December 28, 2011

News Release

Company: Olympus Corporation
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(Corrections) Notice Concerning Partial Corrections to "Consolidated Financial Results (Kessan Tanshin) for the Fiscal Year Ended March 31, 2010"

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, 2010" dated May 11, 2010, 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, 2010

May 11, 2010

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)

(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, 2010	883,086	(10.0)	61,160	43.2	46,075	79.4	52,527	–
March 31, 2009	980,803	(13.1)	42,722	(62.1)	25,679	(73.6)	(50,561)	–

	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, 2010	194.90	–	40.6	4.3	6.9
March 31, 2009	(188.85)	–	(30.2)	2.3	4.4

Note: Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2010: ¥ 306 million
Fiscal year ended March 31, 2009: ¥ (1,704) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	(¥ million)	(¥ million)	%	(¥)
March 31, 2010	1,104,528	163,131	14.1	576.63
March 31, 2009	1,038,253	110,907	10.0	387.31

Note: Equity as of March 31, 2010: ¥155,672 million March 31, 2009: ¥103,487 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, 2010	76,245	(20,967)	17,355	203,013
March 31, 2009	36,864	(15,964)	(3,751)	132,720

2. Dividends

	Cash dividends per share					Total amount of cash dividends	Payout ratio	Ratio of dividends to net assets
	First quarter	Second quarter	Third quarter	Year-end	Annual	(Annual)	(Consolidated)	(Consolidated)
Fiscal year ended	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	%	%
March 31, 2009	–	20.00	–	0.00	20.00	5,345	–	3.2
March 31, 2010	–	15.00	–	15.00	30.00	8,099	15.4	6.2
Fiscal year ending March 31, 2011 (Forecast)	–	15.00	–	15.00	30.00		38.6	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2011 (From April 1, 2010 to March 31, 2011)

(% 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	435,000	(0.1)	26,000	(9.4)	17,500	(5.1)	8,000	(79.2)	29.63
Full year	920,000	4.2	63,000	3.0	46,000	(0.2)	21,000	(60.0)	77.79

4. Others

(1) Changes in significant subsidiaries during period under review (changes in specified subsidiaries resulting in the changes in scope of consolidation): Yes
[New: ― Excluded: 1 company (Beckman Coulter Mishima K.K.)]

(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: Yes

Note: For details, refer to “Changes in Important Items That Form the Basis for Preparing the Consolidated Financial Statements” on p. 23.

(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, 2010 271,283,608 shares
As of March 31, 2009 271,283,608 shares
2) Total number of treasury shares at the end of the fiscal year
As of March 31, 2010 1,315,105 shares
As of March 31, 2009 4,089,222 shares

Note: Please refer to p. 32 (“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, 2010 (From April 1, 2009 to March 31, 2010)

(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, 2010	86,977	(17.3)	(7,673)	–	26,846	370.9	29,133	–
March 31, 2009	105,115	(7.7)	(12,345)	–	5,701	(84.8)	(63,545)	–

	Net income per share	Fully diluted net income per share
Fiscal year ended	(¥)	(¥)
March 31, 2010	108.10	–
March 31, 2009	(237.35)	–

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	(¥ million)	(¥ million)	%	(¥)
March 31, 2010	646,605	75,579	11.7	279.95
March 31, 2009	572,078	35,132	6.1	131.49

Note: Equity as of March 31, 2010: ¥75,579 million March 31, 2009: ¥35,132 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, 2010	883,086	61,160	46,075	52,527	¥194.90
Fiscal year ended March 31, 2009	980,803	42,722	25,679	(50,561)	¥(188.85)
Increase (Decrease) Ratio (%)	(10.0)	43.2	79.4	–	–

Comparison Table of Average Exchange Rate (Yen)

	Current fiscal year	Previous fiscal year
Against the U.S. dollar	92.85	100.54
Against the euro	131.15	143.48

In the Japanese economy during the fiscal year under review, although there were signs of a partial recovery in production activity and exports on the back of improvements in the overseas economy, mainly in the emerging countries, the employment environment and consumer spending remained weak and the situation remained difficult overall. Although the world economic situation remained serious with worsening employment demand particularly in Europe and the U.S., a trend of gradual improvement could be observed thanks to the effect of the economic measures of the various countries.

Amid this mixed business environment, the Olympus Group has continuously been promoting initiatives such as cost reduction activities by making operations more efficient, and reform of production structure on a global level as part of high profitability-oriented business structural reforms.
In August 2009, our diagnostic systems business was divested to the Beckman Coulter Group of the U.S. Taking this as an opportunity to integrate our overseas subsidiaries and affiliates, the Company, aiming to achieve sustainable growth in the medium to long term, raised business efficiency by reorganizing the life science business, the non-destructive testing equipment and the information equipment business in January 2010 to establish Life Sciences and Industrial Systems Company as an internal company entity. Then, in April 2010, the Company, aiming to accelerate innovation in production systems of the Olympus Group, develop new products and boost new business startups, established the Manufacturing Innovation Center.

The consolidated net sales for the Olympus Group over the fiscal year under review decreased by ¥97,717 million (10.0% year on year) to ¥883,086 million from declines in revenue in each of our businesses, except the Information & Communication Business, as a result of the global recession, and the appreciating yen. Operating income, despite being significantly impacted by revenue loss through high-yen exchange rates, increased 43.2% year on year to ¥61,160 million thanks to lower cost of sales and reduced general and administrative expenses achieved through structural business reforms. Ordinary income increased 79.4% year on year to ¥46,075 million primarily due to the improvement in operating income. The Olympus Group ended the year with a consolidated net income of ¥52,527 million (in contrast to a net loss of ¥50,561 million for the previous fiscal year). While on one hand, we recorded extraordinary income of ¥51,986 million, including gain from transfer of business of ¥47,674 million accompanying the transfer of the diagnostic systems business, we also recorded extraordinary losses of ¥7,358 million, including loss on valuation of investment securities of ¥3,043 million due to heavily fallen market values, as well as recording income taxes of ¥38,001 million.

During the fiscal year under review, the Olympus Group invested ¥61,850 million on research and development, and spent ¥34,323 million on capital investments.

As described in "4. (8) Notes Regarding the Consolidated Financial Statements (Segment Information)," due to changes in the business segmentation of segment information from the fiscal year ended March 31, 2010, the year-on-year comparisons were made using the previous fiscal year figures rearranged into the business classification after the changes.

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	224,460	174,924	(22.1)	(5,131)	3,314	–
Medical Systems	383,828	350,716	(8.6)	75,434	75,209	(0.3)
Life Science	118,819	80,100	(32.6)	4,760	5,620	18.1
Information & Communication	152,946	189,354	23.8	1,654	4,864	194.1
Others	100,750	87,992	(12.7)	(6,966)	(1,869)	–
Subtotal	980,803	883,086	(10.0)	69,751	87,138	24.9
Elimination or Unallocation	–	–	–	(27,029)	(25,978)	–
Consolidated total	980,803	883,086	(10.0)	42,722	61,160	43.2

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 ¥174,924 million (down 22.1 % year on year) and operating income of ¥3,314 million (in contrast to an operating loss of ¥5,131 million in the previous fiscal year).

In the digital camera field, sales was favorable both in Japan and abroad for the "Olympus PEN" series interchangeable lens system digital camera with a small, lightweight and dignified design compliant with the "Micro Four Thirds System" standard. We also saw robust sales of compact camera the "µTOUGH" series whose stylish body is built with functions such as water and dust resistance, shock resistance and low-temperature resistance. However, sales declined because of the decrease in units sold and drop in unit price for compact cameras as a result of foreign exchange effects and the economic downturn.

In the recorder field, although demand in Japan for IC recorders mildly recovered in the second half of the fiscal year, revenue fell due to the significant effects of the global drop in unit price and weakening of demand that occurred in the first half of the fiscal year.

As for the bottom line, the Imaging Systems Business was able to turn the operating loss recorded in the previous fiscal year into operating income for this fiscal year as a result of cost cutting efforts.

Medical Systems Business

Consolidated net sales in the Medical Systems Business amounted to ¥350,716 million (down 8.6% year on year), while operating income amounted to ¥75,209 million (down 0.3% year on year).

In the medical endoscope field, although sales expanded in the Chinese market and the number of contracts in the Value-per-Procedure program steadily increased in Japan and abroad, revenue declined as a result of low sales of our flagship high-resolution HDTV endoscope system due to the effects of the appreciation of the yen and the global economic downturn.

Surgical and endo-therapy devices field saw robust sales in surgical products and sampling treatment devices such as biopsy forceps thanks to synergies created by Gyrus's integration into the Olympus Group. We also saw steady overseas sales of new products, namely, disposable guide wires used for endoscope treatment such as for pancreatic ducts that we co-developed with Terumo Corporation, and laparoscopic surgical equipment that lightens the burden on patients compared with performing a laparotomy. However, revenue in the surgical and endotherapy devices field was down overall due to foreign currency effects.

In the Medical Systems Business, we were able to secure operating income thanks to cost reduction activities mainly in the surgical and endotherapy devices field.

Life Science Business

Consolidated net sales for the Life Science Business was ¥80,100 million (down 32.6% year on year), while operating income amounted to ¥5,620 million (up 18.1% year on year).

In the micro-imaging (microscopes) field, although sales were favorable for biological microscopes, particularly products for research such as sales in Japan for "FLUOVIEW" Series of confocal scanning laser microscopes, sales of industrial products declined, particularly in the first half of the fiscal year due to the restraints on capital investments by companies. With the foreign exchange effect also being a factor, revenue was down overall in the micro-imaging field.

Revenue was also down for the entire Life Science Business owing to the divestment of the Olympus Group's diagnostic systems business to the Beckman Coulter Group of the U.S. in August 2009.

Operating income for the Life Science Business increased as a result of substantial improvements in earnings as cost reduction activities progressed.

Information & Communication Business

Consolidated net sales for the Information & Communication Business was ¥189,354 million (up 23.8% year on year), while operating income showed ¥4,864 million (up 194.1% year on year).

In the mobile field, sales of mobile phones increased due to an aggressive expansion in sales channels for mobile phones attributable to corporate acquisitions and others.

Operating income for the Information & Communication Business rose thanks not only to expanded sales channels for mobile phones and the greater share of sales being achieved at highly profitable directly managed stores and franchise stores, but also to the boosted profitability gained from corporate structural reform such as the centralization of group business resources and revision of the business portfolio continuously being promoted by ITX Corporation.

Others

Consolidated net sales for other businesses was ¥87,992 million (down 12.7% year on year) and an operating loss was ¥1,869 million (in contrast to an operating loss of ¥6,966 million for the previous fiscal year).

In the non-destructive testing equipment field, despite favorable sales of new products, namely the IPLEX L series, an industrial endoscope equipped with excellent usability, functionality and durability, and the ultrasonic defect detection device with phased array features, overall sales were down due to the effect of restrained capital investment mostly in the automobile industry.

In the information equipment field, despite a strong sales performance by the new models of high-speed inkjet printers, overall sales were down due to the effect of the economic downturn.

In the biomedical materials field, sales of "OSferion," an artificial bone replacement material, expanded both in Japan and abroad, sales of other products also steadily expanded, and cost of sales was reduced.

With respect to the bottom line, the Others reduced its operating loss as a result of lower costs associated with amortization of goodwill of subsidiaries.

(Forecast for the Fiscal Year Ending March 31, 2011)

Forecast for the overall business and analysis of its preconditions

Although there are still factors of uncertainty regarding the future, such as the employment situation, the Japanese economy is expected to continue to steadily recover. Elsewhere in the world, although a mild recovery is expected to be led by the Chinese economy, there are also concerns that the economy will slump further in Europe and the U.S. due to the credit crunch and the deteriorating employment situation.

Based on these circumstances, the Olympus Group shall aim to achieve its management goal of "maximization of corporate value" under slogan "Advancing to the Next Stage of Globalization," based on the "2010 Corporate Strategic Plan," which commenced in the fiscal year ending March 31, 2011.

In the Imaging Systems Business, we will focus our energy on strengthening the development and sales of the interchangeable lens system digital camera based on the "Micro Four Thirds" standard, continuing our efforts to reduce costs, and establishing a stable revenue platform. In the Medical Systems Business, in addition to bolstering the surgical area and therapeutic devices, we shall strengthen the sales system in the expanding Chinese market. Additionally, to foster new business creation, we shall centralize our resources within the group to accelerate the discovery and incubation of new business.

The forecast for the fiscal year ending March 31, 2011 is as follows.

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Fiscal year ending March 31, 2011	920,000	63,000	46,000	21,000	¥77.79
Fiscal year ended March 31, 2010	883,086	61,160	46,075	52,527	¥194.90
Increase (Decrease) ratio (%)	4.2	3.0	(0.2)	(60.0)	–

In our forecast for net sales, although we expect to experience factors that will lower revenues such as the appreciation of the yen and the divestment of the diagnostic systems business to the Beckman Coulter Group in August, 2009, we expect an overall increase on the back of expanded sales mainly in the Imaging Systems Business, the Medical Systems Business, and the Information & Communications Business. With respect to profits, we expect operating income and ordinary income to rise as we believe the benefit we obtain from our sales expansion and cost reduction efforts will be greater than the foreign exchange effect. Although we expect net income to fall, this will mostly be due to extraordinary factors including the extraordinary gains that were acquired in the fiscal year under review as a result of the divestment of the diagnostic systems business.

The exchange rates forming the basis of our forecast for the next fiscal year are: US$1 = ¥90 and €1 = ¥120.

Forecast by segment and analysis of preconditions

(Millions of yen)

	Net sales			Operating income (loss)		
	Fiscal year ended March 31, 2010	Fiscal year ending March 31, 2011	Increase (Decrease) ratio (%)	Fiscal year ended March 31, 2010	Fiscal year ending March 31, 2011	Increase (Decrease)
Imaging Systems	174,924	195,000	11.5	3,314	6,000	2,686
Medical Systems	350,716	365,000	4.1	75,209	76,000	791
Life Science and Industrial Systems	114,095	103,000	(9.7)	8,754	11,000	2,246
Information & Communication	189,354	200,000	5.6	4,864	4,000	(864)
Others	53,997	57,000	5.6	(5,003)	(3,000)	2,003
Subtotal	883,086	920,000	4.2	87,138	94,000	6,862
Elimination or unallocation	–	–	–	(25,978)	(31,000)	(5,022)
Consolidated total	883,086	920,000	4.2	61,160	63,000	1,840

Notes: 1. Businesses are segmented by adding similar sales markets to businesses established based on the product lines.
2. Effective from the fiscal year ending March 31, 2011, part of the businesses currently included in “Others” shall be relocated to “Life Science and Industrial Systems.” The values for the fiscal year under review have been therefore adjusted to reflect the business segment composition after the change.

