December 28, 2011

News Release

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

# (Corrections) Notice Concerning Partial Corrections to "Consolidated Financial Results (Kessan Tanshin) for the Three Months of the Fiscal Year Ending March 31, 2011"

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 Three Months of the Fiscal Year Ending March 31, 2011" dated August 5, 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 Three Months of the Fiscal Year Ending March 31, 2011 <under Japanese GAAP>

August 5, 2010

Company Name: Olympus Corporation
Code Number: 7733
(URL: http://www.olympus.co.jp/)
Stock Exchange Listing: First Section of Tokyo Stock Exchange
Representative: Tsuyoshi Kikukawa, President and Representative Director
Contact: Nobuyuki Onishi, General Manager, Accounting Division
Phone: 03-3340-2111

| | |
|---|---|
| Scheduled date to submit the Quarterly Securities Report: | August 13, 2010 |
| Scheduled date to commence dividend payments: | – |
| Presentation of supplementary material on quarterly financial results: | Yes |
| Holding of quarterly financial results presentation meeting: | Yes (for analysts and institutional investors) |

(Figures are rounded off to the nearest million yen)

## 1. Consolidated Financial Results for the Three Months of the Fiscal Year Ending March 31, 2011 (From April 1, 2010 to June 30, 2010)

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

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| Three months ended | (¥ million) | % | (¥ million) | % | (¥ million) | % | (¥ million) | % |
| June 30, 2010 | 206,006 | 0.4 | 11,944 | 2.7 | 10,010 | 39.5 | (49) | – |
| June 30, 2009 | 205,169 | (19.3) | 11,625 | (40.3) | 7,175 | (50.7) | 1,871 | (64.3) |

| | Net income per share | Fully diluted net income per share |
|---|---|---|
| Three months ended | (¥) | (¥) |
| June 30, 2010 | (0.18) | – |
| June 30, 2009 | 6.98 | 6.97 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| As of | (¥ million) | (¥ million) | % | (¥) |
| June 30, 2010 | 1,049,066 | 132,397 | 11.9 | 463.05 |
| March 31, 2010 | 1,104,528 | 163,131 | 14.1 | 576.63 |

Note: Equity as of June 30, 2010: ¥125,009 million March 31, 2010: ¥155,672 million

## 2. Dividends

| | Annual dividends | | | | |
|---|---|---|---|---|---|
| | First quarter | Second quarter | Third quarter | Year-end | Total |
| | (¥) | (¥) | (¥) | (¥) | (¥) |
| Fiscal year ended March 31, 2010 | – | 15.00 | – | 15.00 | 30.00 |
| Fiscal year ending March 31, 2011 | – | | | | |
| Fiscal year ending March 31, 2011 (Forecast) | | 15.00 | – | 15.00 | 30.00 |

Note: Revisions of the forecast in the current quarter: No

## 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 | 430,000 | (1.2) | 24,000 | (16.4) | 17,500 | (5.1) | 8,000 | (79.2) | 29.63 |
| Full year | 900,000 | 1.9 | 63,000 | 3.0 | 46,000 | (0.2) | 21,000 | (60.0) | 77.79 |

Note: Revisions of the forecast in the current quarter: Yes

## 4. Others (For details, please refer to "Other Information" on page 6 of the attached material.)

(1) Changes in significant subsidiaries during the current quarter: No

Note: Changes in specified subsidiaries resulting in the changes in scope of consolidation during the current quarter

(2) Application of simplified accounting and special accounting: Yes

Note: Application of simplified accounting and special accounting for preparing the quarterly consolidated financial statements

(3) Changes in accounting policies, procedures, and methods of presentation

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

Note: Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements stated in the section of "Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements"

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

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

| | |
|---|---|
| As of June 30, 2010 | 271,283,608 shares |
| As of March 31, 2010 | 271,283,608 shares |

2) Total number of treasury shares at the end of the period

| | |
|---|---|
| As of June 30, 2010 | 1,315,481 shares |
| As of March 31, 2010 | 1,315,105 shares |

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | |
|---|---|
| Three months ended June 30, 2010 | 269,968,234 shares |
| Three months ended June 30, 2009 | 268,116,353 shares |

* Indication regarding execution of quarterly review procedures

This quarterly financial results report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Law. At the time of disclosure of this quarterly financial results report, the quarterly review procedures to the quarterly financial statements are in progress.

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

1. The forecast of consolidated financial results which was announced on May 11, 2010, is revised in these materials.
2. The forward-looking statements, including forecast of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors. Please refer to the section of "Qualitative Information Regarding Forecast of Consolidated Financial Results" on page 5 of the attached material to the quarterly financial results report for the suppositions that form the assumptions for the forecast and cautions concerning the use thereof, as well as the specific figures of the forecast revision pertaining to 1. above.

# Attached Material

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## 1. Qualitative Information Regarding Consolidated Financial Results for the Three Months

### (1) Qualitative Information Regarding Consolidated Results of Operations

In the Japanese economy during the three months ended June 30, 2010, although the economy showed signs of improvement due to not only increased demand from emerging countries, mainly in Asia, but also recovery in internal demand as seen in a gradual pickup of capital investments at companies, the situation remained difficult with respect to the employment and personal income environment. Around the world, signs of gradual recovery were observed for the U.S. and Europe.

Amid this business environment, the Olympus Group newly formulated the “2010 Corporate Strategic Plan,” which commenced this fiscal year ending March 31, 2011. Under the slogan “Advancing to the Next Stage of Globalization,” the Group started initiatives to “transform Olympus into a more globally competitive company” and “strengthen our business presence in the emerging markets.”

The consolidated net sales for the Olympus Group over the three months of the fiscal year under review increased 0.4% year on year to ¥206,006 million due to decreased revenue from the transfer of the diagnostic systems business and lower revenue from the Imaging Systems Business on one hand, and higher revenue from the Medical Systems Business and the Information & Communication Business on the other. Operating income was up 2.7% year on year to ¥11,944 million with an increased income from the Medical Systems Business outweighing a decreased income from the Information & Communication Business. Ordinary income rose 39.5% year on year to ¥10,010 million because of a decrease in foreign currency exchange loss. Net loss was ¥49 million (compared with net income of ¥1,871 million in the same period of the previous fiscal year) due to the posting of extraordinary losses of ¥3,221 million and the payment of ¥6,717 million in income taxes.

During the three months, the Olympus Group invested ¥14,818 million on research and development, and spent ¥4,820 million on capital investments.

Due to changes in the business segmentation of segment information from the first quarter of the fiscal year ending March 31, 2011, the following year-on-year comparisons were made using the previous fiscal year figures rearranged into the business classification after the changes.

**Medical Systems Business**

Consolidated net sales in the Medical Systems Business during the three months amounted to ¥85,961 million (up 9.0% year on year), while operating income amounted to ¥17,522 million (up 9.0% year on year).

The recovery of sales in Japan of our flagship high-resolution HDTV endoscope system and the enhancement of the lineup of high-resolution compatible products overseas led to an increased number of videoscope units sold. Sales in the Chinese market steadily expanded in the same way they did in the previous fiscal year. The strongly faring products in surgical and endo-therapy devices were surgical products thanks to synergies created by Gyrus’s integration into the Olympus Group, and disposable guide wires, which is a new product used for endoscope treatment such as for pancreatic ducts. Overall in the Medical Systems Business, revenue increased.

