[Volume 3]

Securities Code 7733

Attached Documents to Notice Regarding the Convocation of the Extraordinary General Meeting of Shareholders

1. 141st Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements (April 1, 2008 to March 31, 2009)
2. 140th Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements (April 1, 2007 to March 31, 2008)
3. 139th Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements (April 1, 2006 to March 31, 2007)
4. Audit Reports of the Independent Auditor and the Board of Corporate Auditors referred to above 1., 2., and 3.

OLYMPUS CORPORATION

Hereby attached are the business reports, consolidated financial statements, non-consolidated financial statements, as well as the audit reports of KPMG AZSA LLC and the Board of Corporate Auditors, for the 141st term (from April 1, 2008 to March 31, 2009) through the 139th term (from April 1, 2006 to March 31, 2007), reflecting corrections made to past financial results.

For reference, at the foot of each of the business reports, there are comparisons showing the items that have been corrected from the business reports provided at the 141st through the 139th General Meetings of Shareholders, respectively, by displaying the items before correction as well as after correction. For the financial statements, the items that have been corrected from those provided at the 141st through the 139th General Meetings of Shareholders, respectively, are shown underlined, and the financial statements before correction, which were provided at the 141st through the 139th General Meetings of Shareholders, respectively, have been attached.

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141st Business Report
(April 1, 2008 to March 31, 2009)

I Review of Group Operations

1. Review of Operations

In the Japanese economy during the current fiscal year, exports, capital investments and consumer spending deteriorated sharply and the yen appreciated rapidly as the global financial crisis assumed serious proportions. Although the world economy continued to expand mainly in the emerging countries during the first half-year, business conditions mainly in Europe, North America and Asia generally slowed down rapidly in the second half-year as a result of the financial crisis and the weakened real economy, showing clearer signs of the worldwide recession.

Amid this adverse business environment, the Olympus Group endeavored to strengthen its organizational capabilities to implement valid strategies in accordance with its "'06 Corporate Strategic Plan" that it formulated as the medium-term business plan in 2006 by, for example, bolstering the global sales structure in the surgical field of its Medical Systems Business with a view to generating a synergistic effect from Gyrus, a British medical treatment equipment company, that it acquired in February 2008. In addition, in February 2009, Olympus decided to transfer its diagnostic systems business, which had been manufacturing and selling clinical laboratory testing equipment, to Beckman Coulter Inc. of the U.S., a company engaged in the same business, in light of structural changes on the market.

As part of efforts to fortify our R&D and manufacturing structure, the Company started operations in December 2008 at its new Vietnam plant, the manufacturing base for its Imaging Systems Business and Medical Systems Business. In February 2009, new facilities were completed at the R&D Center Ishikawa (Tokyo Prefecture), the Company's R&D base for its Imaging Systems, Medical Systems and Life Science Businesses, among others, as well as at Aizu Olympus Co., Ltd. (Fukushima Prefecture), the manufacturing base for endoscopes.

To facilitate the return of profits to shareholders and execute motivational capital policies in step with changes in the business environment, we have acquired treasury stock of ¥10,000 million in May 2008. Also, to enhance the convenience of investors, the number of shares constituting one unit has been decreased from 1,000 shares to 100 shares as of May 1, 2009. Concerning internal controls, the entire group has also been advancing efforts to evaluate internal controls for the reporting and ensuring proper reports required under the Financial Instruments and Exchange Act.

While the Olympus Group's Medical Systems Business remained robust, the consolidated net sales for the current fiscal year decreased (13.1% year-on-year) to ¥980,803 million due to the worldwide business slowdown and sharp appreciation of the yen during the second half-year. With respect to profits, operating income decreased (62.1% year-on-year) to ¥42,722 million due to the adverse influences of exchange rate movements and increased depreciation expenses associated with consolidated subsidiaries. Ordinary income decreased (73.6% year-on-year) to ¥25,679 million. We sincerely regret to inform that the Olympus Group recorded a consolidated net loss of ¥50,561 million (in contrast to a net income of ¥54,625 million for the previous fiscal year) as it recorded an extraordinary losses including a loss on valuation of investment securities due to the heavily fallen market values and one-time amortization of goodwill related to the subsidiaries.

Notes: 1. For monetary amounts indicated in units of ¥1 million, fractions of ¥1 million are rounded off.
2. For share amounts indicated in units of 1,000 shares, fractions of 1,000 shares are truncated.

2. Results of the Business Activities by Business Segment

Imaging Systems Business

In the Imaging Systems Business, the Olympus Group registered consolidated net sales of ¥224,460 million (down 30.0 % year-on-year) and an operating loss of ¥5,131 million (in contrast to an operating income of ¥33,086 million in the previous fiscal year).

In the digital camera field, sales of compact camera, the “μ TOUGH” Series, boasting three major features of water/dust resistance, shock/load resistance and low-temperature movement, remained robust. In addition, Olympus launched new single-lens reflex models “E-30” and “E-620” equipped with the art filter feature that makes creative photographic expressions possible. However, sales declined mainly because fewer units were sold in step with the weakening market demand which was affected by the adverse influences of exchange rate movements and global economic downturn.

In the recorder field, the “Voice-Trek V” Series whose connectable design enabling direct connection to personal computers proved popular and sold favorably during the first half-year, but sales declined amid the global economic downturn in the second half-year.

The Olympus Group made serious efforts to reduce its selling, general and administrative expenses and inventories, but registered an operating loss as it was unable to fully make up for the reduced sales of digital cameras which resulted from the declined sales volume and unit sales prices due to the worldwide slowdown in consumer spending.

Medical Systems Business

Consolidated net sales in the Medical Systems Business amounted to ¥383,828 million (8.7% increase over the previous fiscal year), while operating income amounted to ¥75,434 million (23.4% decrease over the previous fiscal year).

In the medical endoscope field, high-definition videoscopes sold steadily both at home and abroad. However, overall sales for the medical endoscope field fell off due to the adverse influences of exchange rate movements.

In the field of surgical and endotherapy products, sales of “VISERA Pro System,” an integrated endoscope video system which can be used to support endoscopic surgeries, pancreatico-biliary therapeutic devices such as guide wires, and gastric catheters which supply nourishment directly to the stomach, expanded in Japan. In overseas markets, an integrated endoscopic surgical system and sampling treatment services such as biopsy forceps sold well primarily in North America. In addition, sales of Gyrus, a British medical treatment equipment company that Olympus acquired in February 2008, contributed to the consolidated sales. Hence, sales for the field of surgical and endotherapy products as a whole expanded.

Operating income decreased due to the increased depreciation expenses associated with the business integration with Gyrus and the adverse influences of exchange rate movements.

Life Science Business

Consolidated net sales for the Life Science Business was ¥118,819 million (9.6% decrease over the previous fiscal year), while operating income amounted to ¥4,760 million (31.9% decrease compared to the previous fiscal year).

In the micro-imaging (microscopes) field, biological microscopes for teaching practice purposes in Japan and the “FLUOVIEW” Series of confocal scanning laser microscopes in the U.S. sold favorably, but sales for the micro-imaging field as a whole decreased primarily because sales of industrial microscopes dropped sharply as auto- and semiconductor-related industries put restraints on capital investments with the worsening economy.

In the diagnostic systems (clinical laboratory test) field, sales of small and medium-sized clinical chemistry analyzer expanded mainly in Europe and North America, and sales of transfusion test reagents and expendables grew robustly also in Europe and North America. However, sales for the field as a whole fell off as sales in Japan continued to lag.

Operating income for the Life Science Business as a whole decreased mainly due to the appreciating yen and reduced sales in the micro-imaging field.

Information & Communication Business

Consolidated net sales for the Information & Communication Business was ¥188,954 million (25.7% decrease over the previous fiscal year), while operating income showed ¥907 million (69.8% decrease over the previous fiscal year).

In the mobile field, sales of mobile phones fell off primarily because mobile phone owners’ upgrade cycle got longer in the wake of telecommunications carriers’ revisions of price plans and market demand for mobile phones decreased due to the slowdown in consumer spending in the wake of the deflationary spiral.

For operating income, gross profit rate improved as Olympus raised the proportion of more profitable directly managed stores and controlled discounts on mobile telephone terminals in the mobile phone sales business. Moreover, cost reductions in the automobile aftermarket business were implemented. However, due to a decreased gain on sales of stocks on small business development business of which we promoted in the previous fiscal year, operating income resulted in a decline during the fiscal year.

Others

Consolidated net sales for other businesses was ¥64,742 million (6.5% decrease over the previous fiscal year) and operating loss was ¥6,219 million (in contrast to an operating income of ¥1,120 million for the previous fiscal year).

In the non-destructive testing equipment field, ultrasonographic inspection systems equipped with phased-array features sold briskly, but sales of industrial endoscopes decreased as manufacturing sectors put the brakes on investments amid the worldwide economic downturn, and sales for the non-destructive testing equipment field as a whole decreased as well.

Sales for the information equipment field increases as Olympus launched new models of high-speed inkjet printers in collaboration with RISO KAGAKU CORPORATION and sales of the existing lineups of printers also grew.

In the biomedical materials field, sales of “OSferion,” an artificial bone replacement material, grew as it came within coverage of medical insurance for bone marrow transplants in Japan and was also offered for sale in Europe and China.

Olympus registered an operating loss due to the increased costs associated with structural reform including portfolio reexamination at ITX Corporation.

3. Financing and Capital Investment

(1) Financing

During the current fiscal year, Olympus issued its No. 20 and No. 21 unsecured bonds for ¥20,000 million and ¥25,000 million, respectively, in July 2008, and took out new long-term borrowings of ¥235,000 million.

(2) Capital investment

A total of approximately ¥55,600 million was spent this fiscal year in capital investment. Main expenditures include an investment in demonstration equipment in the Medical Systems Business and the construction of factories, etc. in Vietnam as well as at the R&D Center Ishikawa (Tokyo Prefecture), Olympus’ R&D base, and at Aizu Olympus Co., Ltd. (Fukushima Prefecture), the manufacturing subsidiary for medical endoscopes.

4. Future Challenges

With no positive sign of business recovery in sight at home or abroad, the Japanese economy is expected to become more sluggish in the foreseeable future. Elsewhere in the world, there is a certain amount of hope for positive outcomes of worldwide fiscal and monetary measures including the U.S. government’s actions aimed at bringing about financial stability, but there are also concerns there will be a prolonged recession and even a further business downswing.

Amid these adverse conditions, the Olympus Group will work towards an early recovery of earnings as the most important issue.

In the Imaging Systems Business, we will build a corporate structure capable of continuously securing earnings by focusing our energy on high-value added products such as compact cameras with a water/dust resistance feature and proposing to users a digital single-lens camera with interchangeable lenses that is dramatically reduced in size and weight by way of the Micro Four Thirds System standard which takes advantages of the superiority of entirely digital designing.

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In the Medical Systems Business, we will offer a "safe, reliable and efficient" means of healthcare, contribute to society by improving patients' quality of life, reducing medical costs and bolstering the surgical field in an effort to steadily expand profits.

In addition, although the entire Olympus Group have advanced measures such as production adjustments, inventory reductions and other companywide cost cutting efforts, we will not stop at short-term savings but push through far-reaching structural reforms and build systems that can secure profits even under harsh economic conditions.

For our production system, although we have globalized over the years, efforts to further streamline operations will serve to optimize our manufacturing cost structure and deal with changes in exchange rates.

In addition, we will endeavor to implement an optimal business portfolio and resource allocation, and develop related businesses in the medical/health and imaging/information fields.

The Olympus Group will continually effectuate CSR related activities. In addition to developing environmentally-friendly business activities such as through carbon dioxide emissions reductions, we will continue our "BRAVE CIRCLE" colon cancer eradication campaign.

To our shareholders, we appreciate your continuing support and understanding.

5. Changes in Assets and Results of Operation

(Millions of yen)

	138th term	139th term	140th term	141st term
Net sales	978,127	1,061,786	1,128,875	980,803
Ordinary income	41,206	78,346	97,312	25,679
Net income (loss)	28,564	46,962	54,625	(50,561)
Net income (loss) per share (Yen)	105.99	173.69	202.11	(188.85)
Total assets	976,132	1,002,665	1,217,172	1,038,253
Net assets	290,656	224,951	244,281	110,907
Net assets per share (Yen)	1,074.30	792.72	861.58	387.31

Notes:
1. Since the 139th term, the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5, December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement Guidance No. 8, December 9, 2005) have been applied.
2. In the 140th term, the addition of Gyrus Group PLC (current Gyrus Group Limited) in the scope of consolidation resulted in an increase in total assets from the end of the previous fiscal year.
3. See "I Review of Group Operations 1. Review of Operations" on pages 1 to 2 above for details on results for the 141st term (current fiscal year).
4. Owing to the correction of improper accounting treatment, at the beginning of the 139th term, there was a ¥118,353 million reduction in retained earnings to account for the corresponding loss.

6. Major Parent Companies and Subsidiaries

(1) Relationship with parent companies

There is no relevant information.

(2) Major subsidiaries

There are 194 consolidated subsidiaries, including the following 6 major subsidiaries, and 20 equity-method companies.

Name of company	Capital stock or investment	Ratio of capital contribution by the Company (%)	Principal business
Olympus Imaging Corp.	¥11,000 million	100.0	Manufactures and sales of image-related products
Olympus Medical Systems Corp.	¥1,000 million	100.0	Manufactures and sales of medical treatment-related products
ITX Corporation	¥25,444 million	82.1	Investment in and nurturing of new businesses
Olympus Corporation of the Americas	$113,000	100.0	Holding company to conduct comprehensive management planning for U.S. subsidiaries and affiliates
Olympus Europa Holding GmbH	€100,000,000	100.0	Holding company to conduct comprehensive management planning for European subsidiaries and affiliates
Olympus (China) Co., Ltd.	$31,003,000	100.0	Holding company to conduct comprehensive management planning for Chinese subsidiaries and affiliates

Notes:
1. Olympus USA Incorporated changed the company name to Olympus Corporation of the Americas on April 1, 2008.
2. From the current fiscal year, the Company adopted an overseas regional headquarters system resulting in the removal of KeyMed (Medical & Industrial Equipment) Ltd., which was under the jurisdiction of Olympus Europa Holding GmbH, from the scope of major subsidiaries.

7. Principal Business

Segment	Principal products and business
Imaging Systems Business	Manufactures and sales of digital cameras and voice recorders
Medical Systems Business	Manufactures and sales of medical endoscopes, surgical endoscopes, ultrasound endoscopes and endotherapy products
Life Science Business	Manufactures and sales of biological microscopes, blood analyzer (clinical chemistry analyzer) and industrial microscopes
Information & Communication Business	Sales of mobile terminals including mobile handsets, mobile resolution, mobile content services, development and sales of business package software, sales of network infrastructure systems, sales of semiconductor devices and electric equipment
Others	Manufactures and sales of industrial endoscopes, non-destructive testing equipment, printers and bar code data processing equipments, system development, etc.

8. Principal Places of Business and Plants

(1) Principal places of business of the Company

Head Office	Shibuya-ku, Tokyo
Main Office	Shinjuku-ku, Tokyo
R & D Center	Hachioji-shi, Tokyo
Ina Facility	Ina-shi, Nagano
Tatsuno Facility	Kamiina-gun, Nagano
Mishima Facility	Sunto-gun, Shizuoka
Shirakawa Facility	Nishi-Shirakawa-gun, Fukushima
Branch	Sapporo, Nagoya, Osaka, Hiroshima, Fukuoka
Sales Offices	Sendai, Saitama, Chiba, Yokohama, Niigata, Matsumoto, Shizuoka, Kanazawa, Kyoto, Matsuyama, Okayama, Kagoshima

(2) Principal places of business of the Company's subsidiaries

Olympus Imaging Corp.	Shibuya-ku, Tokyo (Head office) Shinjuku-ku, Tokyo (Main office)
Olympus Medical Systems Corp.	Shibuya-ku, Tokyo (Head office) Shinjuku-ku, Tokyo (Main office)
ITX Corporation	Chiyoda-ku, Tokyo
Olympus Corporation of the Americas	U.S.
Olympus Europa Holding GmbH	Germany
Olympus (China) Co., Ltd.	China

9. Employee Situation of the Group

Segment	Numbers of employees	Increase (decrease) from the previous fiscal year
Imaging Systems Business	12,440	(732)
Medical Systems Business	13,167	1,381
Life Science Business	4,804	173
Information & Communication Business	1,977	130
Others	2,714	(334)
Management division	1,401	113
Total	36,503	731

Notes:
1. The number of employees represents individuals working within the Group and includes employees on loan to the Group but does not include employees on loan outside the Group.
2. The increase in the number of employees in the Medical Systems Business by 1,381 compared to the previous fiscal year is mainly due to employment system modifications for workers at domestic plants, etc.

10. Principal Lenders

(Millions of yen)

Lender	Balance of borrowing
Sumitomo Mitsui Banking Corporation	80,930
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	47,295

11. Business Transfers, Absorption-type Spin-off and Corporate Spin-off

The Company resolved, at a meeting of the Board of Directors held on February 27, 2009, to spin-off the diagnostic systems business of the Company's Life Science Business and transfer same to Olympus-DS Corp., a wholly-owned subsidiary of the Company, on July 1, 2009 (tentative), and, on the same date, transfer all shares of said company to Beckman Coulter Group (USA).

II Matters Concerning Shares

1. Total Number of Shares Authorized to be Issued: 1,000,000,000 shares

2. Total Number of Issued Shares: 267,194,386 shares

(Excluding treasury stock 4,089,222 shares)

3. Number of Shareholders as of March 31, 2009: 13,342

4. Principal Shareholders

Shareholders	Numbers of shares held (thousands)	Investment ratio
Nippon Life Insurance Company	22,426	8.39%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,286	4.97%
The Master Trust Bank of Japan, Ltd. (trust account)	12,898	4.83%
Japan Trustee Services Bank, Ltd. (trust account)	12,170	4.55%
State Street Bank and Trust Company	11,894	4.45%
Japan Trustee Services Bank, Ltd. (trust account 4G)	10,238	3.83%
JPMorgan Chase Bank 380055	9,392	3.52%
Japan Trustee Services Bank, Ltd. (Olympus shares in Sumitomo Mitsui Banking Corporation's retirement benefit trust account are entrusted to The Sumitomo Trust & Banking Co., Ltd., which consigns their management to Japan Trustee Service Bank, Ltd.)	9,004	3.37%
Sumitomo Mitsui Banking Corporation	8,350	3.13%
Terumo Corporation	6,811	2.55%

Note: The investment ratio is calculated with the amount of treasury stock (4,089,222 shares) deducted.

5. Important Items Concerning Other Shares

Acquisition of treasury stock

Treasury stock acquired under Article 156 of the Company Law as applied pursuant to Article 165, Paragraph 3 of the Company Law by resolution of the Board of Directors at a meeting held on May 8, 2008, is as follows.

1. Class of shares acquired: Common stock of the Company
2. Total number of shares acquired: 2,958,000 shares
3. Total cost of acquirement: ¥9,997,730,000

III Matters Concerning Board of Directors and Corporate Auditors

1. Name of Directors and Corporate Auditors

Appointment	Name	Position and responsibility in the Company and other companies
President and Representative Director	Tsuyoshi Kikukawa	
Director	Masaaki Terada	Group president of Corporate R & D center / Director in charge of Intellectual Property & Licensing Div. / President and Director, Olympus Cytori Inc.
Director	Masaharu Okubo	President and Representative Director, Olympus Imaging Corp.
Director	Hideo Yamada	Group president of the Corporate Center / Director in charge of Corporate Social Responsibility Div., Trade Compliance Bureau and Internal Audit Dept.
Director	Haruhito Morishima	President and Representative Director, Olympus Medical Systems Corp.
Director	Masataka Suzuki	Executive Managing Director and Shareholder Representative, Olympus Europa Holding GmbH
Director	Kazuhisa Yanagisawa	Group president of Life Science Group
Director	Shuichi Takayama	Division Manager of R&D Planning Div.
Director	Takashi Tsukaya	Division Manager of Production Engineering Div. / Director in charge of Quality and Environment Administration Div.
Director	Tatsuo Nagasaki	Director in charge of IMS Business Div. and PS Business Div.
Director	Hisashi Mori	Division Manager of Business Planning Div. and Corporate Social Responsibility Div. / Director in charge of New Business Planning Div. and New Business Administration Div.
Director	Kazuhiro Watanabe	Director and Executive Vice President, Olympus America Inc.
Director	Rikiya Fujita	Director, Sankikai Association and President, Tsurumaki Onsen Hospital
Director	Masanobu Chiba	President and Representative Director, LBS Co., Ltd.
Director	Junichi Hayashi	Representative Director, Angram Ltd.
Standing Corporate Auditor	Tadao Imai	
Standing Corporate Auditor	Katsuo Komatsu	
Corporate Auditor	Makoto Shimada	
Corporate Auditor	Yasuo Nakamura	

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Notes:

1. The following individuals were newly elected at the 140th General Meeting of Shareholders held on June 27, 2008 and assumed their post.

   Director Kazuhiro Watanabe
   Director Masanobu Chiba
   Director Junichi Hayashi

2. The following individuals retired on June 27, 2008.

   Director Atushi Yusa
   Director Hiroyuki Furihata
   Director Robert A. Mundell

3. Among the Directors, Rikiya Fujita, Masanobu Chiba and Junichi Hayashi are Outside Directors.
4. Among the Corporate Auditors, Makoto Shimada and Yasuo Nakamura are Outside Corporate Auditors.
5. Under the Company's executive officer system, the following are executive officers as of March 31, 2009. The "*" mark indicates individuals serving concurrently as Directors.

Appointment	Name
Senior Managing Executive Officer	Masaaki Terada *
Senior Managing Executive Officer	Masaharu Okubo *
Senior Managing Executive Officer	Hideo Yamada *
Senior Managing Executive Officer	Haruhito Morishima *
Senior Managing Executive Officer	Masataka Suzuki *
Managing Executive Officer	Kazuhisa Yanagisawa *
Managing Executive Officer	Shuichi Takayama *
Managing Executive Officer	Takashi Tsukaya *
Executive Officer	Tatsuo Nagasaki *
Executive Officer	Hisashi Mori *
Executive Officer	Kazuhiro Watanabe *
Managing Executive Officer	Toshiaki Gomi
Managing Executive Officer	Masao Kuribayashi
Executive Officer	Akinobu Yokoo
Executive Officer	Takashi Saito
Executive Officer	Koichi Karaki
Executive Officer	Yasuhiro Ueda
Executive Officer	Norio Saito
Executive Officer	Hitoshi Kawada
Executive Officer	Yoshihiko Masakawa
Executive Officer	Shinichi Nishigaki
Executive Officer	Naohiko Kawamata
Executive Officer	Hiroyuki Sasa
Executive Officer	Masanori Nakashima
Executive Officer	Atsushi Nishikawa
Executive Officer	Yasuo Yoda
Executive Officer	F. Mark Gumz
Executive Officer	Michael C. Woodford

2. Amount of Remuneration for Directors and Corporate Auditors

	Number	Total amount paid
Director	18	¥552 million
Corporate Auditor	4	¥86 million

Notes:
1. By resolution of the 138th General Meeting of Shareholders held on June 29, 2006, the maximum monthly remuneration for Directors is set at ¥65 million and the maximum monthly remuneration for Corporate Auditors is set at ¥10 million and the annual bonus for Directors is ¥120 million. No bonuses are paid to Corporate Auditors.
2. The above number of Directors and amount of remuneration for Directors include 3 Directors (including 1 Outside Director) retired at the conclusion of the 140th General Meeting of Shareholders held on June 27, 2008.
3. The above amount of remuneration for Directors does not include ¥27 million in salaries for employees serving concurrently as Directors.
4. Of the above amount of remuneration for Directors and Corporate Auditors, the total amount paid to 6 Outside Directors and Outside Corporate Auditors (4 Outside Directors, 2 Outside Corporate Auditors) is ¥53 million.
5. The total amount paid of remuneration for Directors and Corporate Auditors to 1 Outside Director during the current fiscal year from a subsidiary of the Company is ¥2 million.

3. Matters Concerning Outside Directors and Outside Corporate Auditors

(1) Concurrent positions held at other companies and relations between same and the Company

Director Masanobu Chiba is President and Representative Director of LBS Co., Ltd., which has business relations with the Company in the area of advertising and promotion.

Director Junichi Hayashi is Representative Director of Angram Ltd., which does not have business relations with the Company.

(2) Concurrent positions held at other companies as Outside Directors and Outside Corporate Auditors

Director Junichi Hayashi serves as an Outside Corporate Auditor at ITX Corporation.

(3) Major activities during current fiscal year

Rikiya Fujita, Director

Mr. Fujita attended 16 of the 17 Board of Directors' meetings held during the current fiscal year and made statements as he saw fit, based on his profound knowledge and broad insight as a medical doctor from a perspective independent of the management engaged in the execution of business operations.

Masanobu Chiba, Director

Mr. Chiba attended all 13 Board of Directors' meetings held during the current fiscal year after his appointment at the 140th General Meeting of Shareholders held on June 27, 2008 and made statements as he saw fit, based on his profound knowledge and broad insight as a business manager from a perspective independent of the management engaged in the execution of business operations.

Junichi Hayashi, Director

Mr. Hayashi attended all 13 Board of Directors' meetings held during the current fiscal year after his appointment at the 140th General Meeting of Shareholders held on June 27, 2008 and made statements as he saw fit, based on his profound knowledge and broad insight as a business manager and through the securities industry from a perspective independent of the management engaged in the execution of business operations.

Makoto Shimada, Corporate Auditor

Mr. Shimada attended all 17 Board of Directors' meetings and all 26 Board of Corporate Auditors' meetings and made statements as he saw fit from the perspective of a business manager with profound knowledge to ensure appropriate and fair decision making by the Board of Directors.

Yasuo Nakamura, Corporate Auditor

Mr. Nakamura attended all 17 Board of Directors' meetings and all 26 Board of Corporate Auditors' meetings and made statements as he saw fit from the perspective of a business manager with profound knowledge to ensure appropriate and fair decision making by the Board of Directors.

(4) Overview of content of limited liability agreement

The Company has entered into an agreement with all of its Outside Directors and Outside Corporate Auditors to limit their liability pursuant to Article 423, Paragraph 1 of the Company Law, setting the minimum amount stipulated by law as the maximum liability.

IV Accounting Auditor

1. Name of Accounting Auditor

KPMG AZSA & Co.

2. Amount of Remuneration

Classification	Amount paid
Remuneration to Accounting Auditor for the current fiscal year	¥93 million
Total amount of money and other financial interests to be paid by the Company and its subsidiaries	¥487 million

Notes:
1. The audit agreement between the Company and its Accounting Auditor does not distinguish compensation paid for audit work performed in conformity with the Company Law and compensation paid for audit work performed in conformity with the Financial Instruments and Exchange Act and it is effectively impossible to do so. Therefore, the total amount is provided.
2. Among the important subsidiaries of the Company, Olympus Corporation of the Americas, Olympus Europa Holding GmbH and Olympus (China) Co., Ltd. are audited by auditing firms other than the Accounting Auditor of the Company.

3. Description of Non-Auditing Services

The Company pays compensation to the Accounting Auditor for consultation services related to internal control on financial reporting, which is not included in the services under Article 2, Paragraph 1 of the Certified Public Accountants Law.

4. Policy on Dismissal and Non-Reappointment of Accounting Auditor

The Company will dismiss the Accounting Auditor, with the unanimous consent of the Corporate Auditors of the Board of Corporate Auditors, in the event said Accounting Auditor is recognized as falling under one of the items listed in Article 340, Paragraph 1 of the Company Law.

In addition to the foregoing, the Company will propose the dismissal or non-reappointment of the Accounting Auditor to the General Meeting of Shareholders in the event it is recognized that the appropriate performance of duties by said Accounting Auditor is rendered not possible due to reasons on the part of the Company or due to events affecting the qualifications and credibility of the Accounting Auditor.

V Company's Systems and Policies

1. Basic Policy on the Internal Control System

The Company refers to the concept of assimilating, as members, with society, sharing values with other members of society, and making people's lives healthy and happy by proposing new values through business activities as "Social IN," and identifies the concept as the leading motive lying behind all our activities.

The Board of Directors, based on this basic concept, shall prepare a framework in which ensures the sound operations of the Company, and make continuous improvements with its application.

(1) Framework to ensure the compliance by Directors and employees, in performance of duties, to applicable laws and regulations as well as the Articles of Incorporation

1) In order to ensure a system in which Directors and employees perform their duties in compliance with applicable laws and regulations and the Articles of Incorporation, the Board of Directors shall establish the Olympus Group's Charter of Corporate Behavior and Olympus Group's Code of Conduct and other basic policies and internal corporate regulations.

2) The Company shall set up a Compliance Office to manage compliance activities. The Compliance Office shall continuously conduct compliance related activities, including the education of Directors and employees.

3) The Company shall establish a helpline to consult or receive report compliance related issues. The Company shall also develop a system to report contents, etc. of compliance related issues, if arises, to the Board of Directors and the Board of Corporate Auditors through a compliance officer in charge.

4) In order to ensure the appropriateness and reliability of financial reporting, the Company shall set up a J-sox Act Compliance Department and will maintain its efforts to ensure the control activities function effectively.

5) The Administration Department shall be responsible for working with lawyers, the police and other parties to systematically stand firm against anti-social forces and organizations which threaten societal order and safety.

(2) Framework regarding the maintenance of records and management of information in relation to performance of duties by auditors

1) Pursuant to applicable laws and regulations and internal corporate regulations including the internal rules on document management, etc., the Company shall maintain and manage documents or electronic data.

2) Directors and Corporate Auditors may access important documents such as the minutes of a meeting of the Board of Directors and documentary approvals at any time.

(3) Rules relating to the risk management in the event of loss and other circumstances

1) The Company shall manage its business risks based on thorough discussions held at meetings of the Board of Directors and the executive management committee, among other meetings, and appropriate operation of the internal approval procedure.

2) The Company shall manage risks such as those relating to quality, product safety, export control, information security, health and safety, the environment and disasters by establishing divisions in charge, establishing internal corporate regulations and manuals, and through implementing education and training, among others.
3) Pursuant to the internal rule on risk management, each operational department shall be aware of risks and take preventative measures, and the Company shall develop a framework which enables prompt actions in the event of an emergency. In the event of a disaster including earthquakes, fire and accidents, and occurrence of incidents of great risks, such as the violation of corporate ethics, etc., the operational departments shall, through a risk management office as a window, make immediate reports to the President, other members of the risk management committee and relevant people. The final determination in such circumstance shall be made by the President.
4) A meeting of the risk management committee, with the President as a chairman of the committee, shall be held regularly. The risk management committee shall receive and review reports plans and measures in relation to risk management, and [make efforts] to establish and maintain a risk management system.

(4) Framework to ensure the effective performance of duties by Directors
1) The Board of Directors shall develop medium and long-term basic business plans in order to clarify the Company's business goals and achieve efficient resource allocation based on its annual business plan as determined each business year. In addition, the Board of Directors shall receive a monthly report on business performance in order to evaluate the status of the Company's annual business plan.
2) The Board of Directors shall determine the separation of duties among the Representative Director, other Operating Directors and Executive Officers and supervise with respect to their duties as performed.
3) The Representative Director shall make a decision about significant matters after discussing at meetings of the executive management committee.
4) Based on internal corporate regulations relating to approval procedures and organizational matters, the Board of Directors shall determine the management organization and the separation of duties as well as the responsibility and authority of each of the Representative Director, other Operating Directors and Executive Officers, and establish a fair and effective system for performance of duties.

(5) System to ensure the fairness of operations of the Company and its subsidiaries
1) Pursuant to the internal rule on management of affiliated companies, the Company shall clearly provide for management standards applied to its subsidiaries and promote Olympus Group's enhancement and development by providing guidance and training to its subsidiaries.
2) The Company shall dispatch Directors and Corporate Auditors to major subsidiaries to ensure the fairness of operations of subsidiaries by requesting them to obtain the Company's approval for significant matters based on the internal rule [on settlement].
3) The Company shall make efforts with such conducts the contents of Olympus Group's Charter of Corporate Behavior among subsidiaries and promote enhanced awareness for compliance with such conducts among the Group.

4) The audit office of the Company shall conduct status audits regarding the internal control, compliance audit and system audit, etc. based on the annual audit plan approved by the President of the Company and report the audit results to the President, Board of Directors and the Board of Corporate Auditors of the Company. The Company shall establish an internal audit department for conducting audits of its major subsidiaries.

(6) Matters relating to employees that assist the Corporate Auditors upon the request of such Corporate Auditor for assistance and matters relating to independence of the relevant employees from Directors

1) The Company will establish the office of Corporate Auditors and allocate personnel who will assist with the Corporate Auditors' duties. In order to assist with Corporate Auditors' duties, such personnel shall not receive directions or guidance from any Directors.

2) Appointment, dismissal, transfers, wages and personnel evaluation, etc. of employees, who should assist with Corporate Auditors' duties, shall be determined after obtaining the approval of the Board of Corporate Auditor, and the independence of such employees from Directors shall be ensured.

(7) Framework regarding reports by Directors and employees to Corporate Auditors, and other reports to the Corporate Auditors

The Board of Directors shall make reports to Corporate Auditors pursuant to relevant laws and regulations. Corporate Auditors may request reports from Directors and employees based on relevant laws and regulations, the Rules of the Board of Corporate Auditors and the Corporate Auditors' Audit Standard.

(8) Other systems to ensure the effectiveness of audit by Corporate Auditors

1) Corporate Auditors shall conduct audits on Directors, employees and subsidiaries through hearings or visiting audits, to ensure the effectiveness of its audit.

2) The Board of Corporate Auditors shall hold regular meetings with Directors including the President as well as with each head of department, and exchange opinions regarding significant audit related issues.

3) The Board of Corporate Auditors shall, in order to ensure an effective audit, hold meetings to discuss their findings with Accounting Auditors, the audit office and Corporate Auditors of major subsidiaries.

2. Basic Policy on Management of Joint Stock Company

(1) Basic policy

The Company refers to the concept of assimilating, as members, with society, sharing values with other members of society, and making people's lives healthy and happy by proposing new values through business activities as "Social IN," and identifies the concept as the leading motive lying behind all our activities.

Efforts are being made to ensure and enhance its corporate value, as well as the common interests of its shareholders, based on this philosophy. To this end, it is indispensable 1) to prevent the outflow of technical and human assets that have been developed over the years while protecting and fostering such assets from medium- and long-term perspectives, and 2) to manage business with emphasis on such things as the maintenance and reinforcement of customer networks, as well as the Company's brand competitiveness. It is believed that the foregoing must be ensured and enhanced for medium- and long-term by those who purchase large numbers of the Company's shares. It is also believed that, in the event of an offer of a large-scale acquisition of the Company's shares from an external party, it is necessary to determine the effect of such offer on the Company's corporate value and the common interests of the shareholders, based not only on the foregoing factors but also on an appropriate understanding of such other factors as the Company's tangible and intangible business resources, potential effect of measures concerning the future, diverse business segments including medical systems, imaging systems, life science, and information & communication, synergy that may be achieved though the organic binding of Group companies operating worldwide, and other elements comprising the Company's corporate value.

(2) Measures for realization of basic policies

1) Effective utilization of Company's assets, formation of appropriate corporate group, and other special measures for realization of basic policies

The Company believes that the main sources of its corporate value and common interests of its shareholders are "opto-digital technology (optical technology, digital imaging technology, and micro-processing technologies)," "strong customer networks," and "global brand competitiveness," among other things.

As a company engaged in manufacturing, the Company first improved on its basic research related to advanced technologies and manufacturing technologies, such as opto-digital technology, and established a better research and development system. Then, it fostered its core technologies based on the medium- and long-term perspective by passing down the technologies, expertise, and know-how accumulated over the years from generation to generation. Technologies thus fostered are beginning to bear fruit in such form as unique products, like endoscopes, and new businesses, and are resulting in proposals of new values to the society.

In addition, strong networks with customers and the strengthening of collaboration are indispensable in the construction of a business model offering competitive advantages especially in the Medical Systems Business, which is the most profitable of our business segments. A decisive factor in ensuring the high profitability of the Medical Systems Business is the timely provision of products and services that address the needs of medical and healthcare professional and users by sharing information with physicians, who are the opinion leaders.

Further, the Olympus brand is well known not only in Japan but also in Europe and the United States in the areas of consumer business, which includes digital cameras. It is believed that the brand name will continue to play a significant role in building a stable profit base and recovery of value creation ability, backed by the global development of consumer business.

The new medium-term Corporate Strategic Plan "the 2006 CSP" was formulated in 2006 based on the foregoing perception. The Company will seek to secure and enhance corporate value and the common interests of shareholders in a stable and sustainable manner based on the 2006 CSP. (Refer to the Company's press release dated May 10, 2006, for the details of the 2006 CSP. The press release can be

found on the Company’s website:
http://www.olympus-global.com/en/info/index.cfm?target_year=2006&disp=on)

Furthermore, the Company has been promoting business structural reform since 2001, reducing the number of Directors by one half and shortening the term in office to 1 year, among other things. Since 2005, it has been making efforts to reinforce oversight regarding the execution of business operations through such measures as the appointment of two independent Outside Directors. The Company will continue to make efforts to enhance its corporate governance.

2) Measures to prevent control of financial and business policy decisions by inappropriate parties from the perspective of basic policies

The Company’s Board of Directors obtained the approval to make the decision to issue gratis share warrants as countermeasures to large-scale acquisitions aimed at owning 20% or more of the Company’s shares with voting rights (hereinafter “takeover defence”) at the 138th General Meeting of Shareholders held on June 29, 2006. [See the Company’s News Release “Introduction of Countermeasures to Large-Scale Acquisitions of Olympus Corporation Shares (Takeover Defence)” dated May 10, 2006 for details. The News Release can be found on the Company’s website:
http://www.olympus-global.com/en/info/index.cfm?target_year=2006&disp=on]

(3) Board of Directors’ views on measure in (2) above and reasons thereof

1) It is in line with basic policies set forth in (1) above

The Company’s anti-takeover measure is intended to ensure and enhance the Company’s corporate value and the common interests of the shareholders by proposing to the shareholders the plans of the Company's management and alternative plans, ensuring opportunities for negotiations with the party attempting to execute the takeover, and other means, by establishing internal procedure regarding large-scale acquisition of the Company’s shares and securing necessary and sufficient information and time for shareholders to make appropriate decisions. As such, the Company’s Board of Directors believes that the measure set forth in (2) above is in line with the basic policies set forth in (1) above.

2) Measure does not undermine common interests of the Company’s shareholders and is not intended to maintain positions of the Company’s Directors and Corporate Auditors

The advice of a highly independent special committee is required to put the anti-takeover measure into effect. The measure does not undermine the common interests of the shareholders, remaining in effect for three years and requiring the approval of the General Meeting of Shareholders for renewal, and is not intended to be a means of maintaining the position of the Company's Directors and Corporate Auditors.

Concerning the abovementioned basic policies on management of joint stock company, a revised 6th Agenda “Renewal of Countermeasures to Large-Scale Acquisitions of Olympus Corporation Shares (Takeover Defense Measures)” is newly presented for deliberation by the General Meeting of Shareholders for the 141st term.

(Reference)

Comparison of the Business Report after correction and before correction

For the 141st Term (April 1, 2008 to March 31, 2009)

Pages 1 to 2

I Review of Group Operations

1. Review of Operations

Paragraph 5

[After Correction]

While the Olympus Group's Medical Systems Business remained robust, the consolidated net sales for the current fiscal year decreased (13.1% year-on-year) to ¥980,803 million due to the worldwide business slowdown and sharp appreciation of the yen during the second half-year. With respect to profits, operating income decreased (62.1% year-on-year) to ¥42,722 million due to the adverse influences of exchange rate movements and increased depreciation expenses associated with consolidated subsidiaries. Ordinary income decreased (73.6% year-on-year) to ¥25,679 million. We sincerely regret to inform that the Olympus Group recorded a consolidated net loss of ¥50,561 million (in contrast to a net income of ¥54,625 million for the previous fiscal year) as it recorded an extraordinary losses including a loss on valuation of investment securities due to the heavily fallen market values and one-time amortization of goodwill related to the subsidiaries.

[Before Correction]

While the Olympus Group's Medical Systems Business remained robust, the consolidated net sales for the current fiscal year decreased (13.1% year-on-year) to ¥980,803 million due to the worldwide business slowdown and sharp appreciation of the yen during the second half-year. With respect to profits, operating income decreased (69.3% year-on-year) to ¥34,587 million due to the adverse influences of exchange rate movements and increased depreciation expenses associated with consolidated subsidiaries. Ordinary income decreased (80.2% year-on-year) to ¥18,390 million. We sincerely regret to inform that the Olympus Group recorded a consolidated net loss of ¥114,810 million (in contrast to a net income of ¥57,969 million for the previous fiscal year) as it recorded an extraordinary losses including a loss on valuation of investment securities due to the heavily fallen market values and one-time amortization of goodwill related to the subsidiaries.

Page 2

2. Results of the Business Activities by Business Segment

Medical Systems Business

Paragraph 1

[After Correction]

Consolidated net sales in the Medical Systems Business amounted to ¥383,828 million (8.7% increase over the previous fiscal year), while operating income amounted to ¥75,434 million (23.4% decrease over the previous fiscal year).

[Before Correction]

Consolidated net sales in the Medical Systems Business amounted to ¥383,828 million (8.7% increase over the previous fiscal year), while operating income amounted to ¥75,043 million (23.8% decrease over the previous fiscal year).

Page 3

Others

Paragraph 1

[After Correction]

Consolidated net sales for other businesses was ¥64,742 million (6.5% decrease over the previous fiscal year) and operating loss was ¥6,219 million (in contrast to an operating income of ¥1,120 million for the previous fiscal year).

[Before Correction]

Consolidated net sales for other businesses was ¥64,742 million (6.5% decrease over the previous fiscal year) and operating loss was ¥13,963 million (in contrast to an operating income of ¥917 million for the previous fiscal year).

Paragraph 5

[After Correction]

Olympus registered an operating loss due to the increased costs associated with structural reform including portfolio reexamination at ITX Corporation.

[Before Correction]

Olympus registered an operating loss due to the increased costs associated with amortization of goodwill of the subsidiaries that had been consolidated during the previous fiscal year and with structural reform including portfolio reexamination at ITX Corporation.

Page 5

5. Changes in Assets and Results of Operation

[After Correction]

(Millions of yen)

	138th term	139th term	140th term	141st term
Net sales	978,127	1,061,786	1,128,875	980,803
Ordinary income	41,206	78,346	97,312	25,679
Net income (loss)	28,564	46,962	54,625	(50,561)
Net income (loss) per share (Yen)	105.99	173.69	202.11	(188.85)
Total assets	976,132	1,002,665	1,217,172	1,038,253
Net assets	290,656	224,951	244,281	110,907
Net assets per share (Yen)	1,074.30	792.72	861.58	387.31

Notes:
1. Since the 139th term, the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5, December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement Guidance No. 8, December 9, 2005) have been applied.
2. In the 140th term, the addition of Gyrus Group PLC (current Gyrus Group Limited) in the scope of consolidation resulted in an increase in total assets from the end of the previous fiscal year.
3. See "I Review of Group Operations 1. Review of Operations" on pages 1 to 2 above for details on results for the 141st term (current fiscal year).
4. Owing to the correction of improper accounting treatment, at the beginning of the 139th term, there was a ¥118,353 million reduction in retained earnings to account for the corresponding loss.

