Consolidated Financial Results for the Six Months of the Fiscal Year Ending March 31, 2012 <under Japanese GAAP>

December 14, 2011

Company Name: Olympus Corporation
Code Number: 7733
(URL: http://www.olympus.co.jp/)
Stock Exchange Listing: First Section of Tokyo Stock Exchange
Representative: Shuichi Takayama, Representative Director, President and CEO
Contact: Nobuyuki Onishi, General Manager, Accounting Department
Phone: 03-3340-2111
Scheduled date to submit the Quarterly Securities Report: December 14, 2011
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 Six Months of the Fiscal Year Ending March 31, 2012 (From April 1, 2011 to September 30, 2011)

(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	
Six months ended	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
September 30, 2011	414,518	(0.7)	17,535	(21.6)	9,476	(50.8)	(32,329)	–
September 30, 2010	417,327	(4.2)	22,380	(22.0)	19,263	4.5	3,806	(90.1)

Note: Comprehensive income: Six months ended September 30, 2011: ¥(65,153) million [–%]
Six months ended September 30, 2010: ¥(30,463) million [–%]

	Net income per share	Fully diluted net income per share
Six months ended	(¥)	(¥)
September 30, 2011	(121.12)	–
September 30, 2010	14.10	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	(¥ million)	(¥ million)	%
September 30, 2011	951,180	45,954	4.5
March 31, 2011	1,019,160	115,579	11.0

Note: Equity as of September 30, 2011: ¥42,880 million March 31, 2011: ¥112,477 million

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended March 31, 2011	–	15.00	–	15.00	30.00
Fiscal year ending March 31, 2012	–	0.00			
Fiscal year ending March 31, 2012 (Forecast)			–	–	–

Note: Revisions of the forecast most recently announced: Yes
The dividend forecast for the fiscal year ending March 31, 2012 is undecided.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2012 (From April 1, 2011 to March 31, 2012)

The forecast of consolidated financial results for the fiscal year ending March 31, 2012 is undecided and has not been presented because it is difficult to make rational computations at this time.

4. Others

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

(2) Application of special accounting for preparing quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

1) Changes in accounting policies due to revisions to accounting standards, and other regulations: No
2) Changes in accounting policies due to other reasons: No
3) Changes in accounting estimates: No
4) Restatement of prior period financial statements after error corrections: No

(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 September 30, 2011	271,283,608 shares
As of March 31, 2011	271,283,608 shares

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

As of September 30, 2011	4,372,283 shares
As of March 31, 2011	4,348,948 shares

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

Six months ended September 30, 2011	266,915,630 shares
Six months ended September 30, 2010	269,967,927 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 consolidated financial statements are in progress.

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

The forward-looking statements 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.

Attached Material

Contents

1. Qualitative Information Regarding Settlement of Accounts for the Six Months

(1) Qualitative Information Regarding Consolidated Results of Operations

The Company has amended past financial statements in relation to its past postponing of the recognition of losses, which it announced in a press release published on November 8, 2011. Regarding Annual Securities Reports and the like, the Company filed amendment reports on December 14, 2011, and it will make an announcement once its amendments to past financial results reports have also been prepared. All year-on-year comparisons in the following description are based on amended quarterly consolidated financial statements, etc.

In the global economy during the six months ended September 30, 2011, the pace of growth mildly slowed, although the Asia region, particularly China, remained strong as a result of an expansion in internal demand. Future prospects of the economy became more unclear due to continued high unemployment rates in the U.S. and the escalation of fiscal problems in some parts of Europe. Although restoration efforts are progressing in the aftermath of the Great East Japan Earthquake, the Japanese economy continued to be in a difficult situation owing partly to the effects of low consumer spending and rapid appreciation of the yen.

Amid this business environment, overall consolidated net sales for the Olympus Group over the six months of the fiscal year under review remained nearly at the same level, decreasing 0.7% year on year to ¥414,518 million. This was a result of the impact of the strong yen and the transfer of the inkjet printer business, as well as a decline in revenue in the Medical Systems Business caused by the impact of the earthquake, despite an increase in revenue in the Information & Communication Business. Although the operating loss in the Imaging Systems Business was reduced, operating income decreased 21.6% year on year to ¥17,535 million as a result of a decrease in income in the Medical Systems Business. Ordinary income decreased 50.8% year on year to ¥9,476 million, mainly because of the decline in operating income. Net loss was posted at ¥32,329 million (compared with a net income of ¥3,806 million in the same period of the previous fiscal year), as a result of the recording of ¥16,183 million in extraordinary losses due to factors such as the posting of impairment loss on business assets in the Imaging Systems Business, and the recording of ¥25,600 million in income taxes including reversal of deferred tax assets due to a review of future taxable income.

