



# Olympus Corporation and Consolidated Subsidiaries

## FINANCIAL RESULTS For the Second Quarter ended September 30, 2011

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#### **Cautionary Statements with respect to Forward-Looking Statements**

This report contains forward-looking statements that reflect management's current views, plans and expectations. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause Olympus's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

## Consolidated Statements of Income

(Millions of Yen)

	For the half year ended Sep. 30 2010(Results)	Proportion (%)	For the half year ended Sep. 30 2011(Results)	Proportion (%)	Growth (%)
Net Sales	417,327		414,518		-0.7%
<u>Cost of Sales</u>	<u>222,024</u>	53.2%	<u>224,996</u>	54.3%	
Gross Profit	195,303	46.8%	189,522	45.7%	-3.0%
<u>S.G.A. Expenses</u>	<u>172,923</u>	41.4%	<u>171,987</u>	41.5%	
Operating Income	22,380	5.4%	17,535	4.2%	-21.6%
Other Income/Expenses	-3,117		-8,059		
<u>Extraordinary Item</u>	<u>-5,838</u>		<u>-16,119</u>		
Income Before Provision for Income Taxes	13,425	3.2%	-6,643	—	-149.5%
<u>Provision for Income Taxes</u>	<u>9,403</u>		<u>25,600</u>		
<u>Minority Interests</u>	<u>216</u>		<u>86</u>		
Net Income	3,806	0.9%	-32,329	—	-949.4%

### Average Exchange Rate for Net Sales

Yen / U.S.Dollar	88.95	79.82
Yen / Euro	113.85	113.79

R & D Expenditures	31,763	7.6%	29,834	7.2%	-6.1%
Capital Investments	14,122		16,470		16.6%
Depreciation	15,777		16,574		5.1%

(Note)

Above consolidated statements of income are based on Japanese GAAP. Therefore, this information has some difference to description from financial statements in annual report based on U.S. GAAP.

## Sales and Operating Income by Business Segment

(Millions of Yen)

		<b>The first half year</b>		
		From Apr. 1, 2010	From Apr. 1, 2011	Growth
		to Sep. 30, 2010	to Sep. 30, 2011	
Medical	Net Sales	<b>175,423</b>	<b>163,766</b>	-11,657
	Operating Income	<b>36,142</b>	<b>28,368</b>	-7,774
	(%)	20.6%	17.3%	-21.5%
Life Science and Industrial	Net Sales	<b>47,413</b>	<b>44,855</b>	-2,558
	Operating Income	<b>2,878</b>	<b>3,515</b>	637
	(%)	6.1%	7.8%	22.1%
Imaging	Net Sales	<b>68,170</b>	<b>71,099</b>	2,929
	Operating Income	<b>-3,384</b>	<b>-245</b>	3,139
	(%)	—	—	—
Information and Communication	Net Sales	<b>102,389</b>	<b>109,203</b>	6,814
	Operating Income	<b>2,836</b>	<b>2,753</b>	-83
	(%)	2.8%	2.5%	-2.9%
Others	Net Sales	<b>23,932</b>	<b>25,595</b>	1,663
	Operating Income	<b>-1,785</b>	<b>-3,401</b>	-1,616
	(%)	—	—	—
Elimination or Corporate	Operating Income	<b>-14,307</b>	<b>-13,455</b>	852
<b>Total</b>	Net Sales	<b>417,327</b>	<b>414,518</b>	-2,809
	Operating Income	<b>22,380</b>	<b>17,535</b>	-4,845
	(%)	5.4%	4.2%	-21.6%

## Sales by Product

(Millions of Yen)

