
Income (loss) before provision for income taxes	94,612	(91,301)
Income taxes, current	38,952	25,465
Income taxes, deferred	(2,192)	405
Total	36,760	25,870
Minority interest in losses of consolidated subsidiaries	(117)	(2,361)
Net income (loss)	57,969	(114,810)

(3) Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Shareholders' equity		
Common stock		
Net assets at March 31, 2008	48,332	48,332
Changes during the year		
Net changes during the year	-	-
Balance at March 31, 2009	48,332	48,332
Capital surplus		
Net assets at March 31, 2008	73,049	73,049
Changes during the year		
Net changes during the year	-	-
Balance at March 31, 2009	73,049	73,049
Retained earnings		
Net assets at March 31, 2008	191,122	237,817
Effect of changes in accounting policies applied to foreign subsidiaries	-	1,567
Changes during the year		
Cash dividends paid	(11,893)	(10,749)
Increase in retained earnings due to exclusion of subsidiaries from consolidation	387	-
Net income (loss)	57,969	(114,810)
Adjustment on projected benefit obligation of the consolidated subsidiary in the UK	(465)	-
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States	697	(3,418)
Net changes during the year	46,695	(128,977)
Balance at March 31, 2009	237,817	110,407
Treasury stock, at cost		
Net assets at March 31, 2008	(2,264)	(2,634)
Changes during the year		
Acquisition of treasury stock	(370)	(10,240)
Net changes during the year	(370)	(10,240)
Balance at March 31, 2009	(2,634)	(12,874)
Total shareholders' equity		
Net assets at March 31, 2008	310,239	356,564
Effect of changes in accounting policies applied to foreign subsidiaries	-	1,567
Changes during the year		
Cash dividends paid	(11,893)	(10,749)
Increase in retained earnings due to exclusion of subsidiaries from consolidation	387	-
Net income (loss)	57,969	(114,810)
Adjustment on projected benefit obligation of the consolidated subsidiary in the UK	(465)	-
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States	697	(3,418)
Acquisition of treasury stock	(370)	(10,240)
Net changes during the year	46,325	(139,217)
Balance at March 31, 2009	356,564	218,914

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes		
Net assets at March 31, 2008	16,078	6,320
Changes during the year		
Net changes in items other than shareholders' equity	(9,758)	(7,777)
Net changes during the year	(9,758)	(7,777)
Balance at March 31, 2009	6,320	(1,457)
Net unrealized gains (losses) on hedging derivatives, net of taxes		
Net assets at March 31, 2008	(184)	34
Changes during the year		
Net changes in items other than shareholders' equity	218	(1,364)
Net changes during the year	218	(1,364)
Balance at March 31, 2009	34	(1,330)
Foreign currency translation adjustments		
Net assets at March 31, 2008	8,077	(6,567)
Changes during the year		
Net changes in items other than shareholders' equity	(14,644)	(48,196)
Net changes during the year	(14,644)	(48,196)
Balance at March 31, 2009	(6,567)	(54,763)
Total valuation and translation adjustments		
Net assets at March 31, 2008	23,971	(213)
Changes during the year		
Net changes in items other than shareholders' equity	(24,184)	(57,337)
Net changes during the year	(24,184)	(57,337)
Balance at March 31, 2009	(213)	(57,550)
Minority interests		
Net assets at March 31, 2008	10,661	11,525
Changes during the year		
Net changes in items other than shareholders' equity	864	(4,105)
Net changes during the year	864	(4,105)
Balance at March 31, 2009	11,525	7,420
Total net assets		
Net assets at March 31, 2008	344,871	367,876
Effect of changes in accounting policies applied to foreign subsidiaries	-	1,567
Changes during the year		
Cash dividends paid	(11,893)	(10,749)
Increase in retained earnings due to exclusion of subsidiaries from consolidation	387	-
Net income (loss)	57,969	(114,810)
Adjustment on projected benefit obligation of the consolidated subsidiary in the UK	(465)	-
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States	697	(3,418)
Acquisition of treasury stock	(370)	(10,240)
Net changes in items other than shareholders' equity	(23,320)	(61,442)
Net changes during the year	23,005	(200,659)
Balance at March 31, 2009	367,876	168,784

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Cash flows from operating activities		
Income (loss) before provision for income taxes	94,612	(91,301)
Depreciation and amortization	37,522	44,804
Impairment loss on fixed assets	1,093	1,815
Amortization of goodwill	8,077	101,459
Increase (decrease) in severance and retirement allowance	893	9,003
Decrease (increase) in prepaid pension cost	(8,757)	(8,853)
Increase (decrease) in provision for product warranties	1,504	366
Interest and dividend income	(4,157)	(3,427)
Interest expense	13,905	16,192
Net loss (gain) of investment in affiliated companies carried on the equity method	2,766	1,704
Net losses (gains) due to decrease in equity interest in subsidiaries	(1,909)	-
Loss (gain) on prior period adjustment	-	15,516
Loss (gain) on sale of investment securities in subsidiaries and affiliates	(312)	-
Loss (gain) valuation of investment securities	1,491	15,797
Decrease (increase) in accounts receivable	(3,959)	16,794
Decrease (increase) in inventories	(14,316)	6,022
Increase (decrease) in accounts payable	(9,230)	(14,340)
Increase (decrease) in other payable	15,932	(5,669)
Increase (decrease) in accrued expense	(31)	(12,618)
Other	4,807	(2,281)
Sub-total	139,931	90,983
Interest and dividend received	4,114	3,439
Interest payments	(13,864)	(16,139)
Income taxes paid	(41,175)	(36,655)
Net cash provided by operating activities	89,006	41,628
Cash flows from investing activities		
Deposits in time deposits	(38,956)	(5,626)
Withdrawals from time deposits	41,775	38,440
Sales of securities	2,357	-
Purchase of property, plant and equipment, etc.	(47,953)	-
Purchase of property, plant and equipment	-	(43,829)
Sales of property, plant and equipment	2,306	-
Purchases of intangible fixed assets	-	(5,617)
Purchases of investment securities	(12,132)	(5,332)
Sales and redemption of investment securities	6,491	40,538
Payments for acquisition of new consolidated subsidiaries related to changes in scope of consolidation	(232,234)	(128)
Net decrease from sales of investment in subsidiaries related to changes in scope of consolidation	-	(123)
Net increase from sales of investment in subsidiaries related to changes in scope of consolidation	197	-
Payments for additional acquisition of consolidated subsidiaries	(18,355)	-
Payments for acquisition of new consolidated subsidiaries	-	(40,390)
Proceeds from sales of investment in consolidated subsidiaries	608	-
Payments for loans receivable	(9,912)	(1,531)
Proceeds from loans receivable	1,544	3,073
Other	(39)	(203)
Net cash used in investing activities	(304,303)	(20,728)