Operating income in the Medical Systems Business increased along with the increase in revenue.

**Life Science and Industrial Systems Business**

Consolidated net sales for the Life Science and Industrial Systems Business during the three months was ¥22,229 million (down 30.1% year on year), while operating income amounted to ¥794 million (down 50.2% year on year).

Although revenue in the Life Science and Industrial Systems Business declined overall due to the effect of the transfer of the diagnostics systems business in August 2009, capital investment in manufacturing sectors expanded in Asia and recovered in Japan. This fueled an increase in sales of flat panel display inspection devices, the "LEXT" series of laser scanning microscopes and industrial microscopes, and as a result, sales were strong in the industrial equipment field. In the life science field, sales of the "BX3" series, a new system biological microscope, grew in Japan.

Operating income likewise increased in both the life science field and the industrial equipment field due to the sales increases but declined compared to the same period of the previous fiscal year because of the transfer of the diagnostic systems business.

**Imaging Systems Business**

In the Imaging Systems Business, the Olympus Group registered consolidated net sales for the three months of ¥34,545 million (down 16.2% year on year) and operating loss of ¥912 million (in contrast to an operating income of ¥368 million in the same period of the previous fiscal year).

Sales was favorable both in Japan and abroad for the new product "OLYMPUS PEN E-PL1," which is an interchangeable lens system digital camera with a small, lightweight and dignified design compliant with the "Micro Four Thirds System" standard. Also, in compact cameras, although we saw robust sales of the "SP" series, which has ultra zoom and high-resolution video functionality, and the "µTOUGH" series built with functions such as water and dust resistance, shock resistance and low-temperature resistance, the appreciating yen and the drop in units sold due to intense competition in the low-priced camera market led to a decrease in revenue in the Imaging Systems Business overall.

Despite efforts to cut costs, the Imaging Systems Business registered an operating loss due to decrease in revenue.

**Information & Communication Business**

Consolidated net sales for the Information & Communication Business during the three months was ¥51,340 million (up 30.9% year on year), while operating income showed ¥1,251 million (up 17.1% year on year).

Net sales rose thanks to an aggressive expansion in sales channels for mobile phones achieved through the corporate acquisitions and others that were conducted in the previous fiscal year.

Operating income rose thanks not only to expanded sales channels for mobile phones but also to the boosted profitability resulting from the streamlining of sales costs and the corporate structural reform continuously being promoted by ITX Corporation.

**Others**

Consolidated net sales for other businesses in the three months was ¥11,931 million (down 15.3% year on year) and an operating loss was ¥904 million (in contrast to an operating loss of ¥1,260 million in the same period of the previous fiscal year).

Although sales of "OSferion," an artificial bone replacement material, were firm in Japan and abroad in the biomedical materials field, sales in the other businesses were lower overall partly due to the decline in sales from ITX Corporation selling some of its subsidiaries in November 2009.

As for the bottom line, the Others reduced its operating loss thanks to improvement in the earnings of new-business related subsidiaries and lower costs associated with amortization of goodwill of subsidiaries.

## (2) Qualitative Information Regarding Consolidated Financial Position

As of the end of the first quarter, total assets decreased ¥55,462 million compared to the end of the previous fiscal year to ¥1,049,066 million.

This was primarily as a result of decreases in notes and accounts receivable of ¥27,247 million, in cash and time deposits of ¥13,040 million, and in investment securities of ¥10,950 million, notwithstanding an increase in inventories of ¥3,686 million.

Total liabilities decreased ¥24,728 million compared to the end of the previous fiscal year to ¥916,669 million, primarily as a result of decreases of ¥13,421 million in notes and accounts payable, and ¥6,691 million in short-term borrowings.

Net assets decreased ¥30,734 million compared to the end of the previous fiscal year to ¥132,397 million, primarily due to decreases of valuation and translation adjustments of ¥26,259 million arising from fluctuations in foreign exchange and stock prices etc.

As a result of the foregoing, equity ratio decreased from 14.1% as of the end of the previous fiscal year to 11.9%.

Cash flow position

The following are the cash flows for the three months of the fiscal year ending March 31, 2011 and their causes.

“Cash flows from operating activities” increased by ¥10,186 million mainly due to ¥6,912 million in income before provision for income taxes, and a decrease of ¥22,568 million in accounts receivable. Contrastingly, decreasing factors mainly included a ¥13,122 million decrease in accounts payable and ¥9,637 million in income taxes paid.

“Cash flows from investing activities” decreased by ¥12,798 million mainly due to deposits in time deposits of ¥3,037 million, purchase of property, plant and equipment totaling ¥5,071 million, and payments for acquisition in deposits of ¥7,370 million.

“Cash flows from financing activities” decreased by ¥8,342 million mainly due to a net decrease in short-term borrowings of ¥2,437 million and dividends paid of ¥3,848 million.

As a result, cash and cash equivalents at the end of the first quarter was ¥187,871 million, a decrease of ¥15,142 million compared to the end of the previous fiscal year.

(3) Qualitative Information Regarding Forecast of Consolidated Financial Results

Regarding the forecast of consolidated financial results for the six months ending September 30, 2010, the forecasts for net sales and operating income have been revised as follows in consideration of effects such as the appreciating yen and the drop in units sold due to intense competition in the Imaging Systems Business.

Regarding the forecast of consolidated financial results for the full year ending March 31, 2011, the forecast for net sales has been revised for the reasons stated above, but the forecasts for operating income, ordinary income and net income remain as announced previously because of efforts to further strengthen measures such as cost reductions and thorough management of costs.

Foreign exchange rates in the second quarter and beyond are expected to be ¥85 per U.S. dollar and ¥115 per euro and the average foreign exchange rates for the entire year, a precondition for the forecast, are expected to be ¥87 per U.S. dollar and ¥116 per euro.

Six months of the fiscal year ending March 31, 2011

(Millions of yen)

| | Net sales | Operating income | Ordinary income | Net income | Net income per share |
|---|---|---|---|---|---|
| Previous Forecast (A) | 435,000 | 26,000 | 17,500 | 8,000 | ¥29.63 |
| Revised Forecast (B) | 430,000 | 24,000 | 17,500 | 8,000 | ¥29.63 |
| Increase (Decrease) (B-A) | (5,000) | (2,000) | – | – | – |
| Increase (Decrease) Ratio (%) | (1.1) | (7.7) | – | – | – |

Fiscal year ending March 31, 2011

(Millions of yen)

| | Net sales | Operating income | Ordinary income | Net income | Net income per share |
|---|---|---|---|---|---|
| Previous Forecast (A) | 920,000 | 63,000 | 46,000 | 21,000 | ¥77.79 |
| Revised Forecast (B) | 900,000 | 63,000 | 46,000 | 21,000 | ¥77.79 |
| Increase (Decrease) (B-A) | (20,000) | – | – | – | – |
| Increase (Decrease) Ratio (%) | (2.2) | – | – | – | – |

## 2. Other Information

(1) Summary of Changes in Significant Subsidiaries

No items to report

(2) Summary of Simplified Accounting and Special Accounting

1) Calculation of taxes

Taxes are calculated first by reasonably estimating the effective tax rates after applying tax effect accounting against income before provision for income taxes for the fiscal year including the first quarter under review, and next by multiplying the quarterly income before provision for income taxes by such estimated effective tax rates.