[Before Correction]

(Millions of yen)

	138th term	139th term	140th term	141st term
Net sales	978,127	1,061,786	1,128,875	980,803
Ordinary income	41,206	76,226	93,085	18,390
Net income (loss)	28,564	47,799	57,969	(114,810)
Net income (loss) per share (Yen)	105.99	176.79	214.48	(428.83)
Total assets	976,132	1,091,800	1,358,349	1,106,318
Net assets	290,656	344,871	367,876	168,784
Net assets per share (Yen)	1,074.30	1,236.34	1,318.65	603.92

Notes:
1. Since the 139th term, the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5, December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement Guidance No. 8, December 9, 2005) have been applied.
2. In the 140th term, the addition of Gyrus Group PLC (current Gyrus Group Limited) in the scope of consolidation resulted in an increase in total assets from the end of the previous fiscal year.
3. See "I Review of Group Operations 1. Review of Operations" on pages 3 to 4 above for details on results for the 141st term (current fiscal year).

141st Term

Page 6

6. Major Parent Companies and Subsidiaries

(2) Major subsidiaries

[After Correction]

There are 194 consolidated subsidiaries, including the following 6 major subsidiaries, and 20 equity-method companies.

[Before Correction]

There are 189 consolidated subsidiaries, including the following 6 major subsidiaries, and 20 equity-method companies.

After Correction

Consolidated Balance Sheet

(As of March 31, 2009)

(Millions of yen)

Accounts	Amount	Accounts	Amount
ASSETS:		**LIABILITIES:**	
Current assets	**472,357**	**Current liabilities**	**349,101**
Cash and time deposits	136,877	Notes and accounts payable	66,604
Notes and accounts receivable	160,258	Short-term borrowings	97,068
Securities	199	Current maturities of bonds	20,300
Merchandise and finished goods	58,683	Accrued expenses	65,592
Work in process	21,230	Income taxes payable	15,600
Raw materials and supplies	15,627	Provision for product warranties	8,875
Deferred income taxes	35,583	Other current liabilities	75,062
Other current assets	48,494		
Allowance for doubtful accounts	(4,594)	**Non-current liabilities**	**578,245**
		Long-term bonds, less current maturities	130,200
Fixed assets	**565,896**	Long-term borrowings, less current maturities	395,271
Property, plant and equipment	**162,444**	Severance and retirement allowance	18,744
Buildings and structures	76,782	Severance and retirement allowance for directors and corporate auditors	130
Machinery and equipment	16,326	Other non-current liabilities	33,900
Tools, furniture and fixtures	42,594	**Total liabilities**	**927,346**
Land	19,839		
Lease assets	3,512	**NET ASSETS:**	
Construction in progress	3,391	**Shareholders' equity**	**160,631**
		Common stock	48,332
Intangible fixed assets	**253,762**	Capital surplus	73,049
Goodwill	170,252	Retained earnings	52,124
Others	83,510	Treasury stock, at cost	(12,874)
Investments and other assets	**149,690**	**Valuation and translation adjustments**	**(57,144)**
Investment securities	62,589	Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	(2,311)
Deferred income taxes	17,909	Net unrealized gains (losses) on hedging derivatives, net of taxes	(1,330)
Investment fund assets	8,458	Foreign currency translation adjustments	(53,503)
Other assets	67,015	**Minority interests**	**7,420**
Allowance for doubtful accounts	(6,281)	**Total net assets**	**110,907**
Total assets	**1,038,253**	**Total liabilities and net assets**	**1,038,253**

141st Term

Before Correction (Reference)

Consolidated Balance Sheet

(As of March 31, 2009)

(Millions of yen)

Accounts	Amount	Accounts	Amount
ASSETS:		**LIABILITIES:**	
Current assets	**474,767**	**Current liabilities**	**341,905**
Cash and time deposits	136,877	Notes and accounts payable	66,604
Notes and accounts receivable	160,258	Short-term borrowings	97,068
Securities	199	Current maturities of bonds	20,300
Merchandise and finished goods	58,683	Accrued expenses	65,592
Work in process	21,230	Income taxes payable	8,404
Raw materials and supplies	16,577	Provision for product warranties	8,875
Deferred income taxes	36,843	Other current liabilities	75,062
Other current assets	48,494		
Allowance for doubtful accounts	(4,394)	**Non-current liabilities**	**595,629**
		Long-term bonds, less current maturities	130,200
Fixed assets	**631,551**	Long-term borrowings, less current maturities	412,656
Property, plant and equipment	**163,113**	Severance and retirement allowance	18,744
Buildings and structures	76,940	Severance and retirement allowance for directors and corporate auditors	130
Machinery and equipment	16,784	Other non-current liabilities	33,899
Tools, furniture and fixtures	42,630	**Total liabilities**	**937,534**
Land	19,856		
Lease assets	3,512	**NET ASSETS:**	
Construction in progress	3,391	**Shareholders' equity**	**218,914**
		Common stock	48,332
Intangible fixed assets	**264,620**	Capital surplus	73,049
Goodwill	180,540	Retained earnings	110,407
Others	84,080	Treasury stock, at cost	(12,874)
Investments and other assets	**203,818**	**Valuation and translation adjustments**	**(57,550)**
Investment securities	127,144	Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	(1,457)
Deferred income taxes	15,661	Net unrealized gains (losses) on hedging derivatives, net of taxes	(1,330)
Other assets	62,251	Foreign currency translation adjustments	(54,763)
Allowance for doubtful accounts	(1,238)	**Minority interests**	**7,420**
		Total net assets	**168,784**
Total assets	**1,106,318**	**Total liabilities and net assets**	**1,106,318**

141st Term

After Correction

Consolidated Statement of Income

(April 1, 2008 to March 31, 2009)

(Millions of yen)

Accounts	Amount
Net sales	980,803
Cost of sales	519,523
Gross profit	**461,280**
Selling, general and administrative expenses	418,558
Operating income	**42,722**
Non-operating income	11,591
Interest income	2,420
Foreign currency exchange gain, net	5,009
Others	4,162
Non-operating expenses	28,634
Interest expenses	16,192
Net loss of investment in affiliated companies carried on the equity method	1,704
Others	10,738
Ordinary income	**25,679**
Extraordinary income	34
Gain on sales of investment securities	34
Extraordinary losses	46,096
Impairment loss on fixed assets	1,815
Loss on sales of investment securities	1,053
Loss on valuation of investment securities	16,192
Amortization of goodwill	20,518
Loss on funds invested	1,755
Provision of allowance for doubtful accounts	4,763
Loss before provision for income taxes	**20,383**
Income taxes, current	32,511
Income taxes, deferred	14
Minority interest in losses of consolidated subsidiaries	(2,347)
Net loss	**50,561**

141st Term

Before Correction (Reference)

Consolidated Statement of Income

(April 1, 2008 to March 31, 2009)

(Millions of yen)

Accounts	Amount
Net sales	980,803
Cost of sales	519,580
Gross profit	**461,223**
Selling, general and administrative expenses	426,636
Operating income	**34,587**
Non-operating income	11,622
Interest income	2,420
Foreign currency exchange gain, net	5,009
Others	4,193
Non-operating expenses	27,819
Interest expenses	16,192
Net loss of investment in affiliated companies carried on the equity method	1,704
Others	9,923
Ordinary income	**18,390**
Extraordinary income	691
Gain on sales of investment securities	691
Extraordinary losses	110,382
Impairment loss on fixed assets	1,815
Loss on sales of investment securities	1,053
Loss on valuation of investment securities	15,797
Amortization of goodwill	76,201
Loss on prior period adjustment	15,516
Loss before provision for income taxes	**91,301**
Income taxes, current	25,465
Income taxes, deferred	405
Minority interest in losses of consolidated subsidiaries	(2,361)
Net loss	**114,810**

After Correction

Consolidated Statement of Changes in Net Assets

(April 1, 2008 to March 31, 2009)

(Millions of yen)

Items	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' equity
Net assets at March 31, 2008	48,332	73,049	115,285	(2,634)	234,032
Effect of changes in accounting policies applied to foreign subsidiaries			1,567		1,567
Changes during the year					
Cash dividends paid			(10,749)		(10,749)
Net loss			(50,561)		(50,561)
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States			(3,418)		(3,418)
Acquisition of treasury stock				(10,240)	(10,240)
Net changes in items other than shareholders' equity					
Net changes during the year	–	–	(64,728)	(10,240)	(74,968)
Balance at March 31, 2009	48,332	73,049	52,124	(12,874)	160,631

Items	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	Net unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Total valuation and translation adjustments		
Net assets at March 31, 2008	5,334	34	(6,567)	(1,199)	11,448	244,281
Effect of changes in accounting policies applied to foreign subsidiaries						1,567
Changes during the year						
Cash dividends paid						(10,749)
Net loss						(50,561)
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States						(3,418)
Acquisition of treasury stock						(10,240)
Net changes in items other than shareholders' equity	(7,645)	(1,364)	(46,936)	(55,945)	(4,028)	(59,973)
Net changes during the year	(7,645)	(1,364)	(46,936)	(55,945)	(4,028)	(134,941)
Balance at March 31, 2009	(2,311)	(1,330)	(53,503)	(57,144)	7,420	110,907

141st Term

Before Correction (Reference)

Consolidated Statement of Changes in Net Assets

(April 1, 2008 to March 31, 2009)

(Millions of yen)

Items	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' equity
Net assets at March 31, 2008	48,332	73,049	237,817	(2,634)	356,564
Effect of changes in accounting policies applied to foreign subsidiaries			1,567		1,567
Changes during the year Cash dividends paid			(10,749)		(10,749)
Net loss			(114,810)		(114,810)
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States			(3,418)		(3,418)
Acquisition of treasury stock				(10,240)	(10,240)
Net changes in items other than shareholders' equity					
Net changes during the year	−	−	(128,977)	(10,240)	(139,217)
Balance at March 31, 2009	48,332	73,049	110,407	(12,874)	218,914

Items	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	Net unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Total valuation and translation adjustments		
Net assets at March 31, 2008	6,320	34	(6,567)	(213)	11,525	367,876
Effect of changes in accounting policies applied to foreign subsidiaries						1,567
Changes during the year Cash dividends paid						(10,749)
Net loss						(114,810)
Adjustment on projected benefit obligation of the consolidated subsidiary in the United States						(3,418)
Acquisition of treasury stock						(10,240)
Net changes in items other than shareholders' equity	(7,777)	(1,364)	(48,196)	(57,337)	(4,105)	(61,442)
Net changes during the year	(7,777)	(1,364)	(48,196)	(57,337)	(4,105)	(200,659)
Balance at March 31, 2009	(1,457)	(1,330)	(54,763)	(57,550)	7,420	168,784

After Correction

Notes to Consolidated Financial Statements

Regarding correction of consolidated financial statements

The Company established a third party committee consisting of members who hold no interests with the Company (Chairman: Tatsuo Kainaka, attorney-at-law; the “Third Party Committee”) on November 1, 2011 for the purpose of investigating all transactions regarding the acquisitions of Gyrus Group PLC (“Gyrus”) and three domestic subsidiaries (Altis Co., Ltd., NEWS CHEF, Inc. and Humalabo Co., Ltd.), from the beginning of examination of each acquisition to the time of closing of each transaction. The Company then received an investigation report issued by the Third Party Committee on December 6, 2011, which contained details of the situation regarding the Company’s postponing of recognition of losses and its settlement of such losses, and the impact of these actions. The investigation by the Third Party Committee revealed that the Company incurred large losses on securities investments, derivative transactions, etc. from the 1990’s, and postponed the recognition of the losses. It also revealed that, by means such as going through multiple funds, the Company used the acquisition funds for the three domestic subsidiaries, as well as the fees paid to financial advisors and the funds to buy back preferred shares in connection with the acquisition of Gyrus, for purposes including settling hidden losses on securities investments incurred from the Company’s past postponement of the recognition of losses.
The Company judged that there were significant errors in the consolidated financial statements for the five fiscal years including and following the fiscal year ended March 31, 2007. The Company then remade the relevant consolidated financial statements in order to recognize the hidden losses, which had previously been treated as outside the scope of consolidation due to the Company’s past postponement of the recognition of losses, etc., as losses of the Company for the relevant past fiscal years, with corrections of the associated errors.

Important Items That Form the Basis for Preparing the Consolidated Financial Statements

1. Scope of consolidation
   (1) Number of consolidated subsidiaries and names of principal consolidated subsidiaries
   Number of consolidated subsidiaries: 194
   Principal consolidated subsidiaries:
   Olympus Medical Systems Corp., Olympus Imaging Corp., Aizu Olympus Co., Ltd., Shirakawa Olympus Co., Ltd., Aomori Olympus Co., Ltd., Olympus Opto-Technology Co., Ltd., ITX Corporation, Olympus Medical Systems Europa GmbH, Olympus America Inc. and Olympus Hong Kong and China Limited
   The following 5 receiver funds (Note) determined to be used to segregate hidden losses on financial assets, derivative transactions, etc., and to be substantially controlled by the Company, are included in the scope of consolidation.
   - SG Bond Plus Fund
   - Central Forest Corporation
   - Creative Dragons SPC-Sub Fund E

● Easterside Investments Limited

● Twenty-First Century Global Fixed Income Fund Limited

Note: This term refers to a number of receiver funds that served as assignees of financial assets, derivative transactions, etc. (collectively, the “Receiver Funds”) as the Company incurred large losses from securities investments, derivative transactions, etc. from the 1990’s and segregated the hidden losses beginning with the fiscal year ended March 31, 2000 with the intention of postponing the recognition of the losses.

Newly added consolidated subsidiaries: 4

Olympus UK Loan Notes Limited, Makewave Japan Co., Ltd. and other 2 companies

Olympus UK Loan Notes Limited and other 1 company are newly established subsidiaries during the fiscal year ended March 31, 2009.
Pulsecho Inc. has been included into consolidation through equity participation carried out during the fiscal year.
Makewave Japan Co., Ltd. has been included into consolidation due to additional acquisition of shares during the fiscal year.

Excluded companies: 20

ITX Capital Innovation Co., Ltd., Olympus NDT NW, Inc. and other 18 companies

ITX Capital Innovation Co., Ltd. and other 10 companies have been excluded from consolidated subsidiaries due to sale of shares during the fiscal year.
Olympus NDT NW, Inc. and other 4 companies have been excluded from consolidated subsidiaries due to merger with other consolidated subsidiaries during the fiscal year.
Recycle Institute Ltd. and other 2 companies have been excluded from consolidated subsidiaries due to liquidation during the fiscal year.
LA PLANTA CO., LTD. has been excluded from consolidated subsidiaries due to decrease in materiality.

(2) Names and other information of principal non-consolidated subsidiaries

Principal non-consolidated subsidiaries:

Feed Corporation, Radio Cafe, Inc. and LA PLANTA CO., LTD.

The 10 non-consolidated subsidiaries are all small and not material when measured by the impact of total amounts of assets, net sales, net income, and retained earnings (based on the Company’s ownership percentage) of those companies on consolidated financial statements. They have therefore been excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries and affiliates accounted for under the equity method and names of principal companies, etc.

Non-consolidated subsidiaries accounted for under the equity method: 2

Principal subsidiaries:

Feed Corporation and Radio Cafe, Inc.

Affiliated companies accounted for under the equity method: 18

Principal affiliated companies:

ORTEK Corporation, Adachi Co., Ltd. and Olympus Cytori Inc.

Newly added affiliated companies: 6

ITX Capital Innovation Co., Ltd. and other 5 companies

ITX Capital Innovation Co., Ltd. and other 5 companies have switched from consolidated subsidiaries to affiliated companies accounted for under the equity method due to partial sale of shares during the fiscal year.

Excluded companies: 1

Resect Medical, Inc.

Resect Medical, Inc. has been excluded from affiliated companies accounted for under the equity method due to sale of shares during the fiscal year.

(2) LA PLANTA CO., LTD. and other 7 non-consolidated subsidiaries and 11 affiliated companies have not been accounted for under the equity method because the impact of all those companies on consolidated net income and retained earnings is not material.

3. Item concerning the business year of consolidated subsidiaries

Among consolidated subsidiaries, with respect to Gyrus Group Limited, etc., whose accounts settlement date was December 31, the Company made necessary adjustments regarding significant transactions occurring between that date and the consolidated accounts settlement date based on its financial statements as of the date on which control of that company was obtained. However, due to the change of that company's accounts settlement date to March 31, the 14-month period between February 1, 2008, and March 31, 2009, is consolidated in the current fiscal year.

4. Items concerning accounting principles

(1) Important asset valuation principles and methods

(a) Securities

Held-to-maturity securities	Amortized cost method
Other securities	
Items with market value	Market value method based on fair market value on the account settlement date (the net unrealized gains and losses on these securities are reported as a separate component of net assets, and the cost of sales is calculated by the moving-average method)
Items without market value	Cost method based on the moving-average method Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

(b) Claims and liabilities from derivatives transactions

Market value method

(c) Inventories — Mainly reported using the First-in First-out cost method (for the value stated in the balance sheet, the book value is written down based on the decreased profitability)

(2) Depreciation and amortization method for important depreciated and amortized assets

(a) Property, plant and equipment (excluding lease assets)

Mainly by the declining balance method

Vehicles, tools and fixtures	Mainly based on useful lives as per the Corporate Tax Law
Other property, plant and equipment	Mainly based on useful lives prescribed by the Company determined in accordance with estimated functional useful years

(b) Intangible fixed assets (excluding lease assets)

Straight-line method

Mainly based on estimated useful lives

Software for internal use is reported using the usable period within the Company (3 to 5 years).

(c) Lease assets — Lease assets are calculated on the straight-line method over the lease period as the useful lives and assuming no residual value.

The accounting treatment for finance lease transactions not involving the transfer of ownership whose transaction commenced on or before March 31, 2008 follows the same method as for ordinary operating lease transactions.

(3) Accounting method for important allowances and reserves

(a) Allowance for doubtful accounts

To provide for losses due to unrecoverable claims such as accounts receivable and loans receivable, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

(b) Provision for product warranties

Due to the accounting of after service cost expected within the guarantee period with respect to products sold, the provision for product warranties is accounted using prescribed standards based on actually incurred past after service cost.

(c) Severance and retirement allowance

To provide for severance and retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year based on the severance and retirement liabilities and pension assets as of the end of the current fiscal year.

Pertaining to past service liabilities, the pro-rata amount calculated using a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities is accounted as an expense.

Pertaining to the actuarial difference, the pro-rata amount calculated using a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence of such actuarial difference is accounted as an expense starting from the following fiscal year.

(d) Severance and retirement allowance for directors and corporate auditors

To provide for outlays for severance and retirement benefit payments for directors and corporate auditors, the necessary payment amount at the end of the fiscal year is accounted by domestic consolidated subsidiaries based on their respective internal regulations.

(4) Other important items that form the basis for preparing consolidated financial statements

(a) Treatment method for important deferred assets

Stock delivery expense and bond issuance expense

Total expense recorded at the time of occurrence

(b) Important hedge accounting methods

The deferred hedge treatment method is used. Foreign currency-denominated monetary claims and liabilities under foreign exchange forward contracts are accounted by translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, requirements for special treatment are satisfied, therefore a special treatment is used.

Hedging instruments and hedged items

Hedging instruments	Foreign exchange forward contracts, currency option

	contracts, currency swap contracts, interest rate swap contracts
Hedged items	Forecasted transactions for foreign currency-denominated monetary claims and liabilities, borrowings

Hedging policy

Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

Hedging effect evaluation method

The effect is evaluated by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

(c) Treatment of consumption taxes

Treated using a tax exclusive method.

(d) Application of a consolidated tax payment system

A consolidated tax payment system under designating Olympus Corporation as the parent company is adopted at the Company and some of its consolidated subsidiaries.

(e) Item concerning the amortization of goodwill

Goodwill is amortized equally mainly over a period of 5 to 20 years.

5. Items concerning the valuation of the assets and liabilities of consolidated subsidiaries

The assets and liabilities of consolidated subsidiaries are fully evaluated using the fair market value at the time when the Company acquired control of the respective subsidiaries.

6. Changes in important items that form the basis for preparing the consolidated financial statements

(1) Valuation principles and methods for inventories

Before the change, inventories held for sale in the ordinary course of business were stated mainly using the lower-of-cost-or-market method per First-in First-out method. However, because the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, published July 5, 2006) has been applied from the current fiscal year, the First-in First-out cost method is now mainly employed (for the value stated in the balance sheet, the book value is written down based on the decreased profitability). The impact from this change on profit and loss is immaterial.

(2) Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

From the current fiscal year, the consolidated financial statements conform to the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18, May 17, 2006), and necessary amendments were made. As a result, operating income during the current fiscal year fell ¥134 million, as did ordinary income by ¥123 million. The Company recorded an increase in loss before provision for income taxes of ¥142 million and an increase in net loss of ¥1,941 million.

(3) Application of Accounting Standard for Lease Transactions

Before the change, the accounting treatment for finance lease transactions not involving the transfer of ownership followed the method for operating lease transactions, but now after the application of the

"Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007]) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee, January 18, 1994; revised March 30, 2007]) that begin from the current fiscal year, the accounting treatment for those transactions follows the method for ordinary purchase and sales transactions.

Depreciation of finance lease assets not involving the transfer of ownership is calculated on the straight-line method over the lease period as the useful lives and assuming no residual value. The accounting treatment for finance lease transactions not involving the transfer of ownership whose transaction commenced before the first fiscal year in which the Accounting Standard for Lease Transactions is applied follows the same method as for ordinary operating lease transactions. The impact from this change on profit and loss is immaterial.

(4) Changes in presentation method

(Consolidated Balance Sheet)

Following the application of the "Cabinet Office Ordinance Amending Part of the Regulation for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No. 50, August 7, 2008), items presented as "Inventories" in the previous fiscal year are presented separately from the current fiscal year as "Merchandise and finished goods," "Work in process" and "Raw materials and supplies," which amounted to ¥65,229 million, ¥26,606 million and ¥18,544 million, respectively, and included in "Inventories" in the previous fiscal year.

(Additional information)

Concerning investments such as the equity participation in Gyrus Group Limited (formerly Gyrus Group PLC) during the previous fiscal year, because the amount to be expended in fees, etc. has been finalized and the allocation of funds for the acquisition cost is complete, a provisional accounting treatment has been determined.

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Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and obligations secured by such collateral

(1) Assets pledged as collateral

Cash and time deposits	¥30 million
Notes and accounts receivable	¥390 million
Inventories	¥234 million
Buildings and structures	¥1,711 million
Machinery and equipment	¥346 million
Investment securities	¥64 million
Total	¥2,775 million

(2) Obligations secured by such collateral

Long-term borrowings, less current maturities	¥501 million
Short-term borrowings	¥115 million

2. Accumulated depreciation for property, plant and equipment

¥233,675 million

3. Liabilities for guarantees

(Guaranteed party)	(Description of guarantee)	(Amount)
Employees	Housing fund loans	¥277 million
Other	Bank loans, etc.	¥1,460 million
Total		¥1,737 million

4. Notes receivable discounted ¥1,012 million

Notes receivable discounted	¥1,012 million
(including discounted bills of exchange for export)	¥1,012 million
Notes received endorsed for transfer	¥91 million

5. Investment fund assets

Assets held by the Receiver Funds are presented in bulk as "investment fund assets." This is because the operating assets of the Receiver Funds are, unlike usual investments by the Company, managed in an integrated manner in a series of transactional schemes. These "investment fund assets" include mainly deposits and investment securities. However, since related materials, etc. were not fully maintained, the Company corrected the consolidated financial statements by obtaining accounting information from outside persons related with the schemes.

6. Allowance for doubtful accounts

¥4,763 million of allowance for doubtful accounts is the amount expected to be unrecoverable with respect to ¥4,763 million of long-term accounts receivable-other that is commission fees related to Receiver Funds, which are mentioned in scope of consolidation, and included as an excess amount in "other assets" under investments and other assets. Although these fees were paid to the external partners of multiple Receiver Funds, the Company plans to request payment from these external partners of Receiver Funds because the fees were not agreed.

Notes to Consolidated Statement of Income

1. Impairment losses

Impairment losses are accounted for the following asset groups in the current fiscal year.

Application	Type	Location	Impairment loss
Others assets	Goodwill	Tokyo and other prefectures	¥721 million
	Land, etc.		¥221 million
	Tools, furniture and fixtures, etc.		¥31 million
Information & Communication Business assets	Goodwill	Tokyo and other prefectures	¥365 million
	Software, etc.		¥436 million
	Machinery and equipment, etc.		¥41 million
Total			¥1,815 million

Business assets are grouped by segment per type of business and idle assets are grouped individually.
Pertaining to business assets, because recoverability is not recognized over the estimated future cash flow period due to changes in the business environment, their book value is reduced to the recoverable amount. The recoverable amount is measured using the value in use and calculated with the future cash flow discounted at 11%.
For idle assets, because the market value is substantially lower than the book value, the book value is reduced to the recoverable value. The recoverable value of these asset groups is measured using the fair value less cost to sell and is evaluated using a method that deducts the estimated sales expenses from the estimated sales price.

2. Amortization of goodwill

In accordance with Item 32 of the “Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements” (JICPA Accounting Standard Committee Report No. 7, March 29, 2007), goodwill was amortized in a lump-sum following the impairment of the stock of consolidated subsidiaries.

3. Extraordinary losses

¥1,755 million of “loss on funds invested” under extraordinary losses mainly consists of commission fees pertaining to management of receiver fund assets.
¥4,763 million of “provision of allowance for doubtful accounts” is the amount expected to be unrecoverable of long-term accounts receivable-other that is commission fees related to Receiver Funds and included in “other assets” under investments and other assets.

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Notes to Consolidated Statement of Changes in Net Assets

1. Total number of issued shares at the end of the current fiscal year 271,283,608 shares

2. Items concerning dividends

(1) Paid dividends

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General Meeting of Shareholders held on June 27, 2008	Common stock	5,405	20.00	March 31, 2008	June 30, 2008
Board of Directors' meeting held on November 6, 2008	Common stock	5,344	20.00	September 30, 2008	December 5, 2008
Total	–	10,749	–	–	–

(2) Dividends whose record date falls in the current fiscal year and have an effective date in the next fiscal year

There is no relevant information.

(3) Other

As dividends were already paid in accordance with the procedures based on the resolution by the General Meeting of Shareholders and the Board of Directors, the amount of retained earnings was determined after subtracting the dividends.

Notes to Per-Share Information

1. Net assets per share ¥387.31
2. Net loss per share ¥188.85

Notes to Significant Subsequent Events

(Notification concerning Olympus Corporation making Iwaken Co., Ltd. its wholly-owned subsidiary through a share exchange)
The Board of Directors of Olympus Corporation (the “Company”) resolved to make Iwaken Co., Ltd. (“Iwaken”) its wholly-owned subsidiary through a share exchange (the “Share Exchange”) with a scheduled date of June 1, 2009, and entered into a basic agreement with Iwaken (the “Basic Agreement”) on April 10, 2009.
The Company plans to implement the Share Exchange without obtaining approval at General Meeting of Shareholders in accordance with “simplified share exchange” (kan-i kabushiki kokan) procedures pursuant to Article 796, Paragraph 3 of the Company Law of Japan.

1. Purpose of a Share Exchange

The Olympus Group has been focusing on steadily increasing profits in its Medical Systems Business, the core product of which is endoscopes for medical use, while contributing to society by supplying “safe, reliable and efficient” medical procedures.
In the midst of the substantial changes that are occurring in the environment surrounding medical treatment as a result of recent reforms in the healthcare system, the Olympus Group and Iwaken have developed a close partnership centering around the sale of Olympus Group products and Olympus Group Services.
The Company and Iwaken have entered into the Basic Agreement on the basis of their shared conclusion that integration on both a capital and an operational level is the most appropriate way to enable both companies to provide services of an even higher quality to medical institutions, research organizations and other customers.

2. Summary of the Share Exchange

(1) Schedule of the Share Exchange

April 10, 2009	Sign of the Basic Agreement between the Company and Iwaken
April 24, 2009	Meeting of the Board of Directors (Resolution to approve the sign of the agreement pertaining to the Share Exchange (the “Share Exchange Agreement”))
April 24, 2009	Sign of the Share Exchange Agreement between the Company and Iwaken
End of May, 2009	Extraordinary Meeting of Shareholders of Iwaken (Resolution to approve the Share Exchange) (scheduled)
June 1, 2009	Effective date of the Share Exchange (scheduled)

(2) Allocation of shares in the Share Exchange

Name of company	Olympus Corporation (parent company after the Share Exchange)	Iwaken Co., Ltd. (wholly-owned subsidiary after the Share Exchange)
Allocation of Shares in the Share Exchange	1	8.7

Notes: 1. Share exchange ratio
In the Share Exchange, the Company will allocate and deliver 8.7 shares of common stock in exchange for one share of common stock of Iwaken.
2. Number of shares to be delivered through the Share Exchange
2,784,000 shares of common stock
The Company will deliver common shares from its treasury stock to shareholders of Iwaken in the Share Exchange, and will not issue any new shares.

(3) Basis of calculation of the share exchange ratio

(a) Basis of calculation

In order to ensure the fairness and appropriateness of the calculation of the share exchange ratio in the Share Exchange, the Company decided to ask a third party for its opinion as a specialist, and appointed ABeam M&A Consulting Ltd. ("ABeam M&A Consulting") as such third party.

When calculating the share value of the Company shares, ABeam M&A Consulting employed the market price method, because the Company is a listed Company. ABeam M&A Consulting calculated the share value of the Company in accordance with the market price method with reference to share prices during (i) the past one-month period (from March 10, 2009 to April 9, 2009) and (ii) the past three-month period (from January 13, 2009 to April 9, 2009).

When calculating the share value of Iwaken shares, ABeam M&A Consulting employed the discounted cash flow method (the "DCF method"), because Iwaken is an unlisted company. The synergies that the Company expects will arise as a result of Iwaken joining the Olympus Group were included in the future profit plans which formed the basis of the analysis in accordance with the DCF method.

Based on the calculations of the respective share values of the Company and Iwaken in accordance with each of the methods described above and on the basis that one share of the Company represents a value of one, the share exchange ratio in the Share Exchange has been calculated by ABeam M&A Consulting as follows:

Range of the share exchange ratio valuation	Between 6.03 and 11.58

The Company and Iwaken decided to use the share exchange ratio set forth above in the Share Exchange based on the aforementioned calculations by ABeam M&A Consulting and as a result of thorough discussions between the two companies. The share exchange ratio is subject to change upon consultation between the Company and Iwaken in the event of a material change in any of the numerous factors upon which calculations were based.

(b) Relationship with the appraiser

The appraiser, ABeam M&A Consulting, is not a related party of the Company or Iwaken.

(4) Handling of share acquisition rights and bonds with attached share acquisition rights of wholly-owned subsidiary by stock swap

There is no relevant information.

3. Description of Iwaken Co., Ltd. (As of March 31, 2008)

Business description	Sales of medical appliances, physical and chemical instruments and optical devices; repair services in connection with same
Head office	6-4, Hongo 3-chome, Bunkyo-ku, Tokyo
Name and title of representative	Seiji Iwasaki, Representative Director and President
Paid-in capital	¥16 million
Net assets	¥3,203 million (non-consolidated)
Total assets	¥8,042 million (non-consolidated)

(Merger of consolidated subsidiaries)

ITX Corporation, a consolidated subsidiary of the Company, resolved, at a meeting of its Board of Directors held on December 16, 2008, to merge with its subsidiary IT Telecom, Inc. where ITX Corporation was the surviving company and IT Telecom, Inc. was the absorbed company. The merger agreement was executed on the same date. With respect to ITX Corporation, the merger was a simplified merger in accordance with Article 796, Paragraph 3 of the Company Law and, with respect to IT Telecom, Inc., same was a short-form merger in accordance with Article 784, Paragraph 1 of said Law. Therefore, a General Meeting of Shareholders was not held for the approval of the merger. The merger took effect on April 1, 2009.

1. Names, etc. of companies subject to merger

(1) Names of companies subject to merger

Merging company	ITX Corporation (consolidated subsidiary of the Company)
Merged company	IT Telecom, Inc. (consolidated subsidiary of the Company)

(2) Description of business of merged company

Sales of mobile phones, etc. and broadband and other communications service provider

(3) Legal form of merger

Absorption-type merger where ITX Corporation is the surviving company and IT Telecom, Inc. is the absorbed company

(4) Name of entity after the merger

ITX Corporation

(5) Overview of transactions including the purpose

The purpose of the merger is to accelerate the advancement of business and strengthen the information and telecommunication service business as the core competency by concentrating managerial resources and integrating information and communication service functions fostered through various assets, resources and know-how over many years of the ITX Group.

2. Overview of accounting treatment

The “common control transactions” accounting treatment will be applied in accordance with the “Accounting Standard Relating to Business Combinations” (Business Accounting Council) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10). Consequently, this accounting treatment has no affect on the consolidated financial statements.

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Additional Information

(Strategic divestment of diagnostic systems business to Beckman Coulter, Inc.)

The Company resolved, at a meeting of the Board of Directors held on February 27, 2009, to transfer on July 1, 2009 (tentative), its diagnostic systems business to Beckman Coulter Group (hereinafter, “Beckman”) centering on Beckman Coulter, Inc. (California, USA).

1. Purpose of business transfer

The environment of the diagnostic systems business is beset by rapidly changing competition dynamics and a recent increase in M&As and entries by companies in other business categories, in addition to the presence on the world market of enormous competitors capitalized in the trillions of yen.

Under these circumstances, the Company determined that, instead of allowing that business to continue independently, transferring same to Beckman, a large clinical laboratory testing system manufacturer, would permit the Company to utilize effectively its technology assets, know-how and other managerial resources fostered over many years, and therefore resolved to transfer that business to Beckman.

2. Details of the business transfer

(1) Business transfer agreement

(a) Subject of transfer

Diagnostic systems business operated by the Company and the Olympus Group

(b) Transfer price

¥77,500 million (tentative) for the entire Group

(c) Transfer schedule

February 27, 2009	Execution of business transfer agreement
July 1, 2009	Transfer date (tentative)

(2) Overview of transferee

The transferees are to be Beckman Coulter, Inc. and subsidiaries and affiliates of the company.

Overview of main transferee

Trade name	Beckman Coulter, Inc.
Representative	Scott Garrett, Chief Executive Officer
Paid-in capital	US$6.9 million
Location	California, U.S.A.
Main business	Manufactures and sales of products related to clinical diagnostic instruments
Relation to the Company	No capital, personnel or business relations exist

Notes to Other Matters

1. Future conditions

Following the Company's announcement on November 8, 2011 concerning its postponing of recognition of losses on securities investments, etc., investigations by domestic and overseas investigative authorities, supervisory bodies and other public bodies (including those in the U.K. and U.S.) have begun. The consolidated financial statements may be amended if any further important information comes to light in such investigations in the future.

Furthermore, as a result of inappropriate financial reporting by the Company, parties such as holders of its American Depositary Receipts (ADRs) have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company for a similar reason.

2. Investment fund assets

As the Company incurred large losses from securities investments, derivative transactions, etc. from the 1990's, with the intention of postponing the recognition of the losses, the Company segregated the financial assets, derivative transactions, etc. on which there were hidden losses to a number of non-consolidated Receiver Funds beginning with the fiscal year ended March 31, 2000. Assets held by the Receiver Funds are presented in bulk as "investment fund assets" in the consolidated balance sheet. This is because the operating assets of the Receiver Funds are, unlike usual investments by the Company, managed in an integrated manner in a series of transactional schemes to segregate and settle the losses. Some board members were aware of the circumstances surrounding the past transactions to segregate and settle the hidden losses. However, as a result of the matters pointed out in the Investigation Report by the Third Party Committee and the Company's internal investigation, it has come to light that the legal form and the asset management body of each Receiver Fund, and information on the details of operating assets, appraised value, etc. of each Receiver Fund during the period from the loss segregation to the liquidation of each Receiver Fund, were not fully maintained at the Company. Therefore, the Company corrected the consolidated financial statements by obtaining accounting information from outside persons related with the loss segregation and settlement scheme.

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Before Correction (Reference)

Notes to Consolidated Financial Statements

Important Items That Form the Basis for Preparing the Consolidated Financial Statements

1. Scope of consolidation
   (1) Number of consolidated subsidiaries and names of principal consolidated subsidiaries

   Number of consolidated subsidiaries: 189

   Principal consolidated subsidiaries:

   Olympus Medical Systems Corp., Olympus Imaging Corp., Aizu Olympus Co., Ltd., Shirakawa Olympus Co., Ltd., Aomori Olympus Co., Ltd., Olympus Opto-Technology Co., Ltd., ITX Corporation, Olympus Medical Systems Europa GmbH, Olympus America Inc. and Olympus Hong Kong and China Limited

   Newly added consolidated subsidiaries: 4

   Olympus UK Loan Notes Limited, Makewave Japan Co., Ltd. and other 2 companies

   Olympus UK Loan Notes Limited and other 1 company are newly established subsidiaries during the fiscal year ended March 31, 2009.
   Pulsecho Inc. has been included into consolidation through equity participation carried out during the fiscal year.
   Makewave Japan Co., Ltd. has been included into consolidation due to additional acquisition of shares during the fiscal year.

   Excluded companies: 20

   ITX Capital Innovation Co., Ltd., Olympus NDT NW, Inc. and other 18 companies

   ITX Capital Innovation Co., Ltd. and other 10 companies have been excluded from consolidated subsidiaries due to sale of shares during the fiscal year.
   Olympus NDT NW, Inc. and other 4 companies have been excluded from consolidated subsidiaries due to merger with other consolidated subsidiaries during the fiscal year.
   Recycle Institute Ltd. and other 2 companies have been excluded from consolidated subsidiaries due to liquidation during the fiscal year.
   LA PLANTA CO., LTD. has been excluded from consolidated subsidiaries due to decrease in materiality.

   (2) Names and other information of principal non-consolidated subsidiaries

   Principal non-consolidated subsidiaries:

   Feed Corporation, Radio Cafe, Inc. and LA PLANTA CO., LTD.

   The 10 non-consolidated subsidiaries are all small and not material when measured by the impact of total amounts of assets, net sales, net income, and retained earnings (based on the Company's ownership percentage) of those companies on consolidated financial statements. They have therefore been excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries and affiliates accounted for under the equity method and names of principal companies, etc.

Non-consolidated subsidiaries accounted for under the equity method: 2

Principal subsidiaries:

Feed Corporation and Radio Cafe, Inc.

Affiliated companies accounted for under the equity method: 18

Principal affiliated companies:

ORTEK Corporation, Adachi Co., Ltd. and Olympus Cytori Inc.

Newly added affiliated companies: 6

ITX Capital Innovation Co., Ltd. and other 5 companies

ITX Capital Innovation Co., Ltd. and other 5 companies have switched from consolidated subsidiaries to affiliated companies accounted for under the equity method due to partial sale of shares during the fiscal year.

Excluded companies: 1

Resect Medical, Inc.

Resect Medical, Inc. has been excluded from affiliated companies accounted for under the equity method due to sale of shares during the fiscal year.

(2) LA PLANTA CO., LTD. and other 7 non-consolidated subsidiaries and 11 affiliated companies have not been accounted for under the equity method because the impact of all those companies on consolidated net income and retained earnings is not material.

3. Item concerning the business year of consolidated subsidiaries

Among consolidated subsidiaries, with respect to Gyrus Group Limited, etc., whose accounts settlement date was December 31, the Company made necessary adjustments regarding significant transactions occurring between that date and the consolidated accounts settlement date based on its financial statements as of the date on which control of that company was obtained. However, due to the change of that company's accounts settlement date to March 31, the 14-month period between February 1, 2008, and March 31, 2009, is consolidated in the current fiscal year.

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4. Items concerning accounting principles

(1) Important asset valuation principles and methods

(a) Securities

Held-to-maturity securities	Amortized cost method
Other securities	
Items with market value	Market value method based on fair market value on the account settlement date (the net unrealized gains and losses on these securities are reported as a separate component of net assets, and the cost of sales is calculated by the moving-average method)
Items without market value	Cost method based on the moving-average method Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

(b) Claims and liabilities from derivatives transactions

Market value method

(c) Inventories — Mainly reported using the First-in First-out cost method (for the value stated in the balance sheet, the book value is written down based on the decreased profitability)

(2) Depreciation and amortization method for important depreciated and amortized assets

(a) Property, plant and equipment (excluding lease assets)

Mainly by the declining balance method

Vehicles, tools and fixtures	Mainly based on useful lives as per the Corporate Tax Law
Other property, plant and equipment	Mainly based on useful lives prescribed by the Company determined in accordance with estimated functional useful years

(b) Intangible fixed assets (excluding lease assets)

Straight-line method

Mainly based on estimated useful lives

Software for internal use is reported using the usable period within the Company (3 to 5 years).

(c) Lease assets — Lease assets are calculated on the straight-line method over the lease period as the useful lives and assuming no residual value.

The accounting treatment for finance lease transactions not involving the transfer of ownership whose transaction commenced on or before March 31, 2008 follows the same method as for ordinary operating lease transactions.

(3) Accounting method for important allowances and reserves

(a) Allowance for doubtful accounts

To provide for losses due to unrecoverable claims such as accounts receivable and loans receivable, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

(b) Provision for product warranties

Due to the accounting of after service cost expected within the guarantee period with respect to products sold, the provision for product warranties is accounted using prescribed standards based on actually incurred past after service cost.

(c) Severance and retirement allowance

To provide for severance and retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year based on the severance and retirement liabilities and pension assets as of the end of the current fiscal year.

Pertaining to past service liabilities, the pro-rata amount calculated using a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities is accounted as an expense.

Pertaining to the actuarial difference, the pro-rata amount calculated using a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence of such actuarial difference is accounted as an expense starting from the following fiscal year.

(d) Severance and retirement allowance for directors and corporate auditors

To provide for outlays for severance and retirement benefit payments for directors and corporate auditors, the necessary payment amount at the end of the fiscal year is accounted by domestic consolidated subsidiaries based on their respective internal regulations.

(4) Other important items that form the basis for preparing consolidated financial statements

(a) Treatment method for important deferred assets

Stock delivery expense and bond issuance expense	
	Total expense recorded at the time of occurrence

(b) Important hedge accounting methods

The deferred hedge treatment method is used. Foreign currency-denominated monetary claims and liabilities under foreign exchange forward contracts are accounted by translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, requirements for special treatment are satisfied, therefore a special treatment is used.

Hedging instruments and hedged items

Hedging instruments	Foreign exchange forward contracts, currency option

contracts, currency swap contracts, interest rate swap contracts

Hedged items — Forecasted transactions for foreign currency-denominated monetary claims and liabilities, borrowings

Hedging policy

Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

Hedging effect evaluation method

The effect is evaluated by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

(c) Treatment of consumption taxes

Treated using a tax exclusive method.

(d) Application of a consolidated tax payment system

A consolidated tax payment system under designating Olympus Corporation as the parent company is adopted at the Company and some of its consolidated subsidiaries.

(e) Item concerning the amortization of goodwill

Goodwill is amortized equally mainly over a period of 5 to 20 years.

5. Items concerning the valuation of the assets and liabilities of consolidated subsidiaries

The assets and liabilities of consolidated subsidiaries are fully evaluated using the fair market value at the time when the Company acquired control of the respective subsidiaries.

6. Changes in important items that form the basis for preparing the consolidated financial statements

(1) Valuation principles and methods for inventories

Before the change, inventories held for sale in the ordinary course of business were stated mainly using the lower-of-cost-or-market method per First-in First-out method. However, because the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, published July 5, 2006) has been applied from the current fiscal year, the First-in First-out cost method is now mainly employed (for the value stated in the balance sheet, the book value is written down based on the decreased profitability). The impact from this change on profit and loss is immaterial.