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	152,797	(218,220)
Proceeds from long-term debt	37,097	259,719
Repayments of long-term debt	(15,064)	(33,603)
Proceeds from issuance of bonds	100	45,166
Redemption of bonds	(94)	(35,199)
Stock issue to minority shareholders	1,917	147
Expenditure on acquisition of treasury stock	-	(10,240)
Dividends paid	(11,893)	(10,749)
Dividends paid to minority shareholders	(88)	(114)
Other	(371)	(658)
Net cash provided by (used in) financing activities	164,401	(3,751)
Effect of exchange rate changes on cash and cash equivalents	(4,405)	(4,435)
Net increase (decrease) in cash and cash equivalents	(55,301)	12,714
Cash and cash equivalents at beginning of year	174,802	119,842
Net increase in cash and cash equivalents associated with newly consolidated subsidiaries	578	-
Net decrease in cash and cash equivalents associated with exclusion from scope of consolidation	(237)	(6)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	170
Cash and cash equivalents at end of year	119,842	132,720

(5) Notes on Premise of Going Concern

No items to report.

(6) Important Items That Form the Basis for Preparing the Consolidated Financial Statements

Fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)
1. Scope of consolidation 1) Number of consolidated subsidiaries: 205 Olympus Digital System Design Corp. and other 6 companies are newly established subsidiaries during the fiscal year ended March 31, 2008. Gyrus Group PLC and other 26 companies have been included into consolidation through equity participation carried out during the fiscal year. Altis Co., Ltd. and other 2 companies have switched from affiliated companies accounted for under the equity method to consolidated subsidiaries due to additional acquisition of shares during the fiscal year. Olympus Moscow Limited Liability Company has switched from a non-consolidated subsidiary accounted for under the equity method to a consolidated subsidiary effective from the fiscal year ended March 31, 2008, due to gains in materiality. Atlux Humanage,Inc. and other 1 company have been excluded from consolidated subsidiaries due to sale of shares during the fiscal year. Moranet Inc and other 5 companies have been excluded from consolidated subsidiaries due to merger with other consolidated subsidiaries during the fiscal year. AOI Technologies Inc. and other 5 companies have been excluded from consolidated subsidiaries due to liquidation during the fiscal year. Olympus Microsystems America, Inc. and other one have been excluded from consolidated subsidiaries due to decrease in materiality.	**1. Scope of consolidation** 1) Number of consolidated subsidiaries: 189 Olympus UK Loan Notes Limited and other 1 company are newly established subsidiaries during the fiscal year ended March 31, 2009. Pulsecho Inc. has been included into consolidation through equity participation carried out during the fiscal year. Makewave Japan Co., Ltd. has been included into consolidation due to additional acquisition of shares during the fiscal year. ITX Capital Innovation Co., Ltd. and other 10 companies have been excluded from consolidated subsidiaries due to sale of shares during the fiscal year. Olympus NDT NW, Inc. and other 4 companies have been excluded from consolidated subsidiaries due to merger with other consolidated subsidiaries during the fiscal year. Recycle Institute Ltd. and other 2 companies have been excluded from consolidated subsidiaries due to liquidation during the fiscal year. LA PLANTA CO., LTD. has been excluded from consolidated subsidiaries due to decrease in materiality.
2) Name of non-consolidated subsidiaries Non-consolidated subsidiaries are as follows: FEED CORPORATION Radio Cafe, Inc. S.T. SIX Co., Ltd., and other 11 companies Reason of excluding from the scope of consolidation The 14 non-consolidated subsidiaries are all small and not material when measured by the impact of total amounts of assets, net sales, net income, and retained earnings (based on the Company's ownership percentage) of those companies on consolidated financial statements. They have therefore been excluded from the scope of consolidation.	2) Name of non-consolidated subsidiaries Non-consolidated subsidiaries are as follows: FEED CORPORATION Radio Cafe, Inc. LA PLANTA CO., LTD., and other 7 companies Reason of excluding from the scope of consolidation The ten non-consolidated subsidiaries are all small and not material when measured by the impact of total amounts of assets, net sales, net income, and retained earnings (based on the Company's ownership percentage) of those companies on consolidated financial statements. They have therefore been excluded from the scope of consolidation.

Fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)
2. Application of the Equity Method 1) Non-consolidated subsidiaries accounted for under the equity method: 2 FEED CORPORATION Radio Cafe, Inc. FEED CORPORATION became an equity participation company during the fiscal year. G. C. New Vision Ventures, L.P. has been excluded from non-consolidated subsidiaries accounted for under the equity method due to dissolution during the fiscal year. Beijing Beizhao Olympus Optical Co., Ltd. has been excluded from non-consolidated subsidiaries accounted for under the equity method due to liquidation during the fiscal year. Olympus Moscow Limited Liability Company has switched from a non-consolidated subsidiary accounted for under the equity method to a consolidated subsidiary effective from the fiscal year ended March 31, 2008, due to gains in materiality.	**2. Application of the Equity Method** 1) Non-consolidated subsidiaries accounted for under the equity method: 2 FEED CORPORATION Radio Cafe, Inc.
2) Affiliated companies accounted for under the equity method: 13 ORTEK Corporation Adachi Co., Ltd. Olympus Cytori Inc., and other 10 companies Media Hanshin Co., Ltd. became an equity participation company during the fiscal year. ADLINK Japan Inc. was newly established during the fiscal year. Altis Co., Ltd. and other 2 companies have been excluded from affiliated companies accounted for under the equity method due to their shifting to consolidated subsidiaries during the fiscal year. Cablenet Saitama Co., Ltd and other 3 companies have been excluded from affiliated companies accounted for under the equity method due to sale of shares.	2) Affiliated companies accounted for under the equity method: 18 ORTEK Corporation Adachi Co., Ltd. Olympus Cytori Inc., and other 15 companies ITX Capital Innovation Co., Ltd. and other 5companies have switched from consolidated subsidiaries to affiliated companies accounted for under the equity method due to partial sale of shares during the fiscal year. Resect Medical, Inc. has been excluded from affiliated companies accounted for under the equity method due to sale of shares during the fiscal year.
3) S.T. SIX Co., Ltd. and other 11 non-consolidated subsidiaries and 5 affiliated companies have not been accounted for under the equity method because the impact of all those companies on consolidated net income and retained earnings is not material.	3) LA PLANTA CO., LTD. and other 7 non-consolidated subsidiaries and 11 affiliated companies have not been accounted for under the equity method because the impact of all those companies on consolidated net income and retained earnings is not material.

(7) Changes in Important Items That Form the Basis for Preparing the Consolidated Financial Statements

Fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)
1. Method of depreciation of fixed assets Beginning from the fiscal year ended March 31, 2008, pursuant to the amendments to the Corporation Tax Law (the Law on Partial Amendments to the Income Tax Law [March 30, 2007, Law No. 6] and the Cabinet Order on Partial Amendments to the Order for Enforcement of the Corporation Tax Law [March 30, 2007, Cabinet Order No. 83]), the method of depreciation of fixed assets acquired on or after April 1, 2007 has been changed to the method based on the provisions of the revised Corporation Tax Law. This had immaterial effect on profit and loss in the fiscal year.	**1. Inventories** Before the change, inventories held for sale in the ordinary course of business were stated mainly using the lower-of-cost -or-market method per First-in First-out method. However, because the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, published July 5, 2006) has been applied from the current fiscal year, the First-in First-out cost method is now mainly employed (for the value stated in the balance sheet, the book value is written down based on the decreased profitability). The impact from this change on profit and loss is immaterial. **2. Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”** From the current fiscal year, the consolidated financial statements conform to the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18, May 17, 2006), and necessary amendments were made. The impact from this change on profit and loss is immaterial. **3. Application of Accounting Standard for Lease Transactions** Before the change, the accounting treatment for finance lease transactions not involving the transfer of ownership followed the method for operating lease transactions, but now after the application of the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007]) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee, January 18, 1994; revised March 30, 2007]) that begin from the current fiscal year, the accounting treatment for those transactions follows the method for ordinary purchase and sales transactions. Depreciation of finance lease assets not involving the transfer of ownership is calculated on the straight-line method over the lease period as the useful period and assuming no residual value. The accounting treatment for finance lease transactions not involving the transfer of ownership whose transaction commenced before the first fiscal year in which the Accounting Standard for Lease Transactions is applied follows the same method as for ordinary operating lease transactions. The impact from this change on profit and loss is immaterial.

(Additional Information)

Fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)	Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)
Concerning Gyrus Group PLC, in which the Company participated in equity during the current fiscal year, because the allocation of funds for the acquisition cost is incomplete as of the end of the current fiscal year, a provisional accounting treatment is effectuated based on available information deemed as rational. Also, there is the possibility of additional payments due to certain clauses in the purchasing agreement such as an employee incentive plan. <u>For such payments, expenses at the time of occurrence or the revision of goodwill already recorded shall be factored into said treatment.</u>	<u>Concerning investments such as the equity participation in Gyrus Group Limited during the previous fiscal year, because the amount to be expended has been finalized and the allocation of funds for the acquisition cost is complete, a provisional accounting treatment has been determined and the amount of expenses is recorded in loss on prior period adjustment in the consolidated statement of income as an adjustment of the already recorded amount of goodwill.</u>

(8) Notes Regarding the Consolidated Financial Statements

Notes

(Omission of disclosure)

Notes related to lease transactions, related party information, deferred tax accounting, securities, derivative transactions, retirement benefits, stock options, and business combinations are omitted, because the necessity of their disclosure in financial results are regarded as immaterial.

However, the aforementioned notes will be included in the securities report scheduled to be submitted on June 26, 2009, and will be available on the Electronic Disclosure for Investors' Network (EDINET), an electronic disclosure system with respect to disclosed documents such as annual securities reports submitted pursuant to the Financial Instruments and Exchange Law.

