

# Consolidated Financial Results for the Three Months of the Fiscal Year Ending March 31, 2013 <under Japanese GAAP>



August 9, 2012

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

Scheduled date to submit the Quarterly Securities Report: August 9, 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 Three Months of the Fiscal Year Ending March 31, 2013 (From April 1, 2012 to June 30, 2012)

(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)	%
Three months ended								
June 30, 2012	189,542	(4.5)	2,118	(59.6)	(241)	–	(4,456)	–
June 30, 2011	198,572	(3.6)	5,243	(56.1)	851	(91.5)	(1,423)	–

Note: Comprehensive income: Three months ended June 30, 2012: ¥(24,553) million [–%]  
Three months ended June 30, 2011: ¥(9,489) million [–%]

	Net income per share	Fully diluted net income per share
	(¥)	(¥)
Three months ended		
June 30, 2012	(16.70)	–
June 30, 2011	(5.33)	–

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	(¥ million)	(¥ million)	%
As of			
June 30, 2012	916,906	23,213	2.2
March 31, 2012	966,526	48,028	4.6

Note: Equity as of June 30, 2012: ¥19,947 million March 31, 2012: ¥44,770 million

## 2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended March 31, 2012	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2013	–				
Fiscal year ending March 31, 2013 (Forecast)		0.00	–	0.00	0.00

Note: Revisions of the forecast most recently announced: No

### 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2013

(From April 1, 2012 to March 31, 2013)

(% indicate changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Six months	427,000	3.0	22,000	25.5	7,400	(21.9)	2,000	–	7.49
Full year	920,000	8.4	50,000	40.8	21,000	17.5	7,000	–	26.23

Note: Revisions of the forecast most recently announced: Yes

#### \* Notes

- (1) Changes in significant subsidiaries during the three 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 June 30, 2012	271,283,608 shares
As of March 31, 2012	271,283,608 shares

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

As of June 30, 2012	4,422,735 shares
As of March 31, 2012	4,421,878 shares

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

Three months ended June 30, 2012	266,861,098 shares
Three months ended June 30, 2011	266,919,723 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, however, the quarterly review procedures to the quarterly consolidated financial statements are completed.

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

The forward-looking statements, including forecast of financial results, contained in these materials 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 Three 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 (Notes)..... 5
  - (1) Changes in Significant Subsidiaries during the Three 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. Important Events on Premise of Going Concern..... 5
- 4. Quarterly Consolidated Financial Statements ..... 6
  - (1) Quarterly Consolidated Balance Sheets ..... 6
  - (2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income ..... 8
    - Quarterly Consolidated Statements of Income (cumulative)..... 8
    - Quarterly Consolidated Statements of Comprehensive Income (cumulative)..... 9
  - (3) Notes on Premise of Going Concern ..... 10
  - (4) Notes on Significant Changes in the Amount of Shareholders’ Equity ..... 10
  - (5) Segment Information..... 10
  - (6) Important Subsequent Event ..... 11

## 1. Qualitative Information Regarding Settlement of Accounts for the Three 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 and 26, 2011 and June 29, 2012. The Company announced amendments to its past consolidated financial results on December 28, 2011 and April 26, 2012. All year-on-year comparisons in the following description are based on amended quarterly consolidated financial statements, etc.

In the global economy during the three months ended June 30, 2012, the situation remained uncertain, mainly because of concerns about the future associated with the European sovereign debt crisis, high unemployment rates in the U.S. and slower growth rates in China and emerging countries. In the Japanese economy, conditions continued to be difficult owing to such factors as ongoing deflation in addition to restrictions on electricity supply and the yen's tendency to appreciate in exchange rates, despite signs of a moderate rebound driven partly by demand related to recovery from the earthquake.

Faced with this business environment, the Olympus Group formulated the "Medium-Term Vision," which has the fiscal year ending March 31, 2013 as its starting year, under the new management team that assumed office on April 20, 2012. Positioning "back to basics," "One Olympus" and "profitable growth" as its operating policies under the new management structure, the Group began implementing initiatives under the basic strategies of "rebuilding of the business portfolio and optimal allocation of management resources," "review of cost structures," "restoration of financial health" and "restructuring of governance."

The Olympus Group's overall consolidated net sales decreased over the three months of the fiscal year under review, despite increases in the Medical Systems Business and the Information & Communication Business, and amounted to ¥189,542 million (down 4.5% year on year). Operating income was ¥2,118 million (down 59.6% year on year), mainly due to the recognition of operating losses in the Life Science and Industrial Systems Business and the Imaging Systems Business, despite an increase in the Medical Systems Business. Ordinary loss was ¥241 million (compared with ordinary income of ¥851 million in the same period of the previous fiscal year), primarily because of the decline in operating income. In addition, there was a net loss of ¥4,456 million (compared to a net loss of ¥1,423 million in the same period of the previous fiscal year), due to factors such as the recording of ¥1,818 million in extraordinary losses, and ¥2,311 million in income taxes.