In the Life Science and Industrial Systems Business, although we expect revenue to be reduced by strong yen effects and the transfer of the diagnostic systems business, among others, we expect improved profits as a result of cost-cutting efforts. Contrastingly, the Imaging Systems Business is projected to secure higher operating income year on year from global expansion of the “OLYMPUS PEN” series interchangeable lens system digital cameras and from improved profitability achieved through reduced costs etc. In the Medical Systems Business, despite expecting strong yen effects, we expect an increase in revenue from a market recovery in Japan and the U.S., and growth in China/Asia region. The Information & Communication Business is expected to achieve higher revenues from firm sales of mobile phones. The Other businesses are expected to improve profit by expanding sales in new businesses.

(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, 2009	As of March 31, 2010	Increase (Decrease)	Increase (Decrease) ratio (%)
Total assets	1,038,253	1,104,528	66,275	6.4
Net assets	110,907	163,131	52,224	47.1
Equity ratio	10.0%	14.1%	4.1%	–

As of the end of the consolidated fiscal year under review, total assets increased ¥66,275 million year on year to ¥1,104,528 million. The primary factor was an increase of ¥59,788 million in current assets due to an increase in cash and time deposits.

Total liabilities increased ¥14,051 million year on year to ¥941,397 million, primarily as a result of decreases of ¥20,100 million in bonds and ¥15,750 million in other payable, despite increases of ¥41,877 million in long-term borrowings, less current maturities and ¥8,292 million in income taxes payable.

Net assets increased ¥52,224 million year on year to ¥163,131 million, primarily due to increase of ¥53,450 million in shareholders' equity from recording net income of ¥52,527 million.

As a result of the foregoing, equity ratio improved from 10.0% as of the end of the previous consolidated fiscal year to 14.1%.

Analysis of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Increase (Decrease)
Cash flows from operating activities	36,864	76,245	39,381
Cash flows from investing activities	(15,964)	(20,967)	(5,003)
Cash flows from financing activities	(3,751)	17,355	21,106
Cash and cash equivalents at end of year	132,720	203,013	70,293

"Cash flows from operating activities" increased by ¥76,245 million mainly due to ¥90,703 million in income before provision for income taxes and ¥43,099 million in depreciation and amortization, despite the adjustment of ¥47,674 million as gain on transfer of business that was included in income before provision for income taxes.

"Cash flows from investing activities" decreased by ¥20,967 million mainly due to purchases of property, plant and equipment totaling ¥39,498 million as well as ¥57,921 million in money transfer of funds. Contrastingly, increasing factors mainly included ¥74,402 million in transfer of business.

"Cash flows from financing activities" increased by ¥17,355 million mainly due to a ¥95,631 million in proceeds from long-term debt. Contrastingly, decreasing factors mainly included a ¥4,533 million net decrease in short-term borrowings and ¥48,870 million in repayments of long-term debt, a ¥20,300 million in redemption of bonds.

As a result, cash and cash equivalents at the end of the current fiscal year reached ¥203,013 million, an increase of ¥70,293 million compared to the end of the previous fiscal year.

(Cash Flows Indicators)

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Equity ratio (%)	21.4	19.1	10.0	14.1
Market value equity ratio (%)	108.7	67.1	40.7	73.3
Interest-bearing debt to cash flows ratio (years)	4.5	7.4	17.4	8.7
Interest coverage ratio (times)	8.7	6.4	2.3	6.1

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. 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.

The Company plans to pay a year-end dividend of ¥15 per share, which together with the interim dividend already paid amounts to an annual dividend of ¥30, a ¥10 increase from the previous fiscal year. On a consolidated basis, this amounts to a dividend payout ratio of 15.4%.

The amount of dividends for the following fiscal 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, 185 subsidiaries and 16 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 Europa Holding 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 Europa Holding GmbH, KeyMed (Medical & Industrial Equipment) Ltd., Gyrus ACMI, Inc., Olympus Winter & Ibe GmbH, Olympus Singapore Pte. Ltd.
Life Science	Biological microscopes, Industrial microscopes	Olympus Corporation (Consolidated subsidiaries) KS Olympus Co., Ltd., Olympus America Inc., Olympus Europa Holding GmbH, Olympus Soft Imaging Solutions GmbH, Olympus Singapore Pte. Ltd.
Information & Communication	Sales of mobile terminals including mobile handsets	(Consolidated subsidiaries) ITX Corporation
Others	Industrial endoscopes, Non-destructive testing equipment, Printers, System development, Mobile resolution, Mobile content services etc.	Olympus Corporation (Consolidated subsidiaries) Okaya Olympus Co., Ltd., Olympus Terumo Biomaterials Corp., Olympus Systems Co., Ltd., Ai-medic Co., Ltd.,, Nippon Outsourcing Corporation, E-Globaledge Corporation, KeyMed (Medical & Industrial Equipment) Ltd., Olympus NDT Canada Inc., Olympus NDT Corporation
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. Olympus Finance UK Limited

Notes: 1. During the fiscal year ended March 31, 2010, our diagnostic systems business, which was incorporated into Life Science Business, was transferred to the Beckman Couler Group of the U.S. Accordingly, due to the transfer of all shares held by the Company during the fiscal year under review, Beckman Coulter Mishima K.K. (formerly known as Mishima Olympus Co., Ltd.), a specified subsidiary, is excluded from the scope of consolidation.

2. From the fiscal year ended March 31, 2010, the business segmentation of the segment information has been changed. For details, see 4. (8) Notes Regarding the Consolidated Financial Statements (Segment Information).

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. By following the "2010 Corporate Strategic Plan," which commenced in the fiscal year ending March 31, 2011, we are aiming to achieve in five years from now in the fiscal year ending March 31, 2015, net sales of ¥1,500 billion and operating income of ¥150 billion.

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

The Olympus Group has formulated "2010 Corporate Strategic Plan," which commenced in the fiscal year ending March 31, 2011. Under this plan, which has the slogan of "Advancing to the Next Stage of Globalization," we are aiming for the "maximization of corporate value" mainly through the "transformation of Olympus into a more globally competitive company" and "strengthening our business presence in the emerging markets."

Group-wide initiatives based on horizontal strategy will include the expansion of our business presence in the China/Asia market, the reinforcement of our global business structure and environmental management.

As for our strategies for each business segment, in the Imaging Systems Business, we aim to establish a foundation for the digital single-lens camera business and achieve high growth, while in the Medical Systems Business, we aim to strengthen the surgical products business and reinforce our presence in Asian markets, where high growth is expected. In the Life Science and Industrial Systems Business, we shall strengthen our income base for existing businesses such as biological microscopes, while in the Information & Communication Business and New Business Activities, we shall implement group-wide reorganization and accelerate the incubation of new business.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
ASSETS		
Current assets		
Cash and time deposits	136,877	206,783
Notes and accounts receivable	160,258	154,239
Lease receivables and lease investment assets	11,880	12,399
Securities	199	–
Merchandise and finished goods	58,683	57,042
Work in process	21,230	18,910
Raw materials and supplies	15,627	14,007
Deferred income taxes	35,583	39,063
Other current assets	36,614	32,438
Allowance for doubtful accounts	(4,594)	(2,736)
Total current assets	472,357	532,145
Fixed assets		
Property, plant and equipment		
Buildings and structures	144,199	137,766
Accumulated depreciation	(67,417)	(69,780)
Buildings and structures, net	76,782	67,986
Machinery and equipment	60,585	56,379
Accumulated depreciation	(44,259)	(42,840)
Machinery and equipment, net	16,326	13,539
Tools, furniture and fixtures	161,287	152,549
Accumulated depreciation	(118,693)	(115,901)
Tools, furniture and fixtures, net	42,594	36,648
Land	19,839	19,048
Lease assets	6,819	5,807
Accumulated depreciation	(3,307)	(1,930)
Lease assets, net	3,512	3,877
Construction in progress	3,391	2,463
Net property, plant and equipment	162,444	143,561
Intangible fixed assets		
Goodwill	170,252	144,900
Others	83,510	71,130
Total intangible fixed assets	253,762	216,030
Investments and other assets		
Investment securities	62,589	78,448
Long-term loans receivable	3,811	3,988
Deferred income taxes	17,909	9,768
Investment fund assets	8,458	65,880
Other assets	63,204	61,493
Allowance for doubtful accounts	(6,281)	(6,785)
Total investments and other assets	149,690	212,792
Total fixed assets	565,896	572,383
Total assets	1,038,253	1,104,528

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
LIABILITIES		
Current liabilities		
Notes and accounts payable	66,604	74,074
Short-term borrowings	97,068	93,933
Current maturities of bonds	20,300	20,040
Other payable	55,102	39,352
Accrued expenses	65,592	59,816
Income taxes payable	15,600	23,892
Provision for product warranties	8,875	9,708
Other reserves	61	2
Other current liabilities	19,899	18,429
Total current liabilities	349,101	339,246
Non-current liabilities		
Long-term bonds, less current maturities	130,200	110,360
Long-term borrowings, less current maturities	395,271	437,148
Deferred income taxes	28,068	28,766
Severance and retirement allowance	18,744	19,888
Severance and retirement allowance for directors and corporate auditors	130	147
Other non-current liabilities	5,832	5,842
Total non-current liabilities	578,245	602,151
Total liabilities	927,346	941,397
NET ASSETS		
Shareholders' equity		
Common stock	48,332	48,332
Capital surplus	73,049	55,166
Retained earnings	52,124	114,719
Treasury stock, at cost	(12,874)	(4,136)
Total shareholders' equity	160,631	214,081
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	(2,311)	8,020
Net unrealized gains (losses) on hedging derivatives, net of taxes	(1,330)	(438)
Foreign currency translation adjustments	(53,503)	(65,991)
Total valuation and translation adjustments	(57,144)	(58,409)
Minority interests	7,420	7,459
Total net assets	110,907	163,131
Total liabilities and net assets	1,038,253	1,104,528

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Net sales	980,803	883,086
Costs of sales	519,523	474,801
Gross profit	461,280	408,285
Selling, general and administrative expenses	418,558	347,125
Operating income	42,722	61,160
Non-operating income		
Interest income	2,420	1,123
Dividends income	1,007	739
Royalty income	352	353
Foreign currency exchange gain	5,009	1,367
Net income of investment in affiliated companies carried on the equity method	–	306
Others	2,803	2,630
Total non-operating income	11,591	6,518
Non-operating expenses		
Interest expenses	16,192	12,413
Net loss of investment in affiliated companies carried on the equity method	1,704	–
Others	10,738	9,190
Total non-operating expenses	28,634	21,603
Ordinary income	25,679	46,075
Extraordinary income		
Gain on sales of investment securities in subsidiaries and affiliates	–	2,536
Gain on transfer of business	–	47,674
Gain on sales of investment securities	34	717
Others	–	1,059
Total extraordinary income	34	51,986
Extraordinary losses		
Impairment loss on fixed assets	1,815	1,699
Loss on sales of investment securities in subsidiaries and affiliates	–	107
Loss on sales of investment securities	1,053	316
Loss on valuation of investment securities	16,192	3,043
Amortization of goodwill	20,518	1,064
Loss on prior period adjustment	–	–
Loss on funds invested	1,755	499
Provision of allowance for doubtful accounts	4,763	–
Others	–	630
Total extraordinary losses	46,096	7,358
Income (loss) before provision for income taxes	(20,383)	90,703
Income taxes, current	32,511	34,546
Income taxes, deferred	14	3,455
Total	32,525	38,001
Minority interest in income (losses) of consolidated subsidiaries	(2,347)	175
Net income (loss)	(50,561)	52,527

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Shareholders' equity		
Common stock		
Balance at the end of the previous year	48,332	48,332
Changes during the year		
Net changes during the year	–	–
Balance at the end of the year	48,332	48,332
Capital surplus		
Balance at the end of the previous year	73,049	73,049
Changes during the year		
Transfer to retained earnings from capital surplus	–	(14,325)
Disposal of treasury stock	–	(3,558)
Net changes during the year	–	(17,883)
Balance at the end of the year	73,049	55,166
Retained earnings		
Balance at the end of the previous year	115,285	52,124
Effect of changes in accounting policies applied to foreign subsidiaries	1,567	–
Changes during the year		
Cash dividends paid	(10,749)	(4,050)
Net income (loss)	(50,561)	52,527
Transfer to retained earnings from capital surplus	–	14,325
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States	(3,418)	(207)
Net changes during the year	(64,728)	62,595
Balance at the end of the year	52,124	114,719
Treasury stock, at cost		
Balance at the end of the previous year	(2,634)	(12,874)
Changes during the year		
Acquisition of treasury stock	(10,240)	(21)
Disposal of treasury stock	–	8,759
Net changes during the year	(10,240)	8,738
Balance at the end of the year	(12,874)	(4,136)
Total shareholders' equity		
Balance at the end of the previous year	234,032	160,631
Effect of changes in accounting policies applied to foreign subsidiaries	1,567	–
Changes during the year		
Cash dividends paid	(10,749)	(4,050)
Net income (loss)	(50,561)	52,527
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States	(3,418)	(207)
Acquisition of treasury stock	(10,240)	(21)
Disposal of treasury stock	–	5,201
Net changes during the year	(74,968)	53,450
Balance at the end of the year	160,631	214,081