(Consolidated Statements of Income) (Millions of yen)

Fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)		Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)	
1. Major items and amounts of selling, general and administrative expenses are as follows:		**1. Major items and amounts of selling, general and administrative expenses are as follows:**	
Advertising and promotion expenses	58,658	Advertising and promotion expenses	53,058
Provision of allowance for doubtful accounts	480	Provision of allowance for doubtful accounts	2,309
Salaries and allowance	104,921	Salaries and allowance	113,920
Bonuses	28,111	Bonuses	19,349
Severance and retirement expenses	3,098	Severance and retirement expenses	5,397
Provision of severance and retirement allowance for directors and corporate auditors	49	Provision of severance and retirement allowance for directors and corporate auditors	62
Amortization of goodwill	8,077	Amortization of goodwill	25,258
Experiment and research expenses	38,552	Experiment and research expenses	45,927
Depreciation	22,682	Depreciation	31,590
2. Research and development expenses included in general and administrative expenses and production cost for the current fiscal year are ¥65,928 million.		**2. Research and development expenses included in general and administrative expenses and production cost for the current fiscal year are ¥70,010 million.**	

(Segment Information)

a. Segment information by type of business

Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008) (Millions of yen)

	Imaging Systems	Medical Systems	Life Science	Information & Communication	Others	Total	Elimination or Unallocation	Consolidated
I. Net sales and operating income or loss								
Sales								
(1) Sales to outside customers	320,589	353,269	131,446	254,312	69,259	1,128,875	–	1,128,875
(2) Internal sales of transfer among segments	347	85	219	–	574	1,225	(1,225)	–
Total	320,936	353,354	131,665	254,312	69,833	1,130,100	(1,225)	1,128,875
Operating expenses	287,850	254,934	124,675	251,311	68,916	987,686	28,566	1,016,252
Operating income (or operating loss)	33,086	98,420	6,990	3,001	917	142,414	(29,791)	112,623
II. Assets, depreciation cost, and capital expenditure								
Assets	147,293	537,921	94,916	128,949	151,641	1,060,720	297,629	1,358,349
Depreciation cost	8,748	10,778	5,943	2,470	4,359	32,298	5,224	37,522
Capital expenditure	10,638	16,536	7,792	3,191	4,476	42,633	7,437	50,070

Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009) (Millions of yen)

	Imaging Systems	Medical Systems	Life Science	Information & Communication	Others	Total	Elimination or Unallocation	Consolidated
I. Net sales and operating income or loss								
Sales								
(1) Sales to outside customers	224,460	383,828	118,819	188,954	64,742	980,803	–	980,803
(2) Internal sales of transfer among segments	133	64	189	–	492	878	(878)	–
Total	224,593	383,892	119,008	188,954	65,234	981,681	(878)	980,803
Operating expenses	229,724	308,849	114,248	188,047	79,197	920,065	26,151	946,216
Operating income (or operating loss)	(5,131)	75,043	4,760	907	(13,963)	61,616	(27,029)	34,587
II. Assets, depreciation cost, and capital expenditure								
Assets	119,492	462,211	82,609	99,205	82,999	846,516	259,802	1,106,318
Depreciation cost	8,465	19,250	5,265	2,655	4,131	39,766	5,038	44,804
Capital expenditure	8,580	21,974	4,466	2,988	4,871	42,879	12,753	55,632

Notes:

1. Method of segmentation of business during the fiscal year
   Business established based on product line are segmented taking into consideration similarities in sales markets.
2. The main products for each business are as follows:
   - (1) Imaging Systems: Digital cameras, Voice recorders
   - (2) Medical Systems: Medical endoscopes, Surgical endoscopes, Endo Therapy products, Ultrasound endoscopes
   - (3) Life Science: Blood analyzer (clinical chemistry analyzer), Biological microscopes, Industrial microscopes
   - (4) Information & Communication: Sales of mobile terminals including mobile handsets, Mobile solution, Mobile content services, Development and sales of business package software, Sales of network infrastructure systems, Sales of semiconductor devices and electric equipment
   - (5) Others: Industrial endoscopes, Non-destructive testing equipment, Printers, Bar code data processing equipment, System development, etc.
3. Among the operating expenses, the amount of unallocatable operating expenses recorded in the section of Elimination or Unallocation was ¥29,791 million for the previous consolidated fiscal year, and ¥27,029 million for the current consolidated fiscal year, most of which consisted of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.
4. Among the assets, the amount of unallocatable assets recorded in the section of Elimination or Unallocation was ¥297,629 million for the previous consolidated fiscal year, and ¥259,802 million for the current consolidated fiscal year, most of which consisted of the surplus operating fund at the parent company (cash and securities), long-term investment fund (investment securities), and assets related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.

b. Segment information by region

Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008) (Millions of yen)

	Japan	Americas	Europe	Asia	Total	Elimination or Unallocation	Consolidated
I. Net sales and operating income or loss							
Sales							
(1) Sales to outside customers	484,146	259,137	299,667	85,925	1,128,875	–	1,128,875
(2) Internal sales of transfer among segments	341,219	10,675	13,318	110,410	475,622	(475,622)	–
Total	825,365	269,812	312,985	196,335	1,604,497	(475,622)	1,128,875
Operating expenses	734,203	250,022	290,863	185,801	1,460,889	(444,637)	1,016,252
Operating income	91,162	19,790	22,122	10,534	143,608	(30,985)	112,623
II. Assets	615,009	364,099	228,072	121,033	1,328,213	30,136	1,358,349

Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009) (Millions of yen)

	Japan	Americas	Europe	Asia	Total	Elimination or Unallocation	Consolidated
I. Net sales and operating income or loss							
Sales							
(1) Sales to outside customers	394,459	256,894	256,958	72,492	980,803	–	980,803
(2) Internal sales of transfer among segments	262,143	8,588	17,846	75,814	364,391	(364,391)	–
Total	656,602	265,482	274,804	148,306	1,345,194	(364,391)	980,803
Operating expenses	627,516	260,810	257,092	141,785	1,287,203	(340,987)	946,216
Operating income	29,086	4,672	17,712	6,521	57,991	(23,404)	34,587
II. Assets	271,176	320,479	254,435	113,812	959,902	146,416	1,106,318

Notes:

1. Countries and regions are segmented by geographical proximity.
2. Major countries and regions other than Japan are as follows:
   (1) Americas: USA, Canada, Mexico, and Brazil
   (2) Europe: Germany, UK, France, etc.
   (3) Asia: Singapore, Hong Kong, China, Korea, Australia, etc.
3. Among the operating expenses, the amount of unallocatable operating expenses recorded in the section of Elimination or Unallocation was ¥29,791 million for the previous consolidated fiscal year, and ¥27,029 million for the current consolidated fiscal year, most of which consisted of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.
4. Among the assets, the amount of unallocatable assets recorded in the section of Elimination or Unallocation was ¥297,629 million for the previous consolidated fiscal year, and ¥259,802 million for the current consolidated fiscal year, most of which consisted of the surplus operating fund at the parent company (cash and securities), long-term investment fund (investment securities), and assets related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.

c. Overseas sales

Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008) (Millions of yen)

	North America	Europe	Asia	Others	Total
I. Overseas sales	240,254	303,110	138,873	26,411	708,648
II. Consolidated sales					1,128,875
III. Percentage of overseas sales in consolidated sales (%)	21.3	26.9	12.3	2.3	62.8

Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009) (Millions of yen)

	North America	Europe	Asia	Others	Total
I. Overseas sales	237,656	257,894	114,152	23,840	633,542
II. Consolidated sales					980,803
III. Percentage of overseas sales in consolidated sales (%)	24.2	26.4	11.6	2.4	64.6

Notes:
1. Overseas sales refer to the sales of the Company and its consolidated subsidiaries in countries or regions other than Japan.
2. Regions are segmented by geographical proximity.
3. Major countries and regions other than Japan are as follows:
   (1) North America: USA, Canada
   (2) Europe: Germany, UK, France, etc.
   (3) Asia: Singapore, Hong Kong, China, Korea, Australia, etc.
   (4) Others: Central and South America, Africa, etc.

d. Production, orders and sales

Businesses are segmented by adding similar sales markets to business established based on product lines. Purchasing performance is recorded in addition to production performance for some consolidated subsidiaries, because they engage in the sales and services of equipments.

(1) Production Performance

Segment Name by Type of Business	Amount (Millions of yen)	Comparison vs. Previous Fiscal Year (%)
Imaging Systems	239,547	(24.8)
Medical Systems	366,016	4.1
Life Science	109,697	(2.8)
Information & Communication	–	–
Others	47,228	(1.9)
Total	762,488	(8.3)

Notes: 1. Amounts are calculated based on the sales price.
2. Amounts do not include consumption tax.

(2) Purchasing Performance

Segment Name by Type of Business	Amount (Millions of yen)	Comparison vs. Previous Fiscal Year (%)
Imaging Systems	–	–
Medical Systems	–	–
Life Science	–	–
Information & Communication	149,695	(27.7)
Others	24,492	(2.7)
Total	174,187	(25.0)

Note: Amounts do not include consumption tax.

(3) Orders Received

As we have mainly adopted a make-to-stock production system, the description of the situation of accepting orders has been omitted.

(4) Sales Performance

Segment Name by Type of Business	Amount (Millions of yen)	Comparison vs. Previous Fiscal Year (%)
Imaging Systems	224,460	(30.0)
Medical Systems	383,828	8.7
Life Science	118,819	(9.6)
Information & Communication	188,954	(25.7)
Others	64,742	(6.5)
Total	980,803	(13.1)

Note: Amounts do not include consumption tax.

(Per-Share Data)

Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)		Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)	
Net assets per share	¥1,318.65	Net assets per share	¥603.92
Net income per share	¥214.48	Net loss per share	¥(428.83)
Fully diluted net income per share	¥214.44	Although potential shares exist, the fully diluted net income per share is not described here due to the net loss per share resulting from dilution.	

Note: The basis for calculating net income per share, net loss per share, and fully diluted net income per share is as follows:

(Million of yen)

	Fiscal year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)
Net income (loss)	57,969	(114,810)
Amount that does not belong to ordinary shareholder	–	–
Net income (loss) concerning common stock	57,969	(114,810)
Average number of shares during the year	270,271,738 shares	267,725,706 shares
Main components of the net income adjustment used for calculating the fully diluted net income per share Adjustment for potential shares issued by consolidated subsidiaries	(11)	–
Net income adjustment	(11)	–
Amount of increase of common stock	–	–
Outline of the residual securities excluded from the calculation of the fully diluted net income per share because they have no dilutive effects.	There are share options as residual securities held by consolidated subsidiaries.	Same as left.

(Important Subsequent Event)

Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

Olympus Corporation, at a meeting of its Board of Directors on May 8, 2008, resolved to repurchase of its own shares in order to increase shareholders' returns and to implement more flexible capital policies in accordance with changes of business environment under Article 156 of the Company Law as applied pursuant to Article 165, Paragraph 3 of the Company Law as follows.

Resolution at a meeting of its Board of Directors regarding repurchase of own shares

1. Class of shares:	Common stock
2. Total number of shares to be repurchased:	Up to 3.5 million shares
3. Total cost of repurchase:	Up to ¥10,000 million
4. Period of repurchase:	From May 9, 2008 to June 20, 2008
5. Method of repurchase:	Purchase in the market through a trust bank

The Company's own shares acquired on the Tokyo Stock Exchange between May 9, 2008, and June 20, 2008, amount to 2,958,000 shares of common stock at ¥9,998 million.

Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(Notification concerning Olympus Corporation making Iwaken Co., Ltd. its Wholly-Owned Subsidiary through a Share Exchange)

The Board of Directors of Olympus Corporation (the "Company") resolved to make Iwaken Co., Ltd. ("Iwaken") its wholly-owned subsidiary through a share exchange (the "Share Exchange") with a scheduled date of June 1, 2009, and entered into a basic agreement with Iwaken (the "Basic Agreement") on April 10, 2009.