		Sep. 30	Composition	Sep. 30	Composition	Growth
		2010(Results)	Ratio (%)	2011(Results)	Ratio (%)	(%)
Endoscope	Domestic	22,517		19,546		-13.2%
	Overseas	<u>75,200</u>		<u>69,517</u>		-7.6%
	Total	97,717	23.4%	89,063	21.5%	-8.9%
Surgical & Endo-Therapy	Domestic	17,292		16,551		-4.3%
	Overseas	<u>60,414</u>		<u>58,152</u>		-3.7%
	Total	77,706	18.6%	74,703	18.0%	-3.9%
<b>Medical / Total</b>	Domestic	39,809		36,097		-9.3%
	Overseas	<u>135,614</u>		<u>127,669</u>		-5.9%
	Total	175,423	42.0%	163,766	39.5%	-6.6%
Life Science	Domestic	4,153		4,362		5.0%
	Overseas	<u>15,724</u>		<u>15,133</u>		-3.8%
	Total	19,877	4.8%	19,495	4.7%	-1.9%
Industrial	Domestic	11,082		4,179		-62.3%
	Overseas	<u>16,454</u>		<u>21,181</u>		28.7%
	Total	27,536	6.6%	25,360	6.1%	-7.9%
<b>Life Science &amp; Industrial / Total</b>	Domestic	15,235		8,541		-43.9%
	Overseas	<u>32,178</u>		<u>36,314</u>		12.9%
	Total	47,413	11.4%	44,855	10.8%	-5.4%
Digital Camera	Domestic	11,532		13,685		18.7%
	Overseas	<u>49,353</u>		<u>50,764</u>		2.9%
	Total	60,885	14.6%	64,449	15.6%	5.9%
Others	Domestic	1,882		1,896		0.7%
	Overseas	<u>5,403</u>		<u>4,754</u>		-12.0%
	Total	7,285	1.7%	6,650	1.6%	-8.7%
<b>Imaging / Total</b>	Domestic	13,414		15,581		16.2%
	Overseas	<u>54,756</u>		<u>55,518</u>		1.4%
	Total	68,170	16.3%	71,099	17.2%	4.3%
<b>Information &amp; Communication</b>	Domestic	102,389		109,203		6.7%
	Overseas	—		—		—
	Total	102,389	24.5%	109,203	26.3%	6.7%
<b>Others</b>	Domestic	18,752		19,656		4.8%
	Overseas	<u>5,180</u>		<u>5,939</u>		14.7%
	Total	23,932	5.8%	25,595	6.2%	6.9%
<b>Total</b>	Domestic	189,599		189,078		-0.3%
	Overseas	<u>227,728</u>		<u>225,440</u>		-1.0%
	Total	417,327	100.0%	414,518	100.0%	-0.7%

## Sales by Region (Destination)

(Millions of Yen)