(2) Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

From the current fiscal year, the consolidated financial statements conform to the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18, May 17, 2006), and necessary amendments were made. As a result, operating income during the current fiscal year fell ¥134 million, as did ordinary income by ¥123 million. The Company recorded an increase in loss before provision for income taxes of ¥142 million and an increase in net loss of ¥1,941 million.

(3) Application of Accounting Standard for Lease Transactions

Before the change, the accounting treatment for finance lease transactions not involving the transfer of ownership followed the method for operating lease transactions, but now after the application of the

"Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007]) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee, January 18, 1994; revised March 30, 2007]) that begin from the current fiscal year, the accounting treatment for those transactions follows the method for ordinary purchase and sales transactions.
Depreciation of finance lease assets not involving the transfer of ownership is calculated on the straight-line method over the lease period as the useful lives and assuming no residual value. The accounting treatment for finance lease transactions not involving the transfer of ownership whose transaction commenced before the first fiscal year in which the Accounting Standard for Lease Transactions is applied follows the same method as for ordinary operating lease transactions. The impact from this change on profit and loss is immaterial.

(4) Changes in presentation method

(Consolidated Balance Sheet)
Following the application of the "Cabinet Office Ordinance Amending Part of the Regulation for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No. 50, August 7, 2008), items presented as "Inventories" in the previous fiscal year are presented separately from the current fiscal year as "Merchandise and finished goods," "Work in process" and "Raw materials and supplies," which amounted to ¥65,229 million, ¥26,606 million and ¥18,989 million, respectively, and included in "Inventories" in the previous fiscal year.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and obligations secured by such collateral

(1) Assets pledged as collateral

Cash and time deposits	¥30 million
Notes and accounts receivable	¥390 million
Inventories	¥234 million
Buildings and structures	¥1,711 million
Machinery and equipment	¥346 million
Investment securities	¥64 million
Total	¥2,775 million

(2) Obligations secured by such collateral

Long-term borrowings, less current maturities	¥501 million
Short-term borrowings	¥115 million

2. Accumulated depreciation for property, plant and equipment

¥233,989 million

3. Liabilities for guarantees

(Guaranteed party)	(Description of guarantee)	(Amount)
Employees	Housing fund loans	¥277 million
Other	Bank loans, etc.	¥1,460 million
Total		¥1,737 million

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4. Notes receivable discounted ¥1,012 million
   (including discounted bills of exchange for export) ¥1,012 million
   Notes received endorsed for transfer ¥91 million

Notes to Consolidated Statement of Income

1. Impairment losses

   Impairment losses are accounted for the following asset groups in the current fiscal year.

Application	Type	Location	Impairment loss
Others assets	Goodwill	Tokyo and other prefectures	¥721 million
	Land, etc.		¥221 million
	Tools, furniture and fixtures, etc.		¥31 million
Information & Communication Business assets	Goodwill	Tokyo and other prefectures	¥365 million
	Software, etc.		¥436 million
	Machinery and equipment, etc.		¥41 million
Total			¥1,815 million

   Business assets are grouped by segment per type of business and idle assets are grouped individually. Pertaining to business assets, because recoverability is not recognized over the estimated future cash flow period due to changes in the business environment, their book value is reduced to the recoverable amount. The recoverable amount is measured using the value in use and calculated with the future cash flow discounted at 11%.

   For idle assets, because the market value is substantially lower than the book value, the book value is reduced to the recoverable value. The recoverable value of these asset groups is measured using the fair value less cost to sell and is evaluated using a method that deducts the estimated sales expenses from the estimated sales price.

2. Amortization of goodwill

   In accordance with Item 32 of the "Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements" (JICPA Accounting Standard Committee Report No. 7, March 29, 2007), goodwill was amortized in a lump-sum following the impairment of the stock of consolidated subsidiaries.

3. Loss on prior period adjustment

   For loss on prior period adjustment of ¥15,516 million, concerning investments such as the equity participation in Gyrus Group Limited during the previous fiscal year, because the amount to be expended including fees has been finalized and the allocation of funds for the acquisition cost is complete, a provisional accounting treatment has been determined and the amount of expenses is recorded in the consolidated statement of income as an adjustment of the already recorded amount of goodwill.

Notes to Consolidated Statement of Changes in Net Assets

1. Total number of issued shares at the end of the current fiscal year 271,283,608 shares

2. Items concerning dividends
   (1) Paid dividends

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General Meeting of Shareholders held on June 27, 2008	Common stock	5,405	20.00	March 31, 2008	June 30, 2008
Board of Directors' meeting held on November 6, 2008	Common stock	5,344	20.00	September 30, 2008	December 5, 2008
Total	–	10,749	–	–	–

   (2) Dividends whose record date falls in the current fiscal year and have an effective date in the next fiscal year
   There is no relevant information.

Notes to Per-Share Information

1. Net assets per share ¥603.92
2. Net loss per share ¥428.83

Notes to Significant Subsequent Events

(Notification concerning Olympus Corporation making Iwaken Co., Ltd. its wholly-owned subsidiary through a share exchange)
The Board of Directors of Olympus Corporation (the "Company") resolved to make Iwaken Co., Ltd. ("Iwaken") its wholly-owned subsidiary through a share exchange (the "Share Exchange") with a scheduled date of June 1, 2009, and entered into a basic agreement with Iwaken (the "Basic Agreement") on April 10, 2009.
The Company plans to implement the Share Exchange without obtaining approval at General Meeting of Shareholders in accordance with "simplified share exchange" (kan-i kabushiki kokan) procedures pursuant to Article 796, Paragraph 3 of the Company Law of Japan.

1. Purpose of a Share Exchange
   The Olympus Group has been focusing on steadily increasing profits in its Medical Systems Business, the core product of which is endoscopes for medical use, while contributing to society by supplying "safe, reliable and efficient" medical procedures.
   In the midst of the substantial changes that are occurring in the environment surrounding medical treatment as a result of recent reforms in the healthcare system, the Olympus Group and Iwaken have developed a close partnership centering around the sale of Olympus Group products and Olympus Group Services.
   The Company and Iwaken have entered into the Basic Agreement on the basis of their shared conclusion that integration on both a capital and an operational level is the most appropriate way to enable both companies to provide services of an even higher quality to medical institutions, research organizations and other customers.

2. Summary of the Share Exchange

(1) Schedule of the Share Exchange

April 10, 2009	Sign of the Basic Agreement between the Company and Iwaken
April 24, 2009	Meeting of the Board of Directors (Resolution to approve the sign of the agreement pertaining to the Share Exchange (the "Share Exchange Agreement"))
April 24, 2009	Sign of the Share Exchange Agreement between the Company and Iwaken
End of May, 2009	Extraordinary Meeting of Shareholders of Iwaken (Resolution to approve the Share Exchange) (scheduled)
June 1, 2009	Effective date of the Share Exchange (scheduled)

(2) Allocation of shares in the Share Exchange

Name of company	Olympus Corporation (parent company after the Share Exchange)	Iwaken Co., Ltd. (wholly-owned subsidiary after the Share Exchange)
Allocation of Shares in the Share Exchange	1	8.7

Notes: 1. Share exchange ratio
In the Share Exchange, the Company will allocate and deliver 8.7 shares of common stock in exchange for one share of common stock of Iwaken.
2. Number of shares to be delivered through the Share Exchange
2,784,000 shares of common stock
The Company will deliver common shares from its treasury stock to shareholders of Iwaken in the Share Exchange, and will not issue any new shares.

(3) Basis of calculation of the share exchange ratio

(a) Basis of calculation

In order to ensure the fairness and appropriateness of the calculation of the share exchange ratio in the Share Exchange, the Company decided to ask a third party for its opinion as a specialist, and appointed ABeam M&A Consulting Ltd. ("ABeam M&A Consulting") as such third party.

When calculating the share value of the Company shares, ABeam M&A Consulting employed the market price method, because the Company is a listed Company. ABeam M&A Consulting calculated the share value of the Company in accordance with the market price method with reference to share prices during (i) the past one-month period (from March 10, 2009 to April 9, 2009) and (ii) the past three-month period (from January 13, 2009 to April 9, 2009).

When calculating the share value of Iwaken shares, ABeam M&A Consulting employed the discounted cash flow method (the "DCF method"), because Iwaken is an unlisted company. The synergies that the Company expects will arise as a result of Iwaken joining the Olympus Group were included in the future profit plans which formed the basis of the analysis in accordance with the DCF method.

Based on the calculations of the respective share values of the Company and Iwaken in accordance with each of the methods described above and on the basis that one share of the Company represents a value of one, the share exchange ratio in the Share Exchange has been calculated by ABeam M&A Consulting as follows:

Range of the share exchange ratio valuation Between 6.03 and 11.58

The Company and Iwaken decided to use the share exchange ratio set forth above in the Share Exchange based on the aforementioned calculations by ABeam M&A Consulting and as a result of thorough discussions between the two companies. The share exchange ratio is subject to change upon consultation between the Company and Iwaken in the event of a material change in any of the numerous factors upon which calculations were based.

(b) Relationship with the appraiser

The appraiser, ABeam M&A Consulting, is not a related party of the Company or Iwaken.

(4) Handling of share acquisition rights and bonds with attached share acquisition rights of wholly-owned subsidiary by stock swap

There is no relevant information.

3. Description of Iwaken Co., Ltd. (As of March 31, 2008)

Business description	Sales of medical appliances, physical and chemical instruments and optical devices; repair services in connection with same
Head office	6-4, Hongo 3-chome, Bunkyo-ku, Tokyo
Name and title of representative	Seiji Iwasaki, Representative Director and President
Paid-in capital	¥16 million
Net assets	¥3,203 million (non-consolidated)
Total assets	¥8,042 million (non-consolidated)

(Merger of consolidated subsidiaries)

ITX Corporation, a consolidated subsidiary of the Company, resolved, at a meeting of its Board of Directors held on December 16, 2008, to merge with its subsidiary IT Telecom, Inc. where ITX Corporation was the surviving company and IT Telecom, Inc. was the absorbed company. The merger agreement was executed on the same date. With respect to ITX Corporation, the merger was a simplified merger in accordance with Article 796, Paragraph 3 of the Company Law and, with respect to IT Telecom, Inc., same was a short-form merger in accordance with Article 784, Paragraph 1 of said Law. Therefore, a General Meeting of Shareholders was not held for the approval of the merger. The merger took effect on April 1, 2009.

1. Names, etc. of companies subject to merger

(1) Names of companies subject to merger

Merging company	ITX Corporation (consolidated subsidiary of the Company)
Merged company	IT Telecom, Inc. (consolidated subsidiary of the Company)

(2) Description of business of merged company

Sales of mobile phones, etc. and broadband and other communications service provider

(3) Legal form of merger

Absorption-type merger where ITX Corporation is the surviving company and IT Telecom, Inc. is the absorbed company

(4) Name of entity after the merger

ITX Corporation

(5) Overview of transactions including the purpose

The purpose of the merger is to accelerate the advancement of business and strengthen the information and telecommunication service business as the core competency by concentrating managerial resources and integrating information and communication service functions fostered through various assets, resources and know-how over many years of the ITX Group.

2. Overview of accounting treatment

The "common control transactions" accounting treatment will be applied in accordance with the "Accounting Standard Relating to Business Combinations" (Business Accounting Council) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10). Consequently, this accounting treatment has no affect on the consolidated financial statements.

Additional Information

(Strategic divestment of diagnostic systems business to Beckman Coulter, Inc.)

The Company resolved, at a meeting of the Board of Directors held on February 27, 2009, to transfer on July 1, 2009 (tentative), its diagnostic systems business to Beckman Coulter Group (hereinafter, "Beckman") centering on Beckman Coulter, Inc. (California, USA).

1. Purpose of business transfer

The environment of the diagnostic systems business is beset by rapidly changing competition dynamics and a recent increase in M&As and entries by companies in other business categories, in addition to the presence on the world market of enormous competitors capitalized in the trillions of yen.

Under these circumstances, the Company determined that, instead of allowing that business to continue independently, transferring same to Beckman, a large clinical laboratory testing system manufacturer, would permit the Company to utilize effectively its technology assets, know-how and other managerial resources fostered over many years, and therefore resolved to transfer that business to Beckman.

2. Details of the business transfer

(1) Business transfer agreement

(a) Subject of transfer

Diagnostic systems business operated by the Company and the Olympus Group

(b) Transfer price

¥77,500 million (tentative) for the entire Group

(c) Transfer schedule

February 27, 2009	Execution of business transfer agreement
July 1, 2009	Transfer date (tentative)

(2) Overview of transferee

The transferees are to be Beckman Coulter, Inc. and subsidiaries and affiliates of the company.

Overview of main transferee

Trade name	Beckman Coulter, Inc.
Representative	Scott Garrett, Chief Executive Officer
Paid-in capital	US$6.9 million
Location	California, U.S.A.
Main business	Manufactures and sales of products related to clinical diagnostic instruments
Relation to the Company	No capital, personnel or business relations exist

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After Correction

Non-Consolidated Balance Sheet

(As of March 31, 2009)

(Millions of yen)

Accounts	Amount	Accounts	Amount
ASSETS:		**LIABILITIES:**	
Current assets	**100,693**	**Current liabilities**	**105,748**
Cash and time deposits	17,830	Notes payable	256
Notes receivable	517	Accounts payable	9,497
Accounts receivable	19,940	Short-term borrowings	1,305
Finished goods	4,323	Current maturities of bonds	20,000
Work in process	6,812	Lease liabilities	138
Materials	496	Other payable	18,950
Short-term loans receivable	11,766	Accrued expenses	12,889
Other receivable	9,500	Income taxes payable	3,510
Deferred income taxes	9,393	Deposits received	38,581
Suspense payments of funds	17,731	Provision for product warranties	76
Other current assets	2,821	Other current liabilities	546
Allowance for doubtful accounts	(436)		
Fixed assets	**471,386**	**Non-current liabilities**	**431,198**
Property, plant and equipment	**47,253**	Long-term bonds, less current maturities	130,000
Buildings	26,206	Long-term borrowings, less current maturities	300,000
Structures	1,074	Long-term deposits received, less current maturities	751
Machinery and equipment	3,065	Lease liabilities	447
Vehicles	6		
Tools, furniture and fixtures	5,493	**Total liabilities**	**536,946**
Land	10,136	**NET ASSETS:**	
Lease assets	474	**Shareholders' equity**	**36,169**
Construction in progress	799	**Common stock**	**48,332**
Intangible fixed assets	**4,554**	**Capital surplus**	**73,049**
Goodwill	320	Legal capital surplus	73,027
Patent right	2,205	Other capital surplus	22
Software	1,852	**Retained earnings**	**(72,338)**
Lease assets	113	Legal reserve	6,626
Right of using facilities	64	Other retained earnings	(78,964)
Investments and other assets	**419,579**	Reserve for product development	4,000
Investment securities	44,238	Reserve for special depreciation	238
Investment securities in subsidiaries and affiliates	332,111	Reserve for advanced depreciation	2,567
Investments in capital of subsidiaries and affiliates	15,036	General reserve	59,069
Long-term loans receivable	8,356	Retained earnings carried forward	(144,838)
Prepaid pension cost	8,236	**Treasury stock, at cost**	**(12,874)**
Deferred income taxes	6,093	**Valuation and translation adjustments**	**(1,037)**
Investments in affiliates	8,458	Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	(878)
Long-term accounts receivable-other	4,763	Net unrealized gains (losses) on hedging derivatives, net of taxes	(160)
Other assets	3,785		
Allowance for doubtful accounts	(11,497)	**Total net assets**	**35,132**
Total assets	**572,078**	**Total liabilities and net assets**	**572,078**

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Before Correction (Reference)

Non-Consolidated Balance Sheet

(As of March 31, 2009)

(Millions of yen)

Accounts	Amount	Accounts	Amount
ASSETS:		**LIABILITIES:**	
Current assets	**86,631**	**Current liabilities**	**102,413**
Cash and time deposits	17,830	Notes payable	256
Notes receivable	517	Accounts payable	9,497
Accounts receivable	19,940	Short-term borrowings	1,305
Finished goods	4,323	Current maturities of bonds	20,000
Work in process	6,812	Lease liabilities	138
Materials	496	Other payable	18,950
Short-term loans receivable	11,766	Accrued expenses	12,889
Other receivable	9,500	Income taxes payable	175
Income taxes receivable	3,469	Deposits received	38,581
Deferred income taxes	9,393	Provision for product warranties	76
Other current assets	2,821	Other current liabilities	546
Allowance for doubtful accounts	(236)		
		Non-current liabilities	**431,198**
Fixed assets	**540,979**	Long-term bonds, less current maturities	130,000
Property, plant and equipment	**47,253**	Long-term borrowings, less current maturities	300,000
Buildings	26,206	Long-term deposits received, less current maturities	751
Structures	1,074	Lease liabilities	447
Machinery and equipment	3,065		
Vehicles	6	**Total liabilities**	**533,611**
Tools, furniture and fixtures	5,493	**NET ASSETS:**	
Land	10,136	**Shareholders' equity**	**94,182**
Lease assets	474	**Common stock**	**48,332**
Construction in progress	799	**Capital surplus**	**73,049**
Intangible fixed assets	**4,554**	Legal capital surplus	73,027
Goodwill	320	Other capital surplus	22
Patent right	2,205	**Retained earnings**	**(14,325)**
Software	1,852	Legal reserve	6,626
Lease assets	113	Other retained earnings	(20,951)
Right of using facilities	64	Reserve for product development	4,000
Investments and other assets	**489,172**	Reserve for special depreciation	238
Investment securities	105,878	Reserve for advanced depreciation	2,567
Investment securities in subsidiaries and affiliates	346,170	General reserve	59,069
Investments in capital of subsidiaries and affiliates	15,036	Retained earnings carried forward	(86,825)
Long-term loans receivable	8,356	**Treasury stock, at cost**	**(12,874)**
Prepaid pension cost	8,236	**Valuation and translation adjustments**	**(183)**
Deferred income taxes	5,105	Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	(23)
Other assets	3,784	Net unrealized gains (losses) on hedging derivatives, net of taxes	(160)
Allowance for doubtful accounts	(3,393)	**Total net assets**	**93,999**
Total assets	**627,610**	**Total liabilities and net assets**	**627,610**

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After Correction

Non-Consolidated Statement of Income

(April 1, 2008 to March 31, 2009)

(Millions of yen)

Accounts	Amount
Net sales	105,115
Cost of sales	58,358
Gross profit	**46,757**
Selling, general and administrative expenses	59,102
Operating loss	**12,345**
Non-operating income	31,309
Interest income	917
Dividends income	29,652
Others	740
Non-operating expenses	13,264
Interest expenses	4,805
Interest on bonds	2,187
Foreign currency exchange loss	710
Provision of allowance for doubtful accounts	3,220
Others	2,342
Ordinary income	**5,701**
Extraordinary income	2,418
Gain on sales of investment securities	34
Gain on sales of investment securities in subsidiaries and affiliates	1,752
Reversal of provision for loss on guarantees	632
Extraordinary losses	66,316
Loss on valuation of investment securities	13,127
Loss on valuation of investment securities in subsidiaries and affiliates	46,671
Provision of allowance for doubtful accounts	4,763
Loss on valuation of investments in affiliates	1,755
Loss before provision for income taxes	**58,198**
Income taxes, current	5,850
Income taxes, deferred	(502)
Net loss	**63,545**

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Before Correction (Reference)

Non-Consolidated Statement of Income

(April 1, 2008 to March 31, 2009)

(Millions of yen)

Accounts	Amount
Net sales	105,115
Cost of sales	58,358
Gross profit	**46,757**
Selling, general and administrative expenses	59,102
Operating loss	**12,345**
Non-operating income	31,309
Interest income	917
Dividends income	29,652
Others	740
Non-operating expenses	13,408
Interest expenses	4,805
Interest on bonds	2,187
Foreign currency exchange loss	710
Provision of allowance for doubtful accounts	3,365
Others	2,341
Ordinary income	**5,556**
Extraordinary income	3,075
Gain on sales of investment securities	691
Gain on sales of investment securities in subsidiaries and affiliates	1,752
Reversal of provision for loss on guarantees	632
Extraordinary losses	145,774
Loss on valuation of investment securities	13,115
Loss on valuation of investment securities in subsidiaries and affiliates	117,143
Loss on prior period adjustment	15,516
Loss before provision for income taxes	**137,143**
Income taxes, current	(804)
Income taxes, deferred	(112)
Net loss	**136,227**

After Correction

Non-Consolidated Statement of Changes in Net Assets

(April 1, 2008 to March 31, 2009)

(Millions of yen)

Items	Shareholders' equity			
		Capital surplus		
	Common stock	Legal capital surplus	Other capital surplus	Total capital surplus
Net assets at March 31, 2008	48,332	73,027	22	73,049
Changes during the year				
Cash dividends paid				
Net loss				
Acquisition of treasury stock				
Net changes in items other than shareholders' equity				
Net changes during the year	–	–	–	–
Balance at March 31, 2009	48,332	73,027	22	73,049

Items	Shareholders' equity				
	Retained earnings			Treasury stock, at cost	Total shareholders' equity
	Legal reserve	Other retained earnings (Note)	Total retained earnings		
Net assets at March 31, 2008	6,626	(4,669)	1,957	(2,634)	120,704
Changes during the year					
Cash dividends paid		(10,749)	(10,749)		(10,749)
Net loss		(63,545)	(63,545)		(63,545)
Acquisition of treasury stock				(10,240)	(10,240)
Net changes in items other than shareholders' equity					
Net changes during the year	–	(74,295)	(74,295)	(10,240)	(84,535)
Balance at March 31, 2009	6,626	(78,964)	(72,338)	(12,874)	36,169

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(Millions of yen)

Items	Valuation and translation adjustments			Total net assets
	Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	Net unrealized gains (losses) on hedging derivatives, net of taxes	Total valuation and translation adjustments	
Net assets at March 31, 2008	5,616	(13,171)	(7,554)	113,149
Changes during the year Cash dividends paid				(10,749)
Net loss				(63,545)
Acquisition of treasury stock				(10,240)
Net changes in items other than shareholders' equity	(6,493)	13,011	6,518	6,518
Net changes during the year	(6,493)	13,011	6,518	(78,017)
Balance at March 31, 2009	(878)	(160)	(1,037)	35,132

Note: Breakdown of other retained earnings

Items	Reserve for product development	Reserve for special depreciation	Reserve for advanced depreciation	General reserve	Retained earnings carried forward	Total
Net assets at March 31, 2008	4,000	537	2,744	59,069	(71,019)	(4,669)
Changes during the year Cash dividends paid					(10,749)	(10,749)
Reversal of reserve for special depreciation		(299)			299	–
Reversal of reserve for advanced depreciation			(177)		177	–
Net loss					(63,545)	(63, 545)
Net changes during the year	–	(299)	(177)	–	(73,819)	(74,295)
Balance at March 31, 2009	4,000	238	2,567	59,069	(144,838)	(78,964)

As dividends were already paid in accordance with the procedures based on the resolution by the General Meeting of Shareholders and the Board of Directors, the amount of retained earnings carried forward was determined after subtracting the dividends.

Before Correction (Reference)

Non-Consolidated Statement of Changes in Net Assets

(April 1, 2008 to March 31, 2009)

(Millions of yen)

Items	Shareholders' equity			
		Capital surplus		
	Common stock	Legal capital surplus	Other capital surplus	Total capital surplus
Net assets at March 31, 2008	48,332	73,027	22	73,049
Changes during the year Cash dividends paid				
Net loss				
Acquisition of treasury stock				
Net changes in items other than shareholders' equity				
Net changes during the year	–	–	–	–
Balance at March 31, 2009	48,332	73,027	22	73,049

Items	Shareholders' equity				
	Retained earnings				
	Legal reserve	Other retained earnings (Note)	Total retained earnings	Treasury stock, at cost	Total shareholders' equity
Net assets at March 31, 2008	6,626	126,025	132,651	(2,634)	251,398
Changes during the year Cash dividends paid		(10,749)	(10,749)		(10,749)
Net loss		(136,227)	(136,227)		(136,227)
Acquisition of treasury stock				(10,240)	(10,240)
Net changes in items other than shareholders' equity					
Net changes during the year	–	(146,976)	(146,976)	(10,240)	(157,216)
Balance at March 31, 2009	6,626	(20,951)	(14,325)	(12,874)	94,182

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(Millions of yen)

Items	Valuation and translation adjustments			Total net assets
	Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	Net unrealized gains (losses) on hedging derivatives, net of taxes	Total valuation and translation adjustments	
Net assets at March 31, 2008	6,341	(13,171)	(6,830)	244,568
Changes during the year				
Cash dividends paid				(10,749)
Net loss				(136,227)
Acquisition of treasury stock				(10,240)
Net changes in items other than shareholders' equity	(6,364)	13,011	6,647	6,647
Net changes during the year	(6,364)	13,011	6,647	(150,569)
Balance at March 31, 2009	(23)	(160)	(183)	93,999

Note: Breakdown of other retained earnings

Items	Reserve for product development	Reserve for special depreciation	Reserve for advanced depreciation	General reserve	Retained earnings carried forward	Total
Net assets at March 31, 2008	4,000	537	2,744	59,069	59,675	126,025
Changes during the year						
Cash dividends paid					(10,749)	(10,749)
Reversal of reserve for special depreciation		(299)			299	–
Reversal of reserve for advanced depreciation			(177)		177	–
Net loss					(136,227)	(136,227)
Net changes during the year	–	(299)	(177)	–	(146,500)	(146,976)
Balance at March 31, 2009	4,000	238	2,567	59,069	(86,825)	(20,951)

After Correction

Notes to Non-Consolidated Financial Statements

Regarding correction of non-consolidated financial statements and their supplementary schedules

The Company established a third party committee consisting of members who hold no interests with the Company (Chairman: Tatsuo Kainaka, attorney-at-law; the “Third Party Committee”) on November 1, 2011 for the purpose of investigating all transactions regarding the acquisitions of Gyrus Group PLC (“Gyrus”) and three domestic subsidiaries (Altis Co., Ltd., NEWS CHEF, Inc. and Humalabo Co., Ltd.), from the beginning of examination of each acquisition to the time of closing of each transaction. The Company then received an investigation report issued by the Third Party Committee on December 6, 2011, which contained details of the situation regarding the Company’s postponing of recognition of losses and its settlement of such losses, and the impact of these actions. The investigation by the Third Party Committee revealed that the Company incurred large losses on securities investments, derivative transactions, etc. from the 1990’s, and postponed the recognition of the losses. It also revealed that, by means such as going through multiple funds, the Company used the acquisition funds for the three domestic subsidiaries, as well as the fees paid to financial advisors and the funds to buy back preferred shares in connection with the acquisition of Gyrus, for purposes including settling hidden losses on securities investments incurred from the Company’s past postponement of the recognition of losses.
The Company judged that there were significant errors in the non-consolidated financial statements and their supplementary schedules for the five fiscal years including and following the fiscal year ended March 31, 2007. The Company then remade the relevant non-consolidated financial statements and their supplementary schedules in order to recognize the hidden losses of funds, which had previously been treated as being off the balance sheet due to the Company’s past postponement of the recognition of losses, etc., as losses of the Company for the relevant past fiscal years, with corrections of the associated errors.

Notes Concerning Items Related to Important Accounting Policies

1. Asset valuation principles and methods
   (1) Securities
      (a) Held-to-maturity securities — Amortized cost method
      (b) Investment securities in subsidiaries and affiliates — Cost method based on the moving-average method
      (c) Other securities
         Items with market value — Market value method based on fair market value on the account settlement date (the net unrealized gains and losses on these securities are reported as a separate component of net assets, and the cost of sales is calculated by the moving-average method)
         Items without market value — Cost method based on the moving-average method
         Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions

deemed as securities as per Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

(2) Claims and liabilities from derivatives transactions

Market value method

(3) Inventories

Reported using the First-in First-out cost method (for the value stated in the balance sheet, the book value is written down based on the decreased profitability)

2. Depreciation and amortization method for fixed assets

(1) Property, plant and equipment (excluding lease assets)

Declining balance method

(a) Vehicles, tools and fixtures

Based on useful lives as per the Corporate Tax Law

(b) Other property, plant and equipment

Based on useful lives prescribed by the Company determined in accordance with estimated functional useful years

(2) Intangible fixed assets (excluding lease assets)

Straight-line method

Based on useful lives as per the Corporate Tax Law

Software for internal use is reported using the usable period within the Company (3 years).

(3) Lease assets

Finance lease assets not involving the transfer of ownership

Calculated on the straight-line method over the lease period as the useful lives and assuming no residual value.

Also, the accounting treatment for finance lease transactions deemed not involving the transfer of ownership and commenced before the first fiscal year in which the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) is applied follows the same method as for operating lease transactions.

3. Treatment method for deferred assets

Bond issuance expense

Total expense recorded at the time of occurrence

4. Accounting principles for allowances and reserves
   (1) Allowance for doubtful accounts
   To provide for losses due to unrecoverable claims such as accounts receivable and loans receivable, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

   (2) Provision for product warranties
   Due to the accounting of after service cost expected within the guarantee period with respect to products sold, the provision for product warranties is accounted using prescribed standards based on actually incurred past after service cost.

   (3) Severance and retirement allowance
   To provide for severance and retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year based on the severance and retirement liabilities and pension assets as of the end of the current fiscal year.
   Pertaining to past service liabilities, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities is accounted as an expense.
   Pertaining to the actuarial difference, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such actuarial difference is accounted as an expense starting from the following fiscal year.
   (4) Allowance for investment loss
   To provide for losses on investments in subsidiaries and affiliates, the amount necessary is accounted taking into consideration the amount of decrease in the real value of the company concerned and the estimated future recovery, etc.

5. Other important items that form the basis for preparing non-consolidated financial statements
   (1) Hedge accounting methods
   (a) The deferred hedge treatment method is used. Foreign currency-denominated accounts receivable under foreign exchange forward contracts are accounted by translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, requirements for special treatment are satisfied, therefore a special treatment is used.
   (b) Hedging instruments and hedged items

· Hedging instruments	Foreign exchange forward contracts, interest rate swap contracts
· Hedged items	Forecasted transactions for foreign currency-denominated accounts receivable, borrowings

   (c) Hedging policy
   Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

(d) Hedging effect evaluation method

The effect is evaluated by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

(2) Treatment of consumption taxes

Treated using a tax exclusive method.

(3) Application of a consolidated tax payment system

A consolidated tax payment system is adopted.

6. Changes in important accounting policies

(1) Valuation principles and methods for inventories

Before the change, for inventories held for sale in the ordinary course of business, finished goods and work in process were stated using the lower-of-cost-or-market method per First-in First-out method and materials were stated using the cost method per First-in First-out method. However, because the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, published July 5, 2006) has been applied from the current fiscal year, the First-in First-out cost method is now employed (for the value stated in the balance sheet, the book value is written down based on the decreased profitability). The impact from this change on profit and loss is immaterial.

(2) Application of Accounting Standard for Lease Transactions

Before the change, the accounting treatment for finance lease transactions not involving the transfer of ownership followed the method for operating lease transactions, but now after the application of the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007]) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee, January 18, 1994; revised March 30, 2007]) that begin from the current fiscal year, the accounting treatment for those transactions follows the method for ordinary purchase and sales transactions. The accounting treatment for finance lease transactions not involving the transfer of ownership whose transaction commenced before the first fiscal year in which the Accounting Standard for Lease Transactions is applied follows the same method as for ordinary operating lease transactions.

The impact from this change on profit and loss is immaterial.

Notes to Non-Consolidated Balance Sheet

1. The ¥490 million allowance for investment loss appears as a deduction from the investment securities in subsidiaries and affiliates.
2. Accumulated depreciation for property, plant and equipment ¥58,331 million
3. Liabilities for guarantees ¥60,195 million

   The above amount includes ¥59,475 million in contracted guarantees to subsidiaries and affiliates.
4. Short-term monetary claims to subsidiaries and affiliates ¥29,568 million
5. Long-term monetary claims to subsidiaries and affiliates ¥8,198 million
6. Short-term monetary liabilities to subsidiaries and affiliates ¥51,192 million
7. Discounted bills of exchange for export ¥6,198 million
8. Investments in affiliates

   Investments in receiver funds (Note) are regarded as equity investments in substance and are thus presented in bulk as "investments in affiliates."

   ¥8,458 million of investments in affiliates is the amount invested in receiver funds in substance after deducting ¥52,983 million of expected loss.

   Note: This term refers to a number of receiver funds that served as assignees of financial assets, derivative transactions, etc. (collectively, the "Receiver Funds") as the Company incurred large losses from securities investments, derivative transactions, etc. from the 1990's and segregated the hidden losses beginning with the fiscal year ended March 31, 2000 with the intention of postponing the recognition of the losses.
9. Allowance for doubtful accounts

   ¥4,763 million of allowance for doubtful accounts is the amount expected to be unrecoverable with respect to ¥4,763 million that is commission fees related to Receiver Funds and included as an excess amount in "long-term accounts receivable-other" under investments and other assets. Although these fees were paid to the external partners of multiple Receiver Funds, the Company plans to request payment from these external partners of Receiver Funds because the fees were not agreed.
10. Suspense payments of funds

    Suspense payments of funds is the amount spent with regard to preferred shares of Gyrus Group Limited.

Notes to Non-Consolidated Statement of Income

1. Total transactions with subsidiaries and affiliates

   Amounts resulting from business transactions

   Net sales ¥62,776 million

   Net purchases ¥40,230 million

   Amount resulting from non-business transactions ¥30,418 million

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2. Extraordinary losses

¥1,755 million of "loss on valuation of investments in affiliates" under extraordinary losses is the amount by which investment fund assets decreased due to interest expenses and commission fees paid.

¥4,763 million of "provision of allowance for doubtful accounts" is the amount expected to be unrecoverable that is commission fees related to Receiver Funds and included in "long-term accounts receivable-other" under investments and other assets.

Notes to Non-Consolidated Statement of Changes in Net Assets

1. Number of issued shares at end of current fiscal year	271,283,608 shares
2. Number of treasury shares at end of current fiscal year	4,089,222 shares
3. Total cash dividends during the current fiscal year	¥10,749 million

Notes to Tax Effect Accounting

Breakdown of deferred tax assets and liabilities by main cause

Deferred tax assets	
Inventories	¥2,900 million
Prepaid expenses	¥4,608 million
Accrued bonuses	¥1,016 million
Property, plant and equipment	¥2,337 million
Deferred assets for tax	¥602 million
Intangible fixed assets	¥5,743 million
Denial of loss on valuation of investment securities	¥8,478 million
Denial of loss on valuation of investment securities in subsidiaries and affiliates	¥28,250 million
Denial of provision of allowance for doubtful accounts	¥1,549 million
Denial of loss due to unrecoverable claims	¥3,301 million
Denial of loss on funds invested	¥51,429 million
Other	¥2,305 million
Subtotal of deferred tax assets	¥112,518 million
Valuation allowance	¥(91,826) million
Total deferred tax assets	¥20,692 million
Deferred tax liabilities	
Reserve for advanced depreciation	¥(1,674) million
Reserve for special amortization	¥(155) million
Prepaid pension expenses	¥(3,351) million
Other	¥(26) million
Total deferred tax liabilities	¥(5,206) million
Net deferred tax assets	¥15,486 million

The above includes items resulting from a correction made to treatment pertaining to the segregation and settlement of losses on financial assets. However, as the treatment of income taxes is yet to be determined at this time, it is unclear whether they will be treated as temporary differences. Please note that the whole amount of such temporary differences is recorded in valuation allowance.

Notes to Leased Fixed Assets

In addition to the fixed assets accounted in the Non-Consolidated Balance Sheet, a portion of the microscope manufacturing equipment and computers are used under leasing agreements.

Notes to Transactions with Related Parties

Subsidiaries and affiliates etc.

Affiliation	Name	Voting rights ownership ratio (%)	Relation	Details of transaction	Amount (Millions of yen)	Item	End-of-period balance (Millions of yen)
Subsidiary	Olympus Corporation of the Americas	Direct ownership 100.0	Interlocking of officers	Contribution in kind of affiliate stock (Note 1) Contribution in kind of affiliate bonds (Note 2)	16,299 140,556	– –	– –
Subsidiary	KeyMed (Medical & Industrial Equipment) Ltd.	Indirect ownership 100.0	Interlocking of officers	Purchase of affiliate stock (Note 1)	15,575	–	–
Subsidiary	Gyrus Group Limited	Direct ownership 100.0	Interlocking of officers	Disposal of affiliate stock (Note 2) Purchase of affiliate bonds (Note 2)	149,866 140,556	– –	– –
Subsidiary	Olympus UK Acquisitions	Direct ownership 100.0	Interlocking of officers	Debt equity swaps (Note 2) Paid capital decrease (Note 2)	205,376 206,345	– –	– –
Subsidiary	ITX Corporation	Direct ownership 82.1	Interlocking of officers	Purchase of affiliate stock (Note 3)	7,000	–	–
Subsidiary (Fund)	PS Global Investable Markets-0	Direct ownership 100.0 (Note 4)	Receiver fund	Collection of moneys (Note 5)	15,905	–	–
Subsidiary (Fund)	Dynamic Dragons II, SPC-Sub Fund H Segregated Portfolio	Indirect ownership 100.0 (Note 4)	Receiver fund	Contribution of moneys (Note 6)	9,615	–	–
Subsidiary (Fund)	Global Targets SPC-Sub Fund H Segregated Portfolio	Indirect ownership 100.0 (Note 4)	Receiver fund	Contribution of moneys (Note 6)	4,095	–	–

Transaction conditions and policy for determining same

Notes:
1. Transaction related to restructuring of surgical business in the U.S. Price calculated using the discounted cash flow method.
2. Transaction effected for the restructuring of the Gyrus Group. Price determined based on the price set at the time of acquisition of Gyrus (based on due diligence, third-party valuation, etc.).
3. Determined based on a share price valuation report prepared by an independent third party.
4. The voting rights ownership ratio shows the ratio of capital contribution in funds.
5. The Company liquidated PS Global Investable Markets-0 and was paid back the investment fund assets on September 12, 2008.
6. Regarding Dynamic Dragons II, SPC-Sub Fund H Segregated Portfolio and Global Targets SPC-Sub Fund H Segregated Portfolio, moneys used to segregate and settle hidden losses were contributed to them on the pretext that such moneys were acquisition funds for subsidiaries (Altis Co., Ltd., News Chef, Inc. and HumaLabo Co., Ltd.).

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Notes to Per-Share Information

1. Net assets per share ¥131.49
2. Net loss per share ¥237.35

Notes to Significant Subsequent Events

(Notification concerning Olympus Corporation making Iwaken Co., Ltd. its wholly-owned subsidiary through a share exchange)

The Board of Directors of Olympus Corporation (the "Company") resolved to make Iwaken Co., Ltd. ("Iwaken") its wholly-owned subsidiary through a share exchange (the "Share Exchange") with a scheduled date of June 1, 2009, and entered into a basic agreement with Iwaken (the "Basic Agreement") on April 10, 2009.

The Company plans to implement the Share Exchange without obtaining approval at General Meeting of Shareholders in accordance with "simplified share exchange" (kan-i kabushiki kokan) procedures pursuant to Article 796, Paragraph 3 of the Company Law of Japan.

1. Purpose of a Share Exchange

The Olympus Group has been focusing on steadily increasing profits in its Medical Systems Business, the core product of which is endoscopes for medical use, while contributing to society by supplying "safe, reliable and efficient" medical procedures.

In the midst of the substantial changes that are occurring in the environment surrounding medical treatment as a result of recent reforms in the healthcare system, the Olympus Group and Iwaken have developed a close partnership centering around the sale of Olympus Group products and Olympus Group Services.

The Company and Iwaken have entered into the Basic Agreement on the basis of their shared conclusion that integration on both a capital and an operational level is the most appropriate way to enable both companies to provide services of an even higher quality to medical institutions, research organizations and other customers.

2. Summary of the Share Exchange

(1) Schedule of the Share Exchange

April 10, 2009	Sign of the Basic Agreement between the Company and Iwaken
April 24, 2009	Meeting of the Board of Directors (Resolution to approve the sign of the agreement pertaining to the Share Exchange (the "Share Exchange Agreement"))
April 24, 2009	Sign of the Share Exchange Agreement between the Company and Iwaken
End of May, 2009	Extraordinary Meeting of Shareholders of Iwaken (Resolution to approve the Share Exchange) (scheduled)
June 1, 2009	Effective date of the Share Exchange (scheduled)

(2) Allocation of shares in the Share Exchange

Name of company	Olympus Corporation (parent company after the Share Exchange)	Iwaken Co., Ltd. (wholly-owned subsidiary after the Share Exchange)
Allocation of Shares in the Share Exchange	1	8.7

Notes: 1. Share exchange ratio

In the Share Exchange, the Company will allocate and deliver 8.7 shares of common stock in exchange for one share of common stock of Iwaken.

2. Number of shares to be delivered through the Share Exchange

2,784,000 shares of common stock

The Company will deliver common shares from its treasury stock to shareholders of Iwaken in the Share Exchange, and will not issue any new shares.

(3) Basis of calculation of the share exchange ratio

(a) Basis of calculation

In order to ensure the fairness and appropriateness of the calculation of the share exchange ratio in the Share Exchange, the Company decided to ask a third party for its opinion as a specialist, and appointed ABeam M&A Consulting Ltd. ("ABeam M&A Consulting") as such third party.

When calculating the share value of the Company shares, ABeam M&A Consulting employed the market price method, because the Company is a listed Company. ABeam M&A Consulting calculated the share value of the Company in accordance with the market price method with reference to share prices during (i) the past one-month period (from March 10, 2009 to April 9, 2009) and (ii) the past three-month period (from January 13, 2009 to April 9, 2009).

When calculating the share value of Iwaken shares, ABeam M&A Consulting employed the discounted cash flow method (the "DCF method"), because Iwaken is an unlisted company. The synergies that the Company expects will arise as a result of Iwaken joining the Olympus Group were included in the future profit plans which formed the basis of the analysis in accordance with the DCF method.

Based on the calculations of the respective share values of the Company and Iwaken in accordance with each of the methods described above and on the basis that one share of the Company represents a value of one, the share exchange ratio in the Share Exchange has been calculated by ABeam M&A Consulting as follows:

Range of the share exchange ratio valuation	Between 6.03 and 11.58

The Company and Iwaken decided to use the share exchange ratio set forth above in the Share Exchange based on the aforementioned calculations by ABeam M&A Consulting and as a result of thorough discussions between the two companies. The share exchange ratio is subject to change upon consultation between the Company and Iwaken in the event of a material change in any of the numerous factors upon which calculations were based.

(b) Relationship with the appraiser

The appraiser, ABeam M&A Consulting, is not a related party of the Company or Iwaken.

(4) Handling of share acquisition rights and bonds with attached share acquisition rights of wholly-owned subsidiary by stock swap

There is no relevant information.

3. Description of Iwaken Co., Ltd. (As of March 31, 2008)

Business description	Sales of medical appliances, physical and chemical instruments and optical devices; repair services in connection with same
Head office	6-4, Hongo 3-chome, Bunkyo-ku, Tokyo
Name and title of representative	Seiji Iwasaki, Representative Director and President
Paid-in capital	¥16 million
Net assets	¥3,203 million (non-consolidated)
Total assets	¥8,042 million (non-consolidated)

Additional Information

(Strategic divestment of diagnostic systems business to Beckman Coulter, Inc.)