The Company plans to implement the Share Exchange without obtaining approval at General Meeting of Shareholders in accordance with "simplified share exchange" (kan-i kabushiki kokan) procedures pursuant to Article 796, Paragraph 3 of the Company Law of Japan.

1. Purpose of a Share Exchange

The Olympus Group has been focusing on steadily increasing profits in its Medical Systems Business, the core product of which is endoscopes for medical use, while contributing to society by supplying "safe, reliable and efficient" medical procedures.

In the midst of the substantial changes that are occurring in the environment surrounding medical treatment as a result of recent reforms in the healthcare system, the Olympus Group and Iwaken have developed a close partnership centering around the sale of Olympus Group products and Olympus Group Services.

The Company and Iwaken have entered into the Basic Agreement on the basis of their shared conclusion that integration on both a capital and an operational level is the most appropriate way to enable both companies to provide services of an even higher quality to medical institutions, research organizations and other customers.

2. Summary of the Share Exchange

(1) Schedule of the Share Exchange

April 10, 2009	Sign of the Basic Agreement between the Company and Iwaken
April 24, 2009	Meeting of the Board of Directors (Resolution to approve the sign of the agreement pertaining to the Share Exchange (the "Share Exchange Agreement"))
April 24, 2009	Sign of the Share Exchange Agreement between the Company and Iwaken
End of May, 2009	Extraordinary Meeting of Shareholders of Iwaken (Resolution to approve the Share Exchange) (scheduled)
June 1, 2009	Effective date of the Share Exchange (scheduled)

(2) Allocation of Shares in the Share Exchange

Name of Company	Olympus Corporation (Parent Company after the Share Exchange)	Iwaken Co., Ltd. (Wholly-Owned Subsidiary after the Share Exchange)
Allocation of Shares in the Share Exchange	1	8.7

Notes:
1. Share Exchange Ratio
   In the Share Exchange, the Company will allocate and deliver 8.7 shares of common stock in exchange for one share of common stock of Iwaken.
2. Number of Shares to be Delivered through the Share Exchange
   2,784,000 shares of common stock
   The Company will deliver common shares from its treasury stock to shareholders of Iwaken in the Share Exchange, and will not issue any new shares.

(3) Basis of Calculation of the Share Exchange Ratio

a. Basis of Calculation

In order to ensure the fairness and appropriateness of the calculation of the share exchange ratio in the Share Exchange, the Company decided to ask a third party for its opinion as a specialist, and appointed ABeam M&A Consulting Ltd. ("ABeam M&A Consulting") as such third party.

When calculating the share value of the Company shares, ABeam M&A Consulting employed the market price method, because the Company is a listed Company. ABeam M&A Consulting calculated the share value of the Company in accordance with the market price method with reference to share prices during (i) the past one-month period (from March 10, 2009 to April 9, 2009) and (ii) the past three-month period (from January 13, 2009 to April 9, 2009).

When calculating the share value of Iwaken shares, ABeam M&A Consulting employed the discounted cash flow method (the "DCF method"), because Iwaken is an unlisted company. The synergies that the Company expects will arise as a result of Iwaken joining the Olympus Group were included in the future profit plans which formed the basis of the analysis in accordance with the DCF method.

Based on the calculations of the respective share values of the Company and Iwaken in accordance with each of the methods described above and on the basis that one share of the Company represents a value of one, the share exchange ratio in the Share Exchange has been calculated by ABeam M&A Consulting as follows:

Range of the Share Exchange Ratio Valuation Between 6.03 and 11.58

The Company and Iwaken decided to use the share exchange ratio set forth above in the Share Exchange based on the aforementioned calculations by ABeam M&A Consulting and as a result of thorough discussions between the two companies. The share exchange ratio is subject to change upon consultation between the Company and Iwaken in the event of a material change in any of the numerous factors upon which calculations were based.

b. Relationship with the Appraiser

The appraiser, ABeam M&A Consulting, is not a related party of the Company or Iwaken.

3. Description of Iwaken Co., Ltd. (As of March 31, 2008)

Business Description	Sales of medical appliances, physical and chemical instruments and optical devices; repair services in connection with same
Head Office	6-4, Hongo 3-chome, Bunkyo-ku, Tokyo
Name and Title of Representative	Seiji Iwasaki, Representative Director and President
Paid-in Capital	¥16 million
Net Assets	¥3,203 million (non-consolidated)
Total Assets	¥8,042 million (non-consolidated)

(Merger of Consolidated Subsidiaries)

ITX Corporation, a consolidated subsidiary of the Company, resolved, at a meeting of its Board of Directors held on December 16, 2008, to merge with its subsidiary IT Telecom, Inc. where ITX Corporation was the surviving company and IT Telecom, Inc. was the absorbed company. The merger agreement was executed on the same date. With respect to ITX Corporation, the merger was a simplified merger in accordance with Article 796, Paragraph 3 of the Company Law and, with respect to IT Telecom, Inc., same was a short-form merger in accordance with Article 784, Paragraph 1 of said Law. Therefore, a General Meeting of Shareholders was not held for the approval of the merger. The merger took effect on April 1, 2009.

1. Names, etc. of companies subject to merger

(1) Names of companies subject to merger

Merging company	ITX Corporation (consolidated subsidiary of the Company)
Merged company	IT Telecom, Inc. (consolidated subsidiary of the Company)

(2) Description of business of merged company

Sales of mobile phones, etc. and broadband and other communications service provider

(3) Legal form of merger

Absorption-type merger where ITX Corporation is the surviving company and IT Telecom, Inc. is the absorbed company

(4) Name of entity after the merger

ITX Corporation

(5) Overview of transactions including the purpose

The purpose of the merger is to accelerate the advancement of business and strengthen the information and telecommunication service business as the core competency by concentrating managerial resources and integrating information and communication service functions fostered through various assets, resources and know-how over many years of the ITX Group.