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes		
Balance at the end of the previous year	5,334	(2,311)
Changes during the year		
Net changes in items other than shareholders' equity	(7,645)	10,331
Net changes during the year	(7,645)	10,331
Balance at the end of the year	(2,311)	8,020
Net unrealized gains (losses) on hedging derivatives, net of taxes		
Balance at the end of the previous year	34	(1,330)
Changes during the year		
Net changes in items other than shareholders' equity	(1,364)	892
Net changes during the year	(1,364)	892
Balance at the end of the year	(1,330)	(438)
Foreign currency translation adjustments		
Balance at the end of the previous year	(6,567)	(53,503)
Changes during the year		
Net changes in items other than shareholders' equity	(46,936)	(12,488)
Net changes during the year	(46,936)	(12,488)
Balance at the end of the year	(53,503)	(65,991)
Total valuation and translation adjustments		
Balance at the end of the previous year	(1,199)	(57,144)
Changes during the year		
Net changes in items other than shareholders' equity	(55,945)	(1,265)
Net changes during the year	(55,945)	(1,265)
Balance at the end of the year	(57,144)	(58,409)
Minority interests		
Balance at the end of the previous year	11,448	7,420
Changes during the year		
Net changes in items other than shareholders' equity	(4,028)	39
Net changes during the year	(4,028)	39
Balance at the end of the year	7,420	7,459
Total net assets		
Balance at the end of the previous year	244,281	110,907
Effect of changes in accounting policies applied to foreign subsidiaries	1,567	–
Changes during the year		
Cash dividends paid	(10,749)	(4,050)
Net income (loss)	(50,561)	52,527
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States	(3,418)	(207)
Acquisition of treasury stock	(10,240)	(21)
Disposal of treasury stock	–	5,201
Net changes in items other than shareholders' equity	(59,973)	(1,226)
Net changes during the year	(134,941)	52,224
Balance at the end of the year	110,907	163,131

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Cash flows from operating activities		
Income (loss) before provision for income taxes	(20,383)	90,703
Depreciation and amortization	44,594	43,099
Impairment loss on fixed assets	1,815	1,699
Amortization of goodwill	37,881	12,918
Increase (decrease) in severance and retirement allowance	9,003	2,376
Decrease (increase) in prepaid pension cost	(8,853)	(814)
Increase (decrease) in provision for product warranties	366	970
Interest and dividend income	(3,427)	(1,862)
Interest expense	16,192	12,413
Net loss (gain) of investment in affiliated companies carried on the equity method	1,704	(306)
Loss (gain) on transfer of business	–	(47,674)
Loss (gain) on prior period adjustment	–	–
Loss (gain) on sale of investment securities in subsidiaries and affiliates	–	(2,429)
Loss (gain) valuation of investment securities	16,192	3,043
Decrease (increase) in accounts receivable	16,794	(10,663)
Decrease (increase) in inventories	6,528	(2,967)
Increase (decrease) in accounts payable	(14,340)	13,196
Increase (decrease) in other payable	(5,669)	(1,385)
Increase (decrease) in accrued expense	(12,618)	(1,253)
Increase (decrease) in allowance for doubtful accounts on funds	4,763	–
Loss on funds invested	1,755	499
Other	(1,315)	(4,282)
Sub-total	90,982	107,281
Interest and dividend received	3,439	1,934
Interest payments	(16,139)	(12,465)
Outflow of money from funds	(4,763)	–
Income taxes paid	(36,655)	(20,505)
Net cash provided by operating activities	36,864	76,245

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Cash flows from investing activities		
Deposits in time deposits	(5,626)	(4,729)
Withdrawals from time deposits	3,440	5,709
Purchase of property, plant and equipment	(43,829)	(39,498)
Purchases of intangible fixed assets	(5,617)	(5,400)
Purchases of investment securities	(5,332)	(4,965)
Sales and redemption of investment securities	3,687	3,705
Payments for acquisition of new consolidated subsidiaries related to changes in scope of consolidation	(128)	(372)
Net decrease from sales of investment in subsidiaries related to changes in scope of consolidation	(123)	(43)
Net increase from sales of investment in subsidiaries related to changes in scope of consolidation	–	17,579
Payments for acquisition of new consolidated subsidiaries	(21,379)	(1,974)
Payments for loans receivable	(1,531)	(1,907)
Proceeds from loans receivable	3,073	337
Payments for transfer of business	–	(6,851)
Proceeds from transfer of business	–	74,402
Money transfer of funds	(19,012)	(57,921)
Collection of fund assets invested	76,615	–
Other	(203)	961
Net cash used in investing activities	(15,964)	(20,967)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(218,220)	(4,533)
Proceeds from long-term debt	259,719	95,631
Repayments of long-term debt	(33,603)	(48,870)
Proceeds from issuance of bonds	45,166	200
Redemption of bonds	(35,199)	(20,300)
Stock issue to minority shareholders	147	–
Expenditure on acquisition of treasury stock	(10,240)	–
Dividends paid	(10,749)	(4,050)
Dividends paid to minority shareholders	(114)	(171)
Other	(658)	(552)
Net cash provided by (used in) financing activities	(3,751)	17,355
Effect of exchange rate changes on cash and cash equivalents	(4,435)	(2,905)
Net increase (decrease) in cash and cash equivalents	12,714	69,728
Cash and cash equivalents at beginning of year	119,842	132,720
Net increase in cash and cash equivalents associated with newly consolidated subsidiaries	–	477
Net decrease in cash and cash equivalents associated with exclusion from scope of consolidation	(6)	–
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	170	88
Cash and cash equivalents at end of year	132,720	203,013

(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, 2009 (April 1, 2008 - March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 - March 31, 2010)
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 another 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.	**1. Scope of consolidation** 1) Number of consolidated subsidiaries: 172 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 Istanbul Optical Products Trading and Service AS and other 4 companies are newly established subsidiaries during the fiscal year ended March 31, 2010. ITX Communications Corporation and another company have been included into consolidation through equity participation carried out during the fiscal year. Media Hanshin Co., Ltd. has been included into consolidation due to additional acquisition of shares during the fiscal year. FEED CORPORATION has been switched from a non-consolidated subsidiary accounted for under the equity method to a consolidated subsidiary due to increase in materiality. Beckman Coulter Mishima K.K. (formerly known as Mishima Olympus Co., Ltd.) and other 10 companies have been excluded from consolidated subsidiaries due to sale of shares during the fiscal year. IT Telecom Inc. and other 9 companies have been excluded from consolidated subsidiaries due to merger with other consolidated subsidiaries during the fiscal year. EP Operation Corp. and other 8 companies have been excluded from consolidated subsidiaries due to liquidation during the fiscal year. Olympus UK Aquisitions Ltd. has been excluded from consolidated subsidiaries due to decrease in materiality.

Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 - March 31, 2010)
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 10 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: Radio Cafe, Inc. LA PLANTA CO., LTD. Olympus Memory Works Corp. and other 10 companies Reason of excluding from the scope of consolidation The 13 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 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: 18 ORTEK Corporation Adachi Co., Ltd. Olympus Cytori Inc., and other 15 companies ITX Capital Innovation Co., Ltd. and other 5 companies 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) 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.	**2. Application of the Equity Method** 1) Non-consolidated subsidiary accounted for under the equity method: 1 Radio Cafe, Inc. 2) Affiliated companies accounted for under the equity method: 7 ORTEK Corporation Adachi Co., Ltd. Olympus Cytori Inc., and other 4 companies FEED CORPORATION has been switched from a non-consolidated subsidiary accounted for under the equity method to a consolidated subsidiary due to increase in materiality. Media Hanshin Co., Ltd. has been switched from an affiliated company accounted for under the equity method to a consolidated subsidiary due to additional purchase of treasury stock. ITX Capital Innovation Co., Ltd. and other 8 companies have excluded from affiliated companies accounted for under the equity method due to sale of shares during the fiscal year. Aplix Solutions, Inc. has been excluded from affiliated companies accounted for under the equity method due to liquidation during the fiscal year. 3) LA PLANTA CO., LTD. and other 11 non-consolidated subsidiaries and 9 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, 2009 (April 1, 2008 - March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 - March 31, 2010)
1. Valuation principles and methods for 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 this 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 this 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. As a result, operating income for this fiscal year decreased 134 million yen, ordinary income decreased 123 million yen, loss before provision for income taxes increased 142 million yen and net loss increased 1,941 million yen. **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 this current fiscal year, the accounting treatment for those transactions follows the method for ordinary purchase and sales transactions. 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.	**1. Changes in account items for net sales and cost of sales on investment securities for business incubations** Previously, regarding the consolidated subsidiary ITX Corporation, proceeds from the sale of investment securities for business incubations were recorded as net sales and the book values and valuation losses, etc. of securities sold were recorded as cost of sales, however, following changes in the investment policy, from the fiscal year ended March 31, 2010, income/loss from such sales is recorded in extraordinary income/losses. The impact from this change on gross profit and operating income is immaterial. **2. The Adoption of Partial Amendments to "Accounting Standard for Retirement Benefits" (Part 3)** Effective from the fiscal year ended March 31, 2010, the Company adopted Partial Amendments to "Accounting Standard for Retirement Benefits" (Part 3) (ASBJ Statement No. 19, July 31, 2008). There are no differences of projected benefit obligation from the adoption of this accounting standard.

(Additional Information)

Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 - March 31, 2010)
(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

<table>
<tr><th>Fiscal year ended March 31, 2009
(April 1, 2008 - March 31, 2009)</th><th>Fiscal year ended March 31, 2010
(April 1, 2009 - March 31, 2010)</th></tr>
<tr><td>
<u>(Investment in Gyrus Group Limited)</u>
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.
(Divestment of Beckman Coulter, Inc., the diagnostic systems business)
The Company resolved, at a meeting of its Board of Directors held on February 27, 2009, to divest the Group’s diagnostic systems business to Beckman Coulter Group (“Beckman,” parent company: Beckman Coulter, Inc. ; California, USA). The tentative divestment date of said business is August 1, 2009.
1. Purpose of the divestiture
Regarding the business environment for diagnostic systems, the existence of large competitors with trillions of yen in capitalization in the global market as well as an increase in M&A activity and the entry of new players from other fields in recent years have drastically changed the competitive environment.
Under such circumstances, Olympus Corporation determined that, instead of continuing in this business independently, its divestment to Beckman, a large manufacturer of clinical testing systems, would enable the effective use of managerial resources such as technological assets and know-how fostered over many years. Therefore, we decided to transfer the diagnostic systems business to Beckman.
2. Details of divested business
(1) Outline of agreement of divestment
(i) Target of divestment
Diagnostic systems business of the Company and Olympus Group
(ii) Transfer price
¥77.5 billion for the entire Group (tentative)
(iii) Schedule of divestment
February 27, 2009 Conclusion of agreement of divestment
August 1, 2009 Date of divestment (tentative)
</td><td>―――――</td></tr>
</table>

Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 - March 31, 2010)
(2) Overview of transferee The transferee shall be Beckman Coulter, Inc. and its affiliates. General overview of main transferee Trade name: Beckman Coulter, Inc. Chief Executive Officer: Scott Garrett Capital: U.S. $ 6.9 million Head office: California, U.S.A. Principal businesses: Manufacture and sales of clinical diagnostic testing systems and related products Relationship with the Company: No capital, personnel or transaction relationships exist between Beckman Coulter, Inc. and the Company	―

(8) Notes Regarding the Consolidated Financial Statements

Notes

(Omission of disclosure)

Notes related to lease transactions, related party information, deferred tax accounting, financial instruments, securities, derivative transactions, retirement benefits, stock options, real estate for rent 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 29, 2010, 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, 2009 (April 1, 2008 - March 31, 2009)		Fiscal year ended March 31, 2010 (April 1, 2009 - March 31, 2010)	
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	53,058	Advertising and promotion expenses	40,712
Provision of allowance for doubtful accounts	2,309	Provision of allowance for doubtful accounts	95
Salaries and allowance	113,920	Salaries and allowance	105,299
Bonuses	19,349	Bonuses	18,792
Severance and retirement expenses	5,397	Severance and retirement expenses	9,130
Provision of severance and retirement allowance for directors and corporate auditors	62	Amortization of goodwill	11,854
Amortization of goodwill	17,363	Experiment and research expenses	36,021
Experiment and research expenses	45,927	Depreciation	27,375
Depreciation	31,437		
2. Research and development expenses included in general and administrative expenses and production cost for this current fiscal year are ¥70,010 million.		**2. Research and development expenses included in general and administrative expenses and production cost for this current fiscal year are ¥61,850 million.**	

(Segment Information)

a. Segment information by type of business

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

Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010) (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	174,924	350,716	80,100	189,354	87,992	883,086	–	883,086
(2) Internal sales of transfer among segments	103	36	165	–	341	645	(645)	–
Total	175,027	350,752	80,265	189,354	88,333	883,731	(645)	883,086
Operating expenses	171,713	275,543	74,645	184,490	90,202	796,593	25,333	821,926
Operating income (or operating loss)	3,314	75,209	5,620	4,864	(1,869)	87,138	(25,978)	61,160
II. Assets, depreciation cost, and capital expenditure Assets	126,119	447,873	51,332	79,146	90,523	794,993	309,536	1,104,528
Depreciation cost	6,953	20,493	4,596	651	5,303	37,996	5,103	43,099
Capital expenditure	5,043	14,387	5,700	1,176	5,701	32,007	2,316	34,323

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:

(Fiscal year ended March 31, 2009)

(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 procesing equipment and System development, etc.

(Fiscal year ended March 31, 2010)

(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
(5) Others:	Industrial endoscopes, Non-destructive testing equipment, Printers, Mobile solution, Mobile content services, Development and sales of business package software, Sales of network infrastructure systems, Sales of semiconductor devices and electric equipment and System development, etc.

3. Among the operating expenses, the amount of unallocatable operating expenses recorded in the section of Elimination or Unallocation was ¥27,029 million for the previous consolidated fiscal year, and ¥25,978 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 ¥206,154 million for the previous consolidated fiscal year, and ¥309,536 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.
5. Changes in business segmentation:
   Taking into consideration the revision in business segmentation effected to promote the "Corporation Structural Reform" implemented at ITX Corporation, the Company's consolidated subsidiary, from the current consolidated fiscal year, a portion of the businesses included in "Information & Communication Business" shall be included in "Others."
   The following are business segmentation for the previous consolidated fiscal year presented in the same manner as the current consolidated fiscal year.