The Company resolved, at a meeting of the Board of Directors held on February 27, 2009, to spin-off the diagnostic systems business of the Company's Life Science Business and transfer same to Olympus-DS Corp. (hereinafter, "Olympus-DS"), a wholly-owned subsidiary of the Company on July 1, 2009 (tentative), and, on the same date, transfer all shares of said company to Beckman Coulter Group (hereinafter, "Beckman") centering on Beckman Coulter, Inc. (California, USA.).

1. Purpose of spin-off and business transfer

The environment of the diagnostic systems business is beset by rapidly changing competition dynamics and a recent increase in M&As and entries by companies in other business categories, in addition to the presence on the world market of enormous competitors capitalized in the trillions of yen.

Under these circumstances, the Company determined that, instead of allowing that business to continue independently, subsidiarizing and transferring same to Beckman, a large clinical laboratory testing system manufacturer, would permit the Company to utilize effectively its technology assets, know-how and other managerial resources fostered over many years, and therefore resolved to make our diagnostic systems business a subsidiary by a company split and transfer all shares of said subsidiary to Beckman.

2. Scale of subject business

(1) Description of business of subject division

Manufactures and sales of products related to clinical laboratory testing equipment

(2) Business results of subject division

Net sales and total assets in the diagnostic systems business for the fiscal year ended March 31, 2009 amounted to ¥15,500 million and ¥7,600 million, respectively.

3. Details of the transfer of shares

(1) Business transfer agreement

(a) Subject of transfer

Diagnostic systems business operated by the Company

(b) Transfer price

¥77,500 million (tentative) for the entire Group

(c) Transfer schedule

February 27, 2009	Execution of business transfer agreement
July 1, 2009	Transfer date (tentative)

(2) Overview of transferee

The transferees are to be Beckman Coulter, Inc. and subsidiaries and affiliates of the company.

Overview of main transferee

Trade name	Beckman Coulter, Inc.
Representative	Scott Garrett, Chief Executive Officer
Paid-in capital	US$6.9 million
Location	California, U.S.A.
Main business	Manufactures and sales of products related to clinical diagnostic instruments
Relation to the Company	No capital, personnel or business relations exist

Notes to Other Matters

1. Future conditions

Following the Company's announcement on November 8, 2011 concerning its postponing of recognition of losses on securities investments, etc., investigations by domestic and overseas investigative authorities, supervisory bodies and other public bodies (including those in the U.K. and U.S.) have begun. The non-consolidated financial statements and their supplementary schedules may be amended if any further important information comes to light in such investigations in the future.

Furthermore, as a result of inappropriate financial reporting by the Company, parties such as holders of its American Depositary Receipts (ADRs) have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company for a similar reason.

2. Investments in affiliates

As the Company incurred large losses from securities investments, derivative transactions, etc. from the 1990's, with the intention of postponing the recognition of the losses, the Company segregated the financial assets, derivative transactions, etc. on which there were hidden losses to a number of non-consolidated Receiver Funds beginning with the fiscal year ended March 31, 2000. Investments in the Receiver Funds are presented in bulk as "investments in affiliates" in the non-consolidated balance sheet. This is because the operating assets of the Receiver Funds are, unlike usual investments by the Company, managed in an integrated manner in a series of transactional schemes to segregate and settle the losses. Some board members were aware of the circumstances surrounding the past transactions to segregate and settle the hidden losses. However, as a result of the matters pointed out in the Investigation Report by the Third Party Committee and the Company's internal investigation, it has come to light that the legal form and the asset management body of each Receiver Fund, and information on the details of operating assets, appraised value, etc. of each Receiver Fund during the period from the loss segregation to the liquidation of each Receiver Fund, were not fully maintained at the Company. Therefore, the Company corrected the non-consolidated financial statements and their supplementary schedules by obtaining accounting information from outside persons related with the loss segregation and settlement scheme.

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Before Correction (Reference)

Notes to Non-Consolidated Financial Statements

Notes Concerning Items Related to Important Accounting Policies

1. Asset valuation principles and methods
   (1) Securities
      (a) Held-to-maturity securities — Amortized cost method
      (b) Investment securities in subsidiaries and affiliates
      Cost method based on the moving-average method
      (c) Other securities
      Items with market value — Market value method based on fair market value on the account settlement date (the net unrealized gains and losses on these securities are reported as a separate component of net assets, and the cost of sales is calculated by the moving-average method)
      Items without market value — Cost method based on the moving-average method
      Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

   (2) Claims and liabilities from derivatives transactions
   Market value method

   (3) Inventories — Reported using the First-in First-out cost method (for the value stated in the balance sheet, the book value is written down based on the decreased profitability)

2. Depreciation and amortization method for fixed assets
   (1) Property, plant and equipment (excluding lease assets)
   Declining balance method
      (a) Vehicles, tools and fixtures
      Based on useful lives as per the Corporate Tax Law
      (b) Other property, plant and equipment — Based on useful lives prescribed by the Company determined in accordance with estimated functional useful years

(2) Intangible fixed assets (excluding lease assets)

Straight-line method
Based on useful lives as per the Corporate Tax Law
Software for internal use is reported using the usable period within the Company (3 years).

(3) Lease assets

Finance lease assets not involving the transfer of ownership

Calculated on the straight-line method over the lease period as the useful lives and assuming no residual value.
Also, the accounting treatment for finance lease transactions deemed not involving the transfer of ownership and commenced before the first fiscal year in which the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) is applied follows the same method as for operating lease transactions.

3. Treatment method for deferred assets

Bond issuance expense — Total expense recorded at the time of occurrence

4. Accounting principles for allowances and reserves

(1) Allowance for doubtful accounts

To provide for losses due to unrecoverable claims such as accounts receivable and loans receivable, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

(2) Provision for product warranties

Due to the accounting of after service cost expected within the guarantee period with respect to products sold, the provision for product warranties is accounted using prescribed standards based on actually incurred past after service cost.

(3) Severance and retirement allowance

To provide for severance and retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year based on the severance and retirement liabilities and pension assets as of the end of the current fiscal year.
Pertaining to past service liabilities, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities is accounted as an expense.
Pertaining to the actuarial difference, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such actuarial difference is accounted as an expense starting from the following fiscal year.

(4) Allowance for investment loss

To provide for losses on investments in subsidiaries and affiliates, the amount necessary is accounted taking into consideration the amount of decrease in the real value of the company concerned and the estimated future recovery, etc.

5. Other important items that form the basis for preparing non-consolidated financial statements

(1) Hedge accounting methods

(a) The deferred hedge treatment method is used. Foreign currency-denominated accounts receivable under foreign exchange forward contracts are accounted by translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, requirements for special treatment are satisfied, therefore a special treatment is used.

(b) Hedging instruments and hedged items

· Hedging instruments	Foreign exchange forward contracts, interest rate swap contracts
· Hedged items	Forecasted transactions for foreign currency-denominated accounts receivable, borrowings

(c) Hedging policy

Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

(d) Hedging effect evaluation method

The effect is evaluated by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

(2) Treatment of consumption taxes

Treated using a tax exclusive method.

(3) Application of a consolidated tax payment system

A consolidated tax payment system is adopted.

6. Changes in important accounting policies

(1) Valuation principles and methods for inventories

Before the change, for inventories held for sale in the ordinary course of business, finished goods and work in process were stated using the lower-of-cost-or-market method per First-in First-out method and materials were stated using the cost method per First-in First-out method. However, because the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, published July 5, 2006) has been applied from the current fiscal year, the First-in First-out cost method is now employed (for the value stated in the balance sheet, the book value is written down based on the decreased profitability). The impact from this change on profit and loss is immaterial.

(2) Application of Accounting Standard for Lease Transactions

Before the change, the accounting treatment for finance lease transactions not involving the transfer of ownership followed the method for operating lease transactions, but now after the application of the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 [Business Accounting Council

Committee No. 1, June 17, 1993; revised March 30, 2007]) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee, January 18, 1994; revised March 30, 2007]) that begin from the current fiscal year, the accounting treatment for those transactions follows the method for ordinary purchase and sales transactions. The accounting treatment for finance lease transactions not involving the transfer of ownership whose transaction commenced before the first fiscal year in which the Accounting Standard for Lease Transactions is applied follows the same method as for ordinary operating lease transactions.

The impact from this change on profit and loss is immaterial.

Notes to Non-Consolidated Balance Sheet

1. The ¥490 million allowance for investment loss appears as a deduction from the investment securities in subsidiaries and affiliates.
2. Accumulated depreciation for property, plant and equipment ¥58,331 million
3. Liabilities for guarantees ¥60,195 million

   The above amount includes ¥59,475 million in contracted guarantees to subsidiaries and affiliates.
4. Short-term monetary claims to subsidiaries and affiliates ¥29,568 million
5. Long-term monetary claims to subsidiaries and affiliates ¥8,198 million
6. Short-term monetary liabilities to subsidiaries and affiliates ¥51,192 million
7. Discounted bills of exchange for export ¥6,198 million

Notes to Non-Consolidated Statement of Income

1. Total transactions with subsidiaries and affiliates

   Amounts resulting from business transactions

   Net sales ¥62,776 million

   Net purchases ¥40,230 million

   Amount resulting from non-business transactions ¥30,418 million

2. For loss on prior period adjustment of ¥15,516 million, concerning investments such as the equity participation in Gyrus Group Limited during the previous fiscal year, because the amount to be expended including fees has been finalized and the allocation of funds for the acquisition cost is complete, a provisional accounting treatment has been determined and the amount of expenses is recorded in the non-consolidated statement of income.

Notes to Non-Consolidated Statement of Changes in Net Assets

1. Number of issued shares at end of current fiscal year 271,283,608 shares
2. Number of treasury shares at end of current fiscal year 4,089,222 shares
3. Total cash dividends during the current fiscal year ¥10,749 million

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Notes to Tax Effect Accounting

Breakdown of deferred tax assets and liabilities by main cause

Deferred tax assets	
Inventories	¥2,900 million
Prepaid expenses	¥4,608 million
Accrued bonuses	¥1,016 million
Property, plant and equipment	¥2,337 million
Deferred assets for tax	¥602 million
Intangible fixed assets	¥5,743 million
Denial of loss on valuation of investment securities	¥7,014 million
Denial of loss on valuation of investment securities in subsidiaries and affiliates	¥57,064 million
Denial of provision of allowance for doubtful accounts	¥1,467 million
Other	¥1,321 million
Subtotal of deferred tax assets	¥84,072 million
Valuation allowance	¥(64,368) million
Total deferred tax assets	¥19,704 million
Deferred tax liabilities	
Reserve for advanced depreciation	¥(1,674) million
Reserve for special amortization	¥(155) million
Prepaid pension expenses	¥(3,351) million
Other	¥(26) million
Total deferred tax liabilities	¥(5,206) million
Net deferred tax assets	¥14,498 million

Notes to Leased Fixed Assets

In addition to the fixed assets accounted in the Non-Consolidated Balance Sheet, a portion of the microscope manufacturing equipment and computers are used under leasing agreements.

Notes to Transactions with Related Parties

Subsidiaries and affiliates etc.

Affiliation	Name	Voting rights ownership ratio (%)	Relation	Details of transaction	Amount (Millions of yen)	Item	End-of-period balance (Millions of yen)
Subsidiary	Olympus Corporation of the Americas	Direct ownership 100.0	Interlocking of officers	Contribution in kind of affiliate stock (Note 1)	16,299	–	–
				Contribution in kind of affiliate bonds (Note 2)	140,556	–	–
Subsidiary	KeyMed (Medical & Industrial Equipment) Ltd.	Indirect ownership 100.0	Interlocking of officers	Purchase of affiliate stock (Note 1)	15,575	–	–
Subsidiary	Gyrus Group Limited	Direct ownership 100.0	Interlocking of officers	Disposal of affiliate stock (Note 2)	149,866	–	–
				Purchase of affiliate bonds (Note 2)	140,556	–	–
Subsidiary	Olympus UK Acquisitions	Direct ownership 100.0	Interlocking of officers	Debt equity swaps (Note 2)	205,376	–	–
				Paid capital decrease (Note 2)	206,345	–	–
Subsidiary	ITX Corporation	Direct ownership 82.1	Interlocking of officers	Purchase of affiliate stock (Note 3)	7,000	–	–

Transaction conditions and policy for determining same

Notes:
1. Transaction related to restructuring of surgical business in the U.S. Price calculated using the discounted cash flow method.
2. Transaction effected for the restructuring of the Gyrus Group. Price determined based on the price set at the time of acquisition of Gyrus (based on due diligence, third-party valuation, etc.).
3. Determined based on a share price valuation report prepared by an independent third party.

Notes to Per-Share Information

1. Net assets per share ¥351.80
2. Net loss per share ¥508.83

Notes to Significant Subsequent Events

(Notification concerning Olympus Corporation making Iwaken Co., Ltd. its wholly-owned subsidiary through a share exchange)

The Board of Directors of Olympus Corporation (the “Company”) resolved to make Iwaken Co., Ltd. (“Iwaken”) its wholly-owned subsidiary through a share exchange (the “Share Exchange”) with a scheduled date of June 1, 2009, and entered into a basic agreement with Iwaken (the “Basic Agreement”) on April 10, 2009.

The Company plans to implement the Share Exchange without obtaining approval at General Meeting of Shareholders in accordance with “simplified share exchange” (kan-i kabushiki kokan) procedures pursuant to Article 796, Paragraph 3 of the Company Law of Japan.

1. Purpose of a Share Exchange

The Olympus Group has been focusing on steadily increasing profits in its Medical Systems Business, the core product of which is endoscopes for medical use, while contributing to society by supplying “safe, reliable and efficient” medical procedures.

In the midst of the substantial changes that are occurring in the environment surrounding medical treatment as a result of recent reforms in the healthcare system, the Olympus Group and Iwaken have developed a close partnership centering around the sale of Olympus Group products and Olympus Group Services.

The Company and Iwaken have entered into the Basic Agreement on the basis of their shared conclusion that integration on both a capital and an operational level is the most appropriate way to enable both companies to provide services of an even higher quality to medical institutions, research organizations and other customers.

2. Summary of the Share Exchange

(1) Schedule of the Share Exchange

April 10, 2009	Sign of the Basic Agreement between the Company and Iwaken
April 24, 2009	Meeting of the Board of Directors (Resolution to approve the sign of the agreement pertaining to the Share Exchange (the “Share Exchange Agreement”))
April 24, 2009	Sign of the Share Exchange Agreement between the Company and Iwaken
End of May, 2009	Extraordinary Meeting of Shareholders of Iwaken (Resolution to approve the Share Exchange) (scheduled)
June 1, 2009	Effective date of the Share Exchange (scheduled)

(2) Allocation of shares in the Share Exchange

Name of company	Olympus Corporation (parent company after the Share Exchange)	Iwaken Co., Ltd. (wholly-owned subsidiary after the Share Exchange)
Allocation of Shares in the Share Exchange	1	8.7

Notes: 1. Share exchange ratio

In the Share Exchange, the Company will allocate and deliver 8.7 shares of common stock in exchange for one share of common stock of Iwaken.

2. Number of shares to be delivered through the Share Exchange

2,784,000 shares of common stock

The Company will deliver common shares from its treasury stock to shareholders of Iwaken in the Share Exchange, and will not issue any new shares.

(3) Basis of calculation of the share exchange ratio

(a) Basis of calculation

In order to ensure the fairness and appropriateness of the calculation of the share exchange ratio in the Share Exchange, the Company decided to ask a third party for its opinion as a specialist, and appointed ABeam M&A Consulting Ltd. ("ABeam M&A Consulting") as such third party.

When calculating the share value of the Company shares, ABeam M&A Consulting employed the market price method, because the Company is a listed Company. ABeam M&A Consulting calculated the share value of the Company in accordance with the market price method with reference to share prices during (i) the past one-month period (from March 10, 2009 to April 9, 2009) and (ii) the past three-month period (from January 13, 2009 to April 9, 2009).

When calculating the share value of Iwaken shares, ABeam M&A Consulting employed the discounted cash flow method (the "DCF method"), because Iwaken is an unlisted company. The synergies that the Company expects will arise as a result of Iwaken joining the Olympus Group were included in the future profit plans which formed the basis of the analysis in accordance with the DCF method.

Based on the calculations of the respective share values of the Company and Iwaken in accordance with each of the methods described above and on the basis that one share of the Company represents a value of one, the share exchange ratio in the Share Exchange has been calculated by ABeam M&A Consulting as follows:

Range of the share exchange ratio valuation	Between 6.03 and 11.58

The Company and Iwaken decided to use the share exchange ratio set forth above in the Share Exchange based on the aforementioned calculations by ABeam M&A Consulting and as a result of thorough discussions between the two companies. The share exchange ratio is subject to change upon consultation between the Company and Iwaken in the event of a material change in any of the numerous factors upon which calculations were based.

(b) Relationship with the appraiser

The appraiser, ABeam M&A Consulting, is not a related party of the Company or Iwaken.

(4) Handling of share acquisition rights and bonds with attached share acquisition rights of wholly-owned subsidiary by stock swap

There is no relevant information.

3. Description of Iwaken Co., Ltd. (As of March 31, 2008)

Business description	Sales of medical appliances, physical and chemical instruments and optical devices; repair services in connection with same
Head office	6-4, Hongo 3-chome, Bunkyo-ku, Tokyo
Name and title of representative	Seiji Iwasaki, Representative Director and President
Paid-in capital	¥16 million
Net assets	¥3,203 million (non-consolidated)
Total assets	¥8,042 million (non-consolidated)

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Additional Information

(Strategic divestment of diagnostic systems business to Beckman Coulter, Inc.)

The Company resolved, at a meeting of the Board of Directors held on February 27, 2009, to spin-off the diagnostic systems business of the Company's Life Science Business and transfer same to Olympus-DS Corp. (hereinafter, "Olympus-DS"), a wholly-owned subsidiary of the Company on July 1, 2009 (tentative), and, on the same date, transfer all shares of said company to Beckman Coulter Group (hereinafter, "Beckman") centering on Beckman Coulter, Inc. (California, USA.).

1. Purpose of spin-off and business transfer

The environment of the diagnostic systems business is beset by rapidly changing competition dynamics and a recent increase in M&As and entries by companies in other business categories, in addition to the presence on the world market of enormous competitors capitalized in the trillions of yen.

Under these circumstances, the Company determined that, instead of allowing that business to continue independently, subsidiarizing and transferring same to Beckman, a large clinical laboratory testing system manufacturer, would permit the Company to utilize effectively its technology assets, know-how and other managerial resources fostered over many years, and therefore resolved to make our diagnostic systems business a subsidiary by a company split and transfer all shares of said subsidiary to Beckman.

2. Scale of subject business

(1) Description of business of subject division

Manufactures and sales of products related to clinical laboratory testing equipment

(2) Business results of subject division

Net sales and total assets in the diagnostic systems business for the fiscal year ended March 31, 2009 amounted to ¥15,500 million and ¥7,600 million, respectively.

3. Details of the transfer of shares

(1) Business transfer agreement

(a) Subject of transfer

Diagnostic systems business operated by the Company

(b) Transfer price

¥77,500 million (tentative) for the entire Group

(c) Transfer schedule

February 27, 2009	Execution of business transfer agreement
July 1, 2009	Transfer date (tentative)

(2) Overview of transferee

The transferees are to be Beckman Coulter, Inc. and subsidiaries and affiliates of the company.

Overview of main transferee

Trade name	Beckman Coulter, Inc.
Representative	Scott Garrett, Chief Executive Officer
Paid-in capital	US$6.9 million
Location	California, U.S.A.
Main business	Manufactures and sales of products related to clinical diagnostic instruments
Relation to the Company	No capital, personnel or business relations exist

(English Translation of the Independent Auditor's Report Originally Issued in the Japanese Language)

Reference: The Independent Auditor's Audit Report of Consolidated Financial Statements

Independent Auditor's Audit Report

February 28, 2012

To the Board of Directors of OLYMPUS CORPORATION

KPMG AZSA LLC

Atsuki Kanezuka [Seal]
Certified Public Accountant
Designated and Engagement Partner

Kiyoshi Hirai [Seal]
Certified Public Accountant
Designated and Engagement Partner

We have audited the corrected Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets, and Notes to Consolidated Financial Statements of OLYMPUS CORPORATION for the fiscal year beginning on April 1, 2008 and ending on March 31, 2009, in accordance with the equivalent of Article 444(4) of the Company Law. Responsibility for preparation of these consolidated financial statements lies with the Company's management. Our responsibility is to express an opinion on these consolidated financial statements from an independent perspective.

Aside from the items indicated below, we conducted our audit in accordance with generally accepted auditing standards in Japan. The auditing standards require us to obtain reasonable assurance as to whether or not there are any material misstatements in consolidated financial statements. The auditing is conducted on a test basis, and includes overall examinations of the disclosures of consolidated financial statements, and the evaluation of accounting principles and methods used and estimates made by the management. We believe that we have obtained reasonable bases to express our opinion as a result of our audit.

As indicated by the notes to other matters in the notes to consolidated financial statements, information on the details of operating assets, appraised value, etc. of receiver funds was not fully maintained at the Company, and some important evidence regarding ¥67,816 million in investment fund assets as of March 31, 2008 is unavailable. As a result, we were unable to obtain sufficient and appropriate evidence for our audit regarding the details of operating assets, appraised value, etc. of receiver funds.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of OLYMPUS CORPORATION and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in conformity with accounting principles generally accepted in Japan, aside from the impact on them from the items indicated above.

Additional Information

1. As indicated by "Regarding correction of consolidated financial statements" at the beginning of the notes to consolidated financial statements, the Company has corrected its consolidated financial statements. We conducted our audit on the corrected consolidated financial statements.
2. As indicated by the notes to other matters in the notes to consolidated financial statements, if any further important information comes to light in investigations by domestic and overseas investigative authorities, supervisory bodies and other public bodies, the Company may amend its consolidated financial statements. Furthermore, as a result of inappropriate financial reporting by the Company, holders of its American Depositary Receipts (ADRs) have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company for a similar reason.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

(English Translation of the Independent Auditor's Report Originally Issued in the Japanese Language)

Reference: The Independent Auditor's Audit Report of Non-Consolidated Financial Statements

Independent Auditor's Audit Report

February 28, 2012

To the Board of Directors of OLYMPUS CORPORATION

KPMG AZSA LLC
Atsuki Kanezuka [Seal]
Certified Public Accountant
Designated and Engagement Partner
Kiyoshi Hirai [Seal]
Certified Public Accountant
Designated and Engagement Partner

We have audited the corrected Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Net Assets, and Notes to Non-Consolidated Financial Statements, and their supplementary schedules, of OLYMPUS CORPORATION for the 141st fiscal year beginning on April 1, 2008 and ending on March 31, 2009, in accordance with the equivalent of Article 436(2)(i) of the Company Law. Responsibility for preparation of these financial statements and their supplementary schedules lies with the Company's management. Our responsibility is to express an opinion on these financial statements and their supplementary schedules from an independent perspective.

Aside from the items indicated below, we conducted our audit in accordance with generally accepted auditing standards in Japan. The auditing standards require us to obtain reasonable assurance as to whether or not there are any material misstatements in financial statements and their supplementary schedules. The auditing is conducted on a test basis, and includes overall examinations of the disclosures of financial statements and their supplementary schedules, and the evaluation of accounting principles and methods used and estimates made by the management. We believe that we have obtained reasonable bases to express our opinion as a result of our audit.

As indicated by the notes to other matters in the notes to financial statements, information on the details of operating assets, appraised value, etc. of receiver funds was not fully maintained at the Company, and some important evidence regarding ¥46,869 million in investments in affiliates as of March 31, 2008 is unavailable. As a result, we were unable to obtain sufficient and appropriate evidence for our audit regarding the details of operating assets, appraised value, etc. of receiver funds.

In our opinion, the financial statements and their supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of OLYMPUS CORPORATION for the period, for which the financial statements and their supplementary schedules were prepared, in conformity with accounting principles generally accepted in Japan, aside from the impact on them from the items indicated above.

Additional Information

1. As indicated by the notes "Regarding correction of non-consolidated financial statements and their supplementary schedules" at the beginning of the notes to financial statements, the Company has corrected its financial statements and their supplementary schedules. We conducted our audit on the corrected financial statements and their supplementary schedules.
2. As indicated by the notes to other matters in the notes to financial statements, if any further important information comes to light in investigations by domestic and overseas investigative authorities, supervisory bodies and other public bodies, the Company may amend its financial statements and their supplementary schedules. Furthermore, as a result of inappropriate financial reporting by the Company, holders of its American Depositary Receipts (ADRs) have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company for a similar reason.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

(English Translation of the Board of Corporate Auditors' Report Originally Issued in the Japanese Language)

The Board of Corporate Auditors' Audit Report

Audit Report

Based on the audit report prepared by each Corporate Auditor with regard to the performance of duties by the Directors of OLYMPUS CORPORATION (the "Company") for the 141st fiscal year (from April 1, 2008 to March 31, 2009), the Board of Corporate Auditors of the Company prepares this audit report after deliberation and reports as follows:

In response to the results of investigation of an investigation committee consisting of members who hold no interests with the Company, which was established on November 1, 2011 (Chairman: Tatsuo Kainaka, attorney-at-law; hereinafter the "Third Party Committee"), as well as the results of an internal company investigation, the Company corrected its business report, financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements), and their supplementary schedules, as well as its consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements), for the 141st fiscal year.

1. Auditing methods used by Corporate Auditors and the Board of Corporate Auditors, and details of audit

The Board of Corporate Auditors specified audit policies, assigned duties to each Corporate Auditor and received reports from each Corporate Auditor on the status of implementation and results of audit as well as received reports from Directors, etc. and accounting auditors on the status of the execution of their duties and asked them for explanations as necessary.

Each Corporate Auditor, according to the auditing standards set up by the Board of Corporate Auditors, the audit policies and the duties assigned to each Corporate Auditor, has maintained good communications with Directors, the Internal Audit Department and other employees and strived to collect information and improve the audit environment as well as attended meetings of the Board of Directors and other meetings as deemed important, received from Directors and employees reports on the execution of their duties, asked for explanations as necessary, perused the documents whereby the important decisions were made, and examined business and financial position at the head office and principal operating offices.

In addition, we have verified the content of the resolution made by the Board of Directors concerning the development of a system for ensuring that the performance of duties by Directors complies with laws and regulations and the Company's Articles of Incorporation, and other systems to ensure the properness of operations of a stock company, and the status of the systems developed based on such resolution (internal control system).

With regard to the basic policy on the control of the Company and initiatives based on the policy, which are described in the corrected business report, we have reviewed the details in consideration of the status of deliberations at the Board of Directors, etc. Also, we have maintained good communications and exchanged information with directors, corporate auditors and others of the subsidiaries of the Company and asked the subsidiaries for reports on their business conditions as per need.

Based on the methods mentioned above, we have reviewed the corrected business report for the said fiscal year and their supplementary schedules.

We have also verified whether KPMG AZSA LLC, which conducted the voluntary audit on the financial statements and consolidated financial statements for the 141st fiscal year, maintained independence and properly implemented its audit, received from the said audit firm reports on the execution of their duties, and asked them for explanations as necessary. The said audit firm reported to us that the systems for ensuring proper execution of duties have been developed in accordance with the "Quality Control Standards concerning Audit" and other applicable regulations, and we asked them for explanations as necessary.

Based on the methods mentioned above, we have reviewed the corrected financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements), and their supplementary schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the said fiscal year.

141st Term

2. Audit results

(1) Results of audit of the corrected business report, etc.

(i) We confirm that the corrected business report and its supplementary schedules for the 141st fiscal year present fairly the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.

(ii) The Board of Directors, which should supervise the business execution of management as an important part of the company-wide internal control system, did not function effectively because of collusion among several former members of the Company's management for improper purposes.
As a result, it cannot be concluded that the performance of duties by Directors with respect to the said internal control system, including internal control related to financial reporting, was appropriate.

(iii) Although past resolutions of the Board of Directors with regard to the internal control system were in themselves appropriate, we do not recognize that such resolutions were properly implemented at the time of the 141st fiscal year.
It is reported to us that the Company established a management reform committee, consisting of members who hold no interests with the Company, on December 7, 2011 (the "Management Reform Committee"), and that under the guidance and supervision of the Management Reform Committee, the Company is working, on the basis of the Company and across the entire Group, to renew management systems and to establish governance systems, internal control systems and compliance systems.

(iv) With respect to the basic policy concerning the persons who control decisions on the Company's financial and business policies, which is described in the business report, we confirm that there are no matters to be pointed out. We confirm that the initiatives based on the said basic policy do not damage the common interests of shareholders of the Company and that they are not aimed at maintaining the positions of Directors or Corporate Auditors of the Company.

(2) Results of audit of corrected financial statements and their supplementary schedules
We confirm that the auditing methods and results of KPMG AZSA LLC, which conducted the voluntary audit on the corrected financial statements and their supplementary schedules for the 141st fiscal year, are proper.

(3) Results of audit of corrected consolidated financial statements
We confirm that the auditing methods and results of KPMG AZSA LLC, which conducted the voluntary audit on the corrected consolidated financial statements for the 141st fiscal year, are proper.

March 1, 2012

The Board of Corporate Auditors,
OLYMPUS CORPORATION

Standing Corporate Auditor: Tadao Imai [Seal]
Outside Corporate Auditor: Makoto Shimada [Seal]
Outside Corporate Auditor: Yasuo Nakamura [Seal]

Attached Documents

140th Business Report

(April 1, 2007 to March 31, 2008)

I Review of Group Operations

1. Review of Operations

The Japanese economy for the current year expanded modestly backed by higher exports and business investments, however, galloping crude oil and raw material prices have obscured business prospects. Across the globe, although we are witnessing continued growth in Europe and Asia, the U. S. economy is more likely to slowdown due to the sub-prime mortgage crisis.

In this business environment, the Group formulated its medium-term business strategy “FY2006 Corporate Strategic Plan (the 2006 CSP)” in 2006 with an aim to fortify effective strategies and the organizational strengths that realize them and maximize corporate value.

Pursuant to this plan, in order to speed up efforts to strengthen the surgical related field of its Medical Systems Business, the Group acquired all the stock of Gyrus Group PLC, a UK medical treatment device company, in February of this year. By integrating this company in the Group, whose forte lies in the area of energy technology in the field of minimally invasive treatment, the Group increased its product lineup, expanded its sales network mainly in the U.S. and enhanced its business in the urology and gynecology fields.

Furthermore, the Group worked to develop its business both domestically and overseas and strengthen its manufacturing hubs. In Japan, the Mishima Facility (Shizuoka Prefecture) was established as the new hub for the Group’s Life Science Business and a framework to enable the translation of user needs into products and services was constructed by consolidating there all customers training and other support services on top of development and manufacturing functions. Also, construction of new buildings were decided at the Ishikawa Facility (Tokyo), the hub of developmental activities for the Imaging Systems, Medical Systems and Life Science Businesses, as well as at Aizu Olympus Corporation, the Group’s endoscope manufacturing center. Overseas, in response to projected increases over the mid- to long-term in the Imaging Systems and Medical Systems Businesses, the construction of a new plant started in Vietnam to serve as a manufacturing hub for both businesses in October 2007.

The Olympus Group’s consolidated net sales were ¥1,128,875 million (an increase of 6.3% over the previous year). In terms of income, higher sales of digital cameras in the Imaging Systems Business as well as steady sales of endoscope systems and other products in the Medical Systems Business contributed to a consolidated operating income figure of ¥112,826 million (up 14.3% over the previous year), a consolidated ordinary income figure of ¥97,312 million (up 24.2%) and a net income figure of ¥54,625 million (up 16.3%).

Notes: 1. For monetary amounts indicated in units of ¥1 million, fractions of ¥1 million are rounded of

2. For share amounts indicated in units of 1,000 shares, fractions of 1,000 shares are truncated.

2. Results of the Business Activities by Business Segment

Imaging Systems Business

Consolidated net sales for the Imaging Systems Business was ¥320,589 million (8.9% increase over the previous year), while operating income reached ¥33,086 million (21.6% increase over the previous year).

In the digital camera field, sales greatly increased thanks to the release of the compact and lightweight single-lens reflex camera brands "E-410" and "E-510", with their Live View function and other features attractive to a wide spectrum of users, and the "E-3", a unit that is suitable for pros as well as amateurs. In the area of compact cameras, the launching of the "μ [mju:] 1020", with its small, thin and stylish body and 7x optical zoom lens, and the robust sales of the "CAMEDIA SP Series", which enables 18x optical, high magnification shots, both led to hikes in revenue.

In the voice recorders field, sales are on an upward trend both domestically and overseas. In Japan, the compact, maximum memory capacity "Voice-Trek V-13" did especially well with its separate-type IC recorder, which can be directly connected to a personal computer. In addition, our entry in the high sound quality uncompressed digital recording compatible linear PCM recorder market was well received.

The optical components field also saw increased sales supported by our well-performing lens barrel units.

Operating income rose thanks to great leaps in the number of digital cameras sold.

Medical Systems Business

Consolidated net sales in the Medical Systems Business amounted to ¥353,269 million (13.3% increase over the previous year), while operating income amounted to ¥98,420 million (12.0% increase over the previous year).

In the medical endoscope field, the "EVIS LUCERA SPECTRUM", which enables observation using specialized light spectra that contribute to the early detection of minute lesions such as cancer, and the upper gastrointestinal endoscope, which may be inserted either nasally or orally, both performed well in the domestic market. Overseas, our "EVIS EXERA II", a high-resolution HDTV endoscope system featuring observation using specialized light spectra, sold well in the US, Europe, Oceania and Central and South America contributing to higher revenue.

In the fields of MIP such as surgical and EndoTherapy products, the number of units sold increased for clips and other haemostatic system products, biopsy forceps and other sampling products as well as guide-wires and other biliary tract and pancreas related products. Overseas, the "EVIS EXERA II", a high-resolution HDTV endoscope system, sold well to surgeons. Also, the launch of our endoscope integrated "VISERA Pro System" in Asia and the continued robust performance of our high-resolution HDTV videoscope for the abdominal and chest cavities mostly in the US and Europe have contributed to higher revenue.

Operating income was up thanks to the sales expansion of medical endoscope and favorable performance of surgical treatment devices particularly in overseas.

Life Sciences Business

Consolidated net sales for the Life Sciences Business was ¥131,446 million (6.3% increase over the previous year), while operating income amounted to ¥6,990 million (13.5% decrease compared to the previous year).

In the micro-imaging (microscopes) field, sales expanded thanks to robust biological microscope sales in the US and Europe and an increase in the number of units sold for our “BX Series” system microscopes for research in Asia, the Middle East and South America, where such market is expanding. For industrial microscopes, although price wars are intensifying due to a downward trend in business investment both in Japan and overseas, in Asia, where some parts are showing signs of recovery, we are working to expand sales and net figures are at par with the previous year.

In the diagnostic systems field, revenue increased as a result of the simultaneous launch of our blood analyzer (clinical chemistry analyzer) and new fully-automated chemiluminescent enzyme immuno-analyzer as well as the expansion of the clinical diagnostics and testing business. Also contributing were increased sales in new blood testers in the US as well as favorable performance in China for clinical biochemistry analyzers.

With respect to operating income, despite the expansion of sales mainly in overseas markets, development investments aimed at future business expansion and investments geared at business reform led to a decline in profit.

Information & Communication Business

Consolidated net sales for the Information & Communication Business was ¥254,312 million (5.0% decrease over the previous year), while operating income showed ¥3,001 million (10.5% increase over the previous year).

In the Information & Communication Business, we increased the direct sales ratio and streamlined costs in the area of cellular phone terminal sales of the mobile field, promoted computerization and expanded our components interests in the automobile aftermarket business of the network and technology field and concentrated on further improvements in our efforts to “build a stable consolidated business profit base”. Also, we reshuffled a portfolio valued at some ¥10 billion assessing business possibilities based on our investment securities ownership policy.

Net sales witnessed a decrease overall in revenue due to lower returns due to changes in the sales fee plans of communications service providers involved in the cellular phone terminal sales effectuated by IT Telecom Inc., a player in the mobile field.

An increase in operating income was obtained thanks to substantial improvements in profitability resulting from reduced sales and administrative costs and restrictions on discounts for cellular phone terminal sales as well as an increase in revenue sparked by growth in the automobile aftermarket business.

Others

Consolidated net sales for other business was ¥69,259 million (7.6% increase over the previous year) and operating income was ¥1,120 million (up 28.4% over the previous year).

In the non-destructive testing equipment field, robust sales in our portable flaw detectors and highly functional phased array ultrasound testing devices as well as in our new "IPLEX FX" highly durable, highly functional, high definition portable industrial endoscopes contributed to a significant increase in revenue.

The information equipment field saw an increase in the shipment volume of printers and components manufactured through business collaboration with Riso Kagaku Corporation.

In the biomedical materials field, the Company endeavored to strengthen its business by establishing a new joint company, Olympus Terumo Biomaterials Corp., together with Terumo Corporation in April 2007. As a result of this venture, the launch of collagen related products and the commencement of full-scale sales in overseas markets for existing products including bone prostheses contributed to a substantial increase in revenue.

In addition, the growth of our medical related business that included the new acquisition of ITX Corporation also contributed to an increase in revenue in other businesses.

With regard to operating income, we experienced an increase in profit due to a hike in revenue.

3. Financing and Capital Investment

(1) Financing

A new short-term borrowing of ¥190 billion and long-term borrowing of ¥30 billion were taken out during this fiscal year.

(2) Capital Investment

A total of approximately ¥50.1 billion was spent this fiscal year in capital investment. Main expenditures include investment in molds in the Imaging Systems Business and investment in demonstration equipment in the Medical Systems Business.

4. Future Challenges

It is expected that Japan's economy will continue to gradually expand in the area of exports to emerging countries. However, uncertainly for the future is abound due to an increasing yen, galloping crude oil prices and a slowdown of the U.S. economy. Further, there are worries of a depressed world economy due to the US sub-prime mortgage crisis and soaring crude oil price.

In light of this situation, the Olympus Group will fully implement its 2006 Corporate Strategic Plan, which is in its final year, and expand on those business activities that should be further developed.

In the Imaging Systems Business, we will continue to work towards reinforcing our competitive edge to forge a solid position in the digital single-lens reflex camera market and increase our brand strength with proposals to a wider range of users for unique, high-value added products that were made compact and lightweight using superior digital designing. Also, we will work to standardize components and increase our business efficiency to obtain a steady profit assurance in the field of compact cameras. For sales of lens barrel units and other items in the optical components field, an increase in profits will also be attempted by putting to use our lens optics technology fostered over many years.

In the Medical Systems Business, the integration of Gyrus Group PLC, a UK company highly competitive in the area of urology and gynecology which boasts strengths in high-frequency and other energy technologies in the minimally invasive medical treatment field, will create complementary relationships in product lineup and sales networks and expand of our business base. This will lead to a stronger presence in the area of surgery. Furthermore, we will continue to promote the solution business, which we began as a high value-added service.

Further, the Company will continually revise and improve its internal control system, thoroughly implement compliance efforts and promote environmental conservation activities geared at the realization of a superior environmental management organization as well as other CSR related activities effectuated proactively. Even concerning our "BRAVE CIRCLE" colon cancer eradication campaign promoted as a means to encourage colon cancer consultations and educate the public on early detection, the Company will continue to broaden the scope of the campaign and work towards its development into a society-wide activity.

To our shareholders, we appreciate your continuing support and understanding.

5. Changes in Assets and Results of Operation

(Millions of yen)

	137th term	138th term	139th term	140th term
Net sales	813,538	978,127	1,061,786	1,128,875
Ordinary income	10,204	41,206	78,346	97,312
Net income (loss)	(11,827)	28,564	46,962	54,625
Net income (loss) per share (Yen)	(44.98)	105.99	173.69	202.11
Total assets	858,083	976,132	1,002,665	1,217,172
Net assets	240,837	290,656	224,951	244,281
Net assets per share (Yen)	913.17	1,074.30	792.72	861.58

Notes:
1. In the 137th term, a loss due to business restructuring in the Imaging Systems Business was accounted as an extraordinary loss and a consolidated net loss was posted due to the reversal of deferred income taxes.
2. Since the 139th term, the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard No. 5, December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard Implementation Guidance No. 8, December 9, 2005) have been applied.
3. In the 140th term (current), the addition of Gyrus Group PLC in the scope of consolidation resulted in an increase in total assets from the end of the previous fiscal year.
   See "I Review of Group Operations 1. Review of Operations" on page 88 above for details on results for the current fiscal year.
4. Owing to the correction of improper accounting treatment, at the beginning of the 139th term, there was a ¥118,353 million reduction in retained earnings to account for the corresponding loss.

6. Major Parent Companies and Subsidiaries

(1) Relationship with Parent Companies

There is no relevant information.

140th Term

(2) Major Subsidiaries

There are 216 consolidated subsidiaries, including the following 7 major subsidiaries, and 15 equity-method companies.

Name of company	Capital stock or investment	Ratio of capital contribution by the Company (%)	Principal business
Olympus Imaging Corp.	¥11,000 million	100.0	Manufacture and sales of image-related products
Olympus Medical Systems Corp.	¥1,000 million	100.0	Manufacture and sales of medical treatment-related products
ITX Corporation	¥25,444 million	82.1	Investment in and nurturing of new businesses
Olympus USA Incorporated	$13,000	100.0	Holding company to conduct comprehensive management planning for U.S. subsidiaries and affiliates
Olympus Europa Holding GmbH	100,000,000 euro	100.0	Holding company to conduct comprehensive management planning for European subsidiaries and affiliates
KeyMed (Medical & Industrial Equipment) Ltd.	£1,010,000	100.0 (of which 100.0% is indirectly held) (Note)	Manufacture and sales of medical treatment-related and other products in U.K.
Olympus (China) Co., Ltd.	$31,003,000	100.0	Holding company to conduct comprehensive management planning for subsidiaries and affiliates in China

Note: Olympus KeyMed Group Limited, a 100% subsidiary of the Company, holds 100.0% of that company.

7. Principal business

Segment	Principal products and business
Imaging systems business	Manufactures and sales of digital cameras and voice recorders
Medical systems business	Manufactures and sales of medical endoscopes, surgical endoscopes, ultrasound endoscopes and endo-therapy products
Life science business	Manufactures and sales of biological microscopes, diagnostic blood analysis systems and industrial microscopes
Information & communication business	Sales of mobile terminals (incl. cellular phones), development and sales of mobile solutions, mobile contents services and business package software, sales of network infrastructure systems, sales of semiconductor devices and electric equipment
Others	Manufactures and sales of industrial endoscopes, non-destructive testing equipment, printers and bar code data processing equipments, software development etc.

8. Principal Places of Business and Plants

(1) Principal places of business of the Company

Head Office	Shibuya-ku, Tokyo
Main Office	Shinjuku-ku, Tokyo
R & D Center	Hachioji-shi, Tokyo
Ina Facility	Ina-shi, Nagano
Tatsuno Facility	Kamiina-gun, Nagano
Mishima Facility	Sunto-gun, Shizuoka
Branch	Sapporo, Nagoya, Osaka, Hiroshima, Fukuoka
Sales Offices	Sendai, Saitama, Chiba, Yokohama, Niigata, Matsumoto, Shizuoka, Kanazawa, Kyoto, Matsuyama, Okayama, Kagoshima

(2) Principal places of business of the Company's subsidiaries

Olympus Imaging Corp.	Shibuya-ku, Tokyo (Head office) Shinjuku-ku, Tokyo (Main office)
Olympus Medical Systems Corp.	Shibuya-ku, Tokyo (Head office) Shinjuku-ku, Tokyo (Main office)
ITX Corporation	Chiyoda-ku, Tokyo
Olympus USA Incorporated	U.S.
Olympus Europa Holding GmbH	Germany
KeyMed (Medical & Industrial Equipment) Ltd.	U.K.
Olympus (China) Co., Ltd.	China

9. Employee Situation of the Group

Segment	Numbers of Employees	Increase (decrease) from the previous term
Imaging systems business	13,172	10
Medical systems business	11,786	2,366
Life science business	4,631	64
Information & communication business	1,847	25
Others	3,048	277
Management division	1,288	72
Total	35,772	2,814

Notes:
1. The number of employees represents individuals working within the Group and includes employees on loan to the Group but does not include employees on loan outside the Group.
2. The increase in the number of employees in the Medical Systems Business by 2,366 compared to last year is mainly due to the subsidiarization of Gyrus Group PLC in February 2008.