During the six months, the Olympus Group invested ¥29,834 million on research and development, and spent ¥16,470 million on capital investments.

Medical Systems Business

Consolidated net sales in the Medical Systems Business during the six months amounted to ¥163,766 million (down 6.6% year on year), while operating income amounted to ¥28,368 million (down 21.5% year on year).

Sales of disposable guide wires used for endoscope treatment such as for pancreatic ducts and products used for laparo-endoscopic single-site surgery such as disposable multi-instrument access ports were favorable in the surgical and therapeutic devices field. However, there was an overall decline in revenue in the Medical Systems Business as a result of temporary difficulties in the procurement of parts in our flagship gastrointestinal endoscope field due to the impact of the Great East Japan Earthquake and the resulting adjustments we made to the production of some products.

Operating income in the Medical Systems Business decreased due to a decline in gross profit resulting from a decrease in revenue.

Life Science and Industrial Systems Business

Consolidated net sales in the Life Science and Industrial Systems Business during the six months amounted to ¥44,855 million (down 5.4% year on year), while operating income amounted to ¥3,515 million (up 22.1% year on year).

In the life science field, although sales of products for research such as the “BX3” series of system biological microscopes grew mainly in Japan, revenue declined due to foreign exchange effects.

In the industrial field, revenue increased as a result of strong growth in sales of non-destructive testing equipment in industries such as social infrastructure, as well as a favorable performance in sales of products such as industrial microscopes and optical metrology devices thanks to brisk conditions in markets related to electrical components and semiconductors owing to the rapid penetration of smartphones.

However, there was a decrease in revenue in the Life Science and Industrial Systems Business overall, partly due to the impact of a decrease in revenue resulting from the transfer of the inkjet printer business in March 2011.

The favorable business performance of the industrial field absorbed both the effects of the transfer of the inkjet printer business and the impact of foreign exchange fluctuations, and as a result, operating income in the Life Science and Industrial Systems Business increased.

Imaging Systems Business

Consolidated net sales in the Imaging Systems Business during the six months amounted to ¥71,099 million (up 4.3% year on year), while operating loss amounted to ¥245 million (compared with an operating loss of ¥3,384 million in the same period of the previous fiscal year).

In the Imaging Systems Business, revenue increased as a result of favorable sales of a new product in the “OLYMPUS PEN” series of interchangeable lens system digital cameras compliant with the “Micro Four Thirds System” standard, the “E-P3,” which achieved the fastest autofocusing (AF), coupled with growth in sales of high-value added models of compact cameras in Europe and Asia, such as the “XZ-1,” which is of the highest standard of picture quality for compact cameras.

Regarding the bottom line, operating loss in the Imaging Systems Business was reduced thanks to a decrease in selling, general and administrative expenses.

Information & Communication Business

Consolidated net sales for the Information & Communication Business during the six months amounted to ¥109,203 million (up 6.7% year on year), while operating income amounted to ¥2,753 million (down 2.9% year on year).

Net sales in the Information & Communication Business increased thanks not only to expanded sales channels for mobile phones, but also to favorable sales of smartphones.

Operating income in the Information & Communication Business decreased because of the impact of the amortization of goodwill from our making ITX Corporation into a wholly owned subsidiary by means of a share exchange in March 2011.

Others

Consolidated net sales for other businesses during the six months amounted to ¥25,595 million (up 6.9% year on year) and operating loss was ¥3,401 million (compared with an operating loss of ¥1,785 million in the same period of the previous fiscal year).

Net sales for other businesses were higher overall owing to an expansion in sales resulting from the acquisition of a regenerative medicine-related business. However, operating loss for other businesses expanded because the acquired business is still at the research and development phase.

(2) Qualitative Information Regarding Consolidated Financial Position

As of the end of the second quarter, total assets decreased ¥67,980 million compared to the end of the previous fiscal year to ¥951,180 million.

This was primarily as a result of an increase in cash and time deposits of ¥19,583 million, and decreases in notes and accounts receivable of ¥15,791 million and goodwill of ¥11,325 million.

Total liabilities increased ¥1,645 million compared to the end of the previous fiscal year to ¥905,226 million due mainly to decreases in notes and accounts payable of ¥5,759 million, short-term borrowings of ¥24,329 million and income taxes payable of ¥2,995 million, and an increase in long-term borrowings, less current maturities of ¥40,849 million.

