

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



February 13, 2012

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: February 14, 2012
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 Nine Months of the Fiscal Year Ending March 31, 2012 (From April 1, 2011 to December 31, 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	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Nine months ended December 31, 2011	624,652	0.1	25,959	(19.0)	15,006	(44.2)	(33,085)	–
December 31, 2010	624,013	(4.3)	32,039	(30.1)	26,881	(20.0)	5,844	(87.4)

Note: Comprehensive income: Nine months ended December 31, 2011: ¥(67,242) million [–%]
Nine months ended December 31, 2010: ¥(35,249) million [–%]

	Net income per share	Fully diluted net income per share
	(¥)	(¥)
Nine months ended December 31, 2011	(123.96)	–
December 31, 2010	21.68	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	(¥ million)	(¥ million)	%
As of December 31, 2011	929,574	43,772	4.4
March 31, 2011	1,019,160	115,579	11.0

Note: Equity as of December 31, 2011: ¥40,584 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)			–	0.00	0.00

Note: Revisions of the forecast most recently announced: Yes

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2012

(From April 1, 2011 to March 31, 2012)

(% indicate changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Full year	854,000	0.8	36,000	(6.2)	21,000	(9.5)	(32,000)	-	(119.91)

Note: Revisions of the forecast most recently announced: Yes

4. Others

- (1) Changes in significant subsidiaries during the nine 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 December 31, 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 December 31, 2011	4,420,473 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)

Nine months ended December 31, 2011	266,903,818 shares
Nine months ended December 31, 2010	269,498,188 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

1. The forecast of consolidated financial results which was announced on June 17, 2011 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 4 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.

Attached Material

Contents

- 1. Qualitative Information Regarding Settlement of Accounts for the Nine Months 2
 - (1) Qualitative Information Regarding Consolidated Results of Operations 2
 - (2) Qualitative Information Regarding Consolidated Financial Position..... 4
 - (3) Qualitative Information Regarding Forecast of Consolidated Financial Results 4
- 2. Matters Regarding Summary Information (Others) 5
 - (1) Changes in Significant Subsidiaries during the Nine Months under Review 5
 - (2) Application of Special Accounting for Preparing Quarterly Consolidated Financial Statements 5
 - (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements after Error Corrections 5
- 3. Consolidated Financial Statements 6
 - (1) Consolidated Balance Sheets..... 6
 - (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income..... 8
 - Consolidated Statements of Income (cumulative)..... 8
 - Consolidated Statements of Comprehensive Income (cumulative)..... 9
 - (3) Notes on Premise of Going Concern 10
 - (4) Segment Information 10
 - (5) Notes on Significant Changes in the Amount of Shareholders' Equity 11
 - (6) Important Subsequent Event 11

1. Qualitative Information Regarding Settlement of Accounts for the Nine 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. The Company announced amendments to its past consolidated financial results on December 28, 2011. All year-on-year comparisons in the following description are based on amended quarterly consolidated financial statements, etc.

In the global economy during the nine months ended December 31, 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 were still 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 remained in a difficult situation owing partly to restrictions on electricity supply and appreciation of the yen.

Amid this business environment, overall consolidated net sales for the Olympus Group over the nine months of the fiscal year under review remained nearly at the same level, increasing 0.1% year on year to ¥624,652 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 increases in revenue in the Imaging Systems Business and the Information & Communication Business. Although the operating loss in the Imaging Systems Business was reduced, operating income decreased 19.0% year on year to ¥25,959 million as a result of decreases in income in the Medical Systems Business and other businesses. Ordinary income decreased 44.2% year on year to ¥15,006 million, owing to an increase in non-operating expenses and a decline in operating income. Net loss was posted at ¥33,085 million (compared with a net income of ¥5,844 million in the same period of the previous fiscal year), as a result of the recording of ¥18,860 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 ¥29,358 million in income taxes including reversal of deferred tax assets due to a review of future taxable income.