		Sep. 30	Composition	Sep. 30	Composition	Growth
		2010(Results)	Ratio (%)	2011(Results)	Ratio (%)	(%)
<b>Medical</b>	Japan	39,809	22.7%	36,097	22.0%	-9.3%
	N. America	64,708	36.9%	59,482	36.3%	-8.1%
	Europe	44,349	25.3%	44,422	27.2%	0.2%
	Asia/Oceania	21,065	12.0%	18,548	11.3%	-11.9%
	Others	5,492	3.1%	5,217	3.2%	-5.0%
	<b>Total</b>	<b>175,423</b>		<b>163,766</b>		-6.6%
<b>Life Science &amp; Industrial</b>	Japan	15,235	32.1%	8,541	19.0%	-43.9%
	N. America	10,739	22.7%	10,772	24.0%	0.3%
	Europe	8,398	17.7%	9,662	21.6%	15.1%
	Asia/Oceania	10,971	23.1%	12,847	28.6%	17.1%
	Others	2,070	4.4%	3,033	6.8%	46.5%
	<b>Total</b>	<b>47,413</b>		<b>44,855</b>		-5.4%
<b>Imaging</b>	Japan	13,414	19.7%	15,581	21.9%	16.2%
	N. America	14,843	21.8%	10,226	14.4%	-31.1%
	Europe	19,507	28.6%	22,511	31.7%	15.4%
	Asia/Oceania	17,487	25.7%	20,143	28.3%	15.2%
	Others	2,919	4.2%	2,638	3.7%	-9.6%
	<b>Total</b>	<b>68,170</b>		<b>71,099</b>		4.3%
<b>Information &amp; Communication</b>	Japan	102,389	100.0%	109,203	100.0%	6.7%
	N. America	—	—	—	—	—
	Europe	—	—	—	—	—
	Asia/Oceania	—	—	—	—	—
	Others	—	—	—	—	—
	<b>Total</b>	<b>102,389</b>		<b>109,203</b>		6.7%
<b>Others</b>	Japan	18,752	78.4%	19,656	76.8%	4.8%
	N. America	785	3.3%	1,037	4.1%	32.1%
	Europe	1,351	5.6%	1,341	5.2%	-0.7%
	Asia/Oceania	2,695	11.3%	3,424	13.4%	27.1%
	Others	349	1.4%	137	0.5%	-60.7%
	<b>Total</b>	<b>23,932</b>		<b>25,595</b>		6.9%
<b>Total</b>	Japan	189,599	45.4%	189,078	45.6%	-0.3%
	N. America	91,075	21.8%	81,517	19.7%	-10.5%
	Europe	73,605	17.7%	77,936	18.8%	5.9%
	Asia/Oceania	52,218	12.5%	54,962	13.2%	5.3%
	Others	10,830	2.6%	11,025	2.7%	1.8%
	<b>Total</b>	<b>417,327</b>		<b>414,518</b>		-0.7%

## Consolidated Statements of Income (Quarterly)

(Millions of Yen)

	For the fiscal year ending Mar. 31, 2012		Growth (%)	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
Net Sales	198,572	215,946	-3.6%	2.2%
<u>Cost of Sales</u>	<u>108,738</u>	<u>116,258</u>	-0.4%	3.0%
Gross Profit	89,834	99,688	-7.3%	1.3%
<u>S.G.A. Expenses</u>	<u>84,591</u>	<u>87,396</u>	-0.4%	-0.7%
Operating Income	5,243	12,292	-56.1%	17.8%
Other Income/Expenses	-4,392	-3,667	—	—
<u>Extraordinary Item</u>	<u>-268</u>	<u>-15,851</u>	—	—
Income Before Provision for Income Taxes	583	-7,226	-91.6%	—
<u>Provision for Income Taxes</u>	<u>1,955</u>	<u>23,645</u>	-70.9%	780.0%
<u>Minority Interests</u>	<u>51</u>	<u>35</u>	-79.1%	—
Net Income	-1,423	-30,906	—	—
Capital Investments	7,977	8,493	65.5%	-8.7%
Depreciation	8,294	8,280	17.1%	-4.8%

(Note)

Above consolidated statements of income are based on Japanese GAAP. Therefore, this information has some differences as to description from financial statements in annual report based on U.S. GAAP.

## Sales and Operating Income by Business Segment (Quarterly)

(Millions of Yen)

		For the fiscal year ending Mar. 31, 2012		Growth (%)	
		1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
Medical	Net Sales	77,643	86,123	-9.7%	-3.7%
	Operating Income	10,918	17,450	-37.7%	-6.3%
Life Science & Industrial	Net Sales	20,567	24,288	-7.5%	-3.6%
	Operating Income	517	2,998	-34.9%	43.9%
Imaging	Net Sales	34,259	36,840	-0.8%	9.6%
	Operating Income	370	-615	—	—
Information & Communication	Net Sales	52,618	56,585	2.5%	10.8%
	Operating Income	1,013	1,740	-19.0%	9.8%
Others	Net Sales	13,485	12,110	13.0%	0.9%
	Operating Income	-1,140	-2,261	—	—
Elimination or Corporate	Operating Income	-6,435	-7,020	—	—
<b>Total</b>	Net Sales	198,572	215,946	-3.6%	2.2%
	Operating Income	5,243	12,292	-56.1%	17.8%