Net assets decreased ¥69,625 million compared to the end of the previous fiscal year to ¥45,954 million, primarily due to a decrease in accumulated other comprehensive income of ¥32,854 million arising from fluctuations in foreign exchange and stock prices, etc.

As a result of the foregoing, equity ratio decreased from 11.0% as of the end of the previous fiscal year to 4.5%.

<u>Cash flow position</u>

The following are the cash flows for the six months of the fiscal year ending March 31, 2012 and their causes.

“Cash flows from operating activities” increased by ¥23,075 million mainly due to ¥16,574 million in depreciation and amortization, ¥13,950 million in impairment loss on fixed assets, and a decrease of ¥8,327 million in accounts receivable. Contrastingly, decreasing factors mainly included an increase of ¥14,027 million in inventories.

“Cash flows from investing activities” decreased by ¥18,482 million mainly due to a purchase of property, plant and equipment totaling ¥10,948 million, purchases of intangible assets of ¥5,705 million, and payments for acquisition of new consolidated subsidiaries related to changes in scope of consolidation of ¥4,073 million.

“Cash flows from financing activities” increased by ¥23,102 million mainly due to proceeds from long-term debt of ¥60,133 million. Contrastingly, decreasing factors mainly included ¥35,318 million in repayments of long-term debt.

As a result, cash and cash equivalents at the end of the six months was ¥231,665 million, an increase of ¥21,280 million compared to the end of the previous fiscal year.

(3) Qualitative Information Regarding Forecast of Consolidated Financial Results

We plan to disclose the forecast of consolidated financial results for the fiscal year ending March 31, 2012 as soon as it is possible to make such forecast. It is difficult to make rational computations at this time due to the impact of the Company’s past postponing of recognition of losses.

2. Matters Regarding Summary Information (Others)

(1) Changes in Significant Subsidiaries during the Six Months under Review

No items to report

(2) Application of Special Accounting for Preparing Quarterly Consolidated Financial Statements

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 second quarter under review, and next by multiplying the quarterly income before provision for income taxes by such estimated effective tax rates.

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements after Error Corrections

No items to report

(Additional Information)

The Company applied the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) to accounting changes and corrections of prior period errors that were made on or after April 1, 2011.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of September 30, 2011
ASSETS		
Current assets		
Cash and time deposits	213,561	233,144
Notes and accounts receivable	141,176	125,385
Merchandise and finished goods	55,247	60,490
Work in process	19,959	21,339
Raw materials and supplies	17,723	21,110
Other current assets	88,516	65,279
Allowance for doubtful accounts	(2,648)	(2,471)
Total current assets	533,534	524,276
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	64,077	55,000
Machinery and equipment, net	12,741	10,005
Tools, furniture and fixtures, net	37,739	34,687
Land	19,430	15,996
Lease assets, net	5,000	4,876
Construction in progress	2,354	1,840
Net property, plant and equipment	141,341	122,404
Intangible assets		
Goodwill	133,050	121,725
Others	72,929	67,116
Total intangible assets	205,979	188,841
Investments and other assets		
Investment securities	59,342	51,635
Other assets	87,113	71,836
Allowance for doubtful accounts	(8,149)	(7,812)
Total investments and other assets	138,306	115,659
Total fixed assets	485,626	426,904
Total assets	1,019,160	951,180

(Millions of yen)

	As of March 31, 2011	As of September 30, 2011
LIABILITIES		
Current liabilities		
Notes and accounts payable	68,715	62,956
Short-term borrowings	127,295	102,966
Current maturities of bonds	240	20,240
Income taxes payable	16,274	13,279
Provision for product warranties	8,360	7,136
Other reserves	812	812
Other current liabilities	111,076	104,895
Total current liabilities	332,772	312,284
Non-current liabilities		
Long-term bonds, less current maturities	110,120	90,100
Long-term borrowings, less current maturities	411,132	451,981
Severance and retirement allowance	18,798	18,786
Other reserves	156	148
Other non-current liabilities	30,603	31,927
Total non-current liabilities	570,809	592,942
Total liabilities	903,581	905,226
NET ASSETS		
Shareholders’ equity		
Common stock	48,332	48,332
Capital surplus	54,788	54,788
Retained earnings	113,532	76,843
Treasury stock, at cost	(11,097)	(11,151)
Total shareholders’ equity	205,555	168,812
Accumulated other comprehensive income		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	6,524	1,531
Net unrealized gains (losses) on hedging derivatives, net of taxes	(758)	178
Foreign currency translation adjustments	(95,201)	(124,372)
Pension liability adjustment of foreign subsidiaries	(3,643)	(3,269)
Total accumulated other comprehensive income	(93,078)	(125,932)
Minority interests	3,102	3,074
Total net assets	115,579	45,954
Total liabilities and net assets	1,019,160	951,180