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. The average exchange rate during the period was ¥80.20 against the U.S. dollar (¥81.74 in the same period of the previous fiscal year) and ¥102.91 against the euro (¥117.40 in the same period of the previous fiscal year), which caused net sales and operating income to drop by ¥6,100 million and ¥2,600 million, respectively, year on year.

Operating results by segment are shown below. Operating income/loss of each segment coincides with segment profit/loss of each corresponding reportable segment.

### Medical Systems Business

Consolidated net sales in the Medical Systems Business during the three months amounted to ¥78,402 million (up 1.0% year on year), while operating income amounted to ¥12,378 million (up 13.4% year on year).

There was a sales increase in the Medical Systems Business because sales recovered from the previous fiscal year, which was affected by the earthquake disaster, while sales expanded steadily in the markets of emerging countries such as China. Since the new gastrointestinal endoscope product "EVIS EXERA III," which was launched in this fiscal year, was put on sale only recently, this product is expected to have a full-fledged impact on results from the second quarter.

Operating income in the Medical Systems Business increased as a result of the increase in sales and a reduction in cost of sales.

### **Life Science and Industrial Systems Business**

Consolidated net sales in the Life Science and Industrial Systems Business during the three months amounted to ¥17,697 million (down 14.0% year on year), while operating loss amounted to ¥403 million (compared with an operating income of ¥517 million in the same period of the previous fiscal year).

The Life Science and Industrial Systems Business had a decline in sales because of foreign exchange effects and a tendency to constrain capital investment in response to deterioration in market conditions, mainly in Europe, which had an impact on sales in both the fields of life science and industry.

The industrial field remained in profit despite a year-on-year decline, while in the life science field the operating loss was reduced from that of the same period of the previous fiscal year. Even so, an operating loss was recognized in the Life Science and Industrial Systems Business as a whole.

### **Imaging Systems Business**

Consolidated net sales in the Imaging Systems Business during the three months amounted to ¥28,849 million (down 15.8% year on year), while operating loss amounted to ¥1,533 million (compared with an operating income of ¥370 million in the same period of the previous fiscal year).

Sales of the “OLYMPUS OM-D E-M5,” the compact, lightweight and high-performance camera that is in conformity with the “Micro Four Thirds System” standard and equipped with an electronic viewfinder, remained robust, and sales in the digital single-lens camera field grew substantially. In the compact camera field, however, competition became more intense because the number of units sold declined in the market as a whole. As a result, there was a decline in sales in the Imaging Systems Business overall.

As a result of the decline in sales, operating loss was recognized in the Imaging Systems Business.

### **Information & Communication Business**

Consolidated net sales for the Information & Communication Business during the three months amounted to ¥53,865 million (up 2.4% year on year), while operating income amounted to ¥548 million (down 45.9% year on year).

Net sales in the Information & Communication Business increased because sales of smartphones remained strong, however, operating income declined mainly because of an increase in personnel expenses to strengthen the sales structure for smartphones.

### **Others**

Consolidated net sales for other businesses during the three months amounted to ¥10,729 million (down 20.4% year on year) and operating loss was ¥1,052 million (compared with an operating loss of ¥1,140 million in the same period of the previous fiscal year).

Net sales for other businesses were down owing to the withdrawal from the inkjet printer business.

Operating loss in other businesses was reduced due to progress in the disposal of some unprofitable businesses.

## (2) Qualitative Information Regarding Consolidated Financial Position

As of the end of the first quarter, total assets decreased ¥49,620 million compared to the end of the previous fiscal year to ¥916,906 million.

This was primarily as a result of an increase in cash and time deposits of ¥4,830 million, and decreases in notes and accounts receivable of ¥30,606 million and goodwill of ¥6,575 million.

Total liabilities decreased ¥24,805 million compared to the end of the previous fiscal year to ¥893,693 million due mainly to decreases in notes and accounts payable of ¥16,660 million, short-term borrowings of ¥2,306 million and long-term borrowings, less current maturities of ¥1,723 million.

Net assets decreased ¥24,815 million compared to the end of the previous fiscal year to ¥23,213 million, primarily due to a decrease in accumulated other comprehensive income of ¥20,151 million arising from fluctuations in foreign exchange and stock prices, etc.