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	152,946	100,750	980,803	–	980,803
(2) Internal sales of transfer among segments	133	64	189	–	492	878	(878)	–
Total	224,593	383,892	119,008	152,946	101,242	981,681	(878)	980,803
Operating expenses	229,724	308,458	114,248	151,292	108,208	911,930	26,151	938,081
Operating income (or operating loss)	(5,131)	75,434	4,760	1,654	(6,966)	69,751	(27,029)	42,722
II. Assets, depreciation cost, and capital expenditure Assets	119,492	456,693	82,609	58,434	114,872	832,099	206,154	1,038,253
Depreciation cost	8,465	19,250	5,265	724	5,852	39,556	5,038	44,594
Capital expenditure	8,580	21,974	4,466	671	7,188	42,879	12,753	55,632

b. Segment information by region

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

Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010) (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	408,837	211,609	198,661	63,979	883,086	–	883,086
(2) Internal sales of transfer among segments	217,285	7,982	15,000	65,262	305,529	(305,529)	–
Total	626,122	219,591	213,661	129,241	1,188,615	(305,529)	883,086
Operating expenses	576,901	212,187	191,434	123,606	1,104,128	(282,202)	821,926
Operating income	49,221	7,404	22,227	5,635	84,487	(23,327)	61,160
II. Assets	244,386	294,730	254,933	122,574	916,623	187,905	1,104,528

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 ¥27,029 million for the previous consolidated fiscal year, and ¥25,978 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 ¥206,154 million for the previous consolidated fiscal year, and ¥309,536 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, 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

Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010) (Millions of yen)

	North America	Europe	Asia	Others	Total
I. Overseas sales	196,076	188,527	100,045	25,275	509,923
II. Consolidated sales					883,086
III. Percentage of overseas sales in consolidated sales (%)	22.2	21.3	11.3	2.9	57.7

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	174,957	(27.0)
Medical Systems	331,032	(9.6)
Life Science	73,329	(33.2)
Information & Communication	–	–
Others	40,073	(15.1)
Total	619,391	(18.8)

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	158,944	6.2
Others	29,164	19.1
Total	188,108	8.0

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	174,924	(22.1)
Medical Systems	350,716	(8.6)
Life Science	80,100	(32.6)
Information & Communication	189,354	0.2
Others	87,992	35.9
Total	883,086	(10.0)

Note: Amounts do not include consumption tax.

(Per-Share Data)

Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)		Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)	
Net assets per share	¥387.31	Net assets per share	¥576.63
Net loss per share	¥(188.85)	Net income per share	¥194.90
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.		The fully diluted net income per share is not described here because there are no potentially dilutive shares.	

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

(Million of yen)

	Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)
Net income (loss)	(50,561)	52,527
Amount that does not belong to ordinary shareholder	–	–
Net income (loss) concerning common stock	(50,561)	52,527
Average number of shares during the year	267,725,706 shares	269,506,471 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	–	–
Net income adjustment	–	–
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, 2010 (from April 1, 2009 to March 31, 2010)
(Establishment of Significant Subsidiary)
The Company resolved, at a meeting of its Board of Directors held on May 11, 2010 to establish a subsidiary.

1. Purpose of establishment

The new company was established for the purposes of sharing management resources related to new business creation within the Olympus Group to strengthen the total might of the Group, and of reforming the management system to one that is more efficient so as to accelerate the discovery and development of new businesses. The new company was established in May 2010 and operations are scheduled to start upon the injection of a ¥20-billion-scale of capital investment in July 2010 after the transfer of management resources related to the various new business creation activities of the Company and the Company's subsidiary ITX Corporation.

2. Overview of subsidiary

(1) Name	Olympus Business Creation Corp.	
(2) Business activities	Discovery and development of new business, and the business management of fledgling subsidiaries	
(3) Capital	At time of establishment	¥5 million (tentative)
	After capital injection	¥11 billion (tentative)

3. Date of establishment

May 2010 (tentative)

4. Equity ratio

The Company 80% (ITX Corporation is planned to invest 20%)

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
ASSETS		
Current assets		
Cash and time deposits	17,830	62,910
Notes receivable	517	501
Accounts receivable	19,940	20,611
Finished goods	4,323	2,515
Work in process	6,812	6,054
Raw materials and supplies	496	421
Short-term loans receivable from subsidiaries and affiliates	11,766	10,499
Other receivable	9,500	11,247
Income taxes receivable	–	–
Deferred income taxes	9,393	10,192
Suspense payments of funds	17,731	–
Other current assets	2,821	4,648
Allowance for doubtful accounts	(436)	(1,691)
Total current assets	100,693	127,907
Fixed assets		
Property, plant and equipment		
Buildings	54,246	50,020
Accumulated depreciation	(28,040)	(28,700)
Buildings, net	26,206	21,320
Structures	3,325	2,877
Accumulated depreciation	(2,251)	(2,241)
Structures, net	1,074	636
Machinery and equipment	14,418	13,822
Accumulated depreciation	(11,353)	(11,529)
Machinery and equipment, net	3,065	2,293
Vehicles	60	58
Accumulated depreciation	(54)	(54)
Vehicles, net	6	4
Tools, furniture and fixtures	22,070	20,639
Accumulated depreciation	(16,577)	(16,265)
Tools, furniture and fixtures, net	5,493	4,374
Land	10,136	8,960
Lease assets	530	875
Accumulated depreciation	(56)	(184)
Lease assets, net	474	691
Construction in progress	799	122
Net property, plant and equipment	47,253	38,400
Intangible fixed assets		
Goodwill	320	213
Patent right	2,205	1,693
Software	1,852	380
Software in progress	–	768
Lease assets	113	90
Right of using facilities	64	53
Total intangible fixed assets	4,554	3,197

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
Investments and other assets		
Investment securities	44,238	57,350
Investment securities in subsidiaries and affiliates	332,111	327,039
Investments in capital of subsidiaries and affiliates	15,036	15,036
Long-term loans receivable	59	59
Long-term loans receivable from employees	99	102
Long-term loans receivable from subsidiaries and affiliates	8,198	9,420
Prepaid pension cost	8,236	7,571
Long-term prepaid expenses	2	17
Deferred income taxes	6,093	–
Investments in affiliates	8,458	65,880
Long-term accounts receivable-other	4,763	4,763
Other assets	3,782	3,713
Allowance for doubtful accounts	(11,497)	(13,848)
Total investments and other assets	419,579	477,102
Total fixed assets	471,386	518,699
Total assets	572,078	646,605
LIABILITIES		
Current liabilities		
Notes payable	256	174
Accounts payable	9,497	8,123
Short-term borrowings	1,305	1,305
Current maturities of bonds	20,000	20,000
Lease liabilities	138	188
Other payable	18,950	9,180
Accrued expenses	12,889	12,223
Income taxes payable	3,510	8,289
Advances received	278	310
Deposits received	38,581	56,219
Provision for product warranties	76	133
Other current liabilities	268	34
Total current liabilities	105,748	116,177
Non-current liabilities		
Long-term bonds, less current maturities	130,000	110,000
Long-term borrowings, less current maturities	300,000	340,000
Lease liabilities	447	594
Deferred tax liabilities	–	3,560
Long-term deposits received, less current maturities	751	695
Total non-current liabilities	431,198	454,849
Total liabilities	536,946	571,027

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
NET ASSETS		
Shareholders' equity		
Common stock	48,332	48,332
Capital surplus		
Legal capital surplus	73,027	23,027
Other capital surplus	22	32,139
Total capital surplus	73,049	55,166
Retained earnings		
Legal reserve	6,626	6,626
Other retained earnings		
Reserve for product development	4,000	–
Reserve for special depreciation	238	91
Reserve for advanced depreciation	2,567	2,208
General reserve	59,069	–
Retained earnings carried forward	(144,838)	(41,854)
Total retained earnings	(72,338)	(32,929)
Treasury stock, at cost	(12,874)	(4,136)
Total shareholders' equity	36,169	66,433
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	(878)	9,151
Net unrealized gains (losses) on hedging derivatives, net of taxes	(160)	(5)
Total valuation and translation adjustments	(1,037)	9,146
Total net assets	35,132	75,579
Total liabilities and net assets	572,078	646,605

(2) Non-Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Net sales		
Net sales of finished goods	76,427	62,725
Service revenue	28,688	24,252
Total net sales	105,115	86,977
Costs of sales		
Cost of finished goods sold		
Beginning finished goods	4,659	4,323
Cost of products manufactured	53,770	42,872
Total	58,429	47,195
Transfer to other account	1,303	485
Decrease by corporate division	–	1,712
Ending finished goods	4,323	2,515
Cost of finished goods sold	52,803	42,483
Cost of service	5,555	3,114
Total cost of sales	58,358	45,597
Gross profit	46,757	41,380
Selling, general and administrative expenses	59,102	49,053
Operating loss	(12,345)	(7,673)
Non-operating income		
Interest income	917	464
Interest on securities	170	60
Dividends income	29,652	47,798
Others	570	645
Total non-operating income	31,309	48,967
Non-operating expenses		
Interest expenses	4,805	6,108
Interest on bonds	2,187	2,148
Amortization of bond issuance cost	209	–
Foreign currency exchange loss	710	182
Provision of allowance for doubtful accounts	3,220	3,639
Others	2,132	2,372
Total non-operating expenses	13,264	14,448
Ordinary income	5,701	26,846
Extraordinary income		
Reversal of allowance for doubtful accounts	–	32
Gain on transfer of business	–	11,493
Gain on sales of investment securities	34	7
Gain on sales of investment securities in subsidiaries and affiliates	1,752	–
Reversal of allowance for investment loss	–	490
Reversal of provision for loss on guarantees	632	–
Total extraordinary income	2,418	12,022

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Extraordinary losses		
Loss on sales of investment securities	–	94
Loss on valuation of investment securities	13,127	2,286
Loss on valuation of investment securities in subsidiaries and affiliates	46,671	2,323
Loss on prior period adjustment	–	–
Impairment loss on fixed assets	–	472
Loss on valuation of investments in affiliates	1,755	499
Provision of allowance for doubtful accounts	4,763	–
Others	–	630
Total extraordinary losses	66,316	6,304
Income (loss) before provision for income taxes	(58,198)	32,563
Income taxes, current	5,850	(2,323)
Income taxes for prior periods	–	1,218
Income taxes, deferred	(502)	4,535
Total	5,348	3,430
Net income (loss)	(63,545)	29,133

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

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Shareholders' equity		
Common stock		
Balance at the end of the previous year	48,332	48,332
Changes during the year		
Net changes during the year	–	–
Balance at the end of the year	48,332	48,332
Capital surplus		
Legal capital surplus		
Balance at the end of the previous year	73,027	73,027
Changes during the year		
Transfer to capital surplus from legal capital surplus	–	(50,000)
Net changes during the year	–	(50,000)
Balance at the end of the year	73,027	23,027
Other capital surplus		
Balance at the end of the previous year	22	22
Changes during the year		
Transfer to capital surplus from legal capital surplus	–	50,000
Transfer to retained earnings from capital surplus	–	(14,325)
Disposal of treasury stock	–	(3,558)
Net changes during the year	–	32,117
Balance at the end of the year	22	32,139
Retained earnings		
Legal reserve		
Balance at the end of the previous year	6,626	6,626
Changes during the year		
Net changes during the year	–	–
Balance at the end of the year	6,626	6,626
Other retained earnings		
Balance at the end of the previous year	(4,669)	(78,964)
Changes during the year		
Cash dividends paid	(10,749)	(4,050)
Transfer to retained earnings from capital surplus	–	14,325
Net income (loss)	(63,545)	29,133
Net changes during the year	(74,295)	39,409
Balance at the end of the year	(78,964)	(39,555)
Treasury stock, at cost		
Balance at the end of the previous year	(2,634)	(12,874)
Changes during the year		
Acquisition of treasury stock	(10,240)	(21)
Disposal of treasury stock	–	8,759
Net changes during the year	(10,240)	8,738
Balance at the end of the year	(12,874)	(4,136)

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Total shareholders' equity		
Balance at the end of the previous year	120,704	36,169
Changes during the year		
Cash dividends paid	(10,749)	(4,050)
Net income (loss)	(63,545)	29,133
Acquisition of treasury stock	(10,240)	(21)
Disposal of treasury stock	–	5,201
Net changes during the year	(84,535)	30,263
Balance at the end of the year	36,169	66,433
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes		
Balance at the end of the previous year	5,616	(878)
Changes during the year		
Net changes in items other than shareholders' equity	(6,493)	10,028
Net changes during the year	(6,493)	10,028
Balance at the end of the year	(878)	9,151
Net unrealized gains (losses) on hedging derivatives, net of taxes		
Balance at the end of the previous year	(13,171)	(160)
Changes during the year		
Net changes in items other than shareholders' equity	13,011	155
Net changes during the year	13,011	155
Balance at the end of the year	(160)	(5)
Total valuation and translation adjustments		
Balance at the end of the previous year	(7,555)	(1,037)
Changes during the year		
Net changes in items other than shareholders' equity	6,518	10,183
Net changes during the year	6,518	10,183
Balance at the end of the year	(1,037)	9,146
Total net assets		
Balance at the end of the previous year	113,149	35,132
Changes during the year		
Cash dividends paid	(10,749)	(4,050)
Net income (loss)	(63,545)	29,133
Acquisition of treasury stock	(10,240)	(21)
Disposal of treasury stock	–	5,201
Net changes in items other than shareholders' equity	6,518	10,183
Net changes during the year	(78,017)	40,446
Balance at the end of the year	35,132	75,579

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

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
Balance 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.