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income (cumulative)

(Millions of yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Net sales	417,327	414,518
Costs of sales	222,024	224,996
Gross profit	195,303	189,522
Selling, general and administrative expenses	172,923	171,987
Operating income	22,380	17,535
Non-operating income		
Interest income	484	459
Dividends income	463	473
Foreign currency exchange gain	2,371	220
Others	2,129	1,508
Total non-operating income	5,447	2,660
Non-operating expenses		
Interest expenses	6,183	7,004
Others	2,381	3,715
Total non-operating expenses	8,564	10,719
Ordinary income	19,263	9,476
Extraordinary income		
Gain on sales of investment securities	277	64
Gain on sales of investments in subsidiaries and affiliates	64	–
Total extraordinary income	341	64
Extraordinary losses		
Impairment loss on fixed assets	–	13,950
Amortization of goodwill	–	1,158
Loss on sales of investment securities	10	13
Loss on valuation of investment securities	2,937	1,062
Loss on step acquisitions	310	–
Loss on funds invested	163	–
Provision of allowance for doubtful accounts	2,448	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	311	–
Total extraordinary losses	6,179	16,183
Income before provision for income taxes	13,425	(6,643)
Income taxes	9,403	25,600
Income (loss) before minority interests	4,022	(32,243)
Minority interest in income of consolidated subsidiaries	216	86
Net income (loss)	3,806	(32,329)

Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Income (loss) before minority interests	4,022	(32,243)
Other comprehensive income		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	(3,994)	(4,992)
Net unrealized gains (losses) on hedging derivatives, net of taxes	(39)	936
Foreign currency translation adjustments	(30,240)	(29,224)
Pension liability adjustment of foreign subsidiaries	–	374
Change in share of other comprehensive income of associates	(206)	–
Share of other comprehensive income of associates accounted for using equity method	(6)	(4)
Total other comprehensive income	(34,485)	(32,910)
Comprehensive income	(30,463)	(65,153)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(30,821)	(65,182)
Comprehensive income attributable to minority interests	358	29

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Cash flows from operating activities		
Income before provision for income taxes	13,425	(6,643)
Depreciation and amortization	15,777	16,574
Impairment loss on fixed assets	–	13,950
Amortization of goodwill	5,906	6,805
Increase (decrease) in severance and retirement allowance	860	711
Decrease (increase) in prepaid pension cost	3	1,032
Interest and dividend income	(947)	(932)
Interest expense	6,183	7,004
Loss (gain) on sales of investment securities	(141)	(39)
Loss (gain) valuation of investment securities	2,937	1,062
Decrease (increase) in accounts receivable	18,988	8,327
Decrease (increase) in inventories	(9,257)	(14,027)
Increase (decrease) in accounts payable	(16,545)	(4,415)
Increase (decrease) in other payable	(3,786)	2,745
Increase (decrease) in accrued expense	(5,883)	(3,973)
Increase (decrease) in allowance for doubtful accounts	2,448	–
Loss on funds invested	163	–
Other	333	2,608
Sub-total	30,464	30,789
Interest and dividend received	986	950
Interest payments	(6,201)	(6,738)
Outflow of money from funds	(2,448)	–
Income taxes paid	(16,100)	(1,926)
Net cash provided by operating activities	6,701	23,075
Cash flows from investing activities		
Deposits in time deposits	(4,005)	(493)
Withdrawals from time deposits	2,984	1,974
Purchase of property, plant and equipment	(9,985)	(10,948)
Purchases of intangible assets	(2,892)	(5,705)
Purchases of investment securities	(2,211)	(666)
Sales and redemption of investment securities	1,193	361
Payments for acquisition of new consolidated subsidiaries related to changes in scope of consolidation	(12,696)	(4,073)
Net increase from sales of investment in subsidiaries related to changes in scope of consolidation	201	27
Payments for acquisition of new consolidated subsidiaries	(541)	(624)
Proceeds from transfer of business	1,980	–
Collection of fund assets invested	34,016	–
Other	(300)	1,665
Net cash provided by (used in) investing activities	7,745	(18,482)