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, reaching a record-high level particularly against the U.S. dollar. The average exchange rate during the period was ¥79.01 against the U.S. dollar (¥86.85 in the same period of the previous fiscal year) and ¥110.64 against the euro (¥113.31 in the same period of the previous fiscal year), which caused net sales and operating income to drop by ¥20,136 million and ¥4,330 million, respectively, year on year.

During the nine months, the Olympus Group invested ¥43,140 million on research and development, and spent ¥23,860 million on capital investments.

Medical Systems Business

Consolidated net sales in the Medical Systems Business during the nine months amounted to ¥252,510 million (down 3.6% year on year), while operating income amounted to ¥47,236 million (down 12.2% year on year).

In the surgical and therapeutic devices field, there were favorable sales of products such as the “IDEAL PEG KIT,” an assembly kit for percutaneous endoscopic gastronomy (PEG), which is a method of obtaining nutrition with the use of endoscopes, while sales in Japan grew for the “VISERA ELITE” integrated endoscopic video system, which supports safe, reliable and efficient endoscopic surgery with improved observation capability. There was an overall decline in revenue in the Medical Systems Business for the nine month period. This was the 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. However, sales were solid in the period from October to December, when product supply recovered.

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 nine months amounted to ¥65,935 million (down 6.9% year on year), while operating income amounted to ¥3,510 million (down 20.9% 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, net sales decreased due to worsened market conditions in Europe and the U.S. and 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.

Operating income in the Life Science and Industrial Systems Business decreased due to the transfer of the inkjet printer business and the life science field, despite an increase in operating income in the industrial field.

Imaging Systems Business

Consolidated net sales in the Imaging Systems Business during the nine months amounted to ¥104,803 million (up 1.8% year on year), while operating loss amounted to ¥3,802 million (compared with an operating loss of ¥7,732 million in the same period of the previous fiscal year).

In the Imaging Systems Business, revenue increased as a result of favorable sales of new products in the “OLYMPUS PEN” series of interchangeable lens system digital cameras compliant with the “Micro Four Thirds System” standard, the “E-P3,” “E-PL3” and “E-PM1,” as well as 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 an increase in revenue and a improvement in cost to sales ratio.

Information & Communication Business

Consolidated net sales for the Information & Communication Business during the nine months amounted to ¥164,000 million (up 7.8% year on year), while operating income amounted to ¥3,584 million (up 1.0% 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 increased as a result of an increase in revenue.

Others

Consolidated net sales for other businesses during the nine months amounted to ¥37,404 million (up 3.4% year on year) and operating loss was ¥5,237 million (compared with an operating loss of ¥2,120 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 third quarter, total assets decreased ¥89,586 million compared to the end of the previous fiscal year to ¥929,574 million.

This was primarily as a result of an increase in raw materials and supplies of ¥6,468 million, and decreases in cash and time deposits of ¥12,063 million and goodwill of ¥10,597 million.

Total liabilities decreased ¥17,779 million compared to the end of the previous fiscal year to ¥885,802 million due mainly to decreases in short-term borrowings of ¥50,474 million and income taxes payable of ¥1,263 million, and an increase in long-term borrowings, less current maturities of ¥38,760 million.

Net assets decreased ¥71,807 million compared to the end of the previous fiscal year to ¥43,772 million, primarily due to a decrease in accumulated other comprehensive income of ¥34,301 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 4.4%.

(3) Qualitative Information Regarding Forecast of Consolidated Financial Results

The Company had not decided its forecast of consolidated financial results for the full year ending March 31, 2012 because it was difficult to reasonably calculate the effect that the Company's past deferred posting of losses would have on the Company's sales activities. However, the Company has calculated anticipated figures based on currently available information and predictions, etc., and decided to make an announcement.