As a result of the foregoing, equity ratio decreased from 4.6% as of the end of the previous fiscal year to 2.2%.

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

In the forecast of consolidated financial results for the six months ending September 30, 2012, the forecast for net sales has been revised as indicated below, partly in consideration of the impact of recent intensification of competition in the Imaging Systems Business. However, the forecasts for operating income, ordinary income and net income remain as announced previously due to effort to further strengthen measures such as cost reductions and thorough management of costs.

Regarding the forecast of consolidated financial results for the full year ending March 31, 2013, the forecast figures announced on June 8, 2012 remain unchanged. Although the operating environment is expected to remain challenging, the Olympus Group will work to achieve the targets of the Medium-Term Vision, which was formulated under the new management team, for the first fiscal year of the plan. Average foreign exchange rates for the full year, which are a precondition for the forecast, are expected to be ¥80 per U.S. dollar and ¥100 per euro.

Six months of the fiscal year ending March 31, 2013

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous Forecast (A)	432,000	22,000	7,400	2,000	¥7.49
Revised Forecast (B)	427,000	22,000	7,400	2,000	¥7.49
Increase (Decrease) (B-A)	(5,000)	–	–	–	–
Increase (Decrease) Ratio (%)	(1.2)	–	–	–	–

Fiscal year ending March 31, 2013

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous Forecast (A)	920,000	50,000	21,000	7,000	¥26.23
Revised Forecast (B)	920,000	50,000	21,000	7,000	¥26.23
Increase (Decrease) (B-A)	–	–	–	–	–
Increase (Decrease) Ratio (%)	–	–	–	–	–

## **2. Matters Regarding Summary Information (Notes)**

### (1) Changes in Significant Subsidiaries during the Three 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 first 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

## **3. Important Events on Premise of Going Concern**

No items to report

**4. Quarterly Consolidated Financial Statements****(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
<b>ASSETS</b>		
Current assets		
Cash and time deposits	200,088	204,918
Notes and accounts receivable	150,594	119,988
Merchandise and finished goods	61,963	64,482
Work in process	19,191	19,920
Raw materials and supplies	21,339	19,798
Other current assets	76,481	78,043
Allowance for doubtful accounts	(3,098)	(3,209)
Total current assets	526,558	503,940
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	55,925	53,224
Machinery and equipment, net	10,535	10,220
Tools, furniture and fixtures, net	38,580	39,257
Land	15,931	15,649
Lease assets, net	5,706	5,912
Construction in progress	1,131	1,302
Net property, plant and equipment	127,808	125,564
Intangible assets		
Goodwill	124,465	117,890
Others	72,680	69,192
Total intangible assets	197,145	187,082
Investments and other assets		
Investment securities	51,318	43,756
Other assets	71,593	65,238
Allowance for doubtful accounts	(7,896)	(8,674)
Total investments and other assets	115,015	100,320
Total fixed assets	439,968	412,966
Total assets	966,526	916,906



(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable	75,330	58,670
Short-term borrowings	92,075	89,769
Current maturities of bonds	20,040	20,040
Income taxes payable	8,228	8,061
Provision for product warranties	7,336	6,804
Other reserves	18	-
Other current liabilities	117,366	116,568
Total current liabilities	320,393	299,912
Non-current liabilities		
Long-term bonds, less current maturities	90,080	90,060
Long-term borrowings, less current maturities	440,231	438,508
Severance and retirement allowance	23,922	23,711
Provision for loss on business liquidation	3,205	1,811
Other reserves	140	161
Other non-current liabilities	40,527	39,530
Total non-current liabilities	598,105	593,781
Total liabilities	918,498	893,693
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	48,332	48,332
Capital surplus	54,788	54,788
Retained earnings	60,197	55,525
Treasury stock, at cost	(11,249)	(11,250)
Total shareholders' equity	152,067	147,395
Accumulated other comprehensive income		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	3,128	(2,293)
Net unrealized gains (losses) on hedging derivatives, net of taxes	(1,268)	85
Foreign currency translation adjustments	(102,067)	(118,445)
Pension liability adjustment of foreign subsidiaries	(7,090)	(6,795)
Total accumulated other comprehensive income	(107,297)	(127,448)
Minority interests	3,258	3,266
Total net assets	48,028	23,213
Total liabilities and net assets	966,526	916,906