Fiscal year ended March 31, 2010

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
Balance at March 31, 2009	4,000	238	2,567	59,069	(144,838)	(78,964)
Changes during the year						
Cash dividends paid					(4,050)	(4,050)
Transfer to retained earnings from capital surplus					14,325	14,325
Reversal of reserve for product development	(4,000)				4,000	–
Reversal of general reserve				(59,069)	59,069	–
Reversal of reserve for special depreciation		(147)			147	–
Reversal of reserve for advanced depreciation			(359)		359	–
Net income					29,133	29,133
Net changes during the year	(4,000)	(147)	(359)	(59,069)	102,984	39,409
Balance at March 31, 2010	–	91	2,208	–	(41,854)	(39,555)

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, 2010

May 11, 2010

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)

(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, 2010	883,086	(10.0)	60,149	73.9	45,115	145.3	47,763	–
March 31, 2009	980,803	(13.1)	34,587	(69.3)	18,390	(80.2)	(114,810)	–

	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, 2010	177.22	–	25.8	4.0	6.8
March 31, 2009	(428.83)	–	(44.4)	1.5	3.5

Note: Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2010: ¥ 306 million
Fiscal year ended March 31, 2009: ¥ (1,704) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	(¥ million)	(¥ million)	%	(¥)
March 31, 2010	1,152,227	216,891	18.2	775.76
March 31, 2009	1,106,318	168,784	14.6	603.92

Note: Equity as of March 31, 2010: ¥209,432 million March 31, 2009: ¥161,364 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, 2010	76,245	(20,967)	17,355	203,013
March 31, 2009	41,628	(20,728)	(3,751)	132,720

2. Dividends

	Cash dividends per share					Total amount of cash dividends	Payout ratio	Ratio of dividends to net assets
	First quarter	Second quarter	Third quarter	Year-end	Annual	(Annual)	(Consolidated)	(Consolidated)
Fiscal year ended	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	%	%
March 31, 2009	–	20.00	–	0.00	20.00	5,345	–	2.1
March 31, 2010	–	15.00	–	15.00	30.00	8,099	16.9	4.3
Fiscal year ending March 31, 2011 (Forecast)	–	15.00	–	15.00	30.00		38.6	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2011 (From April 1, 2010 to March 31, 2011)

(% 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	435,000	(0.1)	26,000	(8.8)	17,500	(5.4)	8,000	(77.9)	29.63
Full year	920,000	4.2	63,000	4.7	46,000	2.0	21,000	(56.0)	77.79

4. Others

(1) Changes in significant subsidiaries during period under review (changes in specified subsidiaries resulting in the changes in scope of consolidation): Yes
[New: ― Excluded: 1 company (Beckman Coulter Mishima K.K.)]

(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: Yes

Note: For details, refer to "Changes in Important Items That Form the Basis for Preparing the Consolidated Financial Statements" on p. 23.

(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, 2010	271,283,608 shares
As of March 31, 2009	271,283,608 shares

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

As of March 31, 2010	1,315,105 shares
As of March 31, 2009	4,089,222 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, 2010 (From April 1, 2009 to March 31, 2010)

(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, 2010	86,977	(17.3)	(7,673)	–	27,196	389.5	26,705	–
March 31, 2009	105,115	(7.7)	(12,345)	–	5,556	(85.5)	(136,227)	–

	Net income per share	Fully diluted net income per share
Fiscal year ended	(¥)	(¥)
March 31, 2010	99.09	–
March 31, 2009	(508.83)	–

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	(¥ million)	(¥ million)	%	(¥)
March 31, 2010	697,485	132,244	19.0	489.85
March 31, 2009	627,610	93,999	15.0	351.80

Note: Equity as of March 31, 2010: ¥132,244 million March 31, 2009: ¥93,999 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, 2010	883,086	60,149	45,115	47,763	¥177.22
Fiscal year ended March 31, 2009	980,803	34,587	18,390	(114,810)	¥(428.83)
Increase (Decrease) Ratio (%)	(10.0)	73.9	145.3	–	–

Comparison Table of Average Exchange Rate (Yen)

	Current fiscal year	Previous fiscal year
Against the U.S. dollar	92.85	100.54
Against the euro	131.15	143.48

In the Japanese economy during the fiscal year under review, although there were signs of a partial recovery in production activity and exports on the back of improvements in the overseas economy, mainly in the emerging countries, the employment environment and consumer spending remained weak and the situation remained difficult overall. Although the world economic situation remained serious with worsening employment demand particularly in Europe and the U.S., a trend of gradual improvement could be observed thanks to the effect of the economic measures of the various countries.

Amid this mixed business environment, the Olympus Group has continuously been promoting initiatives such as cost reduction activities by making operations more efficient, and reform of production structure on a global level as part of high profitability-oriented business structural reforms.
In August 2009, our diagnostic systems business was divested to the Beckman Coulter Group of the U.S. Taking this as an opportunity to integrate our overseas subsidiaries and affiliates, the Company, aiming to achieve sustainable growth in the medium to long term, raised business efficiency by reorganizing the life science business, the non-destructive testing equipment and the information equipment business in January 2010 to establish Life Sciences and Industrial Systems Company as an internal company entity. Then, in April 2010, the Company, aiming to accelerate innovation in production systems of the Olympus Group, develop new products and boost new business startups, established the Manufacturing Innovation Center.

The consolidated net sales for the Olympus Group over the fiscal year under review decreased by ¥97,717 million (10.0% year on year) to ¥883,086 million from declines in revenue in each of our businesses, except the Information & Communication Business, as a result of the global recession, and the appreciating yen. Operating income, despite being significantly impacted by revenue loss through high-yen exchange rates, increased 73.9% year on year to ¥60,149 million thanks to lower cost of sales and reduced general and administrative expenses achieved through structural business reforms. Ordinary income increased 145.3% year on year to ¥45,115 million primarily due to the improvement in operating income. The Olympus Group ended the year with a consolidated net income of ¥47,763 million (in contrast to a net loss of ¥114,810 million for the previous fiscal year). While on one hand, we recorded extraordinary income of ¥51,986 million, including gain from transfer of business of ¥47,674 million accompanying the transfer of the diagnostic systems business, we also recorded extraordinary losses of ¥10,897 million, including loss on valuation of investment securities of ¥6,080 million due to heavily fallen market values, as well as recording income taxes of ¥38,266 million.

During the fiscal year under review, the Olympus Group invested ¥61,850 million on research and development, and spent ¥34,323 million on capital investments.

Regarding foreign exchange, the yen appreciated against both the U.S. dollar and the euro compared to the previous fiscal year, with an average exchange rate during the year of ¥92.85 against the U.S. dollar (¥100.54 in the previous fiscal year) and ¥131.15 against the euro (¥143.48 in the previous fiscal year), which caused net sales and operating income to drop by ¥45,300 million and ¥12,400 million, respectively, year on year.

As described in “4. (8) Notes Regarding the Consolidated Financial Statements (Segment Information),” due to changes in the business segmentation of segment information from the fiscal year ended March 31, 2010, the year-on-year comparisons were made using the previous fiscal year figures rearranged into the business classification after the changes.

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	224,460	174,924	(22.1)	(5,131)	3,314	–
Medical Systems	383,828	350,716	(8.6)	75,043	74,929	(0.2)
Life Science	118,819	80,100	(32.6)	4,760	5,620	18.1
Information & Communication	152,946	189,354	23.8	1,654	4,864	194.1
Others	100,750	87,992	(12.7)	(14,710)	(2,600)	–
Subtotal	980,803	883,086	(10.0)	61,616	86,127	39.8
Elimination or Unallocation	–	–	–	(27,029)	(25,978)	–
Consolidated total	980,803	883,086	(10.0)	34,587	60,149	73.9

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 ¥174,924 million (down 22.1 % year on year) and operating income of ¥3,314 million (in contrast to an operating loss of ¥5,131 million in the previous fiscal year).

In the digital camera field, sales was favorable both in Japan and abroad for the “Olympus PEN” series interchangeable lens system digital camera with a small, lightweight and dignified design compliant with the “Micro Four Thirds System” standard. We also saw robust sales of compact camera the “μTOUGH” series whose stylish body is built with functions such as water and dust resistance, shock resistance and low-temperature resistance. However, sales declined because of the decrease in units sold and drop in unit price for compact cameras as a result of foreign exchange effects and the economic downturn.

In the recorder field, although demand in Japan for IC recorders mildly recovered in the second half of the fiscal year, revenue fell due to the significant effects of the global drop in unit price and weakening of demand that occurred in the first half of the fiscal year.

As for the bottom line, the Imaging Systems Business was able to turn the operating loss recorded in the previous fiscal year into operating income for this fiscal year as a result of cost cutting efforts.

Medical Systems Business

Consolidated net sales in the Medical Systems Business amounted to ¥350,716 million (down 8.6% year on year), while operating income amounted to ¥74,929 million (down 0.2% year on year).

In the medical endoscope field, although sales expanded in the Chinese market and the number of contracts in the Value-per-Procedure program steadily increased in Japan and abroad, revenue declined as a result of low sales of our flagship high-resolution HDTV endoscope system due to the effects of the appreciation of the yen and the global economic downturn.

Surgical and endo-therapy devices field saw robust sales in surgical products and sampling treatment devices such as biopsy forceps thanks to synergies created by Gyrus's integration into the Olympus Group. We also saw steady overseas sales of new products, namely, disposable guide wires used for endoscope treatment such as for pancreatic ducts that we co-developed with Terumo Corporation, and laparoscopic surgical equipment that lightens the burden on patients compared with performing a laparotomy. However, revenue in the surgical and endotherapy devices field was down overall due to foreign currency effects.

In the Medical Systems Business, we were able to secure operating income thanks to cost reduction activities mainly in the surgical and endotherapy devices field.

Life Science Business

Consolidated net sales for the Life Science Business was ¥80,100 million (down 32.6% year on year), while operating income amounted to ¥5,620 million (up 18.1% year on year).

In the micro-imaging (microscopes) field, although sales were favorable for biological microscopes, particularly products for research such as sales in Japan for "FLUOVIEW" Series of confocal scanning laser microscopes, sales of industrial products declined, particularly in the first half of the fiscal year due to the restraints on capital investments by companies. With the foreign exchange effect also being a factor, revenue was down overall in the micro-imaging field.

Revenue was also down for the entire Life Science Business owing to the divestment of the Olympus Group's diagnostic systems business to the Beckman Coulter Group of the U.S. in August 2009.

Operating income for the Life Science Business increased as a result of substantial improvements in earnings as cost reduction activities progressed.

Information & Communication Business

Consolidated net sales for the Information & Communication Business was ¥189,354 million (up 23.8% year on year), while operating income showed ¥4,864 million (up 194.1% year on year).

In the mobile field, sales of mobile phones increased due to an aggressive expansion in sales channels for mobile phones attributable to corporate acquisitions and others.

Operating income for the Information & Communication Business rose thanks not only to expanded sales channels for mobile phones and the greater share of sales being achieved at highly profitable directly managed stores and franchise stores, but also to the boosted profitability gained from corporate structural reform such as the centralization of group business resources and revision of the business portfolio continuously being promoted by ITX Corporation.

Others

Consolidated net sales for other businesses was ¥87,992 million (down 12.7% year on year) and an operating loss was ¥2,600 million (in contrast to an operating loss of ¥14,710 million for the previous fiscal year).

In the non-destructive testing equipment field, despite favorable sales of new products, namely the IPLEX L series, an industrial endoscope equipped with excellent usability, functionality and durability, and the ultrasonic defect detection device with phased array features, overall sales were down due to the effect of restrained capital investment mostly in the automobile industry.

In the information equipment field, despite a strong sales performance by the new models of high-speed inkjet printers, overall sales were down due to the effect of the economic downturn.

In the biomedical materials field, sales of “OSferion,” an artificial bone replacement material, expanded both in Japan and abroad, sales of other products also steadily expanded, and cost of sales was reduced.

With respect to the bottom line, the Others reduced its operating loss as a result of lower costs associated with amortization of goodwill of subsidiaries.

(Forecast for the Fiscal Year Ending March 31, 2011)

Forecast for the overall business and analysis of its preconditions

Although there are still factors of uncertainty regarding the future, such as the employment situation, the Japanese economy is expected to continue to steadily recover. Elsewhere in the world, although a mild recovery is expected to be led by the Chinese economy, there are also concerns that the economy will slump further in Europe and the U.S. due to the credit crunch and the deteriorating employment situation.

Based on these circumstances, the Olympus Group shall aim to achieve its management goal of “maximization of corporate value” under slogan “Advancing to the Next Stage of Globalization,” based on the “2010 Corporate Strategic Plan,” which commenced in the fiscal year ending March 31, 2011.

In the Imaging Systems Business, we will focus our energy on strengthening the development and sales of the interchangeable lens system digital camera based on the "Micro Four Thirds" standard, continuing our efforts to reduce costs, and establishing a stable revenue platform. In the Medical Systems Business, in addition to bolstering the surgical area and therapeutic devices, we shall strengthen the sales system in the expanding Chinese market. Additionally, to foster new business creation, we shall centralize our resources within the group to accelerate the discovery and incubation of new business.

The forecast for the fiscal year ending March 31, 2011 is as follows.

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Fiscal year ending March 31, 2011	920,000	63,000	46,000	21,000	¥77.79
Fiscal year ended March 31, 2010	883,086	60,149	45,115	47,763	¥177.22
Increase (Decrease) ratio (%)	4.2	4.7	2.0	(56.0)	–

In our forecast for net sales, although we expect to experience factors that will lower revenues such as the appreciation of the yen and the divestment of the diagnostic systems business to the Beckman Coulter Group in August, 2009, we expect an overall increase on the back of expanded sales mainly in the Imaging Systems Business, the Medical Systems Business, and the Information & Communications Business. With respect to profits, we expect operating income and ordinary income to rise as we believe the benefit we obtain from our sales expansion and cost reduction efforts will be greater than the foreign exchange effect. Although we expect net income to fall, this will mostly be due to extraordinary factors including the extraordinary gains that were acquired in the fiscal year under review as a result of the divestment of the diagnostic systems business.

The exchange rates forming the basis of our forecast for the next fiscal year are: US$1 = ¥90 and €1 = ¥120.