10. Principal lenders

(Millions of yen)

Lender	Balance of borrowing
Sumitomo Mitsui Banking Corporation	89,630
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	71,395

11. Acquisition of the stock, etc. of other companies

The company resolved, at a meeting of the Board of Directors held on November 19, 2007 to commence procedures for the acquisition of all the stock of Gyrus Group PLC, a UK company specializing in medical devices, through Olympus UK Acquisitions Limited, a 100% subsidiary of the Company. Said procedures were completed on February 1, 2008 making Gyrus Group PLC a 100% subsidiary of the Company as of the same date.

II Matters Concerning Shares

1. Total Number of Shares Authorized to be Issued: 1,000,000,000 shares

2. Total Number of Issued Shares: 270,239,168 shares

(Excluding treasury stock 1,044,440 shares)

3. Number of Shareholders as of March 31, 2008: 12,767

4. Principal Shareholders

Shareholders	Numbers of shares held (thousands)	Investment ratio
Nippon Life Insurance Company	22,426	8.30%
The Master Trust Bank of Japan, Ltd. (trust account)	16,385	6.06%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,435	4.97%
Japan Trustee Services Bank, Ltd. (trust account)	12,253	4.53%
State Street Bank and Trust Company	10,288	3.81%
Japan Trustee Services Bank, Ltd. (Olympus shares in Sumitomo Mitsui Banking Corporation's retirement benefit trust account are entrusted to The Sumitomo Trust & Banking Co., Ltd., which consigns their management to Japan Trustee Service Bank, Ltd.)	9,004	3.33%
Sumitomo Mitsui Banking Corporation	8,350	3.09%
Terumo Corporation	6,811	2.52%
Meiji Yasuda Life Insurance Company	4,518	1.67%
The Dai-ichi Mutual Life Insurance Company	4,442	1.64%

Note: The investment ratio is calculated with the amount treasury stock (1,044,440 shares) deducted.

III Matters Concerning Board of Directors and Corporate Auditors

1. Name of Directors and Corporate Auditors

Appointment	Name	Position and responsibility in the Company and other companies
President and Representative Director	Tsuyoshi Kikukawa	
Director	Atsushi Yusa	Group president of Future Creation Laboratory
Director	Masaaki Terada	Group president of Corporate R & D center / Director in charge of Intellectual Property & Licensing Div. / President and Director, Olympus Cytori Inc.
Director	Masaharu Okubo	President and Representative Director, Olympus Imaging Corp.
Director	Hideo Yamada	Group president of the Corporate Center / Director in charge of Corporate Social Responsibility Div., Trade Compliance Bureau and Internal Audit Dept.
Director	Hiroyuki Furihata	Director of Olympus Medical Systems Corp.
Director	Kazuhisa Yanagisawa	Group president of Life science Group
Director	Haruhito Morishima	President and Representative Director, Olympus Medical Systems Corp.
Director	Masataka Suzuki	President and Representative Director, Olympus Europa Holding GmbH
Director	Shuichi Takayama	Division Manager of R&D Planning Div.
Director	Takashi Tsukaya	Division Manager of Production Engineering Div. / Director in charge of Quality and Environment Administration Div.
Director	Tatsuo Nagasaki	Director in charge of IMS Business Div. and PS Business Div.
Director	Hisashi Mori	Division Manager of Business Planning Div. and Corporate Social Responsibility Div./ Director in charge of New Business Planning Div. and New Business Administration Div.
Director	Robert A. Mundell	Professor of Economics, Columbia University
Director	Rikiya Fujita	Director, Sankikai Association and President, Tsurumaki Onsen Hospital/ Chairman, the Japanese Foundation for Research and Promotion of Endoscopy
Standing Corporate Auditor	Tadao Imai	
Standing Corporate Auditor	Katsuo Komatsu	
Corporate Auditor	Makoto Shimada	
Corporate Auditor	Yasuo Nakamura	

140th Term

Notes:
1. The following individuals were reelected at the 139th General Meeting of Shareholders held on June 28, 2007 and assumed their post.
   Director Rikiya Fujita
   Corporate Auditor Katsuo Komatsu
2. The following individuals resigned on June 28, 2007.
   Director Toru Toyoshima
   Corporate Auditor Tadahiko Amemiya
3. Among the Directors, Robert A. Mundell and Rikiya Fujita are Outside Directors.
4. Among the Corporate Auditors, Makoto Shimada and Yasuo Nakamura are Outside Corporate Auditors.
5. Under the Company's executive officer system, the following are executive officers as of March 31, 2008. The "*" mark indicates individuals serving concurrently as Directors.

Appointment	Name
Senior Managing Executive Officer	Masaaki Terada *
Senior Managing Executive Officer	Masaharu Okubo *
Senior Managing Executive Officer	Hideo Yamada *
Managing Executive Officer	Hiroyuki Furihata *
Managing Executive Officer	Kazuhisa Yanagisawa *
Managing Executive Officer	Haruhito Morishima *
Managing Executive Officer	Masataka Suzuki *
Managing Executive Officer	Shuichi Takayama *
Managing Executive Officer	Takashi Tsukaya *
Executive Officer	Tatsuo Nagasaki *
Executive Officer	Hisashi Mori *
Managing Executive Officer	Toshiaki Gomi
Executive Officer	Masao Kuribayashi
Executive Officer	Akinobu Yokoo
Executive Officer	Kazuhiro Watanabe
Executive Officer	Takashi Saito
Executive Officer	Koichi Karaki
Executive Officer	Yasuhiro Ueda
Executive Officer	Norio Saito
Executive Officer	Hitoshi Kawada
Executive Officer	Yoshihiko Masakawa
Executive Officer	Shinichi Nishigaki
Executive Officer	Naohiko Kawamata
Executive Officer	Hiroyuki Sasa
Executive Officer	Makoto Nakatsuka

2. Amount of Remuneration for Directors and Corporate Auditors

	Number	Total Amount Paid
Director	15	¥603 million
Corporate Auditor	4	¥67 million

Notes:
1. By resolution of the 138th General Meeting of Shareholders held on June 29, 2006, the maximum monthly remuneration for Directors is set at ¥65 million and the maximum monthly remuneration for Corporate Auditors is set at ¥10 million and the annual bonus for Directors is ¥120 million. No bonuses are paid to Corporate Auditors.
2. The above amount of remuneration for Directors does not include ¥56 million in salaries for employees serving concurrently as Directors.
3. Of the above amount of remuneration for Directors and Corporate Auditors, the total amount paid to 4 outside officers (2 Outside Directors, 2 Outside Corporate Auditors) is ¥42 million.

3. Matters concerning Outside Directors and Outside Corporate Auditors

(1) Major Activities during Current Fiscal Year

Robert A. Mundell, Director

Mr. Mundell attended 2 of the 19 Board of Directors' meetings held during the current fiscal year and made statements as he saw fit from a professional perspective as an international economist, independent of the management engaged in the execution of business operations.

Rikiya Fujita, Director

Mr. Fujita attended 5 of the 14 Board of Directors meetings held during the current fiscal year after his appointment at the 139th General Meeting of Shareholders held on June 28, 2007 and made statements as he saw fit, based on his profound knowledge and broad insight as a medical doctor from a perspective independent of the management engaged in the execution of business operations.

Makoto Shimada, Corporate Auditor

Mr. Shimada attended all 19 Board of Directors' meetings and 27 of the 28 Board of Corporate Auditors' meetings and made statements as he saw fit from the perspective of a business manager with extensive experience to ensure appropriate and fair decision making by the Board of Directors.

Yasuo Nakamura, Corporate Auditor

Mr. Nakamura attended all 19 Board of Directors meetings and all 28 Board of Corporate Auditors meetings and made statements as he saw fit from the perspective of a business manager with extensive experience to ensure appropriate and fair decision making by the Board of Directors.

(2) Overview of content of limited liability agreement

The Company has entered into an agreement with all of its Outside Directors and Outside Corporate Auditors to limit their liability pursuant to Article 423, Paragraph 1 of the Company Law, setting the minimum amount stipulated by law as the maximum liability.

IV Accounting Auditor

1. Name of Accounting Auditor

KPMG AZSA & Co.

2. Amount of remuneration

Classification	Amount Paid
Remuneration to Accounting Auditor for the current fiscal year	¥50 million
Total amount of money and other financial interests to be paid by the Company and its subsidiaries	¥231 million

Notes:
1. The audit agreement between the Company and its Accounting Auditor does not distinguish compensation paid for audit work performed in conformity with the Company Law and compensation paid for audit work performed in conformity with the Financial Instruments and Exchange Act and it is effectively impossible to do so. Therefore, the total amount is provided.
2. Among the important subsidiaries of the Company, Olympus USA Incorporated, Olympus Europa Holding GmbH, KeyMed (Medical & Industrial Equipment) Ltd. and Olympus (China) Co., Ltd. are audited by auditing firms other than the Accounting Auditor of the Company.

3. Description of non-auditing services

The Company pays compensation to the Accounting Auditor for consultation services related to internal control on financial reporting, which is not included in the services under Article 2, Paragraph 1 of the Certified Public Accountant Law.

4. Policy on dismissal and non-reappointment of Accounting Auditor

The Company will dismiss the Accounting Auditor, with the unanimous consent of the Corporate Auditors of the Board of Auditors, in the event said Accounting Auditor is recognized as falling under one of the items listed in Article 340, Paragraph 1 of the Company Law.

In addition to the foregoing, the Company will propose the dismissal or non-reappointment of the Accounting Auditor to the General Meeting of Shareholders in the event it is recognized that the appropriate performance of duties by said Accounting Auditor is rendered not possible due to reasons on the part of the Company or due to events affecting the qualifications and credibility of the Accounting Auditor.

V Company's Systems and Policies

1. Basic Policy on the Internal Control System

The Company conducts all corporate activities in accordance with the basic philosophy of the "Social IN" concept, which involves enabling consumers to lead a happy and healthy life by introducing new values through business, while integrating with the communities it serves and sharing a common sense of value with society.

The Board of Directors, based on this basic principle, shall prepare a framework in which ensures the sound operations of the Company, and make continuous improvements with its application.

(1) Framework to ensure the compliance by Directors and Employees, in performance of duties, to applicable laws and regulations as well as the Articles of Incorporation

1) In order to ensure a system in which Directors and employees perform their duties in compliance with applicable laws and regulations and the Articles of Incorporation, the Board of Directors shall establish the Olympus Group's Charter of Corporate Behavior and Olympus Group's Code of Conduct and other basic policies and internal corporate regulations.

2) The Company shall set up a Compliance Office to manage compliance activities. The compliance office shall continuously conduct compliance related activities, including the education of Directors and employees.

3) The Company shall establish a helpline to consult or receive report compliance related issues. The Company shall also develop a system to report contents, etc. of compliance related issues, if arises, to the Board of Directors and the Board of Auditors through a compliance officer in charge.

4) In order to ensure the appropriateness and reliability of financial reporting, the Company shall set up a J-sox Act Compliance Department and will maintain its efforts to ensure the control activities function effectively.

5) The Administration Department shall be responsible for working with lawyers, the police and other parties to systematically stand firm against anti-social forces and organizations which threaten societal order and safety.

(2) Framework regarding the maintenance of records and management of information in relation to performance of duties by auditors

1) Pursuant to applicable laws and regulations and internal rules including the internal rules on document management, etc., the Company shall maintain and manage documents or electronic data.

2) Directors and Auditors may access important documents such as the minutes of a meeting of the Board of Directors and documentary approvals at any time.

(3) Rules relating to the risk management in the event of loss and other circumstances

1) The Company shall manage its business risks based on thorough discussions held at meetings of the board of directors and the executive management committee, among other meetings, and appropriate operation of the internal approval procedure.
2) The Company shall manage risks such as those relating to quality, product safety, export control, information security, health and safety, the environment and disasters by establishing divisions in charge, establishing internal corporate regulations and manuals, and through implementing education and training, among others.
3) Pursuant to the internal rule on risk management, each operational department shall be aware of risks and take preventative measures, and the Company shall develop a framework which enables prompt actions in the event of an emergency. In the event of a disaster including earthquakes, fire and accidents, and occurrence of incidents of great risks, such as the violation of corporate ethics, etc., the operational departments shall, through a risk management office as a window, make immediate reports to the President, other members of the risk management committee and relevant people. The final determination in such circumstance shall be made by the President.
4) A meeting of the risk management committee, with the President as a chairman of the committee, shall be held regularly. The risk management committee shall receive and review reports plans and measures in relation to risk management, and [make efforts] to establish and maintain a risk management system.

(4) Framework to ensure the effective performance of duties by Directors

1) The Board of Directors shall develop medium and long-term basic business plans in order to clarify the Company's business goals and achieve efficient resource allocation based on its annual business plan as determined each business year. In addition, the Board of Directors shall receive a monthly report on business performance in order to evaluate the status of the Company's annual business plan.
2) The Board of Directors shall determine the separation of duties among the Representative Director, other Operating Directors and Operating Officers and supervise with respect to their duties as performed.
3) The Representative Director shall make a decision about significant matters after discussing at meetings of the executive management committee.
4) Based on internal rules relating to approval procedures and organizational matters, the Board of Directors shall determine the management organization and the separation of duties as well as the responsibility and authority of each of the Representative Director, other Operating Directors and Operating Officers, and establish a fair and effective system for performance of duties.

(5) System to ensure the fairness of operations of the Company and its subsidiaries

1) Pursuant to the internal rule on management of affiliated companies, the Company shall clearly provide for management standards applied to its subsidiaries and promote Olympus Group's enhancement and development by providing guidance and training to its subsidiaries.
2) The Company shall dispatch Directors and Auditors to major subsidiaries to ensure the fairness of operations of subsidiaries by requesting them to obtain the Company's approval for significant matters based on the internal rule [on settlement].

3) The Company shall make efforts with such conducts the contents of Olympus Group's Charter of Corporate Behavior among subsidiaries and promote enhanced awareness for compliance with such conducts among the Group.
4) The audit office of the Company shall conduct status audits regarding the internal control, compliance audit and system audit, etc. based on the annual audit plan approved by the President of the Company and report the audit results to the President and the Board of Directors of the Company. The Company shall establish an internal audit department for conducting audits of its major subsidiaries.

(6) Matters relating to Employees that assist the Corporate Auditors upon the request of such Corporate Auditor for assistance and matters relating to independence of the relevant Employees from Directors

1) The Company will establish the office of auditors and allocate personnel who will assist with the Auditors' duties. In order to assist with Auditors' duties, such personnel shall not receive directions or guidance from any Directors.
2) Appointment, dismissal, transfers, wages and personnel evaluation, etc. of employees, who should assist with Auditors' duties, shall be determined after obtaining the approval of the Board of Auditor, and the independence of such employees from Directors shall be ensured.

(7) Framework regarding reports by Directors and Employees to Corporate Auditors, and other reports to the Corporate Auditors

The Board of Directors shall make reports to Auditors pursuant to relevant laws and regulations. Auditors may request reports from Directors and Employees based on relevant laws and regulations, the Rules of the Board of Auditors and the Auditors' Audit Standard.

(8) Other systems to ensure the effectiveness of audit by Auditors

1) Auditors shall conduct audits on Directors, employees and subsidiaries through hearings or visiting audits, to ensure the effectiveness of its audit.
2) The Board of Auditors shall hold regular meetings with Directors including the President as well as with each head of department, and exchange opinions regarding significant audit related issues.
3) The Board of Auditors shall, in order to ensure an effective audit, hold meetings to discuss their findings with Accounting Auditors, the audit office and Auditors of major subsidiaries.

2. Basic Policy on Management of Joint Stock Company

(1) Basic policy

The Company conducts all corporate activities in accordance with the basic philosophy of the "Social IN" concept, which involves enabling consumers to lead a happy and healthy life by introducing new values through business, while integrating with the communities it serves and sharing a common sense of value with society.

Efforts are being made to ensure and enhance its corporate value, as well as the common interests of its shareholders, based on this philosophy. To this end, it is indispensable 1) to prevent the outflow of technical and human assets that have been developed over the years while protecting and fostering such assets from medium- and long-term perspectives, and 2) to manage business with emphasis on such things as the maintenance and reinforcement of customer networks, as well as the Company’s brand competitiveness. It is believed that the foregoing must be ensured and enhanced for medium- and long-term by those who purchase large numbers of the Company’s shares. It is also believed that, in the event of an offer of a large-scale acquisition of the Company’s shares from an external party, it is necessary to determine the effect of such offer on the Company’s corporate value and the common interests of the shareholders, based not only on the foregoing factors but also on an appropriate understanding of such other factors as the Company’s tangible and intangible business resources, potential effect of measures concerning the future, diverse business segments including medical systems, imaging systems, life science, and information & communication, synergy that may be achieved though the organic binding of Group companies operating worldwide, and other elements comprising the Company’s corporate value.

(2) Measures for realization of basic policies

1) Effective utilization of Company’s assets, formation of appropriate corporate group, and other special measures for realization of basic policies

The Company believes that the main sources of its corporate value and common interests of its shareholders are “opto-digital technology (optics, digital imaging, and micro-processing technologies),” “strong customer networks,” and “global brand competitiveness,” among other things.

As a company engaged in manufacturing, the Company first improved on its basic research related to advanced technologies and manufacturing technologies, such as opto-digital technology, and established a better research and development system. Then, it fostered its core technologies based on the medium- and long-term perspective by passing down the technologies, expertise, and know-how accumulated over the years from generation to generation. Technologies thus fostered are beginning to bear fruit in such form as unique products, like endoscopes, and new businesses, and are resulting in proposals of new values to the society.

In addition, strong networks with customers and the strengthening of collaboration are indispensable in the construction of a business model offering competitive advantages especially in the Medical Systems Business, which is the most profitable of our business segments. A decisive factor in ensuring the high profitability of the Medical Systems Business is the timely provision of products and services that address the needs of medical and healthcare professional and users by sharing information with physicians, who are the opinion leaders.

Further, the Olympus brand is well known not only in Japan but also in Europe and the United States in the areas of consumer business, which includes digital cameras. It is believed that the brand name will continue to play a significant role in building a stable profit base and recovery of value creation ability, backed by the global development of consumer business.

The new medium-term Corporate Strategic Plan “the 2006 CSP” was formulated in 2006 based on the foregoing perception. The Company will seek to secure and enhance corporate value and the common interests of shareholders in a stable and sustainable manner based on the 2006 CSP. (Refer to the Company’s press release dated May 10, 2006, for the details of the 2006 CSP. The press release can be found on the Company’s website: http://www.olympus.co.jp/jp/corc/ir/tes/2006/)

Furthermore, the Company has been promoting business structural reform since 2001, reducing the number of Directors by one half and shortening the term in office to 1 year, among other things. Since 2005, it has been making efforts to reinforce oversight regarding the execution of business operations through such measures as the appointment of two independent outside Directors. The Company will continue to make efforts to enhance its corporate governance.

2) Measures to prevent control of financial and business policy decisions by inappropriate parties from the perspective of basic policies

The Company’s Board of Directors obtained the approval to make the decision to issue gratis share warrants as countermeasures to large-scale acquisitions aimed at owning 20% or more of the Company’s shares with voting rights (hereinafter “takeover defence") at the 138th General Meeting of Shareholders held on June 29, 2006. [See the Company’s News Release “Introduction of Countermeasures to Large-Scale Acquisitions of Olympus Corporation Shares (Takeover Defence)” dated May 10, 2006 for details. The News Release can be found on the Company’s website: http://www.olympus-global.com/en/info/index.cfm?target_year=2006&disp=on]

(3) Board of Directors’ views on measure in (2) above and reasons thereof

1) It is in line with basic policies set forth in (1) above

The Company’s anti-takeover measure is intended to ensure and enhance the Company’s corporate value and the common interests of the shareholders by proposing to the shareholders the plans of the Company’s management and alternative plans, ensuring opportunities for negotiations with the party attempting to execute the takeover, and other means, by establishing internal procedure regarding large-scale acquisition of the Company’s shares and securing necessary and sufficient information and time for shareholders to make appropriate decisions. As such, the Company’s Board of Directors believes that the measure set forth in (2) above is in line with the basic policies set forth in (1) above.

2) Measure does not undermine common interests of the Company’s shareholders and is not intended to maintain positions of the Company’s Directors and Corporate Auditors

The advice of a highly independent special committee is required to put the anti-takeover measure into effect. The measure does not undermine the common interests of the shareholders, remaining in effect for three years and requiring the approval of the general meeting of shareholders for renewal, and is not intended to be a means of maintaining the position of the Company’s Directors and Corporate Auditors.

140th Term

(Reference)

Comparison of the Business Report after correction and before correction

For the 140th Term (April 1, 2007 to March 31, 2008)

Page 88

I Review of Group Operations

1. Review of Operations

Paragraph 5

[After Correction]

The Olympus Group's consolidated net sales were ¥1,128,875 million (an increase of 6.3% over the previous year). In terms of income, higher sales of digital cameras in the Imaging Systems Business as well as steady sales of endoscope systems and other products in the Medical Systems Business contributed to a consolidated operating income figure of ¥112,826 million (up 14.3% over the previous year), a consolidated ordinary income figure of ¥97,312 million (up 24.2%) and a net income figure of ¥54,625 million (up 16.3%).

[Before Correction]

The Olympus Group's consolidated net sales were ¥1,128,875 million (an increase of 6.3% over the previous year). In terms of income, higher sales of digital cameras in the Imaging Systems Business as well as steady sales of endoscope systems and other products in the Medical Systems Business contributed to a consolidated operating income figure of ¥112,623 million (up 14.1% over the previous year), a consolidated ordinary income figure of ¥93,085 million (up 22.1%) and a net income figure of ¥57,969 million (up 21.3%).

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2. Results of the Business Activities by Business Segment

Others

Paragraph 1

[After Correction]

Consolidated net sales for other business was ¥69,259 million (7.6% increase over the previous year) and operating income was ¥1,120 million (up 28.4% over the previous year).

[Before Correction]

Consolidated net sales for other business was ¥69,259 million (7.6% increase over the previous year) and operating income was ¥917 million (up 5.2% over the previous year).

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5. Changes in Assets and Results of Operation

[After Correction]

(Millions of yen)

	137th term	138th term	139th term	140th term
Net sales	813,538	978,127	1,061,786	1,128,875
Ordinary income	10,204	41,206	78,346	97,312
Net income (loss)	(11,827)	28,564	46,962	54,625
Net income (loss) per share (Yen)	(44.98)	105.99	173.69	202.11
Total assets	858,083	976,132	1,002,665	1,217,172
Net assets	240,837	290,656	224,951	244,281
Net assets per share (Yen)	913.17	1,074.30	792.72	861.58

Notes:
1. In the 137th term, a loss due to business restructuring in the Imaging Systems Business was accounted as an extraordinary loss and a consolidated net loss was posted due to the reversal of deferred income taxes.
2. Since the 139th term, the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard No. 5, December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard Implementation Guidance No. 8, December 9, 2005) have been applied.
3. In the 140th term (current), the addition of Gyrus Group PLC in the scope of consolidation resulted in an increase in total assets from the end of the previous fiscal year.

   See "I Review of Group Operations 1. Review of Operations" on page 88 above for details on results for the current fiscal year.
4. Owing to the correction of improper accounting treatment, at the beginning of the 139th term, there was a ¥118,353 million reduction in retained earnings to account for the corresponding loss.

[Before Correction]

(Millions of yen)

	137th term	138th term	139th term	140th term
Net sales	813,538	978,127	1,061,786	1,128,875
Ordinary income	10,204	41,206	76,226	93,085
Net income (loss)	(11,827)	28,564	47,799	57,969
Net income (loss) per share (Yen)	(44.98)	105.99	176.79	214.48
Total assets	858,083	976,132	1,091,800	1,358,349
Net assets	240,837	290,656	344,871	367,876
Net assets per share (Yen)	913.17	1,074.30	1,236.34	1,318.65

Notes:
1. In the 137th term, a loss due to business restructuring in the Imaging Systems Business was accounted as an extraordinary loss and a consolidated net loss was posted due to the reversal of deferred income taxes.
2. Since the 139th term, the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard No. 5, December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard Implementation Guidance No. 8, December 9, 2005) have been applied.
3. In the 140th term (current), the addition of Gyrus Group PLC in the scope of consolidation resulted in an increase in total assets from the end of the previous fiscal year.

   See "I Review of Group Operations 1. Review of Operations" on page 3 above for details on results for the current fiscal year.

140th Term

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(2) Major Subsidiaries

[After Correction]

There are 216 consolidated subsidiaries, including the following 7 major subsidiaries, and 15 equity-method companies.

[Before Correction]

There are 205 consolidated subsidiaries, including the following 7 major subsidiaries, and 15 equity-method companies.

After Correction

Consolidated Balance Sheet

As of March 31, 2008

(Millions of yen)

Accounts	Amount	Accounts	Amount
ASSETS:		**LIABILITIES:**	
Current assets	**507,189**	**Current liabilities**	**644,872**
Cash and time deposits	123,281	Notes and accounts payable	83,602
Notes and accounts receivable	193,555	Short-term borrowings	338,787
Marketable securities	3	Current maturities of bonds	35,201
Inventories	110,379	Accrued expenses	82,467
Deferred income taxes	36,719	Income taxes payable	14,271
Others	47,032	Warranty reserve	10,141
Allowance for doubtful accounts	(3,780)	Others	80,403
		Long-term liabilities	**328,019**
Fixed assets	**709,983**	Long-term bonds, less current maturities	105,397
Property, plant and equipment	**149,176**	Long-term borrowings, less current maturities	177,371
Buildings and structures	61,051	Severance and retirement allowance	10,317
Machinery and equipment	17,831	Severance and retirement allowance for directors and corporate auditors	122
Tools, furniture and fixtures	42,623	Reserve for loss on liabilities for guarantee	452
Land	21,273	Others	34,360
Construction in progress	6,398	**Total liabilities**	**972,891**
Intangible fixed assets	**331,285**	**NET ASSETS:**	
Goodwill	227,759	**Shareholders' equity**	**234,032**
Others	103,526	Common stock	48,332
		Capital surplus	73,049
Investments and other assets	**229,522**	Retained earnings	115,285
Investment securities	94,006	Treasury stock, at cost	(2,634)
Deferred income taxes	10,230	**Valuation and translation adjustments**	**(1,199)**
Investment fund assets	67,816	Net unrealized holding gains on securities	5,334
Others	57,885	Deferred gains or losses on hedges	34
Allowance for doubtful accounts	(415)	Foreign currency translation adjustments	(6,567)
		Minority interests	**11,448**
		Total net assets	**244,281**
Total assets	**1,217,172**	**Total liabilities and net assets**	**1,217,172**

140th Term

Before Correction (Reference)

Consolidated Balance Sheet

As of March 31, 2008

(Millions of yen)

Accounts	Amount	Accounts	Amount
ASSETS:		**LIABILITIES:**	
Current assets	**543,305**	**Current liabilities**	**662,454**
Cash and time deposits	158,281	Notes and accounts payable	83,602
Notes and accounts receivable	193,555	Short-term borrowings	338,787
Marketable securities	3	Current maturities of bonds	35,201
Inventories	110,824	Accrued expenses	82,467
Deferred income taxes	36,719	Income taxes payable	14,121
Others	47,032	Warranty reserve	10,141
Allowance for doubtful accounts	(3,109)	Others	98,135
		Long-term liabilities	**328,019**
Fixed assets	**815,044**	Long-term bonds, less current maturities	105,397
Property, plant and equipment	**150,036**	Long-term borrowings, less current maturities	177,371
Buildings and structures	61,305	Severance and retirement allowance	10,317
Machinery and equipment	18,350	Severance and retirement allowance for directors and corporate auditors	122
Tools, furniture and fixtures	42,692	Reserve for loss on liabilities for guarantee	452
Land	21,291	Others	34,360
Construction in progress	6,398	**Total liabilities**	**990,473**
Intangible fixed assets	**404,030**	**NET ASSETS:**	
Goodwill	299,800	**Shareholders' equity**	**356,564**
Others	104,230	Common stock	48,332
		Capital surplus	73,049
Investments and other assets	**260,978**	Retained earnings	237,817
Investment securities	193,843	Treasury stock, at cost	(2,634)
Deferred income taxes	9,665	**Valuation and translation adjustments**	**(213)**
Others	57,885	Net unrealized holding gains on securities	6,320
Allowance for doubtful accounts	(415)	Deferred gains or losses on hedges	34
		Foreign currency translation adjustments	(6,567)
		Minority interests	**11,525**
		Total net assets	**367,876**
Total assets	**1,358,349**	**Total liabilities and net assets**	**1,358,349**

140th Term

After Correction

Consolidated Statement of Income

April 1, 2007 to March 31, 2008

(Millions of yen)

Accounts	Amount
Net sales	1,128,875
Cost of sales	619,371
Gross profit	**509,504**
Selling, general and administrative expenses	396,678
Operating income	**112,826**
Non-operating income	9,008
Interest income	3,202
Foreign exchange gains	457
Others	5,349
Non-operating expenses	24,522
Interest expenses	13,905
Net loss of investment in affiliated companies carried on the equity method	1,224
Others	9,393
Ordinary income	**97,312**
Extraordinary gains	4,111
Gain on sales of investment securities in subsidiaries and affiliates	312
Gain on sales of fixed assets	1,478
Gain on changes in equity	1,909
Gain on transfer of business	300
Gain on sales of investment securities	112
Extraordinary loss	10,245
Impairment loss on fixed assets	1,093
Loss on valuation of investment securities	2,211
Loss on funds invested	6,941
Income before provision for income taxes	**91,179**
Current	38,952
Deferred	(2,203)
Minority interests (loss)	(195)
Net income	**54,625**

140th Term

Before Correction (Reference)

Consolidated Statement of Income

April 1, 2007 to March 31, 2008

(Millions of yen)

Accounts	Amount
Net sales	1,128,875
Cost of sales	619,396
Gross profit	**509,479**
Selling, general and administrative expenses	396,856
Operating income	**112,623**
Non-operating income	8,983
Interest income	3,202
Foreign exchange gains	457
Others	5,324
Non-operating expenses	28,521
Interest expenses	13,905
Net loss of investment in affiliated companies carried on the equity method	2,766
Others	11,850
Ordinary income	**93,085**
Extraordinary gains	4,111
Gain on sales of investment securities in subsidiaries and affiliates	312
Gain on sales of fixed assets	1,478
Gain on changes in equity	1,909
Gain on transfer of business	300
Gain on sales of investment securities	112
Extraordinary loss	2,584
Impairment loss on fixed assets	1,093
Loss on valuation of investment securities	1,491
Income before provision for income taxes	**94,612**
Current	38,952
Deferred	(2,192)
Minority interests (loss)	(117)
Net income	**57,969**

After Correction

Consolidated Statement of Changes in Net Assets

April 1, 2007 to March 31, 2008

(Millions of yen)

Item	Shareholders' Equity: Common stock	Shareholders' Equity: Capital surplus	Shareholders' Equity: Retained earnings	Shareholders' Equity: Treasury stock, at cost	Shareholders' Equity: Total Shareholders' Equity
Balance as of March 31, 2007	48,332	73,049	71,933	(2,264)	191,050
Changes during the fiscal year					
Dividends from surplus			(11,893)		(11,893)
Increase in surplus from exclusion of subsidiaries from consolidation			387		387
Net income			54,625		54,625
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.K.			(465)		(465)
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.S.			697		697
Acquisition of treasury stock				(370)	(370)
Net changes of items other than shareholders' equity during the fiscal year					
Total changes during the fiscal year	–	–	43,351	(370)	42,981
Balance as of March 31, 2008	48,332	73,049	115,285	(2,634)	234,032

Item	Valuation and Translation Adjustments: Net unrealized holding gains on securities	Valuation and Translation Adjustments: Deferred gains or losses on hedges	Valuation and Translation Adjustments: Foreign currency translation adjustments	Valuation and Translation Adjustments: Total Valuation and Translation Adjustments	Minority Interests	Total Net Assets
Balance as of March 31, 2007	15,347	(184)	8,077	23,240	10,661	224,951
Changes during the fiscal year						
Dividends from surplus						(11,893)
Increase in surplus from exclusion of subsidiaries from consolidation						387
Net income						54,625
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.K.						(465)
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.S.						697
Acquisition of treasury stock						(370)
Net changes of items other than shareholders' equity during the fiscal year	(10,013)	218	(14,644)	(24,439)	787	(23,652)
Total changes during the fiscal year	(10,013)	218	(14,644)	(24,439)	787	19,329
Balance as of March 31, 2008	5,334	34	(6,567)	(1,199)	11,448	244,281

140th Term

Before Correction (Reference)

Consolidated Statement of Changes in Net Assets

April 1, 2007 to March 31, 2008

(Millions of yen)

Item	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' Equity
Balance as of March 31, 2007	48,332	73,049	191,122	(2,264)	310,239
Changes during the fiscal year Dividends from surplus			(11,893)		(11,893)
Increase in surplus from exclusion of subsidiaries from consolidation			387		387
Net income			57,969		57,969
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.K.			(465)		(465)
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.S.			697		697
Acquisition of treasury stock				(370)	(370)
Net changes of items other than shareholders' equity during the fiscal year					
Total changes during the fiscal year	–	–	46,695	(370)	46,325
Balance as of March 31, 2008	48,332	73,049	237,817	(2,634)	356,564

Item	Valuation and Translation Adjustments				Minority Interests	Total Net Assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total Valuation and Translation Adjustments		
Balance as of March 31, 2007	16,078	(184)	8,077	23,971	10,661	344,871
Changes during the fiscal year Dividends from surplus						(11,893)
Increase in surplus from exclusion of subsidiaries from consolidation						387
Net income						57,969
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.K.						(465)
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.S.						697
Acquisition of treasury stock						(370)
Net changes of items other than shareholders' equity during the fiscal year	(9,758)	218	(14,644)	(24,184)	864	(23,320)
Total changes during the fiscal year	(9,758)	218	(14,644)	(24,184)	864	23,005
Balance as of March 31, 2008	6,320	34	(6,567)	(213)	11,525	367,876

After Correction

Notes to Consolidated Financial Statements

Regarding correction of consolidated financial statements

The Company established a third party committee consisting of members who hold no interests with the Company (Chairman: Tatsuo Kainaka, attorney-at-law; the “Third Party Committee”) on November 1, 2011 for the purpose of investigating all transactions regarding the acquisitions of Gyrus Group PLC (“Gyrus”) and three domestic subsidiaries (Altis Co., Ltd., NEWS CHEF, Inc. and Humalabo Co., Ltd.), from the beginning of examination of each acquisition to the time of closing of each transaction. The Company then received an investigation report issued by the Third Party Committee on December 6, 2011, which contained details of the situation regarding the Company’s postponing of recognition of losses and its settlement of such losses, and the impact of these actions. The investigation by the Third Party Committee revealed that the Company incurred large losses on securities investments, derivative transactions, etc. from the 1990’s, and postponed the recognition of the losses. It also revealed that, by means such as going through multiple funds, the Company used the acquisition funds for the three domestic subsidiaries, as well as the fees paid to financial advisors and the funds to buy back preferred shares in connection with the acquisition of Gyrus, for purposes including settling hidden losses on securities investments incurred from the Company’s past postponement of the recognition of losses.
The Company judged that there were significant errors in the consolidated financial statements for the five fiscal years including and following the fiscal year ended March 31, 2007. The Company then remade the relevant consolidated financial statements in order to recognize the hidden losses, which had previously been treated as outside the scope of consolidation due to the Company’s past postponement of the recognition of losses, etc., as losses of the Company for the relevant past fiscal years, with corrections of the associated errors.

Important Items That Form the Basis for Preparing the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries and names of principal consolidated subsidiaries

Number of consolidated subsidiaries: 216

Principal consolidated subsidiaries:

Olympus Medical Systems Corp., Olympus Imaging Corp., Aizu Olympus Co., Ltd., Shirakawa Olympus Co., Ltd., Olympus Opto-Technology Co., Ltd.
ITX Corporation, IT Telecom, Inc., Olympus Medical Systems Europa GmbH, Olympus America Inc. and Olympus Hong Kong and China Limited

The following 11 receiver funds (Note) determined to be used to segregate hidden losses on financial assets, derivative transactions, etc., and to be substantially controlled by the Company, are included in the scope of consolidation.

- SG Bond Plus Fund
- PS Global Investable Markets-O

- Central Forest Corporation
- TEAO Limited
- Neo Strategic Venture, L.P.
- Class Fund IT Ventures
- Quick Progress Co. Ltd
- Global Targets SPC-Sub Fund H Segregated Portfolio
- Dynamic Dragons II, SPC-Sub Fund H Segregated Portfolio
- Easterside Investments Limited
- Twenty-First Century Global Fixed Income Fund Limited

Note: This term refers to a number of receiver funds that served as assignees of financial assets, derivative transactions, etc. (collectively, the "Receiver Funds") as the Company incurred large losses from securities investments, derivative transactions, etc. from the 1990's and segregated the hidden losses beginning with the fiscal year ended March 31, 2000 with the intention of postponing the recognition of the losses.

Newly consolidated subsidiaries: 38

Olympus Digital System Design Corp., Gyrus Group PLC and other 36 companies

Olympus Digital System Design Corp. and other six companies are newly established subsidiaries during the fiscal year ended March 31, 2008.
Gyrus Group PLC and other 26 companies have been included into consolidation through equity participation carried out during the fiscal year.
Olympus Moscow Limited Liability Company and other three companies have switched from non-consolidated subsidiaries accounted for under the equity method to consolidated subsidiaries effective from the fiscal year ended March 31, 2008, due to gains in materiality.

Excluded companies: 16

AOI Technologies Inc., Moranet Inc and other 14 companies

Atlax Humanage, Inc. and other one company have been excluded from consolidated subsidiaries due to sale of shares during the fiscal year.
Moranet Inc. and other five companies have been excluded from consolidated subsidiaries due to merger with other consolidated subsidiaries during the fiscal year.
AOI Technologies Inc. and other five companies have been excluded from consolidated subsidiaries due to liquidation during the fiscal year.
Olympus Microsystems America, Inc. and other one company have been excluded from consolidated subsidiaries due to decrease in materiality.

(2) Names and other information of principal non-consolidated subsidiaries

Principal non-consolidated subsidiaries:

Feed Corporation, Radio Cafe, Inc. and S.T. SIX Co., Ltd.

The above non-consolidated subsidiaries are all small and not material when measured by the impact of each amount of total assets, net sales, net income, and retained earnings (based on the Company's ownership percentage) of those companies on consolidated financial statements. They have therefore been excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries and affiliates accounted for under the equity method and names of principal companies, etc.

Non-consolidated subsidiaries accounted for under the equity method: 2

Principal subsidiaries:

Feed Corporation and Radio Cafe, Inc.

Newly added subsidiaries: 1

Feed Corporation

Feed Corporation became an equity participation company during the fiscal year.

Excluded subsidiaries: 5

Beijing Beizhao Olympus Optical Co., Ltd. and other four companies

Beijing Beizhao Olympus Optical Co., Ltd. has been excluded from non-consolidated subsidiaries accounted for under the equity method due to liquidation during the fiscal year.

Olympus Moscow Limited Liability Company and other three companies have switched from non-consolidated subsidiaries accounted for under the equity method to consolidated subsidiaries effective from the fiscal year ended March 31, 2008, due to gains in materiality.

Affiliated companies accounted for under the equity method: 13

Principal affiliated companies: ORTEK Corporation, Adachi Co., Ltd. and Olympus Cytori Inc.

Newly added affiliated companies: 2

ADLINK Japan Inc. and Media Hansin Co., Ltd.

ADLINK Japan Inc. was newly established during the fiscal year.

Media Hansin Co., Ltd. became an equity participation company during the fiscal year.

Excluded companies: 4

Cablenet Saitama Co., Ltd. and other three companies

Cablenet Saitama Co., Ltd and other three companies have been excluded from affiliated companies accounted for under the equity method due to sale of shares during the fiscal year.

(2) S.T. SIX Co., Ltd. and other 11 non-consolidated subsidiaries and five affiliated companies are not accounted for under the equity method because the impact of all those companies on consolidated net income and retained earnings is not material.

3. Items concerning accounting principles

(1) Important asset valuation principles and methods

(a) Securities

Held-to-maturity securities	Amortized cost method
Other securities	
Items with market value	Market value method based on fair market value on the account settlement date (the net unrealized gains and losses on these securities are reported as a separate component of net assets, and the cost of sales is calculated by the moving-average method)
Items without market value	Cost method based on the moving-average method Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, Paragraph 2 of the Financial Instruments and Exchange Law) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

(b) Claims and liabilities from derivatives transactions

Market value method

(c) Inventories

Inventories are principally reported using the lower of cost (first-in first-out) or market method.

(2) Depreciation and amortization method for important depreciated and amortized assets

(a) Property, plant and equipment	Mainly by the declining balance method
Conveyance equipment, tools, furniture and fixtures	Mainly based on useful lives as per the Corporate Tax Law
Other property, plant and equipment	Mainly based on useful lives prescribed by the Company determined in accordance with estimated functional useful years

(b) Intangible fixed assets — Straight-line method
Mainly based on estimated useful lives
Software for internal use is reported using the usable period within the Company (3 to 5 years).

(3) Accounting method for important allowances and reserves

(a) Allowance for doubtful accounts

To provide for losses due to unrecoverable claims such as accounts receivables-trade and loans, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

(b) Warranty reserve

Due to the accounting of after service cost expected within the guarantee period with respect to products sold, the reserve for product guarantees is accounted using prescribed standards based on actually incurred past after service cost.

(c) Severance and retirement allowance

To provide for severance and retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year based on the severance and retirement liabilities and pension assets as of the end of the current fiscal year.

Pertaining to past service liabilities, the pro-rata amount calculated using a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities is accounted as an expense.

Pertaining to the actuarial difference, the pro-rata amount calculated using a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence of such actuarial difference is accounted as an expense starting from the following fiscal year.

(d) Severance and retirement allowance for directors and corporate auditors

To provide for outlays for severance and retirement benefit payments for directors and corporate auditors, the necessary payment amount at the end of the fiscal year is accounted by domestic consolidated subsidiaries based on their respective internal regulations.

(e) Reserve for loss on liabilities for guarantee

To provide for losses on liabilities for guarantee, the amount of loss expected to be borne is accounted considering the financial conditions of the guaranteed party.

(4) Other important items that form the basis for preparing consolidated financial statements

(a) Treatment method for important deferred assets

Stock delivery expense and bond issuance expense — Total expense recorded at the time of occurrence

(b) Treatment method for important lease transactions

Financing lease transactions that do not transfer titles to lessees are treated in the same manner as operating lease transactions.

(c) Important hedge accounting methods

The deferred hedge treatment method is used. Foreign currency-denominated monetary claims and liabilities under foreign exchange forward contracts are accounted by translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, requirements for special treatment are satisfied, therefore a special treatment is used.