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

## Quarterly Consolidated Statements of Income (cumulative)

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Net sales	198,572	189,542
Costs of sales	108,738	102,897
Gross profit	89,834	86,645
Selling, general and administrative expenses	84,591	84,527
Operating income	5,243	2,118
Non-operating income		
Interest income	252	219
Dividends income	411	449
Gain on sales of investment securities	–	2,105
Others	787	1,132
Total non-operating income	1,450	3,905
Non-operating expenses		
Interest expenses	3,226	3,177
Foreign currency exchange loss	285	680
Others	2,331	2,407
Total non-operating expenses	5,842	6,264
Ordinary income (loss)	851	(241)
Extraordinary losses		
Impairment loss on fixed assets	268	–
Loss on valuation of investment securities	–	587
Settlement package	–	1,231
Total extraordinary losses	268	1,818
Income (loss) before provision for income taxes	583	(2,059)
Income taxes	1,955	2,311
Loss before minority interests	(1,372)	(4,370)
Minority interest in income of consolidated subsidiaries	51	86
Net loss	(1,423)	(4,456)

## Quarterly Consolidated Statements of Comprehensive Income (cumulative)

	(Millions of yen)	
	Three months ended June 30, 2011	Three months ended June 30, 2012
Loss before minority interests	(1,372)	(4,370)
Other comprehensive income		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	(1,746)	(5,424)
Net unrealized gains (losses) on hedging derivatives, net of taxes	570	1,353
Foreign currency translation adjustments	(7,020)	(16,409)
Pension liability adjustment of foreign subsidiaries	81	295
Share of other comprehensive income of associates accounted for using equity method	(2)	2
Total other comprehensive income	(8,117)	(20,183)
Comprehensive income	(9,489)	(24,553)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(9,533)	(24,607)
Comprehensive income attributable to minority interests	44	54

## (3) Notes on Premise of Going Concern

No items to report

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

No items to report

## (5) Segment Information

## I. Three months of the fiscal year ended March 31, 2012 (from April 1, 2011 to June 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 statements of income (Note 2)
	Medical Systems	Life Science and Industrial Systems	Imaging Systems	Information & Communica- tion	Others	Total		
Sales								
Sales to outside customers	77,643	20,567	34,259	52,618	13,485	198,572	–	198,572
Internal sales or transfer among segments	19	43	18	–	29	109	(109)	–
Total	77,662	20,610	34,277	52,618	13,514	198,681	(109)	198,572
Segment profit (loss)	10,918	517	370	1,013	(1,140)	11,678	(6,435)	5,243

Notes:

- The deduction of ¥6,435 million listed as an adjustment to segment profit (loss) includes corporate expenses of ¥6,435 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
- (Significant gain on negative goodwill)
- No items to report

## II. Three months of the fiscal year ending March 31, 2013 (from April 1, 2012 to June 30, 2012)

## 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	78,402	17,697	28,849	53,865	10,729	189,542	-	189,542
Internal sales or transfer among segments	36	1	12	-	20	69	(69)	-
Total	78,438	17,698	28,861	53,865	10,749	189,611	(69)	189,542
Segment profit (loss)	12,378	(403)	(1,533)	548	(1,052)	9,938	(7,820)	2,118

## Notes:

- The deduction of ¥7,820 million listed as an adjustment to segment profit (loss) includes corporate expenses of ¥7,820 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

(Significant gain on negative goodwill)

No items to report

## (6) Important Subsequent Event

(Filing of lawsuit against the Company)

The Company had a lawsuit filed against it after the end of the first quarter. The overview of the lawsuit is as follows.

## 1. Date of filing

July 23, 2012

## 2. Name, address and representative of plaintiff

- Name: Terumo Corporation
- Address: 44-1, Hatagaya 2-chome, Shibuya-ku, Tokyo
- Representative: Yutaro Shintaku, Representative Director

3. Details of the lawsuit and amount of claim

The Company issued 6,811,000 shares, amounting to a total of ¥14,998 million, to Terumo Corporation through third party allotment, in accordance with the securities registration statement submitted on August 4, 2005.

However, owing to the Company's past postponing of the recognition of losses, it has come to light that false statements on important matters were contained in the securities registration statement when such third party allotment was made. Consequently, the lawsuit was filed to seek compensation for damage of ¥6,612 million, in accordance with Article 18, Paragraph 1 and Paragraph 2 of the former Securities and Exchange Act and Article 19 of the said Act, which are applied by replacing the terms pursuant to the provision of Article 23-2 of the said Act.

The amount of compensation for damage claimed consists of ¥6,612 million and 5% per annum interest on this amount for the period from August 22, 2005 up to the payment of the principal.

4. Future outlook

The Company will handle this lawsuit by closely examining the details of the claim. The lawsuit's effect on the financial results of the Company is not clear since it is difficult to calculate its financial impact at this stage.