Forecast by segment and analysis of preconditions

(Millions of yen)

	Net sales			Operating income (loss)		
	Fiscal year ended March 31, 2010	Fiscal year ending March 31, 2011	Increase (Decrease) ratio (%)	Fiscal year ended March 31, 2010	Fiscal year ending March 31, 2011	Increase (Decrease)
Imaging Systems	174,924	195,000	11.5	3,314	6,000	2,686
Medical Systems	350,716	365,000	4.1	74,929	76,000	1,071
Life Science and Industrial Systems	114,095	103,000	(9.7)	8,754	11,000	2,246
Information & Communication	189,354	200,000	5.6	4,864	4,000	(864)
Others	53,997	57,000	5.6	(5,734)	(3,000)	2,734
Subtotal	883,086	920,000	4.2	86,127	94,000	7,873
Elimination or unallocation	–	–	–	(25,978)	(31,000)	(5,022)
Consolidated total	883,086	920,000	4.2	60,149	63,000	2,851

Notes: 1. Businesses are segmented by adding similar sales markets to businesses established based on the product lines.
2. Effective from the fiscal year ending March 31, 2011, part of the businesses currently included in "Others" shall be relocated to "Life Science and Industrial Systems." The values for the fiscal year under review have been therefore adjusted to reflect the business segment composition after the change.

In the Life Science and Industrial Systems Business, although we expect revenue to be reduced by strong yen effects and the transfer of the diagnostic systems business, among others, we expect improved profits as a result of cost-cutting efforts. Contrastingly, the Imaging Systems Business is projected to secure higher operating income year on year from global expansion of the "OLYMPUS PEN" series interchangeable lens system digital cameras and from improved profitability achieved through reduced costs etc. In the Medical Systems Business, despite expecting strong yen effects, we expect an increase in revenue from a market recovery in Japan and the U.S., and growth in China/Asia region. The Information & Communication Business is expected to achieve higher revenues from firm sales of mobile phones. The Other businesses are expected to improve profit by expanding sales in new businesses.

(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, 2009	As of March 31, 2010	Increase (Decrease)	Increase (Decrease) ratio (%)
Total assets	1,106,318	1,152,227	45,909	4.1
Net assets	168,784	216,891	48,107	28.5
Equity ratio	14.6%	18.2%	3.6%	–

As of the end of the consolidated fiscal year under review, total assets increased ¥45,909 million year on year to ¥1,152,227 million. While current assents increased ¥58,109 million due to an increase in cash and time deposits, fixed assets decreased ¥12,200 million mainly because of the divestment of the diagnostics system business that has resulted in a decrease of property, plant and equipment.

Total liabilities decreased ¥2,198 million year on year to ¥935,336 million, primarily as a result of decreases of ¥20,100 million in bonds and ¥15,750 million in other payable, despite increases of ¥24,492 million in long-term borrowings, less current maturities and ¥8,684 million in income taxes payable.

Net assets increased ¥48,107 million year on year to ¥216,891 million, primarily due to increase of ¥48,686 million in shareholders' equity from recording net income of ¥47,763 million.

As a result of the foregoing, equity ratio improved from 14.6% as of the end of the previous consolidated fiscal year to 18.2%.

Analysis of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Increase (Decrease)
Cash flows from operating activities	41,628	76,245	34,617
Cash flows from investing activities	(20,728)	(20,967)	(239)
Cash flows from financing activities	(3,751)	17,355	21,106
Cash and cash equivalents at end of year	132,720	203,013	70,293

"Cash flows from operating activities" increased by ¥76,245 million mainly due to ¥86,204 million in income before provision for income taxes and ¥43,275 million in depreciation and amortization, despite the adjustment of ¥47,674 million as gain on transfer of business that was included in income before provision for income taxes.

"Cash flows from investing activities" decreased by ¥20,967 million mainly due to purchases of property, plant and equipment totaling ¥39,498 million as well as ¥59,895 million in payments for acquisition of new consolidated subsidiaries. Contrastingly, increasing factors mainly included ¥74,402 million in transfer of business.

"Cash flows from financing activities" increased by ¥17,355 million mainly due to a ¥95,631 million in proceeds from long-term debt. Contrastingly, decreasing factors mainly included a ¥4,533 million net decrease in short-term borrowings and ¥48,870 million in repayments of long-term debt, a ¥20,300 million in redemption of bonds.

As a result, cash and cash equivalents at the end of the current fiscal year reached ¥203,013 million, an increase of ¥70,293 million compared to the end of the previous fiscal year.

(Cash Flows Indicators)

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Equity ratio (%)	30.6	26.2	14.6	18.2
Market value equity ratio (%)	99.8	60.1	38.2	70.3
Interest-bearing debt to cash flows ratio (years)	4.3	7.4	15.9	8.7
Interest coverage ratio (times)	8.7	6.4	2.6	6.1

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. 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.

The Company plans to pay a year-end dividend of ¥15 per share, which together with the interim dividend already paid amounts to an annual dividend of ¥30, a ¥10 increase from the previous fiscal year. On a consolidated basis, this amounts to a dividend payout ratio of 16.9%.

The amount of dividends for the following fiscal 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, 180 subsidiaries and 16 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 Europa Holding 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 Europa Holding GmbH, KeyMed (Medical & Industrial Equipment) Ltd., Gyrus ACMI, Inc., Olympus Winter & Ibe GmbH, Olympus Singapore Pte. Ltd.
Life Science	Biological microscopes, Industrial microscopes	Olympus Corporation (Consolidated subsidiaries) KS Olympus Co., Ltd., Olympus America Inc., Olympus Europa Holding GmbH, Olympus Soft Imaging Solutions GmbH, Olympus Singapore Pte. Ltd.
Information & Communication	Sales of mobile terminals including mobile handsets	(Consolidated subsidiaries) ITX Corporation
Others	Industrial endoscopes, Non-destructive testing equipment, Printers, System development, Mobile resolution, Mobile content services etc.	Olympus Corporation (Consolidated subsidiaries) Okaya Olympus Co., Ltd., Olympus Terumo Biomaterials Corp., Olympus Systems Co., Ltd., Ai-medic Co., Ltd.,, Nippon Outsourcing Corporation, E-Globaledge Corporation, KeyMed (Medical & Industrial Equipment) Ltd., Olympus NDT Canada Inc., Olympus NDT Corporation
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. Olympus Finance UK Limited

Notes: 1. During the fiscal year ended March 31, 2010, our diagnostic systems business, which was incorporated into Life Science Business, was transferred to the Beckman Couler Group of the U.S. Accordingly, due to the transfer of all shares held by the Company during the fiscal year under review, Beckman Coulter Mishima K.K. (formerly known as Mishima Olympus Co., Ltd.), a specified subsidiary, is excluded from the scope of consolidation.

2. From the fiscal year ended March 31, 2010, the business segmentation of the segment information has been changed. For details, see 4. (8) Notes Regarding the Consolidated Financial Statements (Segment Information).

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. By following the "2010 Corporate Strategic Plan," which commenced in the fiscal year ending March 31, 2011, we are aiming to achieve in five years from now in the fiscal year ending March 31, 2015, net sales of ¥1,500 billion and operating income of ¥150 billion.

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

The Olympus Group has formulated "2010 Corporate Strategic Plan," which commenced in the fiscal year ending March 31, 2011. Under this plan, which has the slogan of "Advancing to the Next Stage of Globalization," we are aiming for the "maximization of corporate value" mainly through the "transformation of Olympus into a more globally competitive company" and "strengthening our business presence in the emerging markets."

Group-wide initiatives based on horizontal strategy will include the expansion of our business presence in the China/Asia market, the reinforcement of our global business structure and environmental management.

As for our strategies for each business segment, in the Imaging Systems Business, we aim to establish a foundation for the digital single-lens camera business and achieve high growth, while in the Medical Systems Business, we aim to strengthen the surgical products business and reinforce our presence in Asian markets, where high growth is expected. In the Life Science and Industrial Systems Business, we shall strengthen our income base for existing businesses such as biological microscopes, while in the Information & Communication Business and New Business Activities, we shall implement group-wide reorganization and accelerate the incubation of new business.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
ASSETS		
Current assets		
Cash and time deposits	136,877	206,783
Notes and accounts receivable	160,258	154,239
Lease receivables and lease investment assets	11,880	12,399
Securities	199	–
Merchandise and finished goods	58,683	57,042
Work in process	21,230	18,910
Raw materials and supplies	16,577	14,738
Deferred income taxes	36,843	39,063
Other current assets	36,614	32,438
Allowance for doubtful accounts	(4,394)	(2,736)
Total current assets	474,767	532,876
Fixed assets		
Property, plant and equipment		
Buildings and structures	144,413	137,980
Accumulated depreciation	(67,473)	(69,856)
Buildings and structures, net	76,940	68,124
Machinery and equipment	61,194	57,334
Accumulated depreciation	(44,410)	(43,034)
Machinery and equipment, net	16,784	14,300
Tools, furniture and fixtures	161,429	152,691
Accumulated depreciation	(118,799)	(116,026)
Tools, furniture and fixtures, net	42,630	36,665
Land	19,856	19,065
Lease assets	6,819	5,807
Accumulated depreciation	(3,307)	(1,930)
Lease assets, net	3,512	3,877
Construction in progress	3,391	2,463
Net property, plant and equipment	163,113	144,494
Intangible fixed assets		
Goodwill	180,540	194,065
Others	84,080	71,581
Total intangible fixed assets	264,620	265,646
Investments and other assets		
Investment securities	127,144	140,271
Long-term loans receivable	3,811	3,988
Deferred income taxes	15,661	9,492
Other assets	58,440	56,730
Allowance for doubtful accounts	(1,238)	(1,270)
Total investments and other assets	203,818	209,211
Total fixed assets	631,551	619,351
Total assets	1,106,318	1,152,227

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
LIABILITIES		
Current liabilities		
Notes and accounts payable	66,604	74,074
Short-term borrowings	97,068	93,933
Current maturities of bonds	20,300	20,040
Other payable	55,102	39,352
Accrued expenses	65,592	59,816
Income taxes payable	8,404	17,088
Provision for product warranties	8,875	9,708
Other reserves	61	2
Other current liabilities	19,899	18,429
Total current liabilities	341,905	332,442
Non-current liabilities		
Long-term bonds, less current maturities	130,200	110,360
Long-term borrowings, less current maturities	412,656	437,148
Deferred income taxes	28,068	29,509
Severance and retirement allowance	18,744	19,888
Severance and retirement allowance for directors and corporate auditors	130	147
Other non-current liabilities	5,831	5,842
Total non-current liabilities	595,629	602,894
Total liabilities	937,534	935,336
NET ASSETS		
Shareholders' equity		
Common stock	48,332	48,332
Capital surplus	73,049	55,166
Retained earnings	110,407	168,238
Treasury stock, at cost	(12,874)	(4,136)
Total shareholders' equity	218,914	267,600
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	(1,457)	9,101
Net unrealized gains (losses) on hedging derivatives, net of taxes	(1,330)	(438)
Foreign currency translation adjustments	(54,763)	(66,831)
Total valuation and translation adjustments	(57,550)	(58,168)
Minority interests	7,420	7,459
Total net assets	168,784	216,891
Total liabilities and net assets	1,106,318	1,152,227

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Net sales	980,803	883,086
Costs of sales	519,580	474,842
Gross profit	461,223	408,244
Selling, general and administrative expenses	426,636	348,095
Operating income	34,587	60,149
Non-operating income		
Interest income	2,420	1,123
Dividends income	1,007	739
Royalty income	352	353
Foreign currency exchange gain	5,009	1,367
Net income of investment in affiliated companies carried on the equity method	–	306
Others	2,834	2,429
Total non-operating income	11,622	6,317
Non-operating expenses		
Interest expenses	16,192	12,413
Net loss of investment in affiliated companies carried on the equity method	1,704	–
Others	9,923	8,938
Total non-operating expenses	27,819	21,351
Ordinary income	18,390	45,115
Extraordinary income		
Gain on sales of investment securities in subsidiaries and affiliates	–	2,536
Gain on transfer of business	–	47,674
Gain on sales of investment securities	691	717
Others	–	1,059
Total extraordinary income	691	51,986
Extraordinary losses		
Impairment loss on fixed assets	1,815	1,353
Loss on sales of investment securities in subsidiaries and affiliates	–	107
Loss on sales of investment securities	1,053	393
Loss on valuation of investment securities	15,797	6,080
Amortization of goodwill	76,201	2,334
Loss on prior period adjustment	15,516	–
Others	–	630
Total extraordinary losses	110,382	10,897
Income (loss) before provision for income taxes	(91,301)	86,204
Income taxes, current	25,465	34,938
Income taxes, deferred	405	3,328
Total	25,870	38,266
Minority interest in income (losses) of consolidated subsidiaries	(2,361)	175
Net income (loss)	(114,810)	47,763

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Shareholders' equity		
Common stock		
Balance at the end of the previous year	48,332	48,332
Changes during the year		
Net changes during the year	–	–
Balance at the end of the year	48,332	48,332
Capital surplus		
Balance at the end of the previous year	73,049	73,049
Changes during the year		
Transfer to retained earnings from capital surplus	–	(14,325)
Disposal of treasury stock	–	(3,558)
Net changes during the year	–	(17,883)
Balance at the end of the year	73,049	55,166
Retained earnings		
Balance at the end of the previous year	237,817	110,407
Effect of changes in accounting policies applied to foreign subsidiaries	1,567	–
Changes during the year		
Cash dividends paid	(10,749)	(4,050)
Net income (loss)	(114,810)	47,763
Transfer to retained earnings from capital surplus	–	14,325
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States	(3,418)	(207)
Net changes during the year	(128,977)	57,831
Balance at the end of the year	110,407	168,238
Treasury stock, at cost		
Balance at the end of the previous year	(2,634)	(12,874)
Changes during the year		
Acquisition of treasury stock	(10,240)	(21)
Disposal of treasury stock	–	8,759
Net changes during the year	(10,240)	8,738
Balance at the end of the year	(12,874)	(4,136)
Total shareholders' equity		
Balance at the end of the previous year	356,564	218,914
Effect of changes in accounting policies applied to foreign subsidiaries	1,567	–
Changes during the year		
Cash dividends paid	(10,749)	(4,050)
Net income (loss)	(114,810)	47,763
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States	(3,418)	(207)
Acquisition of treasury stock	(10,240)	(21)
Disposal of treasury stock	–	5,201
Net changes during the year	(139,217)	48,686
Balance at the end of the year	218,914	267,600