Hedging instruments and hedged items

Hedging instruments	Foreign exchange forward contracts, currency option contracts, currency swap contracts, interest rate swap contracts
Hedged items	Forecasted transactions for foreign currency-denominated monetary claims and liabilities, borrowings

Hedging policy

Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

Hedging effect evaluation method

The effect is evaluated by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

(d) Treatment of consumption taxes

Treated using a tax exclusive method.

(e) Application of a consolidated tax payment system

A consolidated tax payment system under designating Olympus Corporation as the parent company is adopted at the Company and some of its consolidated subsidiaries.

(f) Item concerning the amortization of goodwill

Goodwill is amortized equally mainly over a period of 5 to 20 years.

4. Items concerning the valuation of the assets and liabilities of consolidated subsidiaries

The assets and liabilities of consolidated subsidiaries are fully evaluated using the fair market value at the time when the Company acquired control of the respective subsidiaries.

5. Changes in important items that form the basis for preparing the consolidated financial statements

(1) Method of depreciation of fixed assets

Beginning from the fiscal year ended March 31, 2008, pursuant to the amendments to the Corporation Tax Law (the Law on Partial Amendments to the Income Tax Law [March 30, 2007, Law No. 6] and the Cabinet Order on Partial Amendments to the Order for Enforcement of the Corporation Tax Law [March 30, 2007, Cabinet Order No. 83]), the method of depreciation of fixed assets acquired on or after April 1, 2007 has been changed to the method based on the provisions of the revised Corporation Tax Law. This had immaterial effect on profit and loss in the current fiscal year.

(Additional information)

Pertaining to Gyrus Group PLC or other companies, in which an investment was made in the current fiscal year, because the allocation of the acquisition cost was not complete as of the end of the current fiscal year, a temporary accounting was effectuated based on reasonable information available at the time. Also, due to an employee incentive plan and other items related to the purchasing agreement, there is the possibility of additional payments.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and obligations secured by such collateral

(1) Assets pledged as collateral

Cash and time deposits	¥513 million
Accounts receivable	¥490 million
Inventories	¥294 million
Buildings and structures	¥1,660 million
Machinery and equipment	¥276 million
Land	¥1,861 million
Investment securities	¥81 million
Total	¥5,175 million

(2) Obligations secured by such collateral

Long-term borrowings, less current maturities	¥663 million
Short-term borrowings	¥1,392 million

2. Accumulated depreciation for property, plant and equipment

¥216,038 million

3. Liabilities for guarantees

(Guaranteed party)	(Description of guarantee)	(Amount)
Employees	Housing fund loans	¥331 million
Other	Bank loans, etc.	¥2,240 million
Total		¥2,571 million

The above stated amounts have been obtained by deducting reserve for loss on liabilities for guarantee.

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4. **Notes receivable discounted** **¥1,417 million**
   (including discounted bills of exchange for export) ¥1,230 million
   Notes received endorsed for transfer ¥153 million

5. Investment fund assets

Assets held by the Receiver Funds are presented in bulk as "investment fund assets." This is because the operating assets of the Receiver Funds are, unlike usual investments by the Company, managed in an integrated manner in a series of transactional schemes. These "investment fund assets" include mainly deposits and investment securities. However, since related materials, etc. were not fully maintained, the Company corrected the consolidated financial statements by obtaining accounting information from outside persons related with the schemes.

Notes to Consolidated Statement of Income

1. Impairment losses

Impairment losses are accounted for the following asset groups in the current fiscal year.

Application	Type	Location	Impairment loss
Life science business assets	Goodwill	Munich, Germany	¥1,058 million
Idle assets	Buildings, etc.	Tokyo and other prefectures	¥35 million
Total			¥1,093 million

Business assets are grouped by segment per type of business and idle assets are grouped individually.
Pertaining to business assets, because recoverability is not recognized over the estimated future cash flow period due to changes in the business environment, their book value is reduced to the recoverable amount. The recoverable amount is measured using the value in use and calculated with the future cash flow discounted at 15%.
For idle assets, because the market value is substantially lower than the book value, the book value is reduced to the recoverable value. The recoverable value of these asset groups is measured using the fair value less cost to sell and is evaluated using a method that deducts the estimated sales expenses from the estimated sales price.

2. Extraordinary losses

¥6,941 million of "loss on funds invested" under extraordinary losses mainly consists of interest expenses and commission fees pertaining to management of receiver fund assets.

Notes to Consolidated Statement of Changes in Net Assets

1. Total number of issued shares at the end of the current fiscal year 271,283,608 shares

2. Items concerning dividends

(1) Paid dividends

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General Meeting of Shareholders held on June 28, 2007	Common stock	6,488	24.00	March 31, 2007	June 29, 2007
Board of Directors' meeting held on November 6, 2007	Common stock	5,405	20.00	September 30, 2007	December 7, 2007
Total	-	11,893	-	-	-

(2) Dividends whose record date falls in the current fiscal year and have an effective date in the next fiscal year

The following are proposed items concerning the dividends of common stock on the agenda of the Ordinary General Meeting of Shareholders to be held on June 27, 2008.

(a) Total dividends ¥5,405 million

(b) Dividend per share ¥20.00

(c) Record date March 31, 2008

(d) Effective date June 30, 2008

The dividend resource shall be retained earnings.

(3) Other

As dividends were already paid in accordance with the procedures based on the resolution by the General Meeting of Shareholders and the Board of Directors, the amount of retained earnings was determined after subtracting the dividends.

Notes to Per-Share Information

1. Net assets per share ¥861.58
2. Net income per share ¥202.11

140th Term

Notes to Significant Subsequent Events

The Company, at a meeting of its Board of Directors on May 8, 2008, resolved to repurchase its own shares in order to implement more flexible capital policies in accordance with changes of business environment and to increase shareholders' returns under Article 156 of the Company Law as applied pursuant to Article 165, Paragraph 3 of the Company Law as follows.

Resolution at a meeting of its Board of Directors regarding repurchase of own shares

1. Class of shares: Common stock
2. Total number of shares to be repurchased: Up to 3.5 million shares
3. Total cost of repurchase: Up to ¥10 billion
4. Period of repurchase: From May 9, 2008 to June 20, 2008
5. Method of repurchase: Purchase in the market through a trust bank

Notes to Other Matters

1. Future conditions

Following the Company's announcement on November 8, 2011 concerning its postponing of recognition of losses on securities investments, etc., investigations by domestic and overseas investigative authorities, supervisory bodies and other public bodies (including those in the U.K. and U.S.) have begun. The consolidated financial statements may be amended if any further important information comes to light in such investigations in the future.

Furthermore, as a result of inappropriate financial reporting by the Company, parties such as holders of its American Depositary Receipts (ADRs) have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company for a similar reason.

2. Investment fund assets

As the Company incurred large losses from securities investments, derivative transactions, etc. from the 1990's, with the intention of postponing the recognition of the losses, the Company segregated the financial assets, derivative transactions, etc. on which there were hidden losses to a number of non-consolidated Receiver Funds beginning with the fiscal year ended March 2000. Assets held by the Receiver Funds are presented in bulk as "investment fund assets" in the consolidated balance sheet. This is because the operating assets of the Receiver Funds are, unlike usual investments by the Company, managed in an integrated manner in a series of transactional schemes to segregate and settle the losses. Some board members were aware of the circumstances surrounding the past transactions to segregate and settle the hidden losses. However, as a result of the matters pointed out in the Investigation Report by the Third Party Committee and the Company's internal investigation, it has come to light that the legal form and the asset management body of each Receiver Fund, and information on the details of operating assets, appraised value, etc. of each Receiver Fund during the period from the loss segregation to the liquidation of each Receiver Fund, were not fully maintained at the Company. Therefore, the Company corrected the consolidated financial statements by obtaining accounting information from outside persons related with the loss segregation and settlement scheme.

Before Correction (Reference)

Notes to Consolidated Financial Statements

Important Items That Form the Basis for Preparing the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries and names of principal consolidated subsidiaries

Number of consolidated subsidiaries: 205

Principal consolidated subsidiaries:

Olympus Medical Systems Corp., Olympus Imaging Corp., Aizu Olympus Co., Ltd., Shirakawa Olympus Co., Ltd., Olympus Opto-Technology Co., Ltd. ITX Corporation, IT Telecom, Inc., Olympus Medical Systems Europa GmbH, Olympus America Inc. and Olympus Hong Kong and China Limited

Newly consolidated subsidiaries: 38

Olympus Digital System Design Corp., Gyrus Group PLC and other 36 companies

Olympus Digital System Design Corp. and other six companies are newly established subsidiaries during the fiscal year ended March 31, 2008.

Gyrus Group PLC and other 26 companies have been included into consolidation through equity participation carried out during the fiscal year.

Altis Co., Ltd. and other two companies have switched from affiliated companies accounted for under the equity method to consolidated subsidiaries due to additional acquisition of shares during the fiscal year.

Olympus Moscow Limited Liability Company has switched from a non-consolidated subsidiary accounted for under the equity method to a consolidated subsidiary effective from the fiscal year ended March 31, 2008, due to gains in materiality.

Excluded companies: 16

AOI Technologies Inc., Moranet Inc and other 14 companies

Atlax Humanage, Inc. and other one company have been excluded from consolidated subsidiaries due to sale of shares during the fiscal year.

Moranet Inc. and other five companies have been excluded from consolidated subsidiaries due to merger with other consolidated subsidiaries during the fiscal year.

AOI Technologies Inc. and other five companies have been excluded from consolidated subsidiaries due to liquidation during the fiscal year.

Olympus Microsystems America, Inc. and other one company have been excluded from consolidated subsidiaries due to decrease in materiality.

(2) Names and other information of principal non-consolidated subsidiaries

Principal non-consolidated subsidiaries:

Feed Corporation, Radio Cafe, Inc. and S.T. SIX Co., Ltd.

The above non-consolidated subsidiaries are all small and not material when measured by the impact of each amount of total assets, net sales, net income, and retained earnings (based on the Company's ownership percentage) of those companies on consolidated financial statements. They have therefore been excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries and affiliates accounted for under the equity method and names of principal companies, etc.

Non-consolidated subsidiaries accounted for under the equity method: 2

Principal subsidiaries:

Feed Corporation and Radio Cafe, Inc.

Newly added subsidiaries: 1

Feed Corporation

Feed Corporation became an equity participation company during the fiscal year.

Excluded subsidiaries: 3

G. C. New Vision Ventures, L.P., Beijing Beizhao Olympus Optical Co., Ltd. and other one company

G. C. New Vision Ventures, L.P. has been excluded from non-consolidated subsidiaries accounted for under the equity method due to dissolution during the fiscal year.

Beijing Beizhao Olympus Optical Co., Ltd. has been excluded from non-consolidated subsidiaries accounted for under the equity method due to liquidation during the fiscal year.

Olympus Moscow Limited Liability Company has switched from a non-consolidated subsidiary accounted for under the equity method to a consolidated subsidiary effective from the fiscal year ended March 31, 2008, due to gains in materiality.

Affiliated companies accounted for under the equity method: 13

Principal affiliated companies: ORTEK Corporation, Adachi Co., Ltd. and Olympus Cytori Inc.

Newly added affiliated companies: 2

ADLINK Japan Inc. and Media Hansin Co., Ltd.

ADLINK Japan Inc. was newly established during the fiscal year.

Media Hansin Co., Ltd. became an equity participation company during the fiscal year.

Excluded companies: 7

Altis Co., Ltd., Cablenet Saitama Co., Ltd. and other five companies

Altis Co., Ltd. and other two companies have been excluded from affiliated companies accounted for under the equity method due to their shifting to consolidated subsidiaries during the fiscal year. Cablenet Saitama Co., Ltd and other three companies have been excluded from affiliated companies accounted for under the equity method due to sale of shares during the fiscal year.

(2) S.T. SIX Co., Ltd. and other 11 non-consolidated subsidiaries and five affiliated companies are not accounted for under the equity method because the impact of all those companies on consolidated net income and retained earnings is not material.

3. Items concerning accounting principles

(1) Important asset valuation principles and methods

(a) Securities

Held-to-maturity securities	Amortized cost method
Other securities	
Items with market value	Market value method based on fair market value on the account settlement date (the net unrealized gains and losses on these securities are reported as a separate component of net assets, and the cost of sales is calculated by the moving-average method)
Items without market value	Cost method based on the moving-average method Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, Paragraph 2 of the Financial Instruments and Exchange Law) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

(b) Claims and liabilities from derivatives transactions

Market value method

(c) Inventories	Inventories are principally reported using the lower of cost (first-in first-out) or market method.

(2) Depreciation and amortization method for important depreciated and amortized assets

(a) Property, plant and equipment	Mainly by the declining balance method
Conveyance equipment, tools, furniture and fixtures	Mainly based on useful lives as per the Corporate Tax Law

Other property, plant and equipment	Mainly based on useful lives prescribed by the Company determined in accordance with estimated functional useful years
(b) Intangible fixed assets	Straight-line method Mainly based on estimated useful lives Software for internal use is reported using the usable period within the Company (3 to 5 years).

(3) Accounting method for important allowances and reserves

(a) Allowance for doubtful accounts

To provide for losses due to unrecoverable claims such as accounts receivables-trade and loans, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

(b) Warranty reserve

Due to the accounting of after service cost expected within the guarantee period with respect to products sold, the reserve for product guarantees is accounted using prescribed standards based on actually incurred past after service cost.

(c) Severance and retirement allowance

To provide for severance and retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year based on the severance and retirement liabilities and pension assets as of the end of the current fiscal year.

Pertaining to past service liabilities, the pro-rata amount calculated using a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities is accounted as an expense.

Pertaining to the actuarial difference, the pro-rata amount calculated using a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence of such actuarial difference is accounted as an expense starting from the following fiscal year.

(d) Severance and retirement allowance for directors and corporate auditors

To provide for outlays for severance and retirement benefit payments for directors and corporate auditors, the necessary payment amount at the end of the fiscal year is accounted by domestic consolidated subsidiaries based on their respective internal regulations.

(e) Reserve for loss on liabilities for guarantee

To provide for losses on liabilities for guarantee, the amount of loss expected to be borne is accounted considering the financial conditions of the guaranteed party.

(4) Other important items that form the basis for preparing consolidated financial statements

(a) Treatment method for important deferred assets

Stock delivery expense and bond issuance expense

Total expense recorded at the time of occurrence

(b) Treatment method for important lease transactions

Financing lease transactions that do not transfer titles to lessees are treated in the same manner as operating lease transactions.

(c) Important hedge accounting methods

The deferred hedge treatment method is used. Foreign currency-denominated monetary claims and liabilities under foreign exchange forward contracts are accounted by translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, requirements for special treatment are satisfied, therefore a special treatment is used.

Hedging instruments and hedged items

Hedging instruments	Foreign exchange forward contracts, currency option contracts, currency swap contracts, interest rate swap contracts
Hedged items	Forecasted transactions for foreign currency-denominated monetary claims and liabilities, borrowings

Hedging policy

Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

Hedging effect evaluation method

The effect is evaluated by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

(d) Treatment of consumption taxes

Treated using a tax exclusive method.

(e) Application of a consolidated tax payment system

A consolidated tax payment system under designating Olympus Corporation as the parent company is adopted at the Company and some of its consolidated subsidiaries.

(f) Item concerning the amortization of goodwill

Goodwill is amortized equally mainly over a period of 5 to 20 years.

4. Items concerning the valuation of the assets and liabilities of consolidated subsidiaries

The assets and liabilities of consolidated subsidiaries are fully evaluated using the fair market value at the time when the Company acquired control of the respective subsidiaries.

5. Changes in important items that form the basis for preparing the consolidated financial statements

(1) Method of depreciation of fixed assets

Beginning from the fiscal year ended March 31, 2008, pursuant to the amendments to the Corporation Tax Law (the Law on Partial Amendments to the Income Tax Law [March 30, 2007, Law No. 6] and the Cabinet Order on Partial Amendments to the Order for Enforcement of the Corporation Tax Law [March 30, 2007, Cabinet Order No. 83]), the method of depreciation of fixed assets acquired on or after April 1, 2007 has been changed to the method based on the provisions of the revised Corporation Tax Law. This had immaterial effect on profit and loss in the current fiscal year.

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(Additional information)

Pertaining to Gyrus Group PLC or other companies, in which an investment was made in the current fiscal year, because the allocation of the acquisition cost was not complete as of the end of the current fiscal year, a temporary accounting was effectuated based on reasonable information available at the time. Also, due to an employee incentive plan and other items related to the purchasing agreement, there is the possibility of additional payments. Expenses at time of occurrence and already accounted goodwill shall be adjusted for payments made with respect to the above.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and obligations secured by such collateral

(1) Assets pledged as collateral

Cash and time deposits	¥513 million
Accounts receivable	¥490 million
Inventories	¥294 million
Buildings and structures	¥1,660 million
Machinery and equipment	¥276 million
Land	¥1,861 million
Investment securities	¥81 million
Total	¥5,175 million

(2) Obligations secured by such collateral

Long-term borrowings, less current maturities	¥663 million
Short-term borrowings	¥1,392 million

2. Accumulated depreciation for property, plant and equipment

¥216,245 million

3. Liabilities for guarantees

(Guaranteed party)	(Description of guarantee)	(Amount)
Employees	Housing fund loans	¥331 million
Other	Bank loans, etc.	¥2,240 million
Total		¥2,571 million

The above stated amounts have been obtained by deducting reserve for loss on liabilities for guarantee.

4. Notes receivable discounted

Notes receivable discounted	¥1,417 million
(including discounted bills of exchange for export)	¥1,230 million
Notes received endorsed for transfer	¥153 million

Notes to Consolidated Statement of Income

Impairment losses are accounted for the following asset groups in the current fiscal year.

Application	Type	Location	Impairment loss
Life science business assets	Goodwill	Munich, Germany	¥1,058 million
Idle assets	Buildings, etc.	Tokyo and other prefectures	¥35 million
Total			¥1,093 million

Business assets are grouped by segment per type of business and idle assets are grouped individually. Pertaining to business assets, because recoverability is not recognized over the estimated future cash flow period due to changes in the business environment, their book value is reduced to the recoverable amount. The recoverable amount is measured using the value in use and calculated with the future cash flow discounted at 15%.

For idle assets, because the market value is substantially lower than the book value, the book value is reduced to the recoverable value. The recoverable value of these asset groups is measured using the fair value less cost to sell and is evaluated using a method that deducts the estimated sales expenses from the estimated sales price.

Notes to Consolidated Statement of Changes in Net Assets

1. Total number of issued shares at the end of the current fiscal year 271,283,608 shares

2. Items concerning dividends

(1) Paid dividends

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General Meeting of Shareholders held on June 28, 2007	Common stock	6,488	24.00	March 31, 2007	June 29, 2007
Board of Directors' meeting held on November 6, 2007	Common stock	5,405	20.00	September 30, 2007	December 7, 2007
Total	-	11,893	-	-	-

(2) Dividends whose record date falls in the current fiscal year and have an effective date in the next fiscal year

The following are proposed items concerning the dividends of common stock on the agenda of the Ordinary General Meeting of Shareholders to be held on June 27, 2008.

(a) Total dividends ¥5,405 million

(b) Dividend per share ¥20.00

(c) Record date March 31, 2008

(d) Effective date June 30, 2008

The dividend resource shall be retained earnings.

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Notes to Per-Share Information

1. Net assets per share	¥1,318.65
2. Net income per share	¥214.48

Notes to Significant Subsequent Events

The Company, at a meeting of its Board of Directors on May 8, 2008, resolved to repurchase its own shares in order to implement more flexible capital policies in accordance with changes of business environment and to increase shareholders' returns under Article 156 of the Company Law as applied pursuant to Article 165, Paragraph 3 of the Company Law as follows.

Resolution at a meeting of its Board of Directors regarding repurchase of own shares

1. Class of shares: Common stock
2. Total number of shares to be repurchased: Up to 3.5 million shares
3. Total cost of repurchase: Up to ¥10 billion
4. Period of repurchase: From May 9, 2008 to June 20, 2008
5. Method of repurchase: Purchase in the market through a trust bank

140th Term

After Correction

Non-Consolidated Balance Sheet

As of March 31, 2008

(Millions of yen)

Accounts	Amount	Accounts	Amount
ASSETS:		**LIABILITIES:**	
Current assets	**302,854**	**Current liabilities**	**355,239**
Cash and time deposits	24,369	Notes payable	291
Notes receivable	755	Accounts payable	9,145
Accounts receivable	21,972	Short-term borrowings	191,305
Finished goods	4,659	Current maturities of bonds	35,000
Materials	512	Current portion of long-term loans payable	20,000
Work in process	5,593	Accounts payable – other	12,908
Short-term loan receivable	220,743	Accrued expenses	17,071
Accounts receivable – other	13,807	Income taxes payable	214
Income taxes receivable	468	Deposits received	69,109
Deferred income taxes	9,740	Warranty reserve	52
Others	2,114	Others	144
Allowance for doubtful accounts	(1,878)		
		Long-term liabilities	**171,364**
Fixed assets	**336,899**	Long-term bonds, less current maturities	105,000
Property, plant and equipment	**37,465**	Long-term borrowings, less current maturities	65,000
Buildings	13,203	Long-term deposits received, less current maturities	732
Structures	1,018	Reserve for loss on liabilities for guarantee	632
Machinery	3,454	**Total liabilities**	**526,603**
Equipment	9		
Tools, furniture and fixtures	5,519	**NET ASSETS:**	
Land	10,136	**Shareholders' equity**	**120,704**
Construction in progress	4,126	**Common stock**	**48,332**
Intangible fixed assets	**7,965**	**Capital surplus**	**73,049**
Goodwill	427	Capital reserve	73,027
Patent right	2,464	Other capital surplus	22
Software	4,505	**Retained earnings**	**1,957**
Software in progress	504	Legal reserve	6,626
Right of using facilities	65	Other retained earnings	(4,669)
		Reserve for product development	4,000
Investments and other assets	**291,469**	Reserve for special depreciation	537
Investment securities	66,510	Reserve for advanced depreciation	2,744
Stocks of subsidiaries and affiliates	148,610	General reserve	59,069
Investments in subsidiaries and affiliates	15,036	Retained earnings carried forward	(71,019)
Prepaid pension cost	6,188	**Treasury stock, at cost**	**(2,634)**
Deferred income taxes	1,006	**Valuation and translation adjustments**	**(7,554)**
Investments in affiliates	46,869	Net unrealized holding gains on securities	5,616
Others	9,092	Deferred losses on hedges	(13,171)
Allowance for doubtful accounts	(1,842)	**Total net assets**	**113,149**
Total assets	**639,752**	**Total liabilities and net assets**	**639,752**

Note: Figures are rounded off to the nearest million yen.

140th Term

Before Correction (Reference)

Non-Consolidated Balance Sheet

As of March 31, 2008

(Millions of yen)

Accounts	Amount	Accounts	Amount
ASSETS:		**LIABILITIES:**	
Current assets	**339,804**	**Current liabilities**	**372,921**
Cash and time deposits	59,369	Notes payable	291
Notes receivable	755	Accounts payable	9,145
Accounts receivable	21,972	Short-term borrowings	191,305
Finished goods	4,659	Current maturities of bonds	35,000
Materials	512	Current portion of long-term loans payable	20,000
Work in process	5,593	Accounts payable – other	30,639
Short-term loan receivable	220,743	Accrued expenses	17,071
Accounts receivable – other	13,807	Income taxes payable	164
Income taxes receivable	568	Deposits received	69,109
Deferred income taxes	9,740	Warranty reserve	52
Others	2,114	Others	145
Allowance for doubtful accounts	(28)		
		Long-term liabilities	**171,364**
Fixed assets	**449,049**	Long-term bonds, less current maturities	105,000
Property, plant and equipment	**37,465**	Long-term borrowings, less current maturities	65,000
Buildings	13,203	Long-term deposits received, less current maturities	732
Structures	1,018	Reserve for loss on liabilities for guarantee	632
Machinery	3,454	**Total liabilities**	**544,285**
Equipment	9		
Tools, furniture and fixtures	5,519	**NET ASSETS:**	
Land	10,136	**Shareholders' equity**	**251,398**
Construction in progress	4,126	**Common stock**	**48,332**
		Capital surplus	**73,049**
Intangible fixed assets	**7,965**	Capital reserve	73,027
Goodwill	427	Other capital surplus	22
Patent right	2,464	**Retained earnings**	**132,651**
Software	4,505	Legal reserve	6,626
Software in progress	504	Other retained earnings	126,025
Right of using facilities	65	Reserve for product development	4,000
		Reserve for special depreciation	537
Investments and other assets	**403,619**	Reserve for advanced depreciation	2,744
Investment securities	144,967	General reserve	59,069
Stocks of subsidiaries and affiliates	210,114	Retained earnings carried forward	59,675
Investments in subsidiaries and affiliates	15,036	**Treasury stock, at cost**	**(2,634)**
Prepaid pension cost	6,188	**Valuation and translation adjustments**	**(6,830)**
Deferred income taxes	497	Net unrealized holding gains on securities	6,341
Others	26,823	Deferred losses on hedges	(13,171)
Allowance for doubtful accounts	(6)	**Total net assets**	**244,568**
Total assets	**788,853**	**Total liabilities and net assets**	**788,853**

Note: Figures are rounded off to the nearest million yen.

140th Term

After Correction

Non-consolidated Statement of Income

April 1, 2007 to March 31, 2008

(Millions of yen)

Accounts	Amount
Net sales	113,871
Cost of sales	58,299
Gross profit	**55,572**
Selling, general and administrative expenses	61,087
Operating loss	**5,515**
Non-operating income	52,313
Interest income	460
Dividends income	50,610
Foreign currency exchange income	118
Others	1,125
Non-operating expenses	9,282
Interest expenses	1,651
Interest on bonds	1,781
Provision of allowance for doubtful accounts	3,206
Others	2,645
Ordinary income	**37,517**
Extraordinary income	461
Gain on sales of fixed assets	395
Gain on sales of investment securities	66
Extraordinary losses	11,116
Loss on valuation of investment securities	2,802
Loss on valuation of stocks of subsidiaries and affiliates	4,023
Loss on valuation of investments in affiliates	4,291
Income before provision for income taxes	**26,861**
Current	(3,924)
Prior periods	1,049
Deferred	(1,426)
Net income	**31,163**

Note: Figures are rounded off to the nearest million yen.

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Before Correction (Reference)

Non-consolidated Statement of Income

April 1, 2007 to March 31, 2008

(Millions of yen)

Accounts	Amount
Net sales	113,871
Cost of sales	58,299
Gross profit	**55,572**
Selling, general and administrative expenses	61,087
Operating loss	**5,515**
Non-operating income	52,313
Interest income	460
Dividends income	50,610
Foreign currency exchange income	118
Others	1,125
Non-operating expenses	8,534
Interest expenses	1,651
Interest on bonds	1,781
Equity in losses of partnership	2,533
Others	2,569
Ordinary income	**38,264**
Extraordinary income	461
Gain on sales of fixed assets	395
Gain on sales of investment securities	66
Extraordinary losses	1,707
Loss on valuation of investment securities	1,014
Loss on valuation of stocks of subsidiaries and affiliates	693
Income before provision for income taxes	**37,018**
Current	(3,924)
Prior periods	1,049
Deferred	(1,415)
Net income	**41,308**

Note: Figures are rounded off to the nearest million yen.

After Correction

Non-Consolidated Statement of Changes in Shareholders' Equity

April 1, 2007 to March 31, 2008

(Millions of yen)

Item	Shareholders' Equity								
	Common stock	Capital Surplus			Retained Earnings			Treasury stock, at cost	Total share-holders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings (Note 1)	Total retained earnings		
Balance as of March 31, 2007	48,331	73,027	22	73,049	6,626	(23,938)	(17,312)	(2,264)	101,803
Changes during the fiscal year									
Dividends from surplus						(11,893)	(11,893)		(11,893)
Net income						31,163	31,163		31,163
Acquisition of treasury stock								(370)	(370)
Net changes of items other than shareholders' equity during the fiscal year									
Total change during the fiscal year	–	–	–	–	–	19,270	19,270	(370)	18,900
Balance as of March 31, 2008	48,332	73,027	22	73,049	6,626	(4,669)	1,957	(2,634)	120,704

Item	Valuation and translation adjustments			Total net assets
	Net unrealized holding gains on securities	Deferred losses on hedges	Total valuation and translation adjustments	
Balance as of March 31, 2007	13,285	(5)	13,279	115,083
Changes during the fiscal year				
Dividends from surplus				(11,893)
Net income				31,163
Acquisition of treasury stock				(370)
Net changes of items other than shareholders' equity during the fiscal year	(7,669)	(13,165)	(20,834)	(20,834)
Total change during the fiscal year	(7,669)	(13,165)	(20,834)	(1,934)
Balance as of March 31, 2008	5,616	(13,171)	(7,554)	113,149

140th Term

Note 1: Breakdown of other retained earnings

Item	Reserve for product development	Reserve for special depreciation	Reserve for advanced depreciation	General reserve	Retained earnings carried forward	Total
Balance as of March 31, 2007	4,000	944	2,624	79,068	(110,577)	(23,938)
Changes during the fiscal year						
Dividends from surplus					(11,893)	(11,893)
Reversal of reserve for special depreciation		(408)			408	–
Provision of reserve for advanced depreciation			294		(294)	–
Reversal of reserve for advanced depreciation			(174)		174	–
Reversal of reserve for advanced depreciation				(20,000)	20,000	–
Net income					31,163	31,163
Total change during the fiscal year	–	(408)	120	(20,000)	39,558	19,270
Balance as of March 31, 2008	4,000	537	2,744	59,069	(71,019)	(4,669)

Note 2: Balance as of March 31, 2007 is truncated to the nearest million yen, and balance as of March 31, 2008 and the current term variance are rounded to the nearest million yen.

As dividends were already paid in accordance with the procedures based on the resolution by the General Meeting of Shareholders and the Board of Directors, the amount of retained earnings carried forward was determined after subtracting the dividends.

Before Correction (Reference)

Non-Consolidated Statement of Changes in Shareholders' Equity

April 1, 2007 to March 31, 2008

(Millions of yen)

Item	Shareholders' Equity								
	Common stock	Capital Surplus			Retained Earnings			Treasury stock, at cost	Total share-holders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings (Note 1)	Total retained earnings		
Balance as of March 31, 2007	48,331	73,027	22	73,049	6,626	96,610	103,236	(2,264)	222,353
Changes during the fiscal year									
Dividends from surplus						(11,893)	(11,893)		(11,893)
Net income						41,308	41,308		41,308
Acquisition of treasury stock								(370)	(370)
Net changes of items other than shareholders' equity during the fiscal year									
Total change during the fiscal year	–	–	–	–	–	29,415	29,415	(370)	29,045
Balance as of March 31, 2008	48,332	73,027	22	73,049	6,626	126,025	132,651	(2,634)	251,398

Item	Valuation and translation adjustments			Total net assets
	Net unrealized holding gains on securities	Deferred losses on hedges	Total valuation and translation adjustments	
Balance as of March 31, 2007	13,789	(5)	13,783	236,136
Changes during the fiscal year				
Dividends from surplus				(11,893)
Net income				41,308
Acquisition of treasury stock				(370)
Net changes of items other than shareholders' equity during the fiscal year	(7,448)	(13,165)	(20,613)	(20,613)
Total change during the fiscal year	(7,448)	(13,165)	(20,613)	8,432
Balance as of March 31, 2008	6,341	(13,171)	(6,830)	244,568

140th Term

Note 1: Breakdown of other retained earnings

Item	Reserve for product development	Reserve for special depreciation	Reserve for advanced depreciation	General reserve	Retained earnings carried forward	Total
Balance as of March 31, 2007	4,000	944	2,624	79,068	9,972	96,610
Changes during the fiscal year						
Dividends from surplus					(11,893)	(11,893)
Reversal of reserve for special depreciation		(408)			408	–
Provision of reserve for advanced depreciation			294		(294)	–
Reversal of reserve for advanced depreciation			(174)		174	–
Reversal of reserve for advanced depreciation				(20,000)	20,000	–
Net income					41,308	41,308
Total change during the fiscal year	–	(408)	120	(20,000)	49,703	29,415
Balance as of March 31, 2008	4,000	537	2,744	59,069	59,675	126,025

Note 2: Balance as of March 31, 2007 is truncated to the nearest million yen, and balance as of March 31, 2008 and the current term variance are rounded to the nearest million yen.

After Correction

Notes to Non-Consolidated Financial Statements

Regarding correction of non-consolidated financial statements and their supplementary schedules

The Company established a third party committee consisting of members who hold no interests with the Company (Chairman: Tatsuo Kainaka, attorney-at-law; the "Third Party Committee") on November 1, 2011 for the purpose of investigating all transactions regarding the acquisitions of Gyrus Group PLC ("Gyrus") and three domestic subsidiaries (Altis Co., Ltd., NEWS CHEF, Inc. and Humalabo Co., Ltd.), from the beginning of examination of each acquisition to the time of closing of each transaction. The Company then received an investigation report issued by the Third Party Committee on December 6, 2011, which contained details of the situation regarding the Company's postponing of recognition of losses and its settlement of such losses, and the impact of these actions. The investigation by the Third Party Committee revealed that the Company incurred large losses on securities investments, derivative transactions, etc. from the 1990's, and postponed the recognition of the losses. It also revealed that, by means such as going through multiple funds, the Company used the acquisition funds for the three domestic subsidiaries, as well as the fees paid to financial advisors and the funds to buy back preferred shares in connection with the acquisition of Gyrus, for purposes including settling hidden losses on securities investments incurred from the Company's past postponement of the recognition of losses.
The Company judged that there were significant errors in the non-consolidated financial statements and their supplementary schedules for the five fiscal years including and following the fiscal year ended March 31, 2007. The Company then remade the relevant non-consolidated financial statements and their supplementary schedules in order to recognize the hidden losses of funds, which had previously been treated as being off the balance sheet due to the Company's past postponement of the recognition of losses, etc., as losses of the Company for the relevant past fiscal years, with corrections of the associated errors.

Notes concerning items related to important accounting policies

1. Asset valuation principles and methods

(1) Securities valuation principles and methods

(a) Held-to-maturity securities	Amortized cost method
(b) Stock of subsidiaries and affiliates	Cost method based on the moving-average method
(c) Other securities	
Items with market value	Market value method based on fair market value on the account settlement date (the net unrealized gains and losses on these securities are reported as a separate component of net assets and the cost of sales is calculated by the moving-average method)
Items without market value	Cost method based on the moving-average method Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions

deemed as securities as per Article 2, Paragraph 2 of the Financial Instruments and Exchange Law) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

(2) Valuation principles and methods for claims and liabilities from derivatives transactions

Market value method

(3) Valuation principles and methods for inventories

(a) Finished goods and work in process	Lower of cost (first-in first-out) or market method
(b) Materials	Cost (first-in first-out) method

2. Depreciation and amortization method for fixed assets

(1) Property, plant and equipment	Declining balance method
(a) Conveyance equipment, tools, furniture and fixtures	Based on useful lives as per the Corporate Tax Law
(b) Other property, plant and equipment	Based on useful lives prescribed by the Company determined in accordance with estimated functional useful years
(2) Intangible fixed assets	Straight-line method Based on useful lives as per the Corporate Tax Law Software for internal use is reported using the usable period within the Company (3 years).

3. Accounting principles for allowances and reserves

(1) Allowance for doubtful accounts

To provide for losses due to unrecoverable claims such as accounts receivables-trade and loans, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

(2) Warranty reserve

Due to the accounting of after service cost expected within the guarantee period with respect to products sold, the reserve for product guarantees is accounted using prescribed standards based on actually incurred past after service cost.

(3) Severance and retirement allowance

To provide for severance and retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year based on the severance and retirement liabilities and pension assets as of the end of the current fiscal year.

Pertaining to past service liabilities, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities is accounted as an expense.

Pertaining to the actuarial difference, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such actuarial difference is accounted as an expense starting from the following fiscal year.

(4) Reserve for loss on liabilities for guarantee

To provide for losses on liabilities for guarantee to affiliates, the amount of loss expected to be borne is accounted considering the financial conditions of the guaranteed party.

(5) Allowance for investment loss

To provide for losses on investments in affiliates, the amount necessary is accounted taking into consideration the amount of decrease in the real value of the company concerned and the estimated future recovery, etc.

4. Other important items that form the basis for preparing non-consolidated financial statements

(1) Treatment method for lease transactions

Financing lease transactions that do not transfer titles to lessees are treated in the same manner as operating lease transactions.

(2) Hedge accounting methods

(a) Hedge accounting methods

The deferred hedge treatment method is used. Foreign currency-denominated accounts receivable and loan receivable under foreign exchange forward contracts are accounted by translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, requirements for special treatment are satisfied, therefore a special treatment is used.

(b) Hedging instruments and hedged items

Hedging instruments	Foreign exchange forward contracts, interest rate swap contracts
Hedged items	Forecasted transactions for foreign currency-denominated accounts receivable, foreign currency-denominated loan receivable and borrowings

(c) Hedging policy

Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

(d) Hedging effect evaluation method

The effect is evaluated by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

(3) Treatment of consumption taxes

Treated using a tax exclusive method.

(4) Application of a consolidated tax payment system

A consolidated tax payment system is adopted.

5. Changes in important accounting policies

(1) Method of depreciation of fixed assets

Beginning from the fiscal year ended March 31, 2008, pursuant to the amendments to the Corporation Tax Law (the Law on Partial Amendments to the Income Tax Law [March 30, 2007, Law No. 6] and the Cabinet Order on Partial Amendments to the Order for Enforcement of the Corporation Tax Law [March 30, 2007, Cabinet Order No. 83]), the method of depreciation of fixed assets acquired on or after April 1, 2007 has been changed to the method based on the provisions of the revised Corporation Tax Law. This had immaterial effect on profit and loss in the current fiscal year.

Notes to Non-Consolidated Balance Sheet

1. **The ¥490 million allowance for investment loss appears as a deduction from the stocks of subsidiaries and affiliates.**
2. **Accumulated depreciation for property, plant and equipment** ¥54,640 million
3. **Liabilities for guarantees** ¥56,192 million

   The above amount includes ¥55,453 million in contracted guarantees to subsidiaries and affiliates.

   The above stated amounts have been obtained by deducting reserve for loss on liabilities for guarantee.
4. **Short-term monetary claims to subsidiaries and affiliates** ¥244,494 million
5. **Long-term monetary claims to subsidiaries and affiliates** ¥3,861 million
6. **Short-term monetary liabilities to subsidiaries and affiliates** ¥77,713 million
7. **Discounted bills of exchange for export** ¥7,999 million
8. **Investments in affiliates**

   Investments in receiver funds (Note) are regarded as equity investments in substance and are thus presented in bulk as "investments in affiliates."

   ¥46,869 million of investments in affiliates is the amount invested in receiver funds in substance after deducting ¥64,600 million of expected loss. These assets include a deposit of ¥35,000 million pledged as collateral at LGT Bank in Liechtenstein Ltd for ¥30,000 million of long-term borrowings from the same bank held by Central Forest Corporation.

   Note: This term refers to a number of receiver funds that served as assignees of financial assets, derivative transactions, etc. (collectively, the "Receiver Funds") as the Company incurred large losses from securities investments, derivative transactions, etc. from the 1990's and segregated the hidden losses beginning with the fiscal year ended March 31, 2000 with the intention of postponing the recognition of the losses.

Notes to Non-Consolidated Statements of Income

1. **Total transactions with subsidiaries and affiliates**

   Amounts resulting from business transactions

   Net sales ¥71,021 million

   Net purchases ¥37,462 million

   Amount resulting from non-business transactions ¥50,997 million

2. **Extraordinary losses**

   ¥4,291 million of "loss on valuation of investments in affiliates" under extraordinary losses is the amount by which investment fund assets decreased due to interest expenses and commission fees paid.

Notes to Non-Consolidated Statement of Changes in Net Assets

1. **Number of issued shares at end of current fiscal year** 271,283,608 shares
2. **Number of treasury stock at end of current fiscal year** 1,044,440 shares
3. **Total cash dividends during the current fiscal year** ¥11,893 million
4. **Total amount of cash dividends whose record date falls in the current fiscal year but whose effective date is in the next fiscal year** ¥5,405 million

Notes on tax effect accounting

Breakdown of deferred tax assets and liabilities by main cause

Deferred tax assets	
Inventories	¥2,095 million
Prepaid expenses	¥4,461 million
Accrued bonuses	¥2,027 million
Property, plant and equipment	¥2,193 million
Deferred assets for tax	¥297 million
Intangible fixed assets	¥4,879 million
Denial of unrecognized loss on valuation of investment securities	¥3,253 million
Denial of unrecognized loss on valuation of the stock of affiliates	¥3,706 million
Denial of loss due to unrecoverable claims	¥750 million
Denial of loss on funds invested	¥50,715 million
Other	¥2,844 million
Subtotal of deferred tax assets	¥77,220 million
Valuation allowance	¥(58,307) million
Total deferred tax assets	¥18,913 million
Deferred tax liabilities	
Other valuation difference for marketable securities	¥(3,468) million
Reserve for advanced depreciation	¥(1,790) million
Reserve for special amortization	¥(338) million
Prepaid pension expenses	¥(2,518) million
Other	¥(53) million
Total deferred tax liabilities	¥(8,167) million
Net deferred tax assets	¥10,746 million

The above includes items resulting from a correction made to treatment pertaining to the segregation and settlement of losses on financial assets. However, as the treatment of income taxes is yet to be determined at this time, it is unclear whether they will be treated as temporary differences. Please note that the whole amount of such temporary differences is recorded in valuation allowance.

Notes on leased fixed assets

In addition to the fixed assets accounted in the Balance Sheet, a portion of the microscope manufacturing equipment and computers are used under leasing agreements.

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Notes to Transactions with Related Parties

Subsidiaries and affiliates etc.

Type	Name	Voting rights ownership ratio (%)	Relation	Details of transaction	Amount (Millions of yen)	Item	End-of-period balance (Millions of yen)
Subsidiary (Fund)	Central Forest Corporation	Indirect ownership 100.0 (Note 1)	Receiver fund	Provision of collateral (Note 2)	35,000	–	–

Notes: 1. The voting rights ownership ratio shows the ratio of capital contribution in funds.
2. The Company provided LGT Bank in Liechtenstein Ltd with ¥35,000 million of deposits as collateral for ¥30,000 million of borrowings by Central Forest Corporation from the same bank. The Company did not pay nor receive any money in relation to the provision of collateral. Furthermore, this provision of collateral was settled on March 27, 2008.

Notes on Per-Share Information

1. Net assets per share ¥418.70
2. Net income per share ¥115.30

Notes to Significant Subsequent Events

The Company, at a meeting of its Board of Directors on May 8, 2008, resolved to repurchase its own shares in order to implement more flexible capital policies in accordance with changes of business environment and to increase shareholders' returns under Article 156 of the Company Law as applied pursuant to Article 165, Paragraph 3 of the Company Law as follows.

Resolution at a meeting of its Board of Directors regarding repurchase of own shares

1. Class of shares: Common stock
2. Total number of shares to be repurchased: Up to 3.5 million shares
3. Total cost of repurchase: Up to ¥10 billion
4. Period of repurchase: From May 9, 2008 to June 20, 2008
5. Method of repurchase: Purchase in the market through a trust bank

Notes to Other Matters

1. Future conditions

Following the Company's announcement on November 8, 2011 concerning its postponing of recognition of losses on securities investments, etc., investigations by domestic and overseas investigative authorities, supervisory bodies and other public bodies (including those in the U.K. and U.S.) have begun. The non-consolidated financial statements and their supplementary schedules may be amended if any further important information comes to light in such investigations in the future.