(Millions of yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(8,688)	2,890
Proceeds from long-term debt	25,011	60,133
Repayments of long-term debt	(4,333)	(35,318)
Redemption of bonds	(20,020)	(20)
Dividends paid	(4,050)	(4,004)
Other	(396)	(579)
Net cash provided by (used in) financing activities	(12,476)	23,102
Effect of exchange rate changes on cash and cash equivalents	(5,767)	(6,524)
Net increase (decrease) in cash and cash equivalents	(3,797)	21,171
Cash and cash equivalents at beginning of period	203,013	210,385
Net increase in cash and cash equivalents associated with newly consolidated subsidiaries	1,047	109
Cash and cash equivalents at end of period	200,263	231,665

(4) Notes on Premise of Going Concern

No items to report

(5) Segment Information

I. Six months of the fiscal year ended March 31, 2011 (from April 1, 2010 to September 30, 2010)

1. Information regarding net sales and income/loss by reportable segment

(Millions of yen)

	Reportable Segment						Adjustment (Note 1)	Amount on quarterly consolidated financial statements (Note 2)
	Medical Systems	Life Science and Industrial Systems	Imaging Systems	Information & Communica-tion	Others	Total		
Sales								
Sales to outside customers	175,423	47,413	68,170	102,389	23,932	417,327	–	417,327
Internal sales or transfer among segments	49	78	50	–	27	204	(204)	–
Total	175,472	47,491	68,220	102,389	23,959	417,531	(204)	417,327
Segment profit (loss)	36,142	2,878	(3,384)	2,836	(1,785)	36,687	(14,307)	22,380

Notes:

1. The deduction of ¥14,307 million listed as an adjustment to segment profit includes corporate expenses of ¥14,307 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.
2. Segment profits are adjusted to agree with operating income on quarterly consolidated financial statements.

2. 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)

No items to report

(Significant gain on negative goodwill)

No items to report

II. Six months of the fiscal year ending March 31, 2012 (from April 1, 2011 to September 30, 2011)

1. Information regarding net sales and income/loss by reportable segment

(Millions of yen)

	Reportable Segment						Adjustment (Note 1)	Amount on quarterly consolidated financial statements (Note 2)
	Medical Systems	Life Science and Industrial Systems	Imaging Systems	Information & Communication	Others	Total		
Sales								
Sales to outside customers	163,766	44,855	71,099	109,203	25,595	414,518	–	414,518
Internal sales or transfer among segments	46	102	38	–	54	240	(240)	–
Total	163,812	44,957	71,137	109,203	25,649	414,758	(240)	414,518
Segment profit (loss)	28,368	3,515	(245)	2,753	(3,401)	30,990	(13,455)	17,535

Notes:

1. The deduction of ¥13,455 million listed as an adjustment to segment profit includes corporate expenses of ¥13,455 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.
2. Segment profits are adjusted to agree with operating income on quarterly consolidated financial statements.

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

(Significant impairment loss on fixed assets)

For some business assets, etc. in the Imaging Systems segment and the Others segment, impairment losses of ¥11,593 million and ¥2,204 million, respectively, were recognized because the recoverable amounts were lower than the book values. In addition, in company-wide assets not allocated to any reportable segment, impairment loss of ¥153 million was recognized because the book value of idle assets was reduced to the recoverable amount.

(Significant changes in the amount of goodwill)

In the Others segment, amortization of goodwill of ¥1,158 million was recorded under extraordinary losses. This decrease in the amount of goodwill was a lump-sum amortization following impairment of stocks of consolidated subsidiaries in accordance with the provisions of Section 32 of the “Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements” (JICPA Accounting Practice Committee Statement No. 7, January 12, 2011).

(Significant gain on negative goodwill)

No items to report

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

No items to report

(7) Important Subsequent Event

(Change in effective statutory tax rates)

Following the promulgation on December 2, 2011 of the “Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (Act No. 114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No. 117 of 2011), corporation tax rates will be changed for the fiscal years beginning on or after April 1, 2012. In addition, Special Reconstruction Corporation Tax, a surtax for reconstruction funding after the Great East Japan Earthquake, will be imposed for the fiscal years beginning in the period from April 1, 2012 to March 31, 2015. In line with these changes, the effective statutory tax rate used to measure deferred tax assets and liabilities will be changed from 40.69% to 38.01% for temporary differences expected to be eliminated in the fiscal years beginning on or after April 1, 2012. The rate will be changed to 35.64% for temporary differences expected to be eliminated in the fiscal years beginning on or after April 1, 2015. As a result of this change, if remeasured based on the temporary differences as of September 30, 2011, deferred tax assets in current assets and fixed assets will decrease by ¥1,266 million and ¥687 million, respectively, and deferred income taxes will increase by ¥1,953 million.