2) Valuation method of inventories

With respect to the calculation of inventories at the end of the first quarter under review, physical inventories were omitted and a reasonable calculation method was employed based on the physical inventories at the end of the previous fiscal year.
In addition, concerning the write-down of the book value of inventories, only for those items whose drop in profitability became apparent, an estimate of net sale value is made and book values are written down.

3) Calculation method of depreciation of fixed assets

Depreciation expenses for assets that are depreciated using the declining-balance method are calculated by proportionally dividing the annual depreciation expenses.

(3) Summary of Changes in Accounting Policies, Procedures, and Methods of Presentation

- Changes in accounting standards

1) Application of accounting standard for asset retirement obligations
Effective from the first quarter under review, the Company adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).
The effect of this change on operating income, ordinary income and income before provision for income taxes, and the change in amount of asset retirement obligations are immaterial.

2) Application of accounting standards for business combinations, etc.
Effective from the first quarter under review, the Company adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), the "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, released on December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

- Changes in methods of presentation
(Consolidated statements of income)
Following the adoption of the "Cabinet Office Ordinance for Partial Revision of the Regulation for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No. 5, March 24, 2009) based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Income before minority interests" is included in the consolidated statements of income for the three months ended June 30, 2010.

# 3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of June 30, 2010 | As of March 31, 2010 (Summary) |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and time deposits | 193,743 | 206,783 |
| Notes and accounts receivable | 126,992 | 154,239 |
| Merchandise and finished goods | 62,313 | 57,042 |
| Work in process | 16,603 | 18,910 |
| Raw materials and supplies | 14,729 | 14,007 |
| Other current assets | 82,429 | 83,900 |
| Allowance for doubtful accounts | (2,364) | (2,736) |
| Total current assets | 494,445 | 532,145 |
| Fixed assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 65,972 | 67,986 |
| Machinery and equipment, net | 12,587 | 13,539 |
| Tools, furniture and fixtures, net | 34,787 | 36,648 |
| Land | 19,158 | 19,048 |
| Lease assets, net | 3,888 | 3,877 |
| Construction in progress | 811 | 2,463 |
| Net property, plant and equipment | 137,203 | 143,561 |
| Intangible fixed assets | | |
| Goodwill | 147,965 | 144,900 |
| Others | 65,474 | 71,130 |
| Total intangible fixed assets | 213,439 | 216,030 |
| Investments and other assets | | |
| Investment securities | 66,166 | 78,448 |
| Investment fund assets | 63,351 | 65,880 |
| Other assets | 83,164 | 75,249 |
| Allowance for doubtful accounts | (8,702) | (6,785) |
| Total investments and other assets | 203,979 | 212,792 |
| Total fixed assets | 554,621 | 572,383 |
| Total assets | 1,049,066 | 1,104,528 |

(Millions of yen)

| | As of June 30, 2010 | As of March 31, 2010 (Summary) |
|---|---|---|
| **LIABILITIES** | | |
| Current liabilities | | |
| Notes and accounts payable | 60,653 | 74,074 |
| Short-term borrowings | 87,242 | 93,933 |
| Current maturities of bonds | 20,040 | 20,040 |
| Income taxes payable | 18,190 | 23,892 |
| Provision for product warranties | 8,830 | 9,708 |
| Other reserves | 3 | 2 |
| Other current liabilities | 123,424 | 117,597 |
| Total current liabilities | 318,382 | 339,246 |
| Non-current liabilities | | |
| Long-term bonds, less current maturities | 110,340 | 110,360 |
| Long-term borrowings, less current maturities | 436,111 | 437,148 |
| Severance and retirement allowance | 19,831 | 19,888 |
| Other reserves | 137 | 147 |
| Other non-current liabilities | 31,868 | 34,608 |
| Total non-current liabilities | 598,287 | 602,151 |
| Total liabilities | 916,669 | 941,397 |
| **NET ASSETS** | | |
| Shareholders' equity | | |
| Common stock | 48,332 | 48,332 |
| Capital surplus | 55,166 | 55,166 |
| Retained earnings | 110,316 | 114,719 |
| Treasury stock, at cost | (4,137) | (4,136) |
| Total shareholders' equity | 209,677 | 214,081 |
| Valuation and translation adjustments | | |
| Net unrealized holding gains (losses) on available-for-sale securities, net of taxes | 3,081 | 8,020 |
| Net unrealized gains (losses) on hedging derivatives, net of taxes | 806 | (438) |
| Foreign currency translation adjustments | (88,555) | (65,991) |
| Total valuation and translation adjustments | (84,668) | (58,409) |
| Minority interests | 7,388 | 7,459 |
| Total net assets | 132,397 | 163,131 |
| Total liabilities and net assets | 1,049,066 | 1,104,528 |

## (2) Consolidated Statements of Income (cumulative)

(Millions of yen)

| | Three months ended June 30, 2009 | Three months ended June 30, 2010 |
|---|---|---|
| Net sales | 205,169 | 206,006 |
| Costs of sales | 109,359 | 109,149 |
| Gross profit | 95,810 | 96,857 |
| Selling, general and administrative expenses | 84,185 | 84,913 |
| Operating income | 11,625 | 11,944 |
| Non-operating income | | |
| Interest income | 214 | 201 |
| Dividends income | 387 | 396 |
| Others | 881 | 1,732 |
| Total non-operating income | 1,482 | 2,329 |
| Non-operating expenses | | |
| Interest expenses | 3,044 | 3,083 |
| Foreign currency exchange loss | 1,627 | 541 |
| Others | 1,261 | 639 |
| Total non-operating expenses | 5,932 | 4,263 |
| Ordinary income | 7,175 | 10,010 |
| Extraordinary income | | |
| Gain on sales of investment securities in subsidiaries and affiliates | 63 | 64 |
| Gain on sales of investment securities | 77 | 59 |
| Total extraordinary income | 140 | 123 |
| Extraordinary losses | | |
| Impairment loss on fixed assets | 54 | – |
| Loss on sales of investment securities | – | 8 |
| Loss on valuation of investment securities | 579 | 62 |
| Loss on step acquisitions | – | 310 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | – | 311 |
| Loss on funds invested | 125 | 82 |
| Provision of allowance for doubtful accounts | – | 2,448 |
| Total extraordinary losses | 758 | 3,221 |
| Income before provision for income taxes | 6,557 | 6,912 |
| Income taxes | 4,693 | 6,717 |
| Income before minority interests | – | 195 |
| Minority interest in income (losses) of consolidated subsidiaries | (7) | 244 |
| Net income (loss) | 1,871 | (49) |