Furthermore, as a result of inappropriate financial reporting by the Company, parties such as holders of its American Depositary Receipts (ADRs) have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company for a similar reason.

2. Investments in affiliates

As the Company incurred large losses from securities investments, derivative transactions, etc. from the 1990's, with the intention of postponing the recognition of the losses, the Company segregated the financial assets, derivative transactions, etc. on which there were hidden losses to a number of non-consolidated Receiver Funds beginning with the fiscal year ended March 31, 2000. Investments in the Receiver Funds are presented in bulk as "investments in affiliates" in the non-consolidated balance sheet. This is because the operating assets of the Receiver Funds are, unlike usual investments by the Company, managed in an integrated manner in a series of transactional schemes to segregate and settle the losses. Some board members were aware of the circumstances surrounding the past transactions to segregate and settle the hidden losses. However, as a result of the matters pointed out in the Investigation Report by the Third Party Committee and the Company's internal investigation, it has come to light that the legal form and the asset management body of each Receiver Fund, and information on the details of operating assets, appraised value, etc. of each Receiver Fund during the period from the loss segregation to the liquidation of each Receiver Fund, were not fully maintained at the Company. Therefore, the Company corrected the non-consolidated financial statements and their supplementary schedules by obtaining accounting information from outside persons related with the loss segregation and settlement scheme.

140th Term

Before Correction (Reference)

Notes to Non-Consolidated Financial Statements

Notes concerning items related to important accounting policies

1. Asset valuation principles and methods

(1) Securities valuation principles and methods

(a) Held-to-maturity securities	Amortized cost method
(b) Stock of subsidiaries and affiliates	Cost method based on the moving-average method
(c) Other securities	
Items with market value	Market value method based on fair market value on the account settlement date (the net unrealized gains and losses on these securities are reported as a separate component of net assets and the cost of sales is calculated by the moving-average method)
Items without market value	Cost method based on the moving-average method Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, Paragraph 2 of the Financial Instruments and Exchange Law) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

(2) Valuation principles and methods for claims and liabilities from derivatives transactions

Market value method

(3) Valuation principles and methods for inventories

(a) Finished goods and work in process	Lower of cost (first-in first-out) or market method
(b) Materials	Cost (first-in first-out) method

2. Depreciation and amortization method for fixed assets

(1) Property, plant and equipment	Declining balance method
(a) Conveyance equipment, tools, furniture and fixtures	Based on useful lives as per the Corporate Tax Law
(b) Other property, plant and equipment	Based on useful lives prescribed by the Company determined in accordance with estimated functional useful years
(2) Intangible fixed assets	Straight-line method Based on useful lives as per the Corporate Tax Law Software for internal use is reported using the usable period within the Company (3 years).

3. Accounting principles for allowances and reserves

(1) Allowance for doubtful accounts

To provide for losses due to unrecoverable claims such as accounts receivables-trade and loans, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

(2) Warranty reserve

Due to the accounting of after service cost expected within the guarantee period with respect to products sold, the reserve for product guarantees is accounted using prescribed standards based on actually incurred past after service cost.

(3) Severance and retirement allowance

To provide for severance and retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year based on the severance and retirement liabilities and pension assets as of the end of the current fiscal year.

Pertaining to past service liabilities, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities is accounted as an expense.

Pertaining to the actuarial difference, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such actuarial difference is accounted as an expense starting from the following fiscal year.

(4) Reserve for loss on liabilities for guarantee

To provide for losses on liabilities for guarantee to affiliates, the amount of loss expected to be borne is accounted considering the financial conditions of the guaranteed party.

(5) Allowance for investment loss

To provide for losses on investments in affiliates, the amount necessary is accounted taking into consideration the amount of decrease in the real value of the company concerned and the estimated future recovery, etc.

4. Other important items that form the basis for preparing non-consolidated financial statements

(1) Treatment method for lease transactions

Financing lease transactions that do not transfer titles to lessees are treated in the same manner as operating lease transactions.

(2) Hedge accounting methods

(a) Hedge accounting methods

The deferred hedge treatment method is used. Foreign currency-denominated accounts receivable and loan receivable under foreign exchange forward contracts are accounted by translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, requirements for special treatment are satisfied, therefore a special treatment is used.

(b) Hedging instruments and hedged items

Hedging instruments	Foreign exchange forward contracts, interest rate swap contracts
Hedged items	Forecasted transactions for foreign currency-denominated accounts receivable, foreign currency-denominated loan receivable and

borrowings

(c) Hedging policy

Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

(d) Hedging effect evaluation method

The effect is evaluated by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

(3) Treatment of consumption taxes

Treated using a tax exclusive method.

(4) Application of a consolidated tax payment system

A consolidated tax payment system is adopted.

5. Changes in important accounting policies

(1) Method of depreciation of fixed assets

Beginning from the fiscal year ended March 31, 2008, pursuant to the amendments to the Corporation Tax Law (the Law on Partial Amendments to the Income Tax Law [March 30, 2007, Law No. 6] and the Cabinet Order on Partial Amendments to the Order for Enforcement of the Corporation Tax Law [March 30, 2007, Cabinet Order No. 83]), the method of depreciation of fixed assets acquired on or after April 1, 2007 has been changed to the method based on the provisions of the revised Corporation Tax Law.
This had immaterial effect on profit and loss in the current fiscal year.

Notes to Non-Consolidated Balance Sheet

1. The ¥490 million allowance for investment loss appears as a deduction from the stocks of subsidiaries and affiliates.

2. Accumulated depreciation for property, plant and equipment ¥54,640 million

3. Liabilities for guarantees ¥56,192 million

The above amount includes ¥55,453 million in contracted guarantees to subsidiaries and affiliates.

The above stated amounts have been obtained by deducting reserve for loss on liabilities for guarantee.

4. Short-term monetary claims to subsidiaries and affiliates ¥244,494 million

5. Long-term monetary claims to subsidiaries and affiliates ¥3,861 million

6. Short-term monetary liabilities to subsidiaries and affiliates ¥77,713 million

7. Discounted bills of exchange for export ¥7,999 million

Notes to Non-Consolidated Statements of Income

1. Total transactions with subsidiaries and affiliates

Amounts resulting from business transactions	
Net sales	¥71,021 million
Net purchases	¥37,462 million
Amount resulting from non-business transactions	¥50,997 million

Notes to Non-Consolidated Statement of Changes in Net Assets

1. Number of issued shares at end of current fiscal year	271,283,608 shares
2. Number of treasury stock at end of current fiscal year	1,044,440 shares
3. Total cash dividends during the current fiscal year	¥11,893 million
4. Total amount of cash dividends whose record date falls in the current fiscal year but whose effective date is in the next fiscal year	¥5,405 million

Notes on tax effect accounting

Breakdown of deferred tax assets and liabilities by main cause

Deferred tax assets	
Inventories	¥2,095 million
Prepaid expenses	¥4,461 million
Accrued bonuses	¥2,027 million
Property, plant and equipment	¥2,193 million
Deferred assets for tax	¥297 million
Intangible fixed assets	¥4,879 million
Denial of unrecognized loss on valuation of investment securities	¥1,795 million
Denial of unrecognized loss on valuation of the stock of affiliates	¥2,894 million
Other	¥2,081 million
Subtotal of deferred tax assets	¥22,722 million
Valuation allowance	¥(3,821) million
Total deferred tax assets	¥18,901 million
Deferred tax liabilities	
Other valuation difference for marketable securities	¥(3,966) million
Reserve for advanced depreciation	¥(1,790) million
Reserve for special amortization	¥(338) million
Prepaid pension expenses	¥(2,518) million
Other	¥(52) million
Total deferred tax liabilities	¥(8,664) million
Net deferred tax assets	¥10,237 million

Notes on leased fixed assets

In addition to the fixed assets accounted in the Balance Sheet, a portion of the microscope manufacturing equipment and computers are used under leasing agreements.

Notes on Per-Share Information

1. Net assets per share	¥905.01
2. Net income per share	¥152.84

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Notes to Significant Subsequent Events

The Company, at a meeting of its Board of Directors on May 8, 2008, resolved to repurchase its own shares in order to implement more flexible capital policies in accordance with changes of business environment and to increase shareholders' returns under Article 156 of the Company Law as applied pursuant to Article 165, Paragraph 3 of the Company Law as follows.

Resolution at a meeting of its Board of Directors regarding repurchase of own shares

1. Class of shares: Common stock
2. Total number of shares to be repurchased: Up to 3.5 million shares
3. Total cost of repurchase: Up to ¥10 billion
4. Period of repurchase: From May 9, 2008 to June 20, 2008
5. Method of repurchase: Purchase in the market through a trust bank

(English Translation of the Independent Auditor's Report Originally Issued in the Japanese Language)

Reference: The Independent Auditor's Audit Report of Consolidated Financial Statements

Independent Auditor's Audit Report

February 28, 2012

To the Board of Directors of OLYMPUS CORPORATION

KPMG AZSA LLC

Atsuki Kanezuka [Seal]
Certified Public Accountant
Designated and Engagement Partner

Kiyoshi Hirai [Seal]
Certified Public Accountant
Designated and Engagement Partner

We have audited the corrected Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets, and Notes to Consolidated Financial Statements of OLYMPUS CORPORATION for the fiscal year beginning on April 1, 2007 and ending on March 31, 2008, in accordance with the equivalent of Article 444(4) of the Company Law. Responsibility for preparation of these consolidated financial statements lies with the Company's management. Our responsibility is to express an opinion on these consolidated financial statements from an independent perspective.

Aside from the items indicated below, we conducted our audit in accordance with generally accepted auditing standards in Japan. The auditing standards require us to obtain reasonable assurance as to whether or not there are any material misstatements in consolidated financial statements. The auditing is conducted on a test basis, and includes overall examinations of the disclosures of consolidated financial statements, and the evaluation of accounting principles and methods used and estimates made by the management. We believe that we have obtained reasonable bases to express our opinion as a result of our audit.

As indicated by the notes to other matters in the notes to consolidated financial statements, information on the details of operating assets, appraised value, etc. of receiver funds was not fully maintained at the Company, and some important evidence regarding ¥57,505 million in investment fund assets as of March 31, 2007 and ¥67,816 million in investment fund assets as of March 31, 2008 is unavailable. As a result, we were unable to obtain sufficient and appropriate evidence for our audit regarding the details of operating assets, appraised value, etc. of receiver funds.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of OLYMPUS CORPORATION and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in conformity with accounting principles generally accepted in Japan, aside from the impact on them from the items indicated above.

Additional Information

1. As indicated by "Regarding correction of consolidated financial statements" at the beginning of the notes to consolidated financial statements, the Company has corrected its consolidated financial statements. We conducted our audit on the corrected consolidated financial statements.
2. As indicated by the notes to other matters in the notes to consolidated financial statements, if any further important information comes to light in investigations by domestic and overseas investigative authorities, supervisory bodies and other public bodies, the Company may amend its consolidated financial statements. Furthermore, as a result of inappropriate financial reporting by the Company, holders of its American Depositary Receipts (ADRs) have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company for a similar reason.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

(English Translation of the Independent Auditor's Report Originally Issued in the Japanese Language)

Reference: The Independent Auditor's Audit Report of Non-Consolidated Financial Statements

Independent Auditor's Audit Report

February 28, 2012

To the Board of Directors of OLYMPUS CORPORATION

KPMG AZSA LLC
Atsuki Kanezuka [Seal]
Certified Public Accountant
Designated and Engagement Partner
Kiyoshi Hirai [Seal]
Certified Public Accountant
Designated and Engagement Partner

We have audited the corrected Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Net Assets, and Notes to Non-Consolidated Financial Statements, and their supplementary schedules, of OLYMPUS CORPORATION for the 140th fiscal year beginning on April 1, 2007 and ending on March 31, 2008, in accordance with the equivalent of Article 436(2)(i) of the Company Law. Responsibility for preparation of these financial statements and their supplementary schedules lies with the Company's management. Our responsibility is to express an opinion on these financial statements and their supplementary schedules from an independent perspective.

Aside from the items indicated below, we conducted our audit in accordance with generally accepted auditing standards in Japan. The auditing standards require us to obtain reasonable assurance as to whether or not there are any material misstatements in financial statements and their supplementary schedules. The auditing is conducted on a test basis, and includes overall examinations of the disclosures of financial statements and their supplementary schedules, and the evaluation of accounting principles and methods used and estimates made by the management. We believe that we have obtained reasonable bases to express our opinion as a result of our audit.

As indicated by the notes to other matters in the notes to financial statements, information on the details of operating assets, appraised value, etc. of receiver funds was not fully maintained at the Company, and some important evidence regarding ¥6,558 million in investments in affiliates as of March 31, 2007 and ¥46,869 million in investments in affiliates as of March 31, 2008 is unavailable. As a result, we were unable to obtain sufficient and appropriate evidence for our audit regarding the details of operating assets, appraised value, etc. of receiver funds.

In our opinion, the financial statements and their supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of OLYMPUS CORPORATION for the period, for which the financial statements and their supplementary schedules were prepared, in conformity with accounting principles generally accepted in Japan, aside from the impact on them from the items indicated above.

Additional Information

1. As indicated by "Regarding correction of non-consolidated financial statements and their supplementary schedules" at the beginning of the notes to financial statements, the Company has corrected its financial statements and their supplementary schedules. We conducted our audit on the corrected financial statements and their supplementary schedules.
2. As indicated by the notes to other matters in the notes to financial statements, if any further important information comes to light in investigations by domestic and overseas investigative authorities, supervisory bodies and other public bodies, the Company may amend its financial statements and their supplementary schedules. Furthermore, as a result of inappropriate financial reporting by the Company, holders of its American Depositary Receipts (ADRs) have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company for a similar reason.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

(English Translation of the Board of Corporate Auditors' Report Originally Issued in the Japanese Language)

The Board of Corporate Auditors' Audit Report

Audit Report

Based on the audit report prepared by each Corporate Auditor with regard to the performance of duties by the Directors of OLYMPUS CORPORATION (the "Company") for the 140th fiscal year (from April 1, 2007 to March 31, 2008), the Board of Corporate Auditors of the Company prepares this audit report after deliberation and reports as follows:

In response to the results of investigation of an investigation committee consisting of members who hold no interests with the Company, which was established on November 1, 2011 (Chairman: Tatsuo Kainaka, attorney-at-law; hereinafter the "Third Party Committee"), as well as the results of an internal company investigation, the Company corrected its business report, financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements), and their supplementary schedules, as well as its consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements), for the 140th fiscal year.

1. Auditing methods used by Corporate Auditors and the Board of Corporate Auditors, and details of audit

The Board of Corporate Auditors specified audit policies, assigned duties to each Corporate Auditor and received reports from each Corporate Auditor on the status of implementation and results of audit as well as received reports from Directors, etc. and accounting auditors on the status of the execution of their duties and asked them for explanations as necessary.

Each Corporate Auditor, according to the auditing standards set up by the Board of Corporate Auditors, the audit policies and the duties assigned to each Corporate Auditor, has maintained good communications with Directors, the Internal Audit Department and other employees and strived to collect information and improve the audit environment as well as attended meetings of the Board of Directors and other meetings as deemed important, received from Directors and employees reports on the execution of their duties, asked for explanations as necessary, perused the documents whereby the important decisions were made, and examined business and financial position at the head office and principal operating offices.

In addition, we have verified the content of the resolution made by the Board of Directors concerning the development of a system for ensuring that the performance of duties by Directors complies with laws and regulations and the Company's Articles of Incorporation, and other systems to ensure the properness of operations of a stock company, and the status of the systems developed based on such resolution (internal control system).

With regard to the basic policy on the control of the Company and initiatives based on the policy, which are described in the corrected business report, we have reviewed the details in consideration of the status of deliberations at the Board of Directors, etc. Also, we have maintained good communications and exchanged information with directors, corporate auditors and others of the subsidiaries of the Company and asked the subsidiaries for reports on their business conditions as per need.

Based on the methods mentioned above, we have reviewed the corrected business report for the said fiscal year and their supplementary schedules.

We have also verified whether KPMG AZSA LLC, which conducted the voluntary audit on the financial statements and consolidated financial statements for the 140th fiscal year, maintained independence and properly implemented its audit, received from the said audit firm reports on the execution of their duties, and asked them for explanations as necessary. The said audit firm reported to us that the systems for ensuring proper execution of duties have been developed in accordance with the "Quality Control Standards concerning Audit" and other applicable regulations, and we asked them for explanations as necessary.

Based on the methods mentioned above, we have reviewed the corrected financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements), and their supplementary schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the said fiscal year.

2. Audit results

140th Term

(1) Results of audit of the corrected business report, etc.

(i) We confirm that the corrected business report and its supplementary schedules for the 140th fiscal year present fairly the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.

(ii) The Board of Directors, which should supervise the business execution of management as an important part of the company-wide internal control system, did not function effectively because of collusion among several former members of the Company's management for improper purposes.
As a result, it cannot be concluded that the performance of duties by Directors with respect to the said internal control system was appropriate.

(iii) Although past resolutions of the Board of Directors with regard to the internal control system were in themselves appropriate, we do not recognize that such resolutions were properly implemented at the time of the 140th fiscal year.
It is reported to us that the Company established a management reform committee, consisting of members who hold no interests with the Company, on December 7, 2011 (the "Management Reform Committee"), and that under the guidance and supervision of the Management Reform Committee, the Company is working, on the basis of the Company and across the entire Group, to renew management systems and to establish governance systems, internal control systems and compliance systems.

(iv) With respect to the basic policy concerning the persons who control decisions on the Company's financial and business policies, which is described in the business report, we confirm that there are no matters to be pointed out. We confirm that the initiatives based on the said basic policy do not damage the common interests of shareholders of the Company and that they are not aimed at maintaining the positions of Directors or Corporate Auditors of the Company.

(2) Results of audit of corrected financial statements and their supplementary schedules
We confirm that the auditing methods and results of KPMG AZSA LLC, which conducted the voluntary audit on the corrected financial statements and their supplementary schedules for the 140th fiscal year, are proper.

(3) Results of audit of corrected consolidated financial statements
We confirm that the auditing methods and results of KPMG AZSA LLC, which conducted the voluntary audit on the corrected consolidated financial statements for the 140th fiscal year, are proper.

March 1, 2012

The Board of Corporate Auditors,
OLYMPUS CORPORATION

Standing Corporate Auditor: Tadao Imai [Seal]
Outside Corporate Auditor: Makoto Shimada [Seal]
Outside Corporate Auditor: Yasuo Nakamura [Seal]

Attached Documents

139th Business Report

(April 1, 2006 to March 31, 2007)

I Review of Group Operations

1. Review of Operations

The Japanese economy for the current year has grown slowly, supported by increased business investment and increased exports due to booming corporate performance. Conversely, although an economic slowdown was felt in part in the U.S., where sluggish growth was seen in the housing market, the economy has grown in Asia, mainly in China, where business investment continues to grow, and economic recovery was seen in Europe, which resulted in an overall steady transition.

In this business environment, the Group formulated the medium-term business strategy “FY2006 Corporate Strategic Plan (the 2006 CSP)” in 2006 and based its activities on the vision of “recovering and enhancing value creation capabilities.” Pursuant to this plan, the concept of “selection and concentration” was thoroughly implemented in the Imaging Systems Business, resources were concentrated in the “digital single-lens reflex (SLR) camera” business, the “digital compact camera” business, and the “optical component” business to establish a sustainable profit base. In the Medical Systems Business, efforts were made to enhance overall capabilities ranging from the development of new products to maintenance services in order to contribute to society, while ensuring steady profit growth, by providing means of medical treatment that are “safe, comfortable, and efficient.”

Preparations for the implementation of internal control systems were also promoted. In addition to resolving on the “Basic Policy on Internal Control Systems” pursuant to the Company Law at the Company's Board of Directors meeting held in May 2006, a department dedicated to evaluating and reporting on the internal control system for financial reporting was established in preparation for the Financial Products Transaction Law, expected to go into effect from the fiscal year ending March 2009, to ensure compliance with its requirements on financial reporting.

Consolidated net sales of this fiscal year exceeded ¥1,000 billion for the first time ever at ¥1,061.786 billion (8.6% increase over the previous year) as a result of the foregoing activities. In terms of income, the Medical Systems Business contributed greatly to an increase with the robust sales of new products, both in the domestic and overseas markets, and the structural reform in the Imaging Systems Business bore fruit in the form of improved profitability, including reduced cost percentages and increased product competitiveness. As a result, the consolidated operating income was ¥98.729 billion (up 57.9% over the previous year), the consolidated ordinary income was ¥78.346 billion (up 90.1% over the previous year), and the consolidated net income was ¥46.962 billion (up 64.4% over the previous year).

Notes: 1. For monetary amounts indicated in units of ¥1 million, fractions of ¥1 million are rounded off for figures describing the status of the corporate group, while fraction of ¥1 million are truncated for figures describing the status of the Company.

2. For share amounts indicated in units of 1,000 shares, fractions of 1,000 shares are truncated.

2. Results of the Business Activities by Business Segment

Imaging Systems Business

Consolidated Net sales for the Imaging Systems Business was ¥294,303 million (15.6% increase over the previous year) while operating income reached ¥27,208 million (467.8% increase over the previous year).

In the digital camera field, which was a growing market, a new model of single-lens reflex (D-SLR) camera was launched in Europe and new compact camera products featuring various functions were highly appreciated to expand sales figures. In particular, the "μ[mju:]-SW Series," that further developed "all-weather" design and achieved "waterproof", "shockproof", and "dustproof" functions and the "FE Series," which advanced operability in which even beginners are able to easily handle it, were well accepted in both the domestic and overseas markets and contributed to a significant increase in revenue.

In the voice recorders field, the new "Voice-Trek V series" digital recorder expanded sales in the domestic market. In the overseas market, the switch to digital recorder models was further advanced in Europe, and sales were booming, especially with the "VN Series," which led to an increase in revenue for the overall voice recorders field.

In addition, the sales of lens barrel unit in the optical components field were increased.

The operating income has increased by improving business efficiency in each field, such as inventory compression, etc., in addition to the increased sales of digital cameras and maintenance of unit sales price.

Medical Systems Business

Consolidated net sales in the Medical Systems Business was ¥311,709 million (17.0% increase over the previous year), while operating income amounted to ¥87,853 million (14.6% increase over the previous year).

In the medical endoscope field, new products such as "EVIS LUCERA SPECTRUM," which enabled observation using specific light spectra that contributed to early detection of minute lesions such as cancer, and the upper gastrointestinal endoscope, which enabled transnasal insertion, achieved a sales increase in the domestic market, while "EVIS EXERA II," a High-resolution HDTV endoscope system featuring observation using specific light spectra, was popular in overseas markets, which led to a significant sales increase.

In the fields of MIP such as surgical and EndoTherapy products, etc., new product launches of disposable single use electrosurgical knife and reinforcement of sales structure in the domestic market have resulted in a steady sales increase. In overseas markets, new products such as High-resolution HDTV videoscope for the abdominal and chest cavities were excellent, and the sales figures for pancreaticobiliary duct EndoTherapy products increased, which led to an increase in revenue.

In addition, we have developed the "Brave Circle" colorectal cancer awareness campaign" to engage in educational activities such as the promotion of colorectal cancer screening and the early discovery of colorectal cancer.

Operating income increased as a result of the sales growth of medical endoscopes.

Life Sciences Business

Consolidated net sales for the Life Science Business was ¥123,706 million (14.6% increase over the previous year), while operating income showed ¥8,079 million (6.9% increase over the previous year).

In the micro-imaging (microscopes) field, the sales of "FLUOVIEW" series, a confocal laser scanning microscope for biological use, were excellent in European and U.S. markets, and sales increased also in Asian and Latin American markets. With regard to the industrial microscope, in addition to the excellent sales of inspection equipment for flat panel display in the domestic market, sales targeted at semiconductors and electronic components industry expanded mainly in Asia, which led to a revenue increase.

In the diagnostic systems field, the install base business, which combines blood (clinical chemistry) analyzers with reagents, performed well in the U.S., and sales of the blood analyzer expanded significantly in the Asian market, which led to a sales increase of the overall diagnostic systems field.

Expansion of sales mainly in overseas markets contributed to a profit increase in operating income.

Information & Communication Business

Consolidated net sales for the Information & Communication business was ¥267,691 million (6.0% decrease over the previous year), while operating income showed ¥2,716 million (operating loss of ¥2,641 million in the previous year).

Sales of mobile handsets units were excellent, which led to a sales increase in the mobile field.

In the network & technology field, while a sales increase was seen with the commencement of the After-Market business of automobiles, etc., profit decreased due to the completion of OEM sales transactions for personal computer peripherals.

With regard to operating income/loss, the fact that cost reduction by elimination and consolidation of loss-making stores selling mobile handsets in the mobile field succeeded in restoring profitability, and contribution by the aftermarket business of automobiles in the network & technology field as well as the sale of investment stocks, brought about the operating income, a complete change from the operating loss from the previous year.

Others Businesses

Consolidated net sales for Others businesses were ¥64,377 million (0.1% decrease from the previous year), while operating income showed ¥872 million (39.6% decrease from the previous year).

In the non-destructive testing equipment field, sales of ultrasound testing devices for building diagnostic purposes increased significantly, and portable industrial endoscopes expanded sales against a background of steady business investment mainly in the domestic market, which led to a significant increase in revenue.

In the information equipment field, the volume of shipment of printers that have been manufactured through business collaboration with RISO KAGAKU CORPORATION has increased.

In the biomechanical materials field, new product launches of artificial bones and steady sales increases with existing products brought about a revenue increase.

The overall sales of Others businesses remained almost unchanged, with no apparent success in sales of business investment and consultation stocks undertaken by ITX Corporation.

Operating income decreased with the decrease in revenue.

3. Financing and Capital Investment

(1) Financing

A new long-term loan of ¥19.2 billion was taken out in addition to the 17th issuance of unsecured bonds in September 2006 for ¥10 billion and the 18th and 19th issuances of unsecured bonds in March 2007 for ¥15 billion and ¥20 billion, respectively.

(2) Capital Investment

A total of approximately ¥44.7 billion was spent this fiscal year in capital investment. Main expenditures include investment in molds in the Imaging Systems Business, investment in demonstration equipment in the Medical Systems Business, and the construction of the Company's Mishima business site in the Life Science Business.

4. Future Challenges

It is expected that Japan's economy will continue to gradually grow. Furthermore, the world economy is expected to grow despite some lingering concerns such as fluctuation in crude oil prices.

In such a situation, the Olympus Group will reinforce effective strategies and organization power to execute, based on our mid-term business plan ('06 corporate strategic Plan), and will continue to seek to maximize corporate value.

In the Imaging Systems Business, although the effect of continued incorporation to improve profitability has been observed, our competitive edge will be continuously reinforced. Allocation of operating resources will be focused to establish a firm position in the field of digital single-lens reflex (D-SLR) cameras, and business efficiency will be improved to obtain steady profit assurance in the field of compact cameras. Expansion of profitability will also be focused on the optical components field, such as sales of lens barrel units.

In the Medical Systems business, we intend to respond promptly to changes in the business environment and build a system that enables a steady increase in profit. By taking maximum advantage of Endoscopes, we aim for further development of surgical and EndoTherapy products. Furthermore, the Solution business, which we began as a high value-added service, will continue to be promoted. Other efforts include reinforcement of maintenance service systems as well as comprehensive strength of the Medical Systems Business focused on gastrointestinal endoscope, together with the sales force.

In addition, efforts will also be made to create new business opportunities, and necessary strategic investments will be made in order to foster businesses related to the medical/health care area and the Imaging/information area.

The Group is aggressively promoting eco-friendly business based on the "Olympus Environmental Charter" to become eco-friendly companies of good standing and will continue to promote environmental conservation activities through the creation of environment-conscious products and reduction of greenhouse gases, among other things.

To our shareholders, we appreciate your continuing support and understanding.

5. Changes in Assets and Results of Operation

(Millions of yen)

	136th term	137th term	138th term	139th term
Net sales	633,622	813,538	978,127	1,061,786
Ordinary income	55,829	10,204	41,206	78,346
Net income (loss)	33,564	(11,827)	28,564	46,962
Net income (loss) per share (Yen)	126.96	(44.98)	105.99	173.69
Total assets	682,673	858,083	976,132	1,002,665
Net assets	252,179	240,837	290,656	224,951
Net assets per share (Yen)	956.55	913.17	1,074.30	792.72

Notes:
1. In the 137th term, the consolidated net sales increased as a result of the subsidiarization of ITX Corporation in the second half of the fiscal year. Also, a loss due to business restructuring in the Imaging Systems Business was accounted as an extraordinary loss and a consolidated net loss was posted due to the reversal of deferred income taxes.
2. See "I Review of Group Operations 1. Review of Operations" on page 156 above for details on results for the 139th term (current fiscal year).
3. Since the 139th term (current), the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard No. 5, December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard Implementation Guidance No. 8, December 9, 2005) have been applied.
4. Owing to the correction of improper accounting treatment, at the beginning of the 139th term, there was a ¥118,353 million reduction in retained earnings to account for the corresponding loss.

6. Major Parent Companies and Subsidiaries

(1) Relationship with Parent Companies

There is no relevant information.

(2) Major Subsidiaries

There are 196 consolidated subsidiaries, including the following 7 major subsidiaries, and 21 equity-method companies.

Name of company	Capital stock or investment	Ratio of capital contribution by the Company (%)	Principal business
Olympus Imaging Corp.	¥11,000 million	100.0	Manufacture and sales of image-related products
Olympus Medical Systems Corp.	¥1,000 million	100.0	Manufacture and sales of medical treatment-related products
ITX Corporation	¥20,456 million	76.6 (of which 9.9% is indirectly held) (Note 1)	Investment in and nurturing of new businesses
Olympus America Inc.	$62,782,000	100.0 (of which 100.0% is indirectly held) (Note 2)	Sales of medical treatment- and life science-related products in the U.S.
Olympus Europa Holding GmbH	1,000,000 euro	100.0	Holding company to conduct comprehensive management planning for European subsidiaries and affiliates
KeyMed (Medical & Industrial Equipment) Ltd.	₤1,010,000	100.0 (of which 100.0% is indirectly held) (Note 3)	Manufacture and sales of medical treatment-related and other products in U.K.
Olympus (China) Co., Ltd.	$31,003,000	100.0	Holding company to conduct comprehensive management planning and financial support for subsidiaries and affiliates in China

Notes:
1. Olympus Finance Hong Kong Limited, a 100% subsidiary of the Company, holds 9.9% of that company.
2. Olympus USA Incorporated, a 100% subsidiary of the Company, holds 100.0% of that company.
3. Olympus KeyMed Group Limited, a 100% subsidiary of the Company, holds 100.0% of that company.

7. Principal business

Segment	Principal products and business
Imaging systems business	Manufactures and sales of digital cameras, film cameras and voice recorders
Medical systems business	Manufactures and sales of medical endoscopes, surgical endoscopes, ultrasound endoscopes and endo-therapy products
Life science business	Manufactures and sales of biological microscopes, diagnostic blood analysis systems and industrial microscopes
Information & communication business	Sales of mobile terminals (incl. cellular phones), development and sales of mobile solutions, mobile contents services and business package software, sales of network infrastructure systems, sales of semiconductor devices and electric equipment
Others	Manufactures and sales of industrial endoscopes, non-destructive testing equipment, printers and bar code data processing equipments, software development etc.

8. Principal places of business and plants

(1) Principal places of business of the Company

Head Office	Shibuya-ku, Tokyo
Main Office	Shinjuku-ku, Tokyo
R & D Center	Hachioji-shi, Tokyo
Tatsuno Facility	Kamiina-gun, Nagano
Ina Facility	Ina-shi, Nagano
Branch	Sapporo, Sendai, Omiya, Yokohama, Nagoya, Osaka, Hiroshima, Fukuoka
Sales Offices	Niigata, Matsumoto, Tsukuba, Shizuoka, Kanazawa, Matsuyama

(2) Principal places of business of the Company's subsidiaries

Olympus Imaging Corp.	Shibuya-ku, Tokyo (Head office) Shinjuku-ku, Tokyo (Main office)
Olympus Medical Systems Corp.	Shibuya-ku, Tokyo (Head office) Shinjuku-ku, Tokyo (Main office)
ITX Corporation	Chiyoda-ku, Tokyo
Olympus America Inc.	U.S.
Olympus Europa Holding GmbH	Germany
KeyMed (Medical & Industrial Equipment) Ltd.	U.K.
Olympus (China) Co., Ltd.	China

9. Employee situation of the Group

Segment	Numbers of Employees	Increase (decrease) from the previous term
Imaging systems business	13,162	(1,010)
Medical systems business	9,420	777
Life science business	4,567	189
Information & communication business	1,822	(8)
Others	2,771	(24)
Management division	1,216	12
Total	32,958	(64)

Note: The number of employees represents individuals working within the Group and includes employees on loan to the Group but does not include employees on loan outside the Group.

10. Principal lenders

(Millions of yen)

Lender	Balance of borrowing
Sumitomo Mitsui Banking Corporation	29,630
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,395

II Matters Concerning Shares

1. **Total Number of Shares Authorized to be Issued:** 1,000,000,000 shares
2. **Total Number of Issued Shares:** 270,321,803 shares
(Excluding treasury stock 961,805 shares)
3. **Number of Shareholders as of March 31, 2007:** 12,227
4. **Principal Shareholders**

Shareholders	Numbers of shares held (thousands)	Investment ratio
Nippon Life Insurance Company	22,426	8.30%
State Street Bank and Trust Company	14,626	5.41%
The Master Trust Bank of Japan, Ltd. (trust account)	14,502	5.36%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,435	4.97%
Japan Trustee Services Bank, Ltd. (Olympus shares in Sumitomo Mitsui Banking Corporation's retirement benefit trust account are entrusted to The Sumitomo Trust & Banking Co., Ltd., which consigns their management to Japan Trustee Service Bank, Ltd.)	9,004	3.33%
Japan Trustee Services Bank, Ltd. (trust account)	8,987	3.32%
Sumitomo Mitsui Banking Corporation	8,350	3.09%
Terumo Corporation	6,811	2.52%
The Chase Manhattan Bank N.A. London	5,555	2.06%
Meiji Yasuda Life Insurance Company	4,518	1.67%

Note: The investment ratio is calculated with the amount treasury stock (961,805 shares) deducted.

III Matters Concerning Board of Directors and Corporate Auditors

1. Name of Directors and Corporate Auditors

Appointment	Name	Position and responsibility in the Company and other companies
President and Representative Director	Tsuyoshi Kikukawa	
Director	Atsushi Yusa	Group president of Future Creation Laboratory
Director	Masaaki Terada	Group president of Corporate R & D center / Director in charge of Intellectual Property & Licensing Div. / President and Director, Olympus Cytori Inc.
Director	Masaharu Okubo	Director in charge of IMS Business Div. and PS Business Div. / President and Representative Director, Olympus Imaging Corp. / Chairman and Representative Director, ORTEK Corporation
Director	Hideo Yamada	Group president of the Corporate Center / Director in charge of Business Planning Div., Corporate Social Responsibility Div., Trade Compliance Bureau and Internal Audit Dept.
Director	Hiroyuki Furihata	Director of Olympus Medical Systems Corp.
Director	Kazuhisa Yanagisawa	Group president of Life science Group
Director	Haruhito Morishima	President and Representative Director, Olympus Medical Systems Corp.
Director	Masataka Suzuki	President and Representative Director, Olympus Europa Holding GmbH
Director	Tatsuo Nagasaki	Executive officer in charge of Alliance Business Strategy / Director of ITX Corporation
Director	Shuichi Takayama	Division Manager of R&D Planning Div.
Director	Takashi Tsukaya	Division Manager of Production Engineering Div. / Director in charge of Quality and Environment Administration Div.
Director	Hisashi Mori	Division Manager, Business Planning Div. and Corporate Social Responsibility Div./ Director in charge of New Business Planning Div.
Director	Toru Toyoshima	
Director	Robert A. Mundell	
Standing Corporate Auditor	Tadao Imai	
Standing Corporate Auditor	Tadahiko Amemiya	
Corporate Auditor	Makoto Shimada	
Corporate Auditor	Yasuo Nakamura	

139th Term

Notes:
1. The following individuals were reelected at the 138th General Meeting of Shareholders held on June 29, 2006 and assumed their post.

Director	Shuichi Takayama
Director	Takashi Tsukaya
Director	Hisashi Mori

2. The following individuals resigned on June 29, 2006.

Director	Koji Miyata
Director	Isao Takahashi

3. Among the Directors, Toru Toyoshima and Robert A. Mundell are Outside Directors.
4. Among the Corporate Auditors, Makoto Shimada and Yasuo Nakamura are Outside Corporate Auditors.
5. Under the Company's executive officer system, the following are executive officers as of March 31, 2007. The "*" mark indicates individuals serving concurrently as Directors.

Appointment	Name
Senior Managing Executive Officer	Masaaki Terada *
Managing Executive Officer	Masaharu Okubo *
Managing Executive Officer	Hideo Yamada *
Managing Executive Officer	Hiroyuki Furihata *
Managing Executive Officer	Kazuhisa Yanagisawa *
Managing Executive Officer	Haruhito Morishima *
Managing Executive Officer	Masataka Suzuki *
Executive Officer	Tatsuo Nagasaki *
Executive Officer	Shuichi Takayama *
Executive Officer	Takashi Tsukaya *
Executive Officer	Hisashi Mori *
Executive Officer	Masao Kuribayashi
Executive Officer	Toshiaki Gomi
Executive Officer	Akinobu Yokoo
Executive Officer	Kazuhiro Watanabe
Executive Officer	Takashi Saito
Executive Officer	Koichi Karaki
Executive Officer	Yasuhiro Ueda
Executive Officer	Norio Saito
Executive Officer	Hitoshi Kawada
Executive Officer	Yoshihiko Masakawa

2. Amount of Remuneration for Directors and Corporate Auditors

	Number	Total Amount Paid
Director	15	¥474 million
Corporate Auditor	4	¥67 million

Notes:
1. By resolution of the 138th General Meeting of Shareholders held on June 29, 2006, the maximum monthly remuneration for Directors is set at ¥65 million and the maximum monthly remuneration for Corporate Auditors is set at ¥10 million and the annual bonus for Directors is ¥120 million. No bonuses are paid to Corporate Auditors.
2. The above amount of remuneration for Directors does not include ¥81 million in salaries for employees serving concurrently as Directors.
3. Of the above amount of remuneration for Directors and Corporate Auditors, the total amount paid to 4 outside officers (2 Outside Directors, 2 Outside Corporate Auditors) is ¥41 million.

3. Matters concerning Outside Directors and Outside Corporate Auditors

(1) Major Activities during Current Fiscal Year

Toru Toyoshima, Director

Mr. Toyoshima attended 18 of the 21 Board of Directors' meetings (except for meetings that were not held by omission of a resolution of the Board of Directors pursuant to Article 370 of the Company Law; The same shall apply hereinafter.) held during the current fiscal year and made statements as he saw fit, based on his profound knowledge and extensive experience with industrial policies, from a perspective independent of the management engaged in the execution of business operations.

Robert A. Mundell, Director

Mr. Mundell attended 3 of the 21 Board of Directors' meetings held during the current fiscal year and made statements as he saw fit from a professional perspective as an international economist, independent of the management engaged in the execution of business operations.

Makoto Shimada, Corporate Auditor

Mr. Shimada attended all 21 Board of Directors' meetings and all 25 Board of Corporate Auditors' meetings and made statements as he saw fit from the perspective of a business manager with extensive experience to ensure appropriate and fair decision making by the Board of Directors.

Yasuo Nakamura, Corporate Auditor

Mr. Nakamura attended all 21 Board of Directors meetings and all 25 Board of Corporate Auditors meetings and made statements as he saw fit from the perspective of a business manager with extensive experience to ensure appropriate and fair decision making by the Board of Directors.

(2) Overview of content of limited liability agreement

The Company has entered into an agreement with all of its Outside Directors and Outside Corporate Auditors to limit their liability pursuant to Article 423, Paragraph 1 of the Company Law, setting the minimum amount stipulated by law as the maximum liability.

139th Term

IV Accounting Auditor

1. Name of Accounting Auditor

KPMG AZSA & Co.

2. Amount of remuneration

Classification	Amount Paid
Remuneration to Accounting Auditor for the current fiscal year	¥50 million
Total amount of money and other financial interests to be paid by the Company and its subsidiaries	¥205 million

Notes:
1. The audit agreement between the Company and its Accounting Auditor does not distinguish compensation paid for audit work performed in conformity with the Company Law and compensation paid for audit work performed in conformity with the Securities and Exchange Act and it is effectively impossible to do so. Therefore, the total amount is provided.
2. Among the important subsidiaries of the Company, Olympus America Inc., Olympus Europa Holding GmbH, KeyMed (Medical & Industrial Equipment) Ltd. and Olympus (China) Co., Ltd. are audited by auditing firms other than the Accounting Auditor of the Company.

3. Description of non-auditing services

The Company pays compensation to the Accounting Auditor for consultation services related to internal control on financial reporting, which is not included in the services under Article 2, Paragraph 1 of the Certified Public Accountant Law.

4. Policy on dismissal and non-reappointment of Accounting Auditor

The Company will dismiss the Accounting Auditor, with the unanimous consent of the Corporate Auditors of the Board of Auditors, in the event said Accounting Auditor is recognized as falling under one of the items listed in Article 340, Paragraph 1 of the Company Law.

In addition to the foregoing, the Company will propose the dismissal or non-reappointment of the Accounting Auditor to the General Meeting of Shareholders in the event it is recognized that the appropriate performance of duties by said Accounting Auditor is rendered not possible due to reasons on the part of the Company or due to events affecting the qualifications and credibility of the Accounting Auditor.

V Company's Systems and Policies

1. Basic Policy on the Internal Control System

The Company conducts all corporate activities in accordance with the basic philosophy of the "Social IN" concept, which involves enabling consumers to lead a happy and healthy life by introducing new values through business, while integrating with the communities it serves and sharing a common sense of value with society.

The Board of Directors, based on this basic principle, shall prepare a framework in which ensures the sound operations of the Company, and make continuous improvements with its application.

(1) Framework to ensure the compliance by Directors and Employees, in performance of duties, to applicable laws and regulations as well as the Articles of Incorporation

1) In order to ensure a system in which Directors and employees perform their duties in compliance with applicable laws and regulations and the Articles of Incorporation, the Board of Directors shall establish the Olympus Group's Charter of Corporate Behavior and Olympus Group's Code of Conduct and other basic policies and internal corporate regulations.

2) The Company shall set up a Compliance Office to manage compliance activities. The compliance office shall continuously conduct compliance related activities, including the education of Directors and employees.

3) The Company shall establish a helpline to consult or receive report compliance related issues. The Company shall also develop a system to report contents, etc. of compliance related issues, if arises, to the Board of Directors and the Board of Auditors through a compliance officer in charge.

(2) Framework regarding the maintenance of records and management of information in relation to performance of duties by auditors

1) Pursuant to applicable laws and regulations and internal rules including the internal rules on document management, etc., the Company shall maintain and manage documents or electronic data.

2) Directors and Auditors may access important documents such as the minutes of a meeting of the Board of Directors and documentary approvals at any time.

(3) Rules relating to the risk management in the event of loss and other circumstances

1) The Company shall manage its business risks based on thorough discussions held at meetings of the board of directors and the executive management committee, among other meetings, and appropriate operation of the internal approval procedure.