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes		
Balance at the end of the previous year	6,320	(1,457)
Changes during the year		
Net changes in items other than shareholders' equity	(7,777)	10,558
Net changes during the year	(7,777)	10,558
Balance at the end of the year	(1,457)	9,101
Net unrealized gains (losses) on hedging derivatives, net of taxes		
Balance at the end of the previous year	34	(1,330)
Changes during the year		
Net changes in items other than shareholders' equity	(1,364)	892
Net changes during the year	(1,364)	892
Balance at the end of the year	(1,330)	(438)
Foreign currency translation adjustments		
Balance at the end of the previous year	(6,567)	(54,763)
Changes during the year		
Net changes in items other than shareholders' equity	(48,196)	(12,068)
Net changes during the year	(48,196)	(12,068)
Balance at the end of the year	(54,763)	(66,831)
Total valuation and translation adjustments		
Balance at the end of the previous year	(213)	(57,550)
Changes during the year		
Net changes in items other than shareholders' equity	(57,337)	(618)
Net changes during the year	(57,337)	(618)
Balance at the end of the year	(57,550)	(58,168)
Minority interests		
Balance at the end of the previous year	11,525	7,420
Changes during the year		
Net changes in items other than shareholders' equity	(4,105)	39
Net changes during the year	(4,105)	39
Balance at the end of the year	7,420	7,459
Total net assets		
Balance at the end of the previous year	367,876	168,784
Effect of changes in accounting policies applied to foreign subsidiaries	1,567	–
Changes during the year		
Cash dividends paid	(10,749)	(4,050)
Net income (loss)	(114,810)	47,763
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States	(3,418)	(207)
Acquisition of treasury stock	(10,240)	(21)
Disposal of treasury stock	–	5,201
Net changes in items other than shareholders' equity	(61,442)	(579)
Net changes during the year	(200,659)	48,107
Balance at the end of the year	168,784	216,891

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Cash flows from operating activities		
Income (loss) before provision for income taxes	(91,301)	86,204
Depreciation and amortization	44,804	43,275
Impairment loss on fixed assets	1,815	1,353
Amortization of goodwill	101,459	14,998
Increase (decrease) in severance and retirement allowance	9,003	2,376
Decrease (increase) in prepaid pension cost	(8,853)	(814)
Increase (decrease) in provision for product warranties	366	970
Interest and dividend income	(3,427)	(1,862)
Interest expense	16,192	12,413
Net loss (gain) of investment in affiliated companies carried on the equity method	1,704	(306)
Loss (gain) on transfer of business	–	(47,674)
Loss (gain) on prior period adjustment	15,516	–
Loss (gain) on sale of investment securities in subsidiaries and affiliates	–	(2,429)
Loss (gain) valuation of investment securities	15,797	6,080
Decrease (increase) in accounts receivable	16,794	(10,663)
Decrease (increase) in inventories	6,022	(2,747)
Increase (decrease) in accounts payable	(14,340)	13,196
Increase (decrease) in other payable	(5,669)	(1,385)
Increase (decrease) in accrued expense	(12,618)	(1,253)
Other	(2,281)	(4,451)
Sub-total	90,983	107,281
Interest and dividend received	3,439	1,934
Interest payments	(16,139)	(12,465)
Income taxes paid	(36,655)	(20,505)
Net cash provided by operating activities	41,628	76,245
Cash flows from investing activities		
Deposits in time deposits	(5,626)	(4,729)
Withdrawals from time deposits	38,440	5,709
Purchase of property, plant and equipment	(43,829)	(39,498)
Purchases of intangible fixed assets	(5,617)	(5,400)
Purchases of investment securities	(5,332)	(4,965)
Sales and redemption of investment securities	40,538	3,705
Payments for acquisition of new consolidated subsidiaries related to changes in scope of consolidation	(128)	(372)
Net decrease from sales of investment in subsidiaries related to changes in scope of consolidation	(123)	(43)
Net increase from sales of investment in subsidiaries related to changes in scope of consolidation	–	17,579
Payments for acquisition of new consolidated subsidiaries	(40,390)	(59,895)
Payments for loans receivable	(1,531)	(1,907)
Proceeds from loans receivable	3,073	337
Payments for transfer of business	–	(6,851)
Proceeds from transfer of business	–	74,402
Other	(203)	961
Net cash used in investing activities	(20,728)	(20,967)

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(218,220)	(4,533)
Proceeds from long-term debt	259,719	95,631
Repayments of long-term debt	(33,603)	(48,870)
Proceeds from issuance of bonds	45,166	200
Redemption of bonds	(35,199)	(20,300)
Stock issue to minority shareholders	147	–
Expenditure on acquisition of treasury stock	(10,240)	–
Dividends paid	(10,749)	(4,050)
Dividends paid to minority shareholders	(114)	(171)
Other	(658)	(552)
Net cash provided by (used in) financing activities	(3,751)	17,355
Effect of exchange rate changes on cash and cash equivalents	(4,435)	(2,905)
Net increase (decrease) in cash and cash equivalents	12,714	69,728
Cash and cash equivalents at beginning of year	119,842	132,720
Net increase in cash and cash equivalents associated with newly consolidated subsidiaries	–	477
Net decrease in cash and cash equivalents associated with exclusion from scope of consolidation	(6)	–
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	170	88
Cash and cash equivalents at end of year	132,720	203,013

(5) Notes on Premise of Going Concern

No items to report.

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

<table>
<tr><th>Fiscal year ended March 31, 2009
(April 1, 2008 - March 31, 2009)</th><th>Fiscal year ended March 31, 2010
(April 1, 2009 - March 31, 2010)</th></tr>
<tr><td>1. Scope of consolidation
1) Number of consolidated subsidiaries: 189
Olympus UK Loan Notes Limited and another 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.
LA PLANTA CO., LTD., and other 7 companies</td><td>1. Scope of consolidation
1) Number of consolidated subsidiaries: 167
Olympus Istanbul Optical Products Trading and Service AS and other 4 companies are newly established subsidiaries during the fiscal year ended March 31, 2010.
ITX Communications Corporation and another company have been included into consolidation through equity participation carried out during the fiscal year.
Media Hanshin Co., Ltd. has been included into consolidation due to additional acquisition of shares during the fiscal year.
FEED CORPORATION has been switched from a non-consolidated subsidiary accounted for under the equity method to a consolidated subsidiary due to increase in materiality.
Beckman Coulter Mishima K.K. (formerly known as Mishima Olympus Co., Ltd.) and other 10 companies have been excluded from consolidated subsidiaries due to sale of shares during the fiscal year.
IT Telecom Inc. and other 9 companies have been excluded from consolidated subsidiaries due to merger with other consolidated subsidiaries during the fiscal year.
EP Operation Corp. and other 8 companies have been excluded from consolidated subsidiaries due to liquidation during the fiscal year.
Olympus UK Aquisitions Ltd. has been excluded from consolidated subsidiaries due to decrease in materiality.
2) Name of non-consolidated subsidiaries
Non-consolidated subsidiaries are as follows:
Radio Cafe, Inc.
LA PLANTA CO., LTD.
Olympus Memory Works Corp. and other 10 companies</td></tr>
</table>

Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 - March 31, 2010)
Reason of excluding from the scope of consolidation The 10 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.	Reason of excluding from the scope of consolidation The 13 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.	1) Non-consolidated subsidiary accounted for under the equity method: 1 Radio Cafe, Inc.
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 5 companies 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.	2) Affiliated companies accounted for under the equity method: 7 ORTEK Corporation Adachi Co., Ltd. Olympus Cytori Inc., and other 4 companies FEED CORPORATION has been switched from a non-consolidated subsidiary accounted for under the equity method to a consolidated subsidiary due to increase in materiality. Media Hanshin Co., Ltd. has been switched from an affiliated company accounted for under the equity method to a consolidated subsidiary due to additional purchase of treasury stock. ITX Capital Innovation Co., Ltd. and other 8 companies have excluded from affiliated companies accounted for under the equity method due to sale of shares during the fiscal year. Aplix Solutions, Inc. has been excluded from affiliated companies accounted for under the equity method due to liquidation during the fiscal year.
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.	3) LA PLANTA CO., LTD. and other 11 non-consolidated subsidiaries and 9 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, 2009 (April 1, 2008 - March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 - March 31, 2010)
1. Valuation principles and methods for 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 this 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 this 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. As a result, operating income for this fiscal year decreased 134 million yen, ordinary income decreased 123 million yen, loss before provision for income taxes increased 142 million yen and net loss increased 1,941 million yen. **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 this current fiscal year, the accounting treatment for those transactions follows the method for ordinary purchase and sales transactions. 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.	**1. Changes in account items for net sales and cost of sales on investment securities for business incubations** Previously, regarding the consolidated subsidiary ITX Corporation, proceeds from the sale of investment securities for business incubations were recorded as net sales and the book values and valuation losses, etc. of securities sold were recorded as cost of sales, however, following changes in the investment policy, from the fiscal year ended March 31, 2010, income/loss from such sales is recorded in extraordinary income/losses. The impact from this change on gross profit and operating income is immaterial. **2. The Adoption of Partial Amendments to “Accounting Standard for Retirement Benefits” (Part 3)** Effective from the fiscal year ended March 31, 2010, the Company adopted Partial Amendments to “Accounting Standard for Retirement Benefits” (Part 3) (ASBJ Statement No. 19, July 31, 2008). There are no differences of projected benefit obligation from the adoption of this accounting standard.

(Additional Information)

Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 - March 31, 2010)
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 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. (Divestment of Beckman Coulter, Inc., the diagnostic systems business) The Company resolved, at a meeting of its Board of Directors held on February 27, 2009, to divest the Group's diagnostic systems business to Beckman Coulter Group ("Beckman," parent company: Beckman Coulter, Inc. ; California, USA). The tentative divestment date of said business is August 1, 2009. 1. Purpose of the divestiture Regarding the business environment for diagnostic systems, the existence of large competitors with trillions of yen in capitalization in the global market as well as an increase in M&A activity and the entry of new players from other fields in recent years have drastically changed the competitive environment. Under such circumstances, Olympus Corporation determined that, instead of continuing in this business independently, its divestment to Beckman, a large manufacturer of clinical testing systems, would enable the effective use of managerial resources such as technological assets and know-how fostered over many years. Therefore, we decided to transfer the diagnostic systems business to Beckman. 2. Details of divested business (1) Outline of agreement of divestment (i) Target of divestment Diagnostic systems business of the Company and Olympus Group (ii) Transfer price ¥77.5 billion for the entire Group (tentative) (iii) Schedule of divestment February 27, 2009 Conclusion of agreement of divestment August 1, 2009 Date of divestment (tentative)	———

Fiscal year ended March 31, 2009 (April 1, 2008 - March 31, 2009)	Fiscal year ended March 31, 2010 (April 1, 2009 - March 31, 2010)
(2) Overview of transferee The transferee shall be Beckman Coulter, Inc. and its affiliates. General overview of main transferee Trade name: Beckman Coulter, Inc. Chief Executive Officer: Scott Garrett Capital: U.S. $ 6.9 million Head office: California, U.S.A. Principal businesses: Manufacture and sales of clinical diagnostic testing systems and related products Relationship with the Company: No capital, personnel or transaction relationships exist between Beckman Coulter, Inc. and the Company	―――――

(8) Notes Regarding the Consolidated Financial Statements

Notes

(Omission of disclosure)

Notes related to lease transactions, related party information, deferred tax accounting, financial instruments, securities, derivative transactions, retirement benefits, stock options, real estate for rent 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 29, 2010, 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, 2009 (April 1, 2008 - March 31, 2009)		Fiscal year ended March 31, 2010 (April 1, 2009 - March 31, 2010)	
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	53,058	Advertising and promotion expenses	40,712
Provision of allowance for doubtful accounts	2,309	Provision of allowance for doubtful accounts	95
Salaries and allowance	113,920	Salaries and allowance	105,299
Bonuses	19,349	Bonuses	18,792
Severance and retirement expenses	5,397	Severance and retirement expenses	9,130
Provision of severance and retirement allowance for directors and corporate auditors	62	Amortization of goodwill	12,664
Amortization of goodwill	25,258	Experiment and research expenses	36,021
Experiment and research expenses	45,927	Depreciation	27,509
Depreciation	31,590		
2. Research and development expenses included in general and administrative expenses and production cost for this current fiscal year are ¥70,010 million.		**2. Research and development expenses included in general and administrative expenses and production cost for this current fiscal year are ¥61,850 million.**	

(Segment Information)

a. Segment information by type of business

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

Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010) (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	174,924	350,716	80,100	189,354	87,992	883,086	–	883,086
(2) Internal sales of transfer among segments	103	36	165	–	341	645	(645)	–
Total	175,027	350,752	80,265	189,354	88,333	883,731	(645)	883,086
Operating expenses	171,713	275,823	74,645	184,490	90,933	797,604	25,333	822,937
Operating income (or operating loss)	3,314	74,929	5,620	4,864	(2,600)	86,127	(25,978)	60,149
II. Assets, depreciation cost, and capital expenditure								
Assets	126,119	494,068	51,332	79,146	97,424	848,089	304,138	1,152,227
Depreciation cost	6,953	20,493	4,596	651	5,479	38,172	5,103	43,275
Capital expenditure	5,043	14,387	5,700	1,176	5,701	32,007	2,316	34,323

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:

(Fiscal year ended March 31, 2009)

(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 procesing equipment and System development, etc.

(Fiscal year ended March 31, 2010)

(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

(5) Others: Industrial endoscopes, Non-destructive testing equipment, Printers, Mobile solution, Mobile content services, Development and sales of business package software, Sales of network infrastructure systems, Sales of semiconductor devices and electric equipment and System development, etc.

3. Among the operating expenses, the amount of unallocatable operating expenses recorded in the section of Elimination or Unallocation was ¥27,029 million for the previous consolidated fiscal year, and ¥25,978 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 ¥259,802 million for the previous consolidated fiscal year, and ¥304,138 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.
5. Changes in business segmentation:
Taking into consideration the revision in business segmentation effected to promote the "Corporation Structural Reform" implemented at ITX Corporation, the Company's consolidated subsidiary, from the current consolidated fiscal year, a portion of the businesses included in "Information & Communication Business" shall be included in "Others."
The following are business segmentation for the previous consolidated fiscal year presented in the same manner as the current consolidated fiscal year.