## (3) Consolidated Statements of Cash Flows

(Millions of yen)

| | Three months ended June 30, 2009 | Three months ended June 30, 2010 |
|---|---|---|
| Cash flows from operating activities | | |
| Income before provision for income taxes | 6,557 | 6,912 |
| Depreciation and amortization | 11,418 | 7,080 |
| Amortization of goodwill | 2,659 | 2,830 |
| Increase (decrease) in severance and retirement allowance | 356 | 515 |
| Interest and dividend income | (601) | (597) |
| Interest expense | 3,044 | 3,083 |
| Loss (gain) on valuation of investment securities | 579 | 62 |
| Decrease (increase) in accounts receivable | 20,274 | 22,568 |
| Decrease (increase) in inventories | 30 | (7,979) |
| Increase (decrease) in accounts payable | (7,180) | (13,122) |
| Increase (decrease) in other payable | (5,030) | 2,961 |
| Increase (decrease) in accrued expense | (6,690) | (4,378) |
| Loss on funds invested | 125 | 82 |
| Increase (decrease) in allowance for doubtful accounts on funds | – | 2,448 |
| Other | 4,181 | 803 |
| Sub-total | 29,721 | 23,267 |
| Interest and dividend received | 604 | 618 |
| Interest payments | (1,846) | (1,614) |
| Outflow of money from funds | – | (2,448) |
| Income taxes paid | (5,555) | (9,637) |
| Net cash provided by operating activities | 22,924 | 10,186 |
| Cash flows from investing activities | | |
| Deposits in time deposits | (1,146) | (3,037) |
| Withdrawals from time deposits | 683 | 662 |
| Purchase of property, plant and equipment | (9,905) | (5,071) |
| Purchases of intangible fixed assets | (1,434) | (441) |
| Purchases of investment securities | (1,009) | (1,840) |
| Sales and redemption of investment securities | 373 | 662 |
| Proceeds from acquisition of new consolidated subsidiaries related to changes in scope of consolidation | – | 455 |
| Net decrease from sales of investment in subsidiaries related to changes in scope of consolidation | (16) | – |
| Net increase from sales of investment in subsidiaries related to changes in scope of consolidation | – | 201 |
| Payments for acquisition of new consolidated subsidiaries | (1,216) | (546) |
| Payments for transfer of business | (904) | – |
| Proceeds from transfer of business | – | 1,980 |
| Payments for acquisition in deposits | – | (7,370) |
| Collection of fund assets invested | – | 2,448 |
| Other | (94) | (901) |
| Net cash used in investing activities | (14,668) | (12,798) |

(Millions of yen)

| | Three months ended June 30, 2009 | Three months ended June 30, 2010 |
|---|---|---|
| Cash flows from financing activities | | |
| Increase (decrease) in short-term borrowings | 4,095 | (2,437) |
| Proceeds from long-term debt | 10 | 12 |
| Repayments of long-term debt | (5,734) | (1,857) |
| Redemption of bonds | – | (20) |
| Dividends paid | – | (3,848) |
| Other | (402) | (192) |
| Net cash used in financing activities | (2,031) | (8,342) |
| Effect of exchange rate changes on cash and cash equivalents | 416 | (5,235) |
| Net increase (decrease) in cash and cash equivalents | 6,641 | (16,189) |
| Cash and cash equivalents at beginning of period | 132,720 | 203,013 |
| Net increase in cash and cash equivalents associated with newly consolidated subsidiaries | 477 | 1,047 |
| Cash and cash equivalents at end of period | 139,838 | 187,871 |

## (4) Notes on Premise of Going Concern

No items to report

## (5) Segment Information

[Segment information]

1. Overview of reportable segments

The reportable segments of the Olympus Group are components of the Company whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.
The Olympus Group has established business divisions at the Company, Olympus Medical Systems Corporation and Olympic Imaging Corporation, which were split from the Company in October 2004, and publicly listed subsidiary ITX Corporation. Each business division formulates comprehensive strategies for Japan and abroad with respect to products and services handled and deploys business activities.
Accordingly, being composed of segments, based on these business divisions, that are categorized according to product and services, the Olympus Group has the following five reportable segments: Medical Systems Business, Life Science and Industrial Systems Business, Imaging Systems Business, Information & Communication Business, and Others.

2. Information concerning net sales and income/loss by reportable segment

Three months of the fiscal year ending March 31, 2011 (from April 1, 2010 to June 30, 2010)

(Millions of yen)

| | Reportable Segment | | | | | | Adjustment (Note) | Consolidated |
|---|---|---|---|---|---|---|---|---|
| | Medical Systems | Life Science and Industrial Systems | Imaging Systems | Information & Communica-tion | Others | Total | | |
| Sales | | | | | | | | |
| Sales to outside customers | 85,961 | 22,229 | 34,545 | 51,340 | 11,931 | 206,006 | – | 206,006 |
| Internal sales or transfer among segments | 10 | 35 | 21 | – | 14 | 80 | (80) | – |
| Total | 85,971 | 22,264 | 34,566 | 51,340 | 11,945 | 206,086 | (80) | 206,006 |
| Segment profit (Operating income) | 17,522 | 794 | (912) | 1,251 | (904) | 17,751 | (5,807) | 11,944 |

Note: The deduction of ¥5,807 million listed as an adjustment to segment profit includes corporate expenses of ¥5,807 million not allocated to any reportable segment. These corporate expenses mostly consisted of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.

Major products and services belonging to each segment

| Segment | Major Products and Services |
|---|---|
| Medical Systems | Medical endoscopes, Surgical endoscopes, Endo-therapy devices, etc. |
| Life Science and Industrial Systems | Biological microscopes, Industrial microscopes, Industrial endoscopes, Non-destructive testing equipment, Printers, etc. |
| Imaging Systems | Digital cameras, Voice recorders |
| Information & Communication | Sales of mobile terminals including mobile handsets |
| Others | System development, Biomedical materials, etc. |

3. Information regarding impairment loss on fixed assets, goodwill and negative goodwill, etc. by reportable segment

(Significant impairment loss on fixed assets)

No items to report

(Significant changes in the amount of goodwill)

The Company acquired all shares of Spiration, Inc. in the Medical Systems segment to make it a consolidated subsidiary. The resulting increase in goodwill in the three months ended June 30, 2010 is ¥9,855 million. The allocation of acquisition costs in this accounting process remains incomplete and a provisional accounting was applied based on rational information that was obtainable at the time the consolidated financial statements for the three months ended June 30, 2010 were prepared.

(Reference information)

Three months of the fiscal year ended March 31, 2010 (from April 1, 2009 to June 30, 2009)

The following are results of the three months ended June 30, 2009 after rearranging the business segmentation of the segment information by type of business with the new segments.

(Millions of yen)

| | Reportable Segment | | | | | | Adjustment (Note) | Consolidated |
|---|---|---|---|---|---|---|---|---|
| | Medical Systems | Life Science and Industrial Systems | Imaging Systems | Information & Communica-tion | Others | Total | | |
| Sales | | | | | | | | |
| Sales to outside customers | 78,844 | 31,806 | 41,214 | 39,220 | 14,085 | 205,169 | – | 205,169 |
| Internal sales or transfer among segments | 4 | 37 | 15 | – | 17 | 73 | (73) | – |
| Total | 78,848 | 31,843 | 41,229 | 39,220 | 14,102 | 205,242 | (73) | 205,169 |
| Segment profit (Operating income) | 16,072 | 1,595 | 368 | 1,068 | (1,260) | 17,842 | (6,217) | 11,625 |

Note: The deduction of ¥6,217 million listed as an adjustment to segment profit includes corporate expenses of ¥6,217 million not allocated to any reportable segment. These corporate expenses mostly consisted of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.

(Additional information)

Effective from the first quarter under review, the Company adopted the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008).