# Consolidated Balance Sheets

(Millions of Yen)

	Sep. 30 2010	Sep. 30 2011	Mar. 31 2011	Variance
<b>Current Assets</b>	508,713	524,276	533,534	-9,258
Cash and time deposits	204,816	233,144	213,561	19,583
Notes and accounts receivable	131,315	125,385	141,176	-15,791
Merchandise and finished goods	59,885	60,490	55,247	5,243
Work in process	18,737	21,339	19,959	1,380
Raw materials and supplies	16,694	21,110	17,723	3,387
Other current assets	79,693	65,279	88,516	-23,237
Allowance for doubtful accounts	-2,427	-2,471	-2,648	177
<b>Fixed Assets</b>	508,473	426,904	485,626	-58,722
<b>Property, Plant and Equipment</b>	137,242	122,404	141,341	-18,937
Buildings and structures	64,769	55,000	64,077	-9,077
Machinery and equipment	11,933	10,005	12,741	-2,736
Tools, furniture and fixtures	35,455	34,687	37,739	-3,052
Land	19,225	15,996	19,430	-3,434
Lease assets	4,506	4,876	5,000	-124
Construction in progress	1,354	1,840	2,354	-514
<b>Intangible Assets</b>	208,479	188,841	205,979	-17,138
Goodwill	145,462	121,725	133,050	-11,325
Others	63,017	67,116	72,929	-5,813
<b>Investments and Other Assets</b>	162,752	115,659	138,306	-22,647
Investment securities	63,648	51,635	59,342	-7,707
Fund operating assets	31,699	—	—	—
Other assets	76,142	71,836	87,113	-15,277
Allowance for doubtful accounts	-8,737	-7,812	-8,149	337
<b>Total Assets</b>	1,017,186	951,180	1,019,160	-67,980

(Millions of Yen)

	Sep. 30 2010	Sep. 30 2011	Mar. 31 2011	Variance
<b>Current Liabilities</b>	302,071	312,284	332,772	-20,488
Notes and accounts payable	57,882	62,956	68,715	-5,759
Short-term borrowings	112,235	102,966	127,295	-24,329
Current maturities of bonds	40	20,240	240	20,000
Income taxes payable	16,531	13,279	16,274	-2,995
Provision for product warranties	8,671	7,136	8,360	-1,224
Other reserves	—	812	812	—
Other current liabilities	106,712	104,895	111,076	-6,181
<b>Non-current Liabilities</b>	586,871	592,942	570,809	22,133
Long-term bonds, less current maturities	110,340	90,100	110,120	-20,020
Long-term borrowings, less current maturities	425,330	451,981	411,132	40,849
Severance and retirement allowance	19,785	18,786	18,798	-12
Other reserves	148	148	156	-8
Other non-current liabilities	31,268	31,927	30,603	1,324
<b>Net Assets</b>	128,244	45,954	115,579	-69,625
<b>Shareholders' Equity</b>	213,323	168,812	205,555	-36,743
Common stock	48,332	48,332	48,332	—
Capital surplus	55,166	54,788	54,788	—
Retained earnings	113,964	76,843	113,532	-36,689
Treasury stock, at cost	-4,139	-11,151	-11,097	-54
<b>Valuation and Translation Adjustments</b>	-92,830	-125,932	-93,078	-32,854
Net unrealized holding gains(losses) on available-for-sale securities, net of taxes	3,997	1,531	6,524	-4,993
Net unrealized gains(losses) on hedging derivatives, net of taxes	-458	178	-758	936
Foreign currency translation adjustments	-96,369	-124,372	-95,201	-29,171
Pension liabilities adjustment of foreign subsidiaries	—	-3,269	-3,643	374
<b>Minority Interests</b>	7,751	3,074	3,102	-28
<b>Liabilities and Net Assets</b>	1,017,186	951,180	1,019,160	-67,980

(Note)

Above consolidated balance sheets are based on Japanese GAAP. Therefore, this information has some differences as to description from financial statements in annual report based on U.S. GAAP.