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	152,946	100,750	980,803	–	980,803
(2) Internal sales of transfer among segments	133	64	189	–	492	878	(878)	–
Total	224,593	383,892	119,008	152,946	101,242	981,681	(878)	980,803
Operating expenses	229,724	308,849	114,248	151,292	115,952	920,065	26,151	946,216
Operating income (or operating loss)	(5,131)	75,043	4,760	1,654	(14,710)	61,616	(27,029)	34,587
II. Assets, depreciation cost, and capital expenditure								
Assets	119,492	462,211	82,609	58,434	123,770	846,516	259,802	1,106,318
Depreciation cost	8,465	19,250	5,265	724	6,062	39,766	5,038	44,804
Capital expenditure	8,580	21,974	4,466	671	7,188	42,879	12,753	55,632

b. Segment information by region

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

Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010) (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	408,837	211,609	198,661	63,979	883,086	–	883,086
(2) Internal sales of transfer among segments	217,285	7,982	15,000	65,262	305,529	(305,529)	–
Total	626,122	219,591	213,661	129,241	1,188,615	(305,529)	883,086
Operating expenses	577,632	212,436	191,465	123,606	1,105,139	(282,202)	822,937
Operating income	48,490	7,155	22,196	5,635	83,476	(23,327)	60,149
II. Assets	251,505	299,184	296,674	122,356	969,719	182,508	1,152,227

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 ¥27,029 million for the previous consolidated fiscal year, and ¥25,978 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 ¥259,802 million for the previous consolidated fiscal year, and ¥304,138 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, 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

Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010) (Millions of yen)

	North America	Europe	Asia	Others	Total
I. Overseas sales	196,076	188,527	100,045	25,275	509,923
II. Consolidated sales					883,086
III. Percentage of overseas sales in consolidated sales (%)	22.2	21.3	11.3	2.9	57.7

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	174,957	(27.0)
Medical Systems	331,032	(9.6)
Life Science	73,329	(33.2)
Information & Communication	–	–
Others	40,073	(15.1)
Total	619,391	(18.8)

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	158,944	6.2
Others	29,164	19.1
Total	188,108	8.0

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	174,924	(22.1)
Medical Systems	350,716	(8.6)
Life Science	80,100	(32.6)
Information & Communication	189,354	0.2
Others	87,992	35.9
Total	883,086	(10.0)

Note: Amounts do not include consumption tax.

(Per-Share Data)

Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)		Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)	
Net assets per share	¥603.92	Net assets per share	¥775.76
Net loss per share	¥(428.83)	Net income per share	¥177.22
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.		The fully diluted net income per share is not described here because there are no potentially dilutive shares.	

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

(Million of yen)

	Fiscal year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)	Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)
Net income (loss)	(114,810)	47,763
Amount that does not belong to ordinary shareholder	–	–
Net income (loss) concerning common stock	(114,810)	47,763
Average number of shares during the year	267,725,706 shares	269,506,471 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	–	–
Net income adjustment	–	–
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, 2010 (from April 1, 2009 to March 31, 2010)

(Establishment of Significant Subsidiary)

The Company resolved, at a meeting of its Board of Directors held on May 11, 2010 to establish a subsidiary.

1. Purpose of establishment

The new company was established for the purposes of sharing management resources related to new business creation within the Olympus Group to strengthen the total might of the Group, and of reforming the management system to one that is more efficient so as to accelerate the discovery and development of new businesses. The new company was established in May 2010 and operations are scheduled to start upon the injection of a ¥20-billion-scale of capital investment in July 2010 after the transfer of management resources related to the various new business creation activities of the Company and the Company's subsidiary ITX Corporation.

2. Overview of subsidiary

(1) Name	Olympus Business Creation Corp.	
(2) Business activities	Discovery and development of new business, and the business management of fledgling subsidiaries	
(3) Capital	At time of establishment	¥5 million (tentative)
	After capital injection	¥11 billion (tentative)

3. Date of establishment

May 2010 (tentative)

4. Equity ratio

The Company 80% (ITX Corporation is planned to invest 20%)

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
ASSETS		
Current assets		
Cash and time deposits	17,830	62,910
Notes receivable	517	501
Accounts receivable	19,940	20,611
Finished goods	4,323	2,515
Work in process	6,812	6,054
Raw materials and supplies	496	421
Short-term loans receivable from subsidiaries and affiliates	11,766	10,499
Other receivable	9,500	11,247
Income taxes receivable	3,469	–
Deferred income taxes	9,393	10,192
Other current assets	2,821	4,648
Allowance for doubtful accounts	(236)	(213)
Total current assets	86,631	129,385
Fixed assets		
Property, plant and equipment		
Buildings	54,246	50,020
Accumulated depreciation	(28,040)	(28,700)
Buildings, net	26,206	21,320
Structures	3,325	2,877
Accumulated depreciation	(2,251)	(2,241)
Structures, net	1,074	636
Machinery and equipment	14,418	13,822
Accumulated depreciation	(11,353)	(11,529)
Machinery and equipment, net	3,065	2,293
Vehicles	60	58
Accumulated depreciation	(54)	(54)
Vehicles, net	6	4
Tools, furniture and fixtures	22,070	20,639
Accumulated depreciation	(16,577)	(16,265)
Tools, furniture and fixtures, net	5,493	4,374
Land	10,136	8,960
Lease assets	530	875
Accumulated depreciation	(56)	(184)
Lease assets, net	474	691
Construction in progress	799	122
Net property, plant and equipment	47,253	38,400
Intangible fixed assets		
Goodwill	320	213
Patent right	2,205	1,693
Software	1,852	380
Software in progress	–	768
Lease assets	113	90
Right of using facilities	64	53
Total intangible fixed assets	4,554	3,197

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
Investments and other assets		
Investment securities	105,878	119,173
Investment securities in subsidiaries and affiliates	346,170	378,084
Investments in capital of subsidiaries and affiliates	15,036	15,036
Long-term loans receivable	59	59
Long-term loans receivable from employees	99	102
Long-term loans receivable from subsidiaries and affiliates	8,198	9,420
Prepaid pension cost	8,236	7,571
Long-term prepaid expenses	2	17
Deferred income taxes	5,105	–
Other assets	3,782	3,713
Allowance for doubtful accounts	(3,393)	(6,672)
Total investments and other assets	489,172	526,503
Total fixed assets	540,979	568,100
Total assets	627,610	697,485
LIABILITIES		
Current liabilities		
Notes payable	256	174
Accounts payable	9,497	8,123
Short-term borrowings	1,305	1,305
Current maturities of bonds	20,000	20,000
Lease liabilities	138	188
Other payable	18,950	9,180
Accrued expenses	12,889	12,223
Income taxes payable	175	1,485
Advances received	278	310
Deposits received	38,581	56,219
Provision for product warranties	76	133
Other current liabilities	268	34
Total current liabilities	102,413	109,374
Non-current liabilities		
Long-term bonds, less current maturities	130,000	110,000
Long-term borrowings, less current maturities	300,000	340,000
Lease liabilities	447	594
Deferred tax liabilities	–	4,578
Long-term deposits received, less current maturities	751	695
Total non-current liabilities	431,198	455,867
Total liabilities	533,611	565,241

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
NET ASSETS		
Shareholders' equity		
Common stock	48,332	48,332
Capital surplus		
Legal capital surplus	73,027	23,027
Other capital surplus	22	32,139
Total capital surplus	73,049	55,166
Retained earnings		
Legal reserve	6,626	6,626
Other retained earnings		
Reserve for product development	4,000	–
Reserve for special depreciation	238	91
Reserve for advanced depreciation	2,567	2,208
General reserve	59,069	–
Retained earnings carried forward	(86,825)	13,730
Total retained earnings	(14,325)	22,655
Treasury stock, at cost	(12,874)	(4,136)
Total shareholders' equity	94,182	122,017
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	(23)	10,232
Net unrealized gains (losses) on hedging derivatives, net of taxes	(160)	(5)
Total valuation and translation adjustments	(183)	10,227
Total net assets	93,999	132,244
Total liabilities and net assets	627,610	697,485

(2) Non-Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Net sales		
Net sales of finished goods	76,427	62,725
Service revenue	28,688	24,252
Total net sales	105,115	86,977
Costs of sales		
Cost of finished goods sold		
Beginning finished goods	4,659	4,323
Cost of products manufactured	53,770	42,872
Total	58,429	47,195
Transfer to other account	1,303	485
Decrease by corporate division	–	1,712
Ending finished goods	4,323	2,515
Cost of finished goods sold	52,803	42,483
Cost of service	5,555	3,114
Total cost of sales	58,358	45,597
Gross profit	46,757	41,380
Selling, general and administrative expenses	59,102	49,053
Operating loss	(12,345)	(7,673)
Non-operating income		
Interest income	917	464
Interest on securities	170	60
Dividends income	29,652	47,798
Others	570	645
Total non-operating income	31,309	48,967
Non-operating expenses		
Interest expenses	4,805	6,108
Interest on bonds	2,187	2,148
Amortization of bond issuance cost	209	–
Foreign currency exchange loss	710	182
Provision of allowance for doubtful accounts	3,365	3,288
Others	2,132	2,372
Total non-operating expenses	13,408	14,098
Ordinary income	5,556	27,196
Extraordinary income		
Reversal of allowance for doubtful accounts	–	32
Gain on transfer of business	–	11,493
Gain on sales of investment securities	691	7
Gain on sales of investment securities in subsidiaries and affiliates	1,752	–
Reversal of allowance for investment loss	–	490
Reversal of provision for loss on guarantees	632	–
Total extraordinary income	3,075	12,022

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Extraordinary losses		
Loss on sales of investment securities	–	94
Loss on valuation of investment securities	13,115	2,286
Loss on valuation of investment securities in subsidiaries and affiliates	117,143	5,727
Loss on prior period adjustment	15,516	–
Impairment loss on fixed assets	–	472
Others	–	630
Total extraordinary losses	145,774	9,209
Income (loss) before provision for income taxes	(137,143)	30,009
Income taxes, current	(804)	(2,323)
Income taxes for prior periods	–	1,218
Income taxes, deferred	(112)	4,409
Total	(916)	3,304
Net income (loss)	(136,227)	26,705

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

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Shareholders' equity		
Common stock		
Balance at the end of the previous year	48,332	48,332
Changes during the year		
Net changes during the year	–	–
Balance at the end of the year	48,332	48,332
Capital surplus		
Legal capital surplus		
Balance at the end of the previous year	73,027	73,027
Changes during the year		
Transfer to capital surplus from legal capital surplus	–	(50,000)
Net changes during the year	–	(50,000)
Balance at the end of the year	73,027	23,027
Other capital surplus		
Balance at the end of the previous year	22	22
Changes during the year		
Transfer to capital surplus from legal capital surplus	–	50,000
Transfer to retained earnings from capital surplus	–	(14,325)
Disposal of treasury stock	–	(3,558)
Net changes during the year	–	32,117
Balance at the end of the year	22	32,139
Retained earnings		
Legal reserve		
Balance at the end of the previous year	6,626	6,626
Changes during the year		
Net changes during the year	–	–
Balance at the end of the year	6,626	6,626
Other retained earnings		
Balance at the end of the previous year	126,025	(20,951)
Changes during the year		
Cash dividends paid	(10,749)	(4,050)
Transfer to retained earnings from capital surplus	–	14,325
Net income (loss)	(136,227)	26,705
Net changes during the year	(146,976)	36,980
Balance at the end of the year	(20,951)	16,029
Treasury stock, at cost		
Balance at the end of the previous year	(2,634)	(12,874)
Changes during the year		
Acquisition of treasury stock	(10,240)	(21)
Disposal of treasury stock	–	8,759
Net changes during the year	(10,240)	8,738
Balance at the end of the year	(12,874)	(4,136)

(Millions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Total shareholders' equity		
Balance at the end of the previous year	251,398	94,182
Changes during the year		
Cash dividends paid	(10,749)	(4,050)
Net income (loss)	(136,227)	26,705
Acquisition of treasury stock	(10,240)	(21)
Disposal of treasury stock	–	5,201
Net changes during the year	(157,216)	27,835
Balance at the end of the year	94,182	122,017
Valuation and translation adjustments		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes		
Balance at the end of the previous year	6,341	(23)
Changes during the year		
Net changes in items other than shareholders' equity	(6,364)	10,255
Net changes during the year	(6,364)	10,255
Balance at the end of the year	(23)	10,232
Net unrealized gains (losses) on hedging derivatives, net of taxes		
Balance at the end of the previous year	(13,171)	(160)
Changes during the year		
Net changes in items other than shareholders' equity	13,011	155
Net changes during the year	13,011	155
Balance at the end of the year	(160)	(5)
Total valuation and translation adjustments		
Balance at the end of the previous year	(6,830)	(183)
Changes during the year		
Net changes in items other than shareholders' equity	6,647	10,410
Net changes during the year	6,647	10,410
Balance at the end of the year	(183)	10,227
Total net assets		
Balance at the end of the previous year	244,568	93,999
Changes during the year		
Cash dividends paid	(10,749)	(4,050)
Net income (loss)	(136,227)	26,705
Acquisition of treasury stock	(10,240)	(21)
Disposal of treasury stock	–	5,201
Net changes in items other than shareholders' equity	6,647	10,410
Net changes during the year	(150,569)	38,245
Balance at the end of the year	93,999	132,244

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

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
Balance 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)

Fiscal year ended March 31, 2010

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
Balance at March 31, 2009	4,000	238	2,567	59,069	(86,825)	(20,951)
Changes during the year Cash dividends paid					(4,050)	(4,050)
Transfer to retained earnings from capital surplus					14,325	14,325
Reversal of reserve for product development	(4,000)				4,000	–
Reversal of general reserve				(59,069)	59,069	–
Reversal of reserve for special depreciation		(147)			147	–
Reversal of reserve for advanced depreciation			(359)		359	–
Net income					26,705	26,705
Net changes during the year	(4,000)	(147)	(359)	(59,069)	100,555	36,980
Balance at March 31, 2010	–	91	2,208	–	13,730	16,029

(4) Notes on Premise of Going Concern

No items to report.