(6) Notes on Significant Changes in the Amount of Shareholders’ Equity

No items to report

**(Before Correction)**

# Consolidated Financial Results for the Three Months of the Fiscal Year Ending March 31, 2011 <under Japanese GAAP>

August 5, 2010

Company Name: Olympus Corporation
Code Number: 7733
(URL: http://www.olympus.co.jp/)
Stock Exchange Listing: First Section of Tokyo Stock Exchange
Representative: Tsuyoshi Kikukawa, President and Representative Director
Contact: Nobuyuki Onishi, General Manager, Accounting Division
Phone: 03-3340-2111

| | |
|---|---|
| Scheduled date to submit the Quarterly Securities Report: | August 13, 2010 |
| Scheduled date to commence dividend payments: | – |
| Presentation of supplementary material on quarterly financial results: | Yes |
| Holding of quarterly financial results presentation meeting: | Yes (for analysts and institutional investors) |

(Figures are rounded off to the nearest million yen)

## 1. Consolidated Financial Results for the Three Months of the Fiscal Year Ending March 31, 2011 (From April 1, 2010 to June 30, 2010)

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

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| Three months ended | (¥ million) | % | (¥ million) | % | (¥ million) | % | (¥ million) | % |
| June 30, 2010 | 206,006 | 0.4 | 11,154 | (1.8) | 9,029 | 29.3 | 1,501 | (16.9) |
| June 30, 2009 | 205,169 | (19.3) | 11,360 | (35.2) | 6,985 | (45.0) | 1,806 | (72.3) |

| | Net income per share | Fully diluted net income per share |
|---|---|---|
| Three months ended | (¥) | (¥) |
| June 30, 2010 | 5.56 | – |
| June 30, 2009 | 6.74 | 6.73 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| As of | (¥ million) | (¥ million) | % | (¥) |
| June 30, 2010 | 1,097,071 | 185,922 | 16.3 | 661.32 |
| March 31, 2010 | 1,152,227 | 216,891 | 18.2 | 775.76 |

Note: Equity as of June 30, 2010: ¥178,534 million March 31, 2010: ¥209,432 million

## 2. Dividends

| | Annual dividends | | | | |
|---|---|---|---|---|---|
| | First quarter | Second quarter | Third quarter | Year-end | Total |
| | (¥) | (¥) | (¥) | (¥) | (¥) |
| Fiscal year ended March 31, 2010 | – | 15.00 | – | 15.00 | 30.00 |
| Fiscal year ending March 31, 2011 | – | | | | |
| Fiscal year ending March 31, 2011 (Forecast) | | 15.00 | – | 15.00 | 30.00 |

Note: Revisions of the forecast in the current quarter: No

## 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 | 430,000 | (1.2) | 24,000 | (15.8) | 17,500 | (5.4) | 8,000 | (77.9) | 29.63 |
| Full year | 900,000 | 1.9 | 63,000 | 4.7 | 46,000 | 2.0 | 21,000 | (56.0) | 77.79 |

Note: Revisions of the forecast in the current quarter: Yes

## 4. Others (For details, please refer to “Other Information” on page 6 of the attached material.)

(1) Changes in significant subsidiaries during the current quarter: No

Note: Changes in specified subsidiaries resulting in the changes in scope of consolidation during the current quarter

(2) Application of simplified accounting and special accounting: Yes

Note: Application of simplified accounting and special accounting for preparing the quarterly consolidated financial statements

(3) Changes in accounting policies, procedures, and methods of presentation

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

Note: Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements stated in the section of “Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements”

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

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

| | |
|---|---|
| As of June 30, 2010 | 271,283,608 shares |
| As of March 31, 2010 | 271,283,608 shares |

2) Total number of treasury shares at the end of the period

| | |
|---|---|
| As of June 30, 2010 | 1,315,481 shares |
| As of March 31, 2010 | 1,315,105 shares |

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | |
|---|---|
| Three months ended June 30, 2010 | 269,968,234 shares |
| Three months ended June 30, 2009 | 268,116,353 shares |

* Indication regarding execution of quarterly review procedures

This quarterly financial results report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Law. At the time of disclosure of this quarterly financial results report, the quarterly review procedures to the quarterly financial statements are in progress.

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

1. The forecast of consolidated financial results which was announced on May 11, 2010, is revised in these materials.
2. The forward-looking statements, including forecast of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors. Please refer to the section of “Qualitative Information Regarding Forecast of Consolidated Financial Results” on page 5 of the attached material to the quarterly financial results report for the suppositions that form the assumptions for the forecast and cautions concerning the use thereof, as well as the specific figures of the forecast revision pertaining to 1. above.

# Attached Material

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## 1. Qualitative Information Regarding Consolidated Financial Results for the Three Months

### (1) Qualitative Information Regarding Consolidated Results of Operations

In the Japanese economy during the three months ended June 30, 2010, although the economy showed signs of improvement due to not only increased demand from emerging countries, mainly in Asia, but also recovery in internal demand as seen in a gradual pickup of capital investments at companies, the situation remained difficult with respect to the employment and personal income environment. Around the world, signs of gradual recovery were observed for the U.S. and Europe.

Amid this business environment, the Olympus Group newly formulated the "2010 Corporate Strategic Plan," which commenced this fiscal year ending March 31, 2011. Under the slogan "Advancing to the Next Stage of Globalization," the Group started initiatives to "transform Olympus into a more globally competitive company" and "strengthen our business presence in the emerging markets."

The consolidated net sales for the Olympus Group over the three months of the fiscal year under review increased 0.4% year on year to ¥206,006 million due to decreased revenue from the transfer of the diagnostic systems business and lower revenue from the Imaging Systems Business on one hand, and higher revenue from the Medical Systems Business and the Information & Communication Business on the other. Operating income was down 1.8% year on year to ¥11,154 million with an increased income from the Medical Systems Business being outweighed by a decreased income from the Information & Communication Business. Ordinary income rose 29.3% year on year to ¥9,029 million because of a decrease in foreign currency exchange loss. Net income decreased 16.9% year on year to ¥1,501 million due to the posting of extraordinary losses of ¥691 million and the payment of ¥6,717 million in income taxes.

During the three months, the Olympus Group invested ¥14,818 million on research and development, and spent ¥4,820 million on capital investments.

Regarding foreign exchange, the yen appreciated against both the U.S. dollar and the euro compared to the same period of the previous fiscal year, with an average exchange rate during the period of ¥92.01 against the U.S. dollar (¥97.32 in the same period of the previous fiscal year) and ¥116.99 against the euro (¥132.57 in the same period of the previous fiscal year), which caused net sales and operating income to drop by ¥8,100 million and ¥500 million, respectively, year on year.

Due to changes in the business segmentation of segment information from the first quarter of the fiscal year ending March 31, 2011, the following year-on-year comparisons were made using the previous fiscal year figures rearranged into the business classification after the changes.

**Medical Systems Business**

Consolidated net sales in the Medical Systems Business during the three months amounted to ¥85,961 million (up 9.0% year on year), while operating income amounted to ¥16,887 million (up 5.6% year on year).