While the Company's business operations are not substantially affected by the problem of past deferred posting of losses and are performing steadily, it is expected that the Company will post a net loss for this fiscal year due to the posting of extraordinary losses derived from impairment losses in relation to certain of its business assets connected with the Imaging Business and the Other Business as well as reversal of a part of deferred tax assets as a result of consideration of the collectability of the deferred tax assets.

Forecast of consolidated financial results (full year)

Net sales:	¥854,000 million	(up 0.8% year on year)
Operating income:	¥36,000 million	(down 6.2% year on year)
Ordinary income:	¥21,000 million	(down 9.5% year on year)
Net income (loss):	¥(32,000) million	(-% year on year)

Assumed exchange rates for fourth quarter: ¥78 per U.S. dollar, ¥100 per euro

(Assumed exchange rates for second half of FY2011: ¥78 per U.S. dollar, ¥103 per euro)

2. Matters Regarding Summary Information (Others)

(1) Changes in Significant Subsidiaries during the Nine 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 third 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 December 31, 2011
ASSETS		
Current assets		
Cash and time deposits	213,561	201,498
Notes and accounts receivable	141,176	131,586
Merchandise and finished goods	55,247	56,374
Work in process	19,959	23,385
Raw materials and supplies	17,723	24,191
Other current assets	88,516	73,929
Allowance for doubtful accounts	(2,648)	(3,370)
Total current assets	533,534	507,593
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	64,077	54,469
Machinery and equipment, net	12,741	10,009
Tools, furniture and fixtures, net	37,739	35,270
Land	19,430	16,034
Lease assets, net	5,000	4,944
Construction in progress	2,354	1,793
Net property, plant and equipment	141,341	122,519
Intangible assets		
Goodwill	133,050	122,453
Others	72,929	67,069
Total intangible assets	205,979	189,522
Investments and other assets		
Investment securities	59,342	48,080
Other assets	87,113	69,331
Allowance for doubtful accounts	(8,149)	(7,471)
Total investments and other assets	138,306	109,940
Total fixed assets	485,626	421,981
Total assets	1,019,160	929,574

(Millions of yen)

	As of March 31, 2011	As of December 31, 2011
LIABILITIES		
Current liabilities		
Notes and accounts payable	68,715	64,660
Short-term borrowings	127,295	76,821
Current maturities of bonds	240	20,040
Income taxes payable	16,274	15,011
Provision for product warranties	8,360	7,043
Other reserves	812	919
Other current liabilities	111,076	107,214
Total current liabilities	<u>332,772</u>	<u>291,708</u>
Non-current liabilities		
Long-term bonds, less current maturities	110,120	90,080
Long-term borrowings, less current maturities	411,132	449,892
Severance and retirement allowance	18,798	18,264
Other reserves	156	133
Other non-current liabilities	30,603	35,725
Total non-current liabilities	<u>570,809</u>	<u>594,094</u>
Total liabilities	<u>903,581</u>	<u>885,802</u>
NET ASSETS		
Shareholders' equity		
Common stock	48,332	48,332
Capital surplus	54,788	54,788
Retained earnings	113,532	76,091
Treasury stock, at cost	(11,097)	(11,248)
Total shareholders' equity	<u>205,555</u>	<u>167,963</u>
Accumulated other comprehensive income		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	6,524	(1,108)
Net unrealized gains (losses) on hedging derivatives, net of taxes	(758)	(119)
Foreign currency translation adjustments	(95,201)	(122,883)
Pension liability adjustment of foreign subsidiaries	(3,643)	(3,269)
Total accumulated other comprehensive income	<u>(93,078)</u>	<u>(127,379)</u>
Minority interests	3,102	3,188
Total net assets	<u>115,579</u>	<u>43,772</u>
Total liabilities and net assets	<u>1,019,160</u>	<u>929,574</u>