2. Overview of accounting treatment

The “common control transactions” accounting treatment will be applied in accordance with the “Accounting Standard Relating to Business Combinations” (Business Accounting Council) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10). Consequently, this accounting treatment has no affect on the consolidated financial statements.

5. Non-Consolidated Financial Statements
(1) Non-Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
ASSETS		
Current assets		
Cash and time deposits	59,369	17,830
Notes receivable	755	517
Accounts receivable	21,972	19,940
Finished goods	4,659	4,323
Work in process	5,593	6,812
Raw materials and supplies	512	496
Short-term loans receivable from subsidiaries and affiliates	220,731	11,766
Other receivable	13,807	9,500
Income taxes receivable	568	3,469
Deferred income taxes	9,740	9,393
Other current assets	2,126	2,821
Allowance for doubtful accounts	(28)	(236)
Total current assets	339,804	86,631
Fixed assets		
Property, plant and equipment		
Buildings	39,967	54,246
Accumulated depreciation	(26,764)	(28,040)
Buildings, net	13,203	26,206
Structures	3,115	3,325
Accumulated depreciation	(2,097)	(2,251)
Structures, net	1,018	1,074
Machinery and equipment	14,115	14,418
Accumulated depreciation	(10,661)	(11,353)
Machinery and equipment, net	3,454	3,065
Vehicles	62	60
Accumulated depreciation	(53)	(54)
Vehicles, net	9	6
Tools, furniture and fixtures	20,584	22,070
Accumulated depreciation	(15,065)	(16,577)
Tools, furniture and fixtures, net	5,519	5,493
Land	10,136	10,136
Lease assets	-	530
Accumulated depreciation	-	(56)
Lease assets, net	-	474
Construction in progress	4,126	799
Net property, plant and equipment	37,465	47,253
Intangible fixed assets		
Goodwill	427	320
Patent right	2,464	2,205
Software	4,505	1,852
Software in progress	504	-
Lease assets	-	113
Right of using facilities	65	64
Total intangible fixed assets	7,965	4,554

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
Investments and other assets		
Investment securities	144,967	105,878
Investment securities in subsidiaries and affiliates	210,114	346,170
Investments in capital of subsidiaries and affiliates	15,036	15,036
Long-term loans receivable	58	59
Long-term loans receivable from employees	129	99
Long-term loans receivable from subsidiaries and affiliates	3,861	8,198
Prepaid pension cost	6,188	8,236
Long-term prepaid expenses	4	2
Deferred income taxes	497	5,105
Investment in progress	19,034	-
Other assets	3,737	3,782
Allowance for doubtful accounts	(6)	(3,393)
Total investments and other assets	403,619	489,172
Total fixed assets	449,049	540,979
Total assets	788,853	627,610
LIABILITIES		
Current liabilities		
Notes payable	291	256
Accounts payable	9,145	9,497
Short-term borrowings	191,305	1,305
Current maturities of bonds	35,000	20,000
Current maturities of long-term borrowings	20,000	-
Lease liabilities	-	138
Other payable	30,639	18,950
Accrued expenses	17,071	12,889
Income taxes payable	164	175
Advances received	142	278
Deposits received	69,109	38,581
Provision for product warranties	52	76
Other current liabilities	3	268
Total current liabilities	372,921	102,413
Non-current liabilities		
Long-term bonds, less current maturities	105,000	130,000
Long-term borrowings, less current maturities	65,000	300,000
Long-term deposits received, less current maturities	732	751
Lease liabilities	-	447
Provision for loss on guarantees	632	-
Total non-current liabilities	171,364	431,198
Total liabilities	544,285	533,611

(Millions of yen)

	As of March 31, 2008	As of March 31, 2009
NET ASSETS		
Shareholders' equity		
Common stock	48,332	48,332
Capital surplus		
Legal capital surplus	73,027	73,027
Other capital surplus	22	22
Total capital surplus	73,049	73,049
Retained earnings		
Legal reserve	6,626	6,626
Other retained earnings		
Reserve for product development	4,000	4,000
Reserve for special depreciation	537	238
Reserve for advanced depreciation	2,744	2,567
General reserve	59,069	59,069
Retained earnings carried forward	59,675	(86,825)
Total retained earnings	132,651	(14,325)
Treasury stock, at cost	(2,634)	(12,874)
Total shareholders' equity	251,398	94,182
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	6,341	(23)
Net unrealized gains (losses) on hedging derivatives, net of taxes	(13,171)	(160)
Total valuation and translation adjustments	(6,830)	(183)
Total net assets	244,568	93,999
Total liabilities and net assets	788,853	627,610

(2) Non-Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Net sales		
Net sales of finished goods	83,929	76,427
Service revenue	29,942	28,688
Total net sales	113,871	105,115
Costs of sales		
Cost of finished goods sold		
Beginning finished goods	4,784	4,659
Cost of products manufactured	54,554	53,770
Total	59,338	58,429
Transfer to other account	993	1,303
Ending finished goods	4,659	4,323
Cost of finished goods sold	53,686	52,803
Cost of service	4,613	5,555
Total cost of sales	58,299	58,358
Gross profit	55,572	46,757
Selling, general and administrative expenses	61,087	59,102
Operating loss	(5,515)	(12,345)
Non-operating income		
Interest income	460	917
Interest on securities	262	170
Dividends income	50,610	29,652
Foreign currency exchange gain	118	-
Others	863	570
Total non-operating income	52,313	31,309
Non-operating expenses		
Interest expenses	1,651	4,805
Interest on bonds	1,781	2,187
Amortization of bond issuance cost	-	209
Foreign currency exchange loss	-	710
Loss on interest in investments in partnership	2,533	-
Provision of allowance for doubtful accounts	-	3,365
Others	2,569	2,132
Total non-operating expenses	8,534	13,408
Ordinary income	38,264	5,556
Extraordinary income		
Gain on sales of fixed assets	395	-
Gain on sales of investment securities	66	691
Gain on sales of investment securities in subsidiaries and affiliates	-	1,752
Reversal of provision for loss on guarantees	-	632
Total extraordinary income	461	3,075