The recovery of sales in Japan of our flagship high-resolution HDTV endoscope system and the enhancement of the lineup of high-resolution compatible products overseas led to an increased number of videoscope units sold. Sales in the Chinese market steadily expanded in the same way they did in the previous fiscal year. The strongly faring products in surgical and endo-therapy devices were surgical products thanks to synergies created by Gyrus's integration into the Olympus Group, and disposable guide wires, which is a new product used for endoscope treatment such as for pancreatic ducts. Overall in the Medical Systems Business, revenue increased.

Operating income in the Medical Systems Business increased along with the increase in revenue.

**Life Science and Industrial Systems Business**

Consolidated net sales for the Life Science and Industrial Systems Business during the three months was ¥22,229 million (down 30.1% year on year), while operating income amounted to ¥794 million (down 50.2% year on year).

Although revenue in the Life Science and Industrial Systems Business declined overall due to the effect of the transfer of the diagnostics systems business in August 2009, capital investment in manufacturing sectors expanded in Asia and recovered in Japan. This fueled an increase in sales of flat panel display inspection devices, the “LEXT” series of laser scanning microscopes and industrial microscopes, and as a result, sales were strong in the industrial equipment field. In the life science field, sales of the “BX3” series, a new system biological microscope, grew in Japan.

Operating income likewise increased in both the life science field and the industrial equipment field due to the sales increases but declined compared to the same period of the previous fiscal year because of the transfer of the diagnostic systems business.

**Imaging Systems Business**

In the Imaging Systems Business, the Olympus Group registered consolidated net sales for the three months of ¥34,545 million (down 16.2% year on year) and operating loss of ¥912 million (in contrast to an operating income of ¥368 million in the same period of the previous fiscal year).

Sales was favorable both in Japan and abroad for the new product “OLYMPUS PEN E-PL1,” which is an interchangeable lens system digital camera with a small, lightweight and dignified design compliant with the “Micro Four Thirds System” standard. Also, in compact cameras, although we saw robust sales of the “SP” series, which has ultra zoom and high-resolution video functionality, and the “µTOUGH” series built with functions such as water and dust resistance, shock resistance and low-temperature resistance, the appreciating yen and the drop in units sold due to intense competition in the low-priced camera market led to a decrease in revenue in the Imaging Systems Business overall.

Despite efforts to cut costs, the Imaging Systems Business registered an operating loss due to decrease in revenue.

**Information & Communication Business**

Consolidated net sales for the Information & Communication Business during the three months was ¥51,340 million (up 30.9% year on year), while operating income showed ¥1,251 million (up 17.1% year on year).

Net sales rose thanks to an aggressive expansion in sales channels for mobile phones achieved through the corporate acquisitions and others that were conducted in the previous fiscal year.

Operating income rose thanks not only to expanded sales channels for mobile phones but also to the boosted profitability resulting from the streamlining of sales costs and the corporate structural reform continuously being promoted by ITX Corporation.

**Others**

Consolidated net sales for other businesses in the three months was ¥11,931 million (down 15.3% year on year) and an operating loss was ¥1,059 million (in contrast to an operating loss of ¥1,443 million in the same period of the previous fiscal year).

Although sales of “OSferion,” an artificial bone replacement material, were firm in Japan and abroad in the biomedical materials field, sales in the other businesses were lower overall partly due to the decline in sales from ITX Corporation selling some of its subsidiaries in November 2009.

As for the bottom line, the Others reduced its operating loss thanks to improvement in the earnings of new-business related subsidiaries and lower costs associated with amortization of goodwill of subsidiaries.

## (2) Qualitative Information Regarding Consolidated Financial Position

As of the end of the first quarter, total assets decreased ¥55,156 million compared to the end of the previous fiscal year to ¥1,097,071 million.

This was primarily as a result of decreases in notes and accounts receivable of ¥27,247 million, in cash and time deposits of ¥13,040 million, and in investment securities of ¥10,950 million, notwithstanding an increase in inventories of ¥3,677 million.

Total liabilities decreased ¥24,187 million compared to the end of the previous fiscal year to ¥911,149 million, primarily as a result of decreases of ¥13,421 million in notes and accounts payable, and ¥6,691 million in short-term borrowings.

Net assets decreased ¥30,969 million compared to the end of the previous fiscal year to ¥185,922 million, primarily due to decreases of valuation and translation adjustments of ¥27,710 million arising from fluctuations in foreign exchange and stock prices etc.

As a result of the foregoing, equity ratio decreased from 18.2% as of the end of the previous fiscal year to 16.3%.

Cash flow position

The following are the cash flows for the three months of the fiscal year ending March 31, 2011 and their causes.

“Cash flows from operating activities” increased by ¥12,634 million mainly due to ¥8,461 million in income before provision for income taxes, and a decrease of ¥22,568 million in accounts receivable. Contrastingly, decreasing factors mainly included a ¥13,122 million decrease in accounts payable and ¥9,637 million in income taxes paid.

“Cash flows from investing activities” decreased by ¥15,246 million mainly due to deposits in time deposits of ¥3,037 million, purchase of property, plant and equipment totaling ¥5,071 million, and payments for acquisition in deposits of ¥7,370 million.

“Cash flows from financing activities” decreased by ¥8,342 million mainly due to a net decrease in short-term borrowings of ¥2,437 million and dividends paid of ¥3,848 million.

As a result, cash and cash equivalents at the end of the first quarter was ¥187,871 million, a decrease of ¥15,142 million compared to the end of the previous fiscal year.

## (3) Qualitative Information Regarding Forecast of Consolidated Financial Results

Regarding the forecast of consolidated financial results for the six months ending September 30, 2010, the forecasts for net sales and operating income have been revised as follows in consideration of effects such as the appreciating yen and the drop in units sold due to intense competition in the Imaging Systems Business.

Regarding the forecast of consolidated financial results for the full year ending March 31, 2011, the forecast for net sales has been revised for the reasons stated above, but the forecasts for operating income, ordinary income and net income remain as announced previously because of efforts to further strengthen measures such as cost reductions and thorough management of costs.

Foreign exchange rates in the second quarter and beyond are expected to be ¥85 per U.S. dollar and ¥115 per euro and the average foreign exchange rates for the entire year, a precondition for the forecast, are expected to be ¥87 per U.S. dollar and ¥116 per euro.

Six months of the fiscal year ending March 31, 2011

(Millions of yen)

| | Net sales | Operating income | Ordinary income | Net income | Net income per share |
|---|---|---|---|---|---|
| Previous Forecast (A) | 435,000 | 26,000 | 17,500 | 8,000 | ¥29.63 |
| Revised Forecast (B) | 430,000 | 24,000 | 17,500 | 8,000 | ¥29.63 |
| Increase (Decrease) (B-A) | (5,000) | (2,000) | – | – | – |
| Increase (Decrease) Ratio (%) | (1.1) | (7.7) | – | – | – |

Fiscal year ending March 31, 2011

(Millions of yen)

| | Net sales | Operating income | Ordinary income | Net income | Net income per share |
|---|---|---|---|---|---|
| Previous Forecast (A) | 920,000 | 63,000 | 46,000 | 21,000 | ¥77.79 |
| Revised Forecast (B) | 900,000 | 63,000 | 46,000 | 21,000 | ¥77.79 |
| Increase (Decrease) (B-A) | (20,000) | – | – | – | – |
| Increase (Decrease) Ratio (%) | (2.2) | – | – | – | – |

## 2. Other Information

(1) Summary of Changes in Significant Subsidiaries

No items to report

(2) Summary of Simplified Accounting and Special Accounting

1) Calculation of taxes

Taxes are calculated first by reasonably estimating the effective tax rates after applying tax effect accounting against income before provision for income taxes for the fiscal year including the first quarter under review, and next by multiplying the quarterly income before provision for income taxes by such estimated effective tax rates.