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

Consolidated Statements of Income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Net sales	624,013	624,652
Costs of sales	334,759	341,131
Gross profit	289,254	283,521
Selling, general and administrative expenses	257,215	257,562
Operating income	32,039	25,959
Non-operating income		
Interest income	693	681
Dividends income	734	771
Foreign currency exchange gain	3,479	1,348
Others	2,716	1,905
Total non-operating income	7,622	4,705
Non-operating expenses		
Interest expenses	9,294	10,304
Others	3,486	5,354
Total non-operating expenses	12,780	15,658
Ordinary income	26,881	15,006
Extraordinary income		
Gain on sales of investments in subsidiaries and affiliates	64	–
Gain on sales of investment securities	806	308
Total extraordinary income	870	308
Extraordinary losses		
Impairment loss on fixed assets	189	14,050
Loss on sales of investment securities	2,838	13
Loss on sales of investments in subsidiaries and affiliates	69	–
Loss on valuation of investment securities	138	1,649
Amortization of goodwill	–	1,166
Loss on step acquisitions	310	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	311	–
Loss on funds invested	245	–
Provision of allowance for doubtful accounts	2,448	–
Expense related to retrospective adjustment	–	1,982
Total extraordinary losses	6,548	18,860
Income (loss) before provision for income taxes	21,203	(3,546)
Income taxes	14,948	29,358
Income (loss) before minority interests	6,254	(32,904)
Minority interest in income of consolidated subsidiaries	411	181
Net income (loss)	5,844	(33,085)

Consolidated Statements of Comprehensive Income (cumulative)

	(Millions of yen)	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Income (loss) before minority interests	6,254	(32,904)
Other comprehensive income		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	(2,179)	(7,632)
Net unrealized gains (losses) on hedging derivatives, net of taxes	612	639
Foreign currency translation adjustments	(39,723)	(27,716)
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	(8)	(3)
Total other comprehensive income	(41,504)	(34,338)
Comprehensive income	(35,249)	(67,242)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(35,780)	(67,385)
Comprehensive income attributable to minority interests	531	143

(3) Notes on Premise of Going Concern

No items to report

(4) Segment Information

I. Nine months of the fiscal year ended March 31, 2011 (from April 1, 2010 to December 31, 2010)

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

(Millions of yen)

	Reportable Segment						Adjustment (Note 1)	Amount on quarterly consolidated statements of income (Note 2)
	Medical Systems	Life Science and Industrial Systems	Imaging Systems	Information & Communica- tion	Others	Total		
Sales								
Sales to outside customers	261,835	70,811	102,996	152,182	36,189	624,013	–	624,013
Internal sales or transfer among segments	77	115	68	–	34	294	(294)	–
Total	261,912	70,926	103,064	152,182	36,223	624,307	(294)	624,013
Segment profit (loss)	53,791	4,435	(7,732)	3,547	(2,120)	51,921	(19,882)	32,039

Notes:

- The deduction of ¥19,882 million listed as an adjustment to segment profit includes corporate expenses of ¥19,882 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.
- Segment profits are adjusted to agree with operating income on quarterly consolidated statements of income.

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

II. Nine months of the fiscal year ending March 31, 2012 (from April 1, 2011 to December 31, 2011)

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

(Millions of yen)

	Reportable Segment						Adjustment (Note 1)	Amount on quarterly consolidated statements of income (Note 2)
	Medical Systems	Life Science and Industrial Systems	Imaging Systems	Information & Communica- tion	Others	Total		
Sales								
Sales to outside customers	252,510	65,935	104,803	164,000	37,404	624,652	–	624,652
Internal sales or transfer among segments	112	131	64	–	92	399	(399)	–
Total	252,622	66,066	104,867	164,000	37,496	625,051	(399)	624,652
Segment profit (loss)	47,236	3,510	(3,802)	3,584	(5,237)	45,291	(19,332)	25,959

Notes:

1. The deduction of ¥19,332 million listed as an adjustment to segment profit includes corporate expenses of ¥19,332 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 statements of income.

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

(5) Notes on Significant Changes in the Amount of Shareholders' Equity

No items to report

(6) Important Subsequent Event

No items to report