## Consolidated statement of cash flows

(Millions of yen)

	For the half year ended Sep. 30 2010(Results)	For the half year ended Sep. 30 2011(Results)	Variance
<b>Cash flows from operating activities</b>			
Income before provision for income taxes	13,425	-6,643	-20,068
Depreciation and amortization	15,777	16,574	797
Impairment loss on fixed assets	—	13,950	13,950
Amortization of goodwill	5,906	6,805	899
Increase (decrease) of severance and retirement allowance	860	711	-149
Decrease (increase) in prepaid pension cost	3	1,032	1,029
Interest and dividend income	-947	-932	15
Interest expenses	6,183	7,004	821
Loss (gain) on sales of investment securities	-141	-39	102
Loss (gain) on valuation of investment securities	2,937	1,062	-1,875
Decrease (increase) in accounts receivable	18,988	8,327	-10,661
Decrease (increase) in inventories	-9,257	-14,027	-4,770
Increase (decrease) in accounts payable	-16,545	-4,415	12,130
Increase (decrease) in other payable	-3,786	2,745	6,531
Increase (decrease) in accrued expenses	-5,883	-3,973	1,910
Increase (decrease) in allowance for doubtful accounts	2,448	—	-2,448
Loss on funds invested	163	—	-163
Other	333	2,608	2,275
<b>Subtotal</b>	<b>30,464</b>	<b>30,789</b>	<b>325</b>
Interest and dividend received	986	950	-36
Interest payments	-6,201	-6,738	-537
Outflow of money from funds	-2,448	—	2,448
Income taxes paid	-16,100	-1,926	14,174
<b>Net cash provided by operating activities</b>	<b>6,701</b>	<b>23,075</b>	<b>16,374</b>
<b>Cash flows from investing activities</b>			
Deposits in time deposits	-4,005	-493	3,512
Withdrawals from time deposits	2,984	1,974	-1,010
Purchase of property, plant and equipment	-9,985	-10,948	-963
Purchase of intangible assets	-2,892	-5,705	-2,813
Purchases of investment securities	-2,211	-666	1,545
Sales and redemption of investment securities	1,193	361	-832
Payments for acquisition of new consolidated subsidiaries related to changes in scope of consolidation	-12,696	-4,073	8,623
Net increase from sales of investment in subsidiaries related to changes in scope of consolidation	201	27	-174
Payments for acquisition of new consolidated subsidiaries	-541	-624	-83
Proceeds from transfer of business	1,980	—	-1,980
Collection of fund assets invested	34,017	—	-34,017
Other	-300	1,665	1,965
<b>Net cash used in investing activities</b>	<b>7,745</b>	<b>-18,482</b>	<b>-26,227</b>
<b>Cash flows from financing activities</b>			
Increase (decrease) in short-term borrowings	-8,688	2,890	11,578
Proceeds from long-term debt	25,011	60,133	35,122
Repayments of long-term debt	-4,333	-35,318	-30,985
Redemption of bonds	-20,020	-20	20,000
Dividends paid	-4,050	-4,004	46
Other	-396	-579	-183
<b>Net cash provided by financing activities</b>	<b>-12,476</b>	<b>23,102</b>	<b>35,578</b>
Effect of exchange rate changes on cash and cash equivalents	-5,767	-6,524	-757
Net increase (decrease) in cash and cash equivalents	-3,797	21,171	24,968
Cash and cash equivalents at beginning of period	203,013	210,385	7,372
Net increase in cash and cash equivalents associated with newly consolidated subsidiaries	1,047	109	-938
Cash and cash equivalents at end of period	—	—	0
<b>Cash and cash equivalents at end of year</b>	<b>200,263</b>	<b>231,665</b>	<b>31,402</b>