2) Valuation method of inventories

With respect to the calculation of inventories at the end of the first quarter under review, physical inventories were omitted and a reasonable calculation method was employed based on the physical inventories at the end of the previous fiscal year.
In addition, concerning the write-down of the book value of inventories, only for those items whose drop in profitability became apparent, an estimate of net sale value is made and book values are written down.

3) Calculation method of depreciation of fixed assets

Depreciation expenses for assets that are depreciated using the declining-balance method are calculated by proportionally dividing the annual depreciation expenses.

(3) Summary of Changes in Accounting Policies, Procedures, and Methods of Presentation

- Changes in accounting standards

1) Application of accounting standard for asset retirement obligations
Effective from the first quarter under review, the Company adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).
The effect of this change on operating income, ordinary income and income before provision for income taxes, and the change in amount of asset retirement obligations are immaterial.

2) Application of accounting standards for business combinations, etc.
Effective from the first quarter under review, the Company adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), the "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, released on December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

- Changes in methods of presentation
(Consolidated statements of income)
Following the adoption of the "Cabinet Office Ordinance for Partial Revision of the Regulation for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No. 5, March 24, 2009) based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Income before minority interests" is included in the consolidated statements of income for the three months ended June 30, 2010.

# 3. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Millions of yen)

| | As of June 30, 2010 | As of March 31, 2010 (Summary) |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and time deposits | 193,743 | 206,783 |
| Notes and accounts receivable | 126,992 | 154,239 |
| Merchandise and finished goods | 62,313 | 57,042 |
| Work in process | 16,603 | 18,910 |
| Raw materials and supplies | 15,451 | 14,738 |
| Other current assets | 82,429 | 83,900 |
| Allowance for doubtful accounts | (2,364) | (2,736) |
| Total current assets | 495,167 | 532,876 |
| Fixed assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 66,106 | 68,124 |
| Machinery and equipment, net | 13,326 | 14,300 |
| Tools, furniture and fixtures, net | 34,796 | 36,665 |
| Land | 19,176 | 19,065 |
| Lease assets, net | 3,888 | 3,877 |
| Construction in progress | 811 | 2,463 |
| Net property, plant and equipment | 138,103 | 144,494 |
| Intangible fixed assets | | |
| Goodwill | 194,160 | 194,065 |
| Others | 65,896 | 71,581 |
| Total intangible fixed assets | 260,056 | 265,646 |
| Investments and other assets | | |
| Investment securities | 129,321 | 140,271 |
| Other assets | 75,677 | 70,210 |
| Allowance for doubtful accounts | (1,253) | (1,270) |
| Total investments and other assets | 203,745 | 209,211 |
| Total fixed assets | 601,904 | 619,351 |
| Total assets | 1,097,071 | 1,152,227 |

(Millions of yen)

| | As of June 30, 2010 | As of March 31, 2010 (Summary) |
|---|---|---|
| **LIABILITIES** | | |
| Current liabilities | | |
| Notes and accounts payable | 60,653 | 74,074 |
| Short-term borrowings | 87,242 | 93,933 |
| Current maturities of bonds | 20,040 | 20,040 |
| Income taxes payable | 11,386 | 17,088 |
| Provision for product warranties | 8,830 | 9,708 |
| Other reserves | 3 | 2 |
| Other current liabilities | 123,424 | 117,597 |
| Total current liabilities | 311,578 | 332,442 |
| Non-current liabilities | | |
| Long-term bonds, less current maturities | 110,340 | 110,360 |
| Long-term borrowings, less current maturities | 436,111 | 437,148 |
| Severance and retirement allowance | 19,831 | 19,888 |
| Other reserves | 137 | 147 |
| Other non-current liabilities | 33,152 | 35,351 |
| Total non-current liabilities | 599,571 | 602,894 |
| Total liabilities | 911,149 | 935,336 |
| **NET ASSETS** | | |
| Shareholders' equity | | |
| Common stock | 48,332 | 48,332 |
| Capital surplus | 55,166 | 55,166 |
| Retained earnings | 165,051 | 168,238 |
| Treasury stock, at cost | (4,137) | (4,136) |
| Total shareholders' equity | 264,412 | 267,600 |
| Valuation and translation adjustments | | |
| Net unrealized holding gains (losses) on available-for-sale securities, net of taxes | 4,952 | 9,101 |
| Net unrealized gains (losses) on hedging derivatives, net of taxes | 806 | (438) |
| Foreign currency translation adjustments | (91,636) | (66,831) |
| Total valuation and translation adjustments | (85,878) | (58,168) |
| Minority interests | 7,388 | 7,459 |
| Total net assets | 185,922 | 216,891 |
| Total liabilities and net assets | 1,097,071 | 1,152,227 |

## (2) Consolidated Statements of Income (cumulative)

(Millions of yen)

| | Three months ended June 30, 2009 | Three months ended June 30, 2010 |
|---|---|---|
| Net sales | 205,169 | 206,006 |
| Costs of sales | 109,369 | 109,172 |
| Gross profit | 95,800 | 96,834 |
| Selling, general and administrative expenses | 84,440 | 85,680 |
| Operating income | 11,360 | 11,154 |
| Non-operating income | | |
| Interest income | 214 | 201 |
| Dividends income | 387 | 396 |
| Others | 781 | 1,550 |
| Total non-operating income | 1,382 | 2,147 |
| Non-operating expenses | | |
| Interest expenses | 3,044 | 3,083 |
| Foreign currency exchange loss | 1,627 | 541 |
| Others | 1,086 | 648 |
| Total non-operating expenses | 5,757 | 4,272 |
| Ordinary income | 6,985 | 9,029 |
| Extraordinary income | | |
| Gain on sales of investment securities in subsidiaries and affiliates | 63 | 64 |
| Gain on sales of investment securities | 77 | 59 |
| Total extraordinary income | 140 | 123 |
| Extraordinary losses | | |
| Impairment loss on fixed assets | 54 | – |
| Loss on sales of investment securities | – | 8 |
| Loss on valuation of investment securities | 579 | 62 |
| Loss on step acquisitions | – | 310 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | – | 311 |
| Total extraordinary losses | 633 | 691 |
| Income before provision for income taxes | 6,492 | 8,461 |
| Income taxes | 4,693 | 6,717 |
| Income before minority interests | – | 1,744 |
| Minority interest in income (losses) of consolidated subsidiaries | (7) | 243 |
| Net income | 1,806 | 1,501 |