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Extraordinary losses		
Loss on valuation of investment securities	1,014	13,115
Loss on valuation of investment securities in subsidiaries and affiliates	693	117,143
Loss on prior period adjustment	-	15,516
Total extraordinary losses	1,707	145,774
Income (loss) before provision for income taxes	37,018	(137,143)
Income taxes, current	(3,924)	(804)
Income taxes for prior periods	1,049	-
Income taxes, deferred	(1,415)	(112)
Total	(4,290)	(916)
Net income (loss)	41,308	(136,227)

(3) Non-Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Shareholders' equity		
Common stock		
Net assets at March 31, 2008	48,331	48,332
Changes during the year		
Net changes during the year	-	-
Balance at March 31, 2009	48,332	48,332
Capital surplus		
Legal capital surplus		
Net assets at March 31, 2008	73,027	73,027
Changes during the year		
Net changes during the year	-	-
Balance at March 31, 2009	73,027	73,027
Other capital surplus		
Net assets at March 31, 2008	22	22
Changes during the year		
Net changes during the year	-	-
Balance at March 31, 2009	22	22
Retained earnings		
Legal reserve		
Net assets at March 31, 2008	6,626	6,626
Changes during the year		
Net changes during the year	-	-
Balance at March 31, 2009	6,626	6,626
Other retained earnings		
Net assets at March 31, 2008	96,610	126,025
Changes during the year		
Cash dividends paid	(11,893)	(10,749)
Net income (loss)	41,308	(136,227)
Net changes during the year	29,415	(146,976)
Balance at March 31, 2009	126,025	(20,951)
Treasury stock, at cost		
Net assets at March 31, 2008	(2,264)	(2,634)
Changes during the year		
Acquisition of treasury stock	(370)	(10,240)
Net changes during the year	(370)	(10,240)
Balance at March 31, 2009	(2,634)	(12,874)
Total shareholders' equity		
Net assets at March 31, 2008	222,353	251,398
Changes during the year		
Cash dividends paid	(11,893)	(10,749)
Net income (loss)	41,308	(136,227)
Acquisition of treasury stock	(370)	(10,240)
Net changes during the year	29,045	(157,216)
Balance at March 31, 2009	251,398	94,182

(Millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes		
Net assets at March 31, 2008	13,789	6,341
Changes during the year		
Net changes in items other than shareholders' equity	(7,448)	(6,364)
Net changes during the year	(7,448)	(6,364)
Balance at March 31, 2009	6,341	(23)
Net unrealized gains (losses) on hedging derivatives, net of taxes		
Net assets at March 31, 2008	(5)	(13,171)
Changes during the year		
Net changes in items other than shareholders' equity	(13,165)	13,011
Net changes during the year	(13,165)	13,011
Balance at March 31, 2009	(13,171)	(160)
Total valuation and translation adjustments		
Net assets at March 31, 2008	13,783	(6,830)
Changes during the year		
Net changes in items other than shareholders' equity	(20,613)	6,647
Net changes during the year	(20,613)	6,647
Balance at March 31, 2009	(6,830)	(183)
Total net assets		
Net assets at March 31, 2008	236,136	244,568
Changes during the year		
Cash dividends paid	(11,893)	(10,749)
Net income (loss)	41,308	(136,227)
Acquisition of treasury stock	(370)	(10,240)
Net changes in items other than shareholders' equity	(20,613)	6,647
Net changes during the year	8,432	(150,569)
Balance at March 31, 2009	244,568	93,999

Marginal notes for Non-Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2008

Note: 1. Breakdown of other retained earnings

(Millions of yen)

	Reserve for product development	Reserve for special depreciation	Reserve for advanced depreciation	General reserve	Retained earnings carried forward	Total
Net assets at March 31, 2007	4,000	944	2,624	79,068	9,972	96,610
Changes during the year						
Cash dividends paid					(11,893)	(11,893)
Reversal of reserve for special depreciation		(408)			408	-
Provision of reserve for advanced depreciation			294		(294)	-
Reversal of reserve for advanced depreciation			(174)		174	-
Reversal of general reserve				(20,000)	20,000	-
Net income (loss)					41,308	41,308
Net changes during the year	-	(408)	120	(20,000)	49,703	29,415
Balance at March 31, 2008	4,000	537	2,744	59,069	59,675	126,025

Note: 2. Net assets at March 31, 2007 is truncated to the nearest million yen, and balance at March 31, 2008 and Changes during the year are rounded off to the nearest million yen.

Fiscal year ended March 31, 2009

Note: Breakdown of other retained earnings

(Millions of yen)

	Reserve for product development	Reserve for special depreciation	Reserve for advanced depreciation	General reserve	Retained earnings carried forward	Total
Net assets at March 31, 2008	4,000	537	2,744	59,069	59,675	126,025
Changes during the year						
Cash dividends paid					(10,749)	(10,749)
Reversal of reserve for special depreciation		(299)			299	-
Reversal of reserve for advanced depreciation			(177)		177	-
Net income (loss)					(136,227)	(136,227)
Net changes during the year	-	(299)	(177)	-	(146,500)	(146,976)
Balance at March 31, 2009	4,000	238	2,567	59,069	(86,825)	(20,951)

(4) Notes on Premise of Going Concern

No items to report.