## (3) Consolidated Statements of Cash Flows

(Millions of yen)

| | Three months ended June 30, 2009 | Three months ended June 30, 2010 |
|---|---|---|
| Cash flows from operating activities | | |
| Income before provision for income taxes | 6,492 | 8,461 |
| Depreciation and amortization | 11,462 | 7,136 |
| Amortization of goodwill | 2,874 | 3,558 |
| Increase (decrease) in severance and retirement allowance | 356 | 515 |
| Interest and dividend income | (601) | (597) |
| Interest expense | 3,044 | 3,083 |
| Loss (gain) on valuation of investment securities | 579 | 62 |
| Decrease (increase) in accounts receivable | 20,274 | 22,568 |
| Decrease (increase) in inventories | 30 | (7,970) |
| Increase (decrease) in accounts payable | (7,180) | (13,122) |
| Increase (decrease) in other payable | (5,030) | 2,961 |
| Increase (decrease) in accrued expense | (6,690) | (4,378) |
| Other | 4,111 | 990 |
| Sub-total | 29,721 | 23,267 |
| Interest and dividend received | 604 | 618 |
| Interest payments | (1,846) | (1,614) |
| Income taxes paid | (5,555) | (9,637) |
| Net cash provided by operating activities | 22,924 | 12,634 |
| Cash flows from investing activities | | |
| Deposits in time deposits | (1,146) | (3,037) |
| Withdrawals from time deposits | 683 | 662 |
| Purchase of property, plant and equipment | (9,905) | (5,071) |
| Purchases of intangible fixed assets | (1,434) | (441) |
| Purchases of investment securities | (1,009) | (1,840) |
| Sales and redemption of investment securities | 373 | 662 |
| Proceeds from acquisition of new consolidated subsidiaries related to changes in scope of consolidation | – | 455 |
| Net decrease from sales of investment in subsidiaries related to changes in scope of consolidation | (16) | – |
| Net increase from sales of investment in subsidiaries related to changes in scope of consolidation | – | 201 |
| Payments for acquisition of new consolidated subsidiaries | (1,216) | (546) |
| Payments for transfer of business | (904) | – |
| Proceeds from transfer of business | – | 1,980 |
| Payments for acquisition in deposits | – | (7,370) |
| Other | (94) | (901) |
| Net cash used in investing activities | (14,668) | (15,246) |

(Millions of yen)

| | Three months ended June 30, 2009 | Three months ended June 30, 2010 |
|---|---|---|
| Cash flows from financing activities | | |
| Increase (decrease) in short-term borrowings | 4,095 | (2,437) |
| Proceeds from long-term debt | 10 | 12 |
| Repayments of long-term debt | (5,734) | (1,857) |
| Redemption of bonds | – | (20) |
| Dividends paid | – | (3,848) |
| Other | (402) | (192) |
| Net cash used in financing activities | (2,031) | (8,342) |
| Effect of exchange rate changes on cash and cash equivalents | 416 | (5,235) |
| Net increase (decrease) in cash and cash equivalents | 6,641 | (16,189) |
| Cash and cash equivalents at beginning of period | 132,720 | 203,013 |
| Net increase in cash and cash equivalents associated with newly consolidated subsidiaries | 477 | 1,047 |
| Cash and cash equivalents at end of period | 139,838 | 187,871 |

## (4) Notes on Premise of Going Concern

No items to report

## (5) Segment Information

[Segment information]

1. Overview of reportable segments

The reportable segments of the Olympus Group are components of the Company whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.
The Olympus Group has established business divisions at the Company, Olympus Medical Systems Corporation and Olympic Imaging Corporation, which were split from the Company in October 2004, and publicly listed subsidiary ITX Corporation. Each business division formulates comprehensive strategies for Japan and abroad with respect to products and services handled and deploys business activities.
Accordingly, being composed of segments, based on these business divisions, that are categorized according to product and services, the Olympus Group has the following five reportable segments: Medical Systems Business, Life Science and Industrial Systems Business, Imaging Systems Business, Information & Communication Business, and Others.

2. Information concerning net sales and income/loss by reportable segment

Three months of the fiscal year ending March 31, 2011 (from April 1, 2010 to June 30, 2010)

(Millions of yen)

| | Reportable Segment | | | | | | Adjustment (Note) | Consolidated |
|---|---|---|---|---|---|---|---|---|
| | Medical Systems | Life Science and Industrial Systems | Imaging Systems | Information & Communica-tion | Others | Total | | |
| Sales | | | | | | | | |
| Sales to outside customers | 85,961 | 22,229 | 34,545 | 51,340 | 11,931 | 206,006 | – | 206,006 |
| Internal sales or transfer among segments | 10 | 35 | 21 | – | 14 | 80 | (80) | – |
| Total | 85,971 | 22,264 | 34,566 | 51,340 | 11,945 | 206,086 | (80) | 206,006 |
| Segment profit (Operating income) | 16,887 | 794 | (912) | 1,251 | (1,059) | 16,961 | (5,807) | 11,154 |

Note: The deduction of ¥5,807 million listed as an adjustment to segment profit includes corporate expenses of ¥5,807 million not allocated to any reportable segment. These corporate expenses mostly consisted of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.

Major products and services belonging to each segment

| Segment | Major Products and Services |
|---|---|
| Medical Systems | Medical endoscopes, Surgical endoscopes, Endo-therapy devices, etc. |
| Life Science and Industrial Systems | Biological microscopes, Industrial microscopes, Industrial endoscopes, Non-destructive testing equipment, Printers, etc. |
| Imaging Systems | Digital cameras, Voice recorders |
| Information & Communication | Sales of mobile terminals including mobile handsets |
| Others | System development, Biomedical materials, etc. |

3. Information regarding impairment loss on fixed assets, goodwill and negative goodwill, etc. by reportable segment

(Significant impairment loss on fixed assets)

No items to report

(Significant changes in the amount of goodwill)

The Company acquired all shares of Spiration, Inc. in the Medical Systems segment to make it a consolidated subsidiary. The resulting increase in goodwill in the three months ended June 30, 2010 is ¥9,855 million. The allocation of acquisition costs in this accounting process remains incomplete and a provisional accounting was applied based on rational information that was obtainable at the time the consolidated financial statements for the three months ended June 30, 2010 were prepared.

(Reference information)

Three months of the fiscal year ended March 31, 2010 (from April 1, 2009 to June 30, 2009)

The following are results of the three months ended June 30, 2009 after rearranging the business segmentation of the segment information by type of business with the new segments.

(Millions of yen)

| | Reportable Segment | | | | | | Adjustment (Note) | Consolidated |
|---|---|---|---|---|---|---|---|---|
| | Medical Systems | Life Science and Industrial Systems | Imaging Systems | Information & Communication | Others | Total | | |
| Sales | | | | | | | | |
| Sales to outside customers | 78,844 | 31,806 | 41,214 | 39,220 | 14,085 | 205,169 | – | 205,169 |
| Internal sales or transfer among segments | 4 | 37 | 15 | – | 17 | 73 | (73) | – |
| Total | 78,848 | 31,843 | 41,229 | 39,220 | 14,102 | 205,242 | (73) | 205,169 |
| Segment profit (Operating income) | 15,989 | 1,595 | 368 | 1,068 | (1,443) | 17,577 | (6,217) | 11,360 |

Note: The deduction of ¥6,217 million listed as an adjustment to segment profit includes corporate expenses of ¥6,217 million not allocated to any reportable segment. These corporate expenses mostly consisted of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.

(Additional information)

Effective from the first quarter under review, the Company adopted the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008).

(6) Notes on Significant Changes in the Amount of Shareholders’ Equity

No items to report