2) Pursuant to the internal rule on risk management, each operational department shall be aware of risks and take preventative measures, and the Company shall develop a framework which enables prompt actions in the event of an emergency. In the event of a disaster including earthquakes, fire and accidents, and occurrence of incidents of great risks, such as the violation of corporate ethics, etc., the operational departments shall, through a risk management office as a window, make immediate reports to

the President, other members of the risk management committee and relevant people. The final determination in such circumstance shall be made by the President.

3) A meeting of the risk management committee, with the President as a chairman of the committee, shall be held regularly. The risk management committee shall receive and review reports plans and measures in relation to risk management, and [make efforts] to establish and maintain a risk management system.

(4) Framework to ensure the effective performance of duties by Directors

1) The Board of Directors shall develop medium and long-term basic business plans in order to clarify the Company's business goals and achieve efficient resource allocation based on its annual business plan as determined each business year. In addition, the Board of Directors shall receive a monthly report on business performance in order to evaluate the status of the Company's annual business plan.
2) The Board of Directors shall determine the separation of duties among the Representative Director, other Operating Directors and Operating Officers and supervise with respect to their duties as performed.
3) The Representative Director shall make a decision about significant matters after discussing at meetings of the executive management committee.
4) Based on internal rules relating to approval procedures and organizational matters, the Board of Directors shall determine the management organization and the separation of duties as well as the responsibility and authority of each of the Representative Director, other Operating Directors and Operating Officers, and establish a fair and effective system for performance of duties.

(5) System to ensure the fairness of operations of the Company and its subsidiaries

1) Pursuant to the internal rule on management of affiliated companies, the Company shall clearly provide for management standards applied to its subsidiaries and promote Olympus Group's enhancement and development by providing guidance and training to its subsidiaries.
2) The Company shall dispatch Directors and Auditors to major subsidiaries to ensure the fairness of operations of subsidiaries by requesting them to obtain the Company's approval for significant matters based on the internal rule [on settlement].
3) The Company shall make efforts with such conducts the contents of Olympus Group's Charter of Corporate Behavior among subsidiaries and promote enhanced awareness for compliance with such conducts among the Group.
4) The audit office of the Company shall conduct status audits regarding the internal control, compliance audit and system audit, etc. based on the annual audit plan approved by the President of the Company and report the audit results to the President and the Board of Directors of the Company. The Company shall establish an internal audit department for conducting audits of its major subsidiaries.

(6) Matters relating to Employees that assist the Corporate Auditors upon the request of such Corporate Auditor for assistance and matters relating to independence of the relevant Employees from Directors

1) The Company will establish the office of auditors and allocate personnel who will assist with the Auditors' duties. In order to assist with Auditors' duties, such personnel shall not receive directions or

guidance from any Directors.

2) Appointment, dismissal, transfers, wages and personnel evaluation, etc. of employees, who should assist with Auditors' duties, shall be determined after obtaining the approval of the Board of Auditor, and the independence of such employees from Directors shall be ensured.

(7) Framework regarding reports by Directors and Employees to Corporate Auditors, and other reports to the Corporate Auditors

The Board of Directors shall make reports to Auditors pursuant to relevant laws and regulations. Auditors may request reports from Directors and Employees based on relevant laws and regulations, the Rules of the Board of Auditors and the Auditors' Audit Standard.

(8) Other systems to ensure the effectiveness of audit by Auditors

1) Auditors shall conduct audits on Directors, employees and subsidiaries through hearings or visiting audits, to ensure the effectiveness of its audit.
2) The Board of Auditors shall hold regular meetings with Directors including the President as well as with each head of department, and exchange opinions regarding significant audit related issues.
3) The Board of Auditors shall, in order to ensure an effective audit, hold meetings to discuss their findings with Accounting Auditors, the audit office and Auditors of major subsidiaries.

2. Basic Policy on Management of Joint Stock Company

(1) Basic policy

The Company conducts all corporate activities in accordance with the basic philosophy of the "Social IN" concept, which involves enabling consumers to lead a happy and healthy life by introducing new values through business, while integrating with the communities it serves and sharing a common sense of value with society.

Efforts are being made to ensure and enhance its corporate value, as well as the common interests of its shareholders, based on this philosophy. To this end, it is indispensable 1) to prevent the outflow of technical and human assets that have been developed over the years while protecting and fostering such assets from medium- and long-term perspectives, and 2) to manage business with emphasis on such things as the maintenance and reinforcement of customer networks, as well as the Company's brand competitiveness. It is believed that the foregoing must be ensured and enhanced for medium- and long-term by those who purchase large numbers of the Company's shares. It is also believed that, in the event of an offer of a large-scale acquisition of the Company's shares from an external party, it is necessary to determine the effect of such offer on the Company's corporate value and the common interests of the shareholders, based not only on the foregoing factors but also on an appropriate understanding of such other factors as the Company's tangible and intangible business resources, potential effect of measures concerning the future, diverse business segments including medical systems, imaging systems, life science, and information & communication, synergy that may be achieved though the organic binding of Group companies operating worldwide, and other elements comprising the Company's corporate value.

(2) Measures for realization of basic policies

1) Effective utilization of Company's assets, formation of appropriate corporate group, and other special measures for realization of basic policies

The Company believes that the main sources of its corporate value and common interests of its shareholders are "opto-digital technology (optics, digital imaging, and micro-processing technologies)," "strong customer networks," and "global brand competitiveness," among other things.

As a company engaged in manufacturing, the Company first improved on its basic research related to advanced technologies and manufacturing technologies, such as opto-digital technology, and established a better research and development system. Then, it fostered its core technologies based on the medium- and long-term perspective by passing down the technologies, expertise, and know-how accumulated over the years from generation to generation. Technologies thus fostered are beginning to bear fruit in such form as unique products, like endoscopes, and new businesses, and are resulting in proposals of new values to the society.

In addition, strong networks with customers and the strengthening of collaboration are indispensable in the construction of a business model offering competitive advantages especially in the Medical Systems Business, which is the most profitable of our business segments. A decisive factor in ensuring the high profitability of the Medical Systems Business is the timely provision of products and services that address the needs of medical and healthcare professional and users by sharing information with physicians, who are the opinion leaders.

Further, the Olympus brand is well known not only in Japan but also in Europe and the United States in the areas of consumer business, which includes digital cameras. It is believed that the brand name will continue to play a significant role in building a stable profit base and recovery of value creation ability, backed by the global development of consumer business.

The new medium-term Corporate Strategic Plan "the 2006 CSP" was formulated in 2006 based on the foregoing perception. The Company will seek to secure and enhance corporate value and the common interests of shareholders in a stable and sustainable manner based on the 2006 CSP. (Refer to the Company's press release dated May 10, 2006, for the details of the 2006 CSP. The press release can be found on the Company's website: http://www.olympus.co.jp/jp/corc/ir/tes/2006/)

Furthermore, the Company has been promoting business structural reform since 2001, reducing the number of Directors by one half and shortening the term in office to 1 year, among other things. Since 2005, it has been making efforts to reinforce oversight regarding the execution of business operations through such measures as the appointment of two independent outside Directors. The Company will continue to make efforts to enhance its corporate governance.

2) Measures to prevent control of financial and business policy decisions by inappropriate parties from the perspective of basic policies

The Company's Board of Directors obtained the approval to make the decision to issue gratis share warrants as countermeasures to large-scale acquisitions aimed at owning 20% or more of the Company's shares with voting rights (hereinafter "takeover defence") at the 138th General Meeting of Shareholders held on June 29, 2006. [See the Company's News Release "Introduction of Countermeasures to Large-Scale Acquisitions of Olympus Corporation Shares (Takeover Defence)" dated May 10, 2006 for details. The News Release can be found on the Company's website: http://www.olympus-global.com/en/info/index.cfm?target_year=2006&disp=on]

(3) Board of Directors' views on measure in (2) above and reasons thereof

1) It is in line with basic policies set forth in (1) above

The Company's anti-takeover measure is intended to ensure and enhance the Company's corporate value and the common interests of the shareholders by proposing to the shareholders the plans of the Company's management and alternative plans, ensuring opportunities for negotiations with the party attempting to execute the takeover, and other means, by establishing internal procedure regarding large-scale acquisition of the Company's shares and securing necessary and sufficient information and time for shareholders to make appropriate decisions. As such, the Company's Board of Directors believes that the measure set forth in (2) above is in line with the basic policies set forth in (1) above.

2) Measure does not undermine common interests of the Company's shareholders and is not intended to maintain positions of the Company's Directors and Corporate Auditors

The advice of a highly independent special committee is required to put the anti-takeover measure into effect. The measure does not undermine the common interests of the shareholders, remaining in effect for three years and requiring the approval of the general meeting of shareholders for renewal, and is not intended to be a means of maintaining the position of the Company's Directors and Corporate Auditors.

139th Term

(Reference)

Comparison of the Business Report after correction and before correction

For the 139th Term (April 1, 2006 to March 31, 2007)

Page 156

I Review of Group Operations

1. Review of Operations

Paragraph 4

[After Correction]

Consolidated net sales of this fiscal year exceeded ¥1,000 billion for the first time ever at ¥1,061.786 billion (8.6% increase over the previous year) as a result of the foregoing activities. In terms of income, the Medical Systems Business contributed greatly to an increase with the robust sales of new products, both in the domestic and overseas markets, and the structural reform in the Imaging Systems Business bore fruit in the form of improved profitability, including reduced cost percentages and increased product competitiveness. As a result, the consolidated operating income was ¥98.729 billion (up 57.9% over the previous year), the consolidated ordinary income was ¥78.346 billion (up 90.1% over the previous year), and the consolidated net income was ¥46.962 billion (up 64.4% over the previous year).

[Before Correction]

Consolidated net sales of this fiscal year exceeded ¥1,000 billion for the first time ever at ¥1,061.786 billion (8.6% increase over the previous year) as a result of the foregoing activities. In terms of income, the Medical Systems Business contributed greatly to an increase with the robust sales of new products, both in the domestic and overseas markets, and the structural reform in the Imaging Systems Business bore fruit in the form of improved profitability, including reduced cost percentages and increased product competitiveness. As a result, the consolidated operating income was ¥98.729 billion (up 57.9% over the previous year), the consolidated ordinary income was ¥76.226 billion (up 85.0% over the previous year), and the consolidated net income was ¥47.799 billion (up 67.3% over the previous year).

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5. Changes in Assets and Results of Operation

[After Correction]

(Millions of yen)

	136th term	137th term	138th term	139th term
Net sales	633,622	813,538	978,127	1,061,786
Ordinary income	55,829	10,204	41,206	78,346
Net income (loss)	33,564	(11,827)	28,564	46,962
Net income (loss) per share (Yen)	126.96	(44.98)	105.99	173.69
Total assets	682,673	858,083	976,132	1,002,665
Net assets	252,179	240,837	290,656	224,951
Net assets per share (Yen)	956.55	913.17	1,074.30	792.72

Notes:
1. In the 137th term, the consolidated net sales increased as a result of the subsidiarization of ITX Corporation in the second half of the fiscal year. Also, a loss due to business restructuring in the Imaging Systems Business was accounted as an extraordinary loss and a consolidated net loss was posted due to the reversal of deferred income taxes.
2. See "I Review of Group Operations 1. Review of Operations" on page 156 above for details on results for the 139th term (current fiscal year).
3. Since the 139th term (current), the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard No. 5, December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard Implementation Guidance No. 8, December 9, 2005) have been applied.
4. Owing to the correction of improper accounting treatment, at the beginning of the 139th term, there was a ¥118,353 million reduction in retained earnings to account for the corresponding loss.

[Before Correction]

(Millions of yen)

	136th term	137th term	138th term	139th term
Net sales	633,622	813,538	978,127	1,061,786
Ordinary income	55,829	10,204	41,206	76,226
Net income (loss)	33,564	(11,827)	28,564	47,799
Net income (loss) per share (Yen)	126.96	(44.98)	105.99	176.79
Total assets	682,673	858,083	976,132	1,091,800
Net assets	252,179	240,837	290,656	344,871
Net assets per share (Yen)	956.55	913.17	1,074.30	1,236.34

Notes:
1. In the 137th term, the consolidated net sales increased as a result of the subsidiarization of ITX Corporation in the second half of the fiscal year. Also, a loss due to business restructuring in the Imaging Systems Business was accounted as an extraordinary loss and a consolidated net loss was posted due to the reversal of deferred income taxes.
2. See "I Review of Group Operations 1. Review of Operations" on page 1 above for details on results for the 139th term (current fiscal year).
3. Since the 139th term (current), the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard No. 5, December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard Implementation Guidance No. 8, December 9, 2005) have been applied.

139th Term

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6. Major Parent Companies and Subsidiaries

(2) Major subsidiaries

[After Correction]

There are 196 consolidated subsidiaries, including the following 7 major subsidiaries, and 21 equity-method companies.

[Before Correction]

There are 183 consolidated subsidiaries, including the following 7 major subsidiaries, and 22 equity-method companies.

139th Term

After Correction

Consolidated Balance Sheet

As of March 31, 2007

(Millions of yen)

Accounts	Amount	Accounts	Amount
ASSETS:		**LIABILITIES:**	
Current assets	**537,838**	**Current liabilities**	**410,266**
Cash and time deposits	181,586	Notes and accounts payable	100,252
Notes and accounts receivable	192,855	Short-term borrowings	148,517
Marketable securities	8,347	Current maturities of bonds	94
Inventories	89,847	Accrued expenses	77,526
Deferred income taxes	32,319	Income taxes payable	16,781
Others	36,265	Warranty reserve	8,758
Allowance for doubtful accounts	(3,381)	Others	58,338
		Long-term liabilities	**367,448**
Fixed assets	**464,827**	Long-term bonds, less current maturities	140,480
Property, plant and equipment	**140,089**	Long-term borrowings, less current maturities	203,123
Buildings and structures	63,300	Severance and retirement allowance	9,529
Machinery and equipment	18,526	Severance and retirement allowance for directors and corporate auditors	83
Tools, furniture and fixtures	38,421	Reserve for loss on liabilities for guarantee	452
Land	18,736	Others	13,781
Construction in progress	1,106	**Total liabilities**	**777,714**
Intangible fixed assets	**100,351**	**NET ASSETS:**	
Goodwill	78,718	**Shareholders' equity**	**191,050**
Others	21,633	Common stock	48,332
		Capital surplus	73,049
Investments and other assets	**224,387**	Retained earnings	71,933
Investment securities	104,996	Treasury stock, at cost	(2,264)
Deferred income taxes	9,606	**Valuation and translation adjustments**	**23,240**
Investment fund assets	57,505	Net unrealized holding gains on securities	15,347
Others	52,763	Deferred gains or losses on hedges	(184)
Allowance for doubtful accounts	(483)	Foreign currency translation adjustments	8,077
		Minority interests	**10,661**
		Total net assets	**224,951**
Total assets	**1,002,665**	**Total liabilities and net assets**	**1,002,665**

139th Term

Before Correction (Reference)

Consolidated Balance Sheet

As of March 31, 2007

(Millions of yen)

Accounts	Amount	Accounts	Amount
ASSETS:		**LIABILITIES:**	
Current assets	**572,838**	**Current liabilities**	**410,116**
Cash and time deposits	216,586	Notes and accounts payable	100,252
Notes and accounts receivable	192,855	Short-term borrowings	148,517
Marketable securities	8,347	Current maturities of bonds	94
Inventories	89,847	Accrued expenses	77,526
Deferred income taxes	32,319	Income taxes payable	16,631
Others	36,265	Warranty reserve	8,758
Allowance for doubtful accounts	(3,381)	Others	58,338
		Long-term liabilities	**336,813**
Fixed assets	**518,962**	Long-term bonds, less current maturities	140,480
Property, plant and equipment	**140,089**	Long-term borrowings, less current maturities	173,123
Buildings and structures	63,300	Severance and retirement allowance	9,529
Machinery and equipment	18,526	Severance and retirement allowance for directors and corporate auditors	83
Tools, furniture and fixtures	38,421	Reserve for loss on liabilities for guarantee	452
Land	18,736	Others	13,146
Construction in progress	1,106	**Total liabilities**	**746,929**
Intangible fixed assets	**100,351**	**NET ASSETS:**	
Goodwill	78,718	**Shareholders' equity**	**310,239**
Others	21,633	Common stock	48,332
		Capital surplus	73,049
Investments and other assets	**278,522**	Retained earnings	191,122
Investment securities	216,636	Treasury stock, at cost	(2,264)
Deferred income taxes	9,606	**Valuation and translation adjustments**	**23,971**
Others	52,763	Net unrealized holding gains on securities	16,078
Allowance for doubtful accounts	(483)	Deferred gains or losses on hedges	(184)
		Foreign currency translation adjustments	8,077
		Minority interests	**10,661**
		Total net assets	**344,871**
Total assets	**1,091,800**	**Total liabilities and net assets**	**1,091,800**

After Correction

Consolidated Statement of Income

April 1, 2006 to March 31, 2007

(Millions of yen)

Accounts	Amount
Net sales	1,061,786
Cost of sales	611,503
Gross profit	**450,283**
Selling, general and administrative expenses	351,554
Operating income	**98,729**
Non-operating income	6,330
Interest income	1,799
Others	4,531
Non-operating expenses	26,713
Interest expenses	12,567
Net loss of investment in affiliated companies carried on the equity method	671
Foreign currency exchange loss	4,120
Others	9,355
Ordinary income	**78,346**
Extraordinary gains	731
Gain on sales of investment securities in subsidiaries and affiliates	163
Gain on sales of investment securities	568
Extraordinary losses	6,184
Impairment loss on fixed assets	1,619
Loss on valuation of investment securities	2,450
Provision of reserve for loss on liabilities for guarantee	2
Loss on funds invested	2,113
Income before provision for income taxes	**72,893**
Current	31,832
Deferred	(5,601)
Minority interests (loss)	(300)
Net income	**46,962**

139th Term

Before Correction (Reference)

Consolidated Statement of Income

April 1, 2006 to March 31, 2007

(Millions of yen)

Accounts	Amount
Net sales	1,061,786
Cost of sales	611,503
Gross profit	**450,283**
Selling, general and administrative expenses	351,554
Operating income	**98,729**
Non-operating income	6,330
Interest income	1,799
Others	4,531
Non-operating expenses	28,833
Interest expenses	12,567
Net loss of investment in affiliated companies carried on the equity method	2,394
Foreign currency exchange loss	4,120
Others	9,752
Ordinary income	**76,226**
Extraordinary gains	731
Gain on sales of investment securities in subsidiaries and affiliates	163
Gain on sales of investment securities	568
Extraordinary losses	3,377
Impairment loss on fixed assets	1,619
Loss on valuation of investment securities	1,756
Provision of reserve for loss on liabilities for guarantee	2
Income before provision for income taxes	**73,580**
Current	31,682
Deferred	(5,601)
Minority interests (loss)	(300)
Net income	**47,799**

After Correction

Consolidated Statement of Changes in Net Assets

April 1, 2006 to March 31, 2007

(Millions of yen)

Item	Shareholders' Equity: Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' Equity
Balance as of March 31, 2006	48,332	73,049	153,864	(1,884)	273,361
Change due to retrospective adjustment			(118,352)		(118,352)
Changes during the fiscal year					
Dividends from surplus (Note)			(3,921)		(3,921)
Dividends from surplus			(2,974)		(2,974)
Bonuses to directors (Note)			(137)		(137)
Net income			46,962		46,962
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.K.			(1,066)		(1,066)
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.S.			(2,443)		(2,443)
Acquisition of treasury stock				(380)	(380)
Net changes of items other than shareholders' equity during the fiscal year					
Total changes during the fiscal year	–	–	36,421	(380)	36,041
Balance as of March 31, 2007	48,332	73,049	71,933	(2,264)	191,050

Item	Valuation and Translation Adjustments: Net unrealized holding gains on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total Valuation and Translation Adjustments	Minority Interests	Total Net Assets
Balance as of March 31, 2006	16,422	–	873	17,295	9,657	300,313
Change due to retrospective adjustment	172			172		(118,180)
Changes during the fiscal year						
Dividends from surplus (Note)						(3,921)
Dividends from surplus						(2,974)
Bonuses to directors (Note)						(137)
Net income						46,962
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.K.						(1,066)
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.S.						(2,443)
Acquisition of treasury stock						(380)
Net changes of items other than shareholders' equity during the fiscal year	(1,247)	(184)	7,204	5,773	1,004	6,777
Total changes during the fiscal year	(1,247)	(184)	7,204	5,773	1,004	42,818
Balance as of March 31, 2007	15,347	(184)	8,077	23,240	10,661	224,951

Note: Appropriation of profit based on the resolution at the General Meeting of Shareholders for the fiscal year ended March 31, 2006.

139th Term

Before Correction (Reference)

Consolidated Statement of Changes in Net Assets

April 1, 2006 to March 31, 2007

(Millions of yen)

Item	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' Equity
Balance as of March 31, 2006	48,332	73,049	153,864	(1,884)	273,361
Changes during the fiscal year					
Dividends from surplus (Note)			(3,921)		(3,921)
Dividends from surplus			(2,974)		(2,974)
Bonuses to directors (Note)			(137)		(137)
Net income			47,799		47,799
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.K.			(1,066)		(1,066)
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.S.			(2,443)		(2,443)
Acquisition of treasury stock				(380)	(380)
Net changes of items other than shareholders' equity during the fiscal year					
Total changes during the fiscal year	–	–	37,258	(380)	36,878
Balance as of March 31, 2007	48,332	73,049	191,122	(2,264)	310,239

Item	Valuation and Translation Adjustments				Minority Interests	Total Net Assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total Valuation and Translation Adjustments		
Balance as of March 31, 2006	16,422	–	873	17,295	9,657	300,313
Changes during the fiscal year						
Dividends from surplus (Note)						(3,921)
Dividends from surplus						(2,974)
Bonuses to directors (Note)						(137)
Net income						47,799
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.K.						(1,066)
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.S.						(2,443)
Acquisition of treasury stock						(380)
Net changes of items other than shareholders' equity during the fiscal year	(344)	(184)	7,204	6,676	1,004	7,680
Total changes during the fiscal year	(344)	(184)	7,204	6,676	1,004	44,558
Balance as of March 31, 2007	16,078	(184)	8,077	23,971	10,661	344,871

Note: Appropriation of profit based on the resolution at the General Meeting of Shareholders for the fiscal year ended March 31, 2006.

After Correction

Notes to Consolidated Financial Statements

Regarding correction of consolidated financial statements

The Company established a third party committee consisting of members who hold no interests with the Company (Chairman: Tatsuo Kainaka, attorney-at-law; the "Third Party Committee") on November 1, 2011 for the purpose of investigating all transactions regarding the acquisitions of Gyrus Group PLC ("Gyrus") and three domestic subsidiaries (Altis Co., Ltd., NEWS CHEF, Inc. and Humalabo Co., Ltd.), from the beginning of examination of each acquisition to the time of closing of each transaction. The Company then received an investigation report issued by the Third Party Committee on December 6, 2011, which contained details of the situation regarding the Company's postponing of recognition of losses and its settlement of such losses, and the impact of these actions. The investigation by the Third Party Committee revealed that the Company incurred large losses on securities investments, derivative transactions, etc. from the 1990's, and postponed the recognition of the losses. It also revealed that, by means such as going through multiple funds, the Company used the acquisition funds for the three domestic subsidiaries, as well as the fees paid to financial advisors and the funds to buy back preferred shares in connection with the acquisition of Gyrus, for purposes including settling hidden losses on securities investments incurred from the Company's past postponement of the recognition of losses.
The Company judged that there were significant errors in the consolidated financial statements for the five fiscal years including and following the fiscal year ended March 31, 2007. The Company then remade the relevant consolidated financial statements in order to recognize the hidden losses, which had previously been treated as outside the scope of consolidation due to the Company's past postponement of the recognition of losses, etc., as losses of the Company for the relevant past fiscal years, with corrections of the associated errors.

Important Items That Form the Basis for Preparing the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries and names of principal consolidated subsidiaries

Number of consolidated subsidiaries: 196

Principal consolidated subsidiaries:

Olympus Medical Systems Corp., Olympus Imaging Corp., Aizu Olympus Co., Ltd., Shirakawa Olympus Co., Ltd., Olympus Opto-Technology Co., Ltd. ITX Corporation, IT Telecom, Inc., Olympus Medical Systems Europa GmbH, Olympus America Inc. and Olympus Hong Kong and China Limited

The following 13 receiver funds (Note) determined to be used to segregate hidden losses on financial assets, derivative transactions, etc., and to be substantially controlled by the Company, are included in the scope of consolidation.

- SG Bond Plus Fund
- PS Global Investable Markets-O
- G.C. New Vision Ventures

- Central Forest Corporation
- TEAO Limited
- Neo Strategic Venture, L.P.
- Class Fund IT Ventures
- Quick Progress Co. Ltd
- Global Targets SPC-Sub Fund H Segregated Portfolio
- Dynamic Dragons II, SPC-Sub Fund H Segregated Portfolio
- Easterside Investments Limited
- Twenty-First Century Global Fixed Income Fund Limited
- Genesis Venture Capital Series 1 Limited

Note: This term refers to a number of non-consolidated receiver funds that served as assignees of financial assets, derivative transactions, etc. (collectively, the "Receiver Funds") as the Company incurred large losses from securities investments, derivative transactions, etc. from the 1990's and segregated the hidden losses beginning with the fiscal year ended March 31, 2000 with the intention of postponing the recognition of the losses.

Newly consolidated subsidiaries: 11

Olympus Software Technology Corp., Olympus Microsystems America, Inc., Bacus Laboratories, Inc., Olympus Canada Inc., Web I Laboratories, Inc. and other six companies

Olympus Software Technology Corp. was established by a corporate split of Olympus Systems Co., Ltd. during the fiscal year ended March 31, 2007.
Olympus Microsystems America, Inc. and other four companies are newly established subsidiaries during the fiscal year.
Bacus Laboratories, Inc. and other three companies have been included into consolidation through equity participation carried out during the fiscal year.
Web I Laboratories, Inc. has been included in the scope of consolidation from the fiscal year ended March 31, 2007, due to gains in materiality.

Excluded companies: 10

DIGITAL ARX CORPORATION, MarkAny Japan Corporation, Olympus Patient Systems Ltd. and other seven companies

DIGITAL ARX CORPORATION and other two companies have been excluded from consolidated subsidiaries due to merger with other consolidated subsidiaries during the fiscal year.
MarkAny Japan Corporation and other three companies have been excluded from consolidated subsidiaries due to sale of shares during the fiscal year.
Olympus Patient Systems Ltd. has been excluded from consolidated subsidiaries due to liquidation during the fiscal year.
Promotions Corporation and other one company have been excluded from consolidated subsidiaries due to

decrease in materiality.

(2) Names and other information of principal non-consolidated subsidiaries

Principal non-consolidated subsidiaries:

Olympus Moscow Limited Liability Company and Beijing Beizhao Olympus Optical Co., Ltd.

The above non-consolidated subsidiaries are all small and not material when measured by the impact of each amount of total assets, net sales, net income, and retained earnings (based on the Company's ownership percentage) of those companies on consolidated financial statements. They have therefore been excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries and affiliates accounted for under the equity method and names of principal companies, etc.

Non-consolidated subsidiaries accounted for under the equity method: 6

Principal subsidiaries:

Olympus Moscow Limited Liability Company and Beijing Beizhao Olympus Optical Co., Ltd.

Newly added subsidiaries: 1

Radio Cafe, Inc.

Radio Cafe, Inc. became an equity participation company during the fiscal year.

Affiliated companies accounted for under the equity method: 15

Principal affiliated companies:

ORTEK Corporation, Adachi Co., Ltd. and Olympus Cytori Inc.

Newly added affiliated companies: 5

Artefactory Inc. and other four companies

Artefactory Inc. and other three companies have been included in affiliated companies accounted for under the equity method due to equity participation or additional acquisition of shares during the fiscal year.

ICAL Co., Ltd. has been included in affiliated companies accounted for under the equity method due to gains in materiality.

Excluded companies: 3

TOSHIMA CABLE NETWORK CO., LTD and other two companies

TOSHIMA CABLE NETWORK CO., LTD and other one company have been excluded from affiliated companies accounted for under the equity method due to sale of shares during the fiscal year.

Insight Technology, Inc. has been excluded from affiliated companies accounted for under the equity method due to a decline in the share holding ratio as a result of the merger having the company as a surviving company.

(2) Nine non-consolidated subsidiaries and 15 affiliated companies are not accounted for under the equity method because the impact of all those companies on consolidated net income and retained earnings is not material.

3. Items concerning accounting principles

(1) Important asset valuation principles and methods

(a) Securities

Held-to-maturity securities	Amortized cost method
Other securities	
Items with market value	Market value method based on fair market value on the account settlement date (the net unrealized gains and losses on these securities are reported as a separate component of net assets, and the cost of sales is calculated by the moving-average method)
Items without market value	Cost method based on the moving-average method Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, Paragraph 2 of the Securities and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.
(b) Claims and liabilities from derivatives transactions	Market value method
(c) Inventories	Inventories are principally reported using the lower of cost (first-in first-out) or market method

(2) Depreciation and amortization method for important depreciated and amortized assets

(a) Property, plant and equipment	Mainly by the declining balance method
Conveyance equipment, tools, furniture and fixtures	Mainly based on useful lives as per the Corporate Tax Law
Other property, plant and equipment	Mainly based on useful lives prescribed by the Company determined in accordance with estimated functional useful years
(b) Intangible fixed assets	Straight-line method Mainly based on useful lives as per the Corporate Tax Law Software for internal use is reported using the usable period within the Company (3 to 5 years).

(3) Accounting method for important allowances and reserves

(a) Allowance for doubtful accounts

To provide for losses due to unrecoverable claims such as accounts receivables-trade and loans, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

(b) Warranty reserve

Due to the accounting of after service cost expected within the guarantee period with respect to products sold, the reserve for product guarantees is accounted using prescribed standards based on actually incurred past after service cost.

(c) Severance and retirement allowance

To provide for severance and retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year based on the severance and retirement liabilities and pension assets as of the end of the current fiscal year.

Pertaining to past service liabilities, the pro-rata amount calculated using a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities is accounted as an expense.

Pertaining to the actuarial difference, the pro-rata amount calculated using a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence of such actuarial difference is accounted as an expense starting from the following fiscal year.

(d) Severance and retirement allowance for directors and corporate auditors

To provide for outlays for severance and retirement benefit payments for directors and corporate auditors, the necessary payment amount at the end of the fiscal year is accounted by domestic consolidated subsidiaries based on their respective internal regulations.

(e) Reserve for loss on liabilities for guarantee

To provide for losses on liabilities for guarantee, the amount of loss expected to be borne is accounted considering the financial conditions of the guaranteed party.

(4) Other important items that form the basis for preparing consolidated financial statements

(a) Treatment method for important deferred assets

Stock delivery expense and bond issuance expense

Total expense recorded at the time of occurrence

(b) Treatment method for important lease transactions

Financing lease transactions that do not transfer titles to lessees are treated in the same manner as operating lease transactions.

(c) Important hedge accounting methods

The deferred hedge treatment method is used. Foreign currency-denominated monetary claims and liabilities under foreign exchange forward contracts are accounted by translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, requirements for special treatment are satisfied, therefore a special treatment is used.

Hedging instruments and hedged items

Hedging instruments: Foreign exchange forward contracts, currency option contracts, currency swap contracts, interest rate swap contracts

Hedged items: Forecasted transactions for foreign currency-denominated monetary claims and liabilities, borrowings

Hedging policy

Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

Hedging effect evaluation method

The effect is evaluated by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

(d) Treatment of consumption taxes

Treated using a tax exclusive method.

(e) Application of a consolidated tax payment system

A consolidated tax payment system under designating Olympus Corporation as the parent company is adopted at the Company from the fiscal year ended March 31, 2007. Some of the Company's consolidated subsidiaries have already adopted the consolidated tax payment system.

(f) Item concerning the amortization of goodwill

Goodwill is amortized equally mainly over a period of 5 to 20 years.

4. Items concerning the valuation of the assets and liabilities of consolidated subsidiaries

The assets and liabilities of consolidated subsidiaries are fully evaluated using the fair market value at the time when the Company acquired control of the respective subsidiaries.

5. Changes in important items that form the basis for preparing the consolidated financial statements

(1) Accounting standard for bonuses to directors

From the current fiscal year, the "Accounting Standard for Directors' Bonus" (Accounting Standard No. 4, issued by the Accounting Standards Board of Japan on November 29, 2005) has been adopted. The effect on gains and losses is minimal.

(2) Accounting standard for net assets on balance sheet

From the current fiscal year, the Company has adopted the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard No. 5, issued by the Accounting Standards Board of Japan on December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standard Implementation Guidance No. 8, issued by the Accounting Standards Board of Japan on December 9, 2005).

The amount corresponding to the former "capital" was ¥214,474 million.

(3) Accounting standard regarding business combination

From the current fiscal year, the Company has adopted the "Accounting Standard Relating to Business Combination" (issued by the Business Accounting Council on October 31, 2003), "Accounting Standard for Business Divestitures" (Accounting Standard No. 7, issued by the Accounting Standards Board of Japan on December 27, 2005), and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standard Implementation Guidance No. 10, issued by the Accounting Standards Board of Japan on December 27, 2005).

(4) Change in accounting standard for retirement benefits in subsidiaries in the U.S.

From the current fiscal year, our subsidiaries in the U.S. have adopted a new accounting standard regarding retirement benefits in the U.S. (US Accounting Standard, SFAS158). Consequently, retained earnings decreased due to the deduction of a calculated difference of ¥2,443 million directly from the retained earnings. However, this will have no effect on the gains or losses in the current fiscal year.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and obligations secured by such collateral

(1) Assets pledged as collateral

Cash and time deposits	¥596 million
Accounts receivable	¥509 million
Inventories	¥306 million
Buildings and structures	¥2,047 million
Machinery and equipment	¥286 million
Land	¥1,881 million
Investment securities	¥88 million
Others	¥30 million
Total	¥5,743 million

(2) Obligations secured by such collateral

Long-term borrowings, less current maturities	¥2,327 million
Short-term borrowings	¥770 million

¥30,000 million of long-term borrowings, less current maturities, other than the above is borrowings from LGT Bank in Liechtenstein Ltd recognized by Central Forest Corporation with a deposit of ¥35,000 million (before deduction of expected loss) pledged as collateral at LGT Bank in Liechtenstein Ltd, which is included in the Company's investment fund assets.

Date of loan: July 23, 1998 (revised date: July 18, 2003)

Interest rate: 1.205%

Period of loan: 5 years (revised repayment date: July 22, 2008)

2. Accumulated depreciation for property, plant and equipment

¥208,977 million

3. Liabilities for guarantees

(Guaranteed party)	(Description of guarantee)	(Amount)
Employees	Housing fund loans	¥391 million
Other	Bank loans, etc.	¥1,928 million
Total		¥2,319 million

The above stated amounts have been obtained by deducting reserve for loss on liabilities for guarantee.

4. Notes receivable discounted

Notes receivable discounted	¥3,179 million
(including discounted bills of exchange for export)	¥3,001 million
Notes received endorsed for transfer	¥179 million

139th Term

5. Notes at maturity on final day of fiscal year

Regarding the accounting treatment of notes at maturity on the final day of the fiscal year, although the final day of the current fiscal year was a holiday for financial institutions, the notes were treated as though settlement occurred on the day of maturity. The amounts of notes at maturity on the final day of the current fiscal year are as follows:

Notes receivable	¥580 million
Notes payable	¥1,434 million

6. Investment fund assets

Assets held by the Receiver Funds are presented in bulk as “investment fund assets.” This is because the operating assets of the Receiver Funds are, unlike usual investments by the Company, managed in an integrated manner in a series of transactional schemes. These investment fund assets include mainly deposits and investment securities. However, since related materials, etc. were not fully maintained, the Company corrected the consolidated financial statements by obtaining accounting information from outside persons related with the schemes.

Notes to Consolidated Statement of Income

1. Impairment losses

Impairment losses are accounted for the following asset groups in the current fiscal year.

Application	Type	Location	Impairment loss
Life science business assets	Goodwill	Munster, Germany	¥247 million
Information & communication business assets	Goodwill	Tokyo, Fukuoka and other prefectures	¥435 million
	Buildings, etc.		¥188 million
Others assets	Goodwill	Nagano and other prefectures	¥269 million
	Machinery and equipment, etc.		¥24 million
Idle assets	Land	Nagano	¥255 million
	Buildings, etc.		¥201 million
Total			¥1,619 million

Business assets are grouped by segment per type of business and idle assets are grouped individually.

Pertaining to business assets, because recoverability is not recognized over the estimated future cash flow period due to changes in the business environment, their book value is reduced to the recoverable amount. The recoverable amount is measured using the value in use and calculated with the future cash flow discounted mainly at 6.5% or 5.9%.

For idle assets, because the market value is substantially lower than the book value, the book value is reduced to the recoverable value. The recoverable value of these asset groups is measured using the fair value less cost to sell and is evaluated using a method that deducts the estimated sales expenses from the estimated sales price.

2. Extraordinary losses

¥2,113 million of “loss on funds invested” under extraordinary losses mainly consists of interest expenses and commission fees pertaining to management of receiver fund assets.

Notes to Consolidated Statement of Changes in Net Assets

1. Total number of issued shares at the end of the current fiscal year 271,283,608 shares

2. Items concerning dividends

(1) Paid dividends

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General Meeting of Shareholders held on June 29, 2006	Common stock	3,921	14.50	March 31, 2006	June 30, 2006
Board of Directors' meeting held on November 7, 2006	Common stock	2,974	11.00	September 30, 2006	December 8, 2006
Total	-	6,895	-	-	-

(2) Dividends whose record date falls in the current fiscal year and have an effective date in the next fiscal year

The following are proposed items concerning the dividends of common stock on the agenda of the Ordinary General Meeting of Shareholders to be held on June 28, 2007.

(a) Total dividends ¥6,488 million

(b) Dividend per share ¥24.00

(c) Record date March 31, 2007

(d) Effective date June 29, 2007

The dividend resource shall be retained earnings.

(3) Other

As dividends were already paid in accordance with the procedures based on the resolution by the General Meeting of Shareholders and the Board of Directors, the amount of retained earnings was determined after subtracting the dividends.

Notes to Per-Share Information

Net assets per share ¥792.72
Net income per share ¥173.69

139th Term

Notes to Other Matters

1. Future conditions

Following the Company's announcement on November 8, 2011 concerning its postponing of recognition of losses on securities investments, etc., investigations by domestic and overseas investigative authorities, supervisory bodies and other public bodies (including those in the U.K. and U.S.) have begun. The consolidated financial statements may be amended if any further important information comes to light in such investigations in the future. Furthermore, as a result of inappropriate financial reporting by the Company, parties such as holders of its American Depositary Receipts (ADRs) have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company for a similar reason.

2. Investment fund assets

As the Company incurred large losses from securities investments, derivative transactions, etc. from the 1990's, with the intention of postponing the recognition of the losses, the Company segregated the financial assets, derivative transactions, etc. on which there were hidden losses to a number of non-consolidated Receiver Funds beginning with the fiscal year ended March 31, 2000. Assets held by the Receiver Funds are presented in bulk as "investment fund assets" in the consolidated balance sheet. This is because the operating assets of the Receiver Funds are, unlike usual investments by the Company, managed in an integrated manner in a series of transactional schemes to segregate and settle the losses. Some board members were aware of the circumstances surrounding the past transactions to segregate and settle the hidden losses. However, as a result of the matters pointed out in the Investigation Report by the Third Party Committee and the Company's internal investigation, it has come to light that the legal form and the asset management body of each Receiver Fund, and information on the details of operating assets, appraised value, etc. of each Receiver Fund during the period from the loss segregation to the liquidation of each Receiver Fund, were not fully maintained at the Company. Therefore, the Company corrected the consolidated financial statements by obtaining accounting information from outside persons related with the loss segregation and settlement scheme.

Before Correction (Reference)

Notes to Consolidated Financial Statements

Important Items That Form the Basis for Preparing the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries and names of principal consolidated subsidiaries

Number of consolidated subsidiaries: 183

Principal consolidated subsidiaries:

Olympus Medical Systems Corp., Olympus Imaging Corp., Aizu Olympus Co., Ltd., Shirakawa Olympus Co., Ltd., Olympus Opto-Technology Co., Ltd. ITX Corporation, IT Telecom, Inc., Olympus Medical Systems Europa GmbH, Olympus America Inc. and Olympus Hong Kong and China Limited

Newly consolidated subsidiaries: 11

Olympus Software Technology Corp., Olympus Microsystems America, Inc., Bacus Laboratories, Inc., Olympus Canada Inc., Web I Laboratories, Inc. and other six companies

Olympus Software Technology Corp. was established by a corporate split of Olympus Systems Co., Ltd. during the fiscal year ended March 31, 2007.

Olympus Microsystems America, Inc. and other four companies are newly established subsidiaries during the fiscal year.

Bacus Laboratories, Inc. and other three companies have been included into consolidation through equity participation carried out during the fiscal year.

Web I Laboratories, Inc. has been included in the scope of consolidation from the fiscal year ended March 31, 2007, due to gains in materiality.

Excluded companies: 10

DIGITAL ARX CORPORATION, MarkAny Japan Corporation, Olympus Patient Systems Ltd. and other seven companies

DIGITAL ARX CORPORATION and other two companies have been excluded from consolidated subsidiaries due to merger with other consolidated subsidiaries during the fiscal year.

MarkAny Japan Corporation and other three companies have been excluded from consolidated subsidiaries due to sale of shares during the fiscal year.

Olympus Patient Systems Ltd. has been excluded from consolidated subsidiaries due to liquidation during the fiscal year.

Promotions Corporation and other one company have been excluded from consolidated subsidiaries due to decrease in materiality.

(2) Names and other information of principal non-consolidated subsidiaries

Principal non-consolidated subsidiaries:

Olympus Moscow Limited Liability Company and Beijing Beizhao Olympus Optical Co., Ltd.

The above non-consolidated subsidiaries are all small and not material when measured by the impact of each amount of total assets, net sales, net income, and retained earnings (based on the Company's ownership percentage) of those companies on consolidated financial statements. They have therefore been excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries and affiliates accounted for under the equity method and names of principal companies, etc.

Non-consolidated subsidiaries accounted for under the equity method: 4

Principal subsidiaries:

Olympus Moscow Limited Liability Company and Beijing Beizhao Olympus Optical Co., Ltd.

Newly added subsidiaries: 2

Radio Cafe, Inc. and other one company

Radio Cafe, Inc. became an equity participation company during the fiscal year.

G. C. New Vision Ventures, L.P. has been included in non-consolidated subsidiaries accounted for under the equity method from the fiscal year ended March 31, 2007, due to gains in materiality.

Affiliated companies accounted for under the equity method: 18

Principal affiliated companies:

ORTEK Corporation, Adachi Co., Ltd. and Olympus Cytori Inc.

Newly added affiliated companies: 8

Artefactory Inc. and other seven companies

Artefactory Inc. and other six companies have been included in affiliated companies accounted for under the equity method due to equity participation or additional acquisition of shares during the fiscal year. ICAL Co., Ltd. has been included in affiliated companies accounted for under the equity method due to gains in materiality.

Excluded companies: 3

TOSHIMA CABLE NETWORK CO., LTD and other two companies

TOSHIMA CABLE NETWORK CO., LTD and other one company have been excluded from affiliated companies accounted for under the equity method due to sale of shares during the fiscal year.

Insight Technology, Inc. has been excluded from affiliated companies accounted for under the equity method due to a decline in the share holding ratio as a result of the merger having the company as a surviving company.

(2) Nine non-consolidated subsidiaries and 15 affiliated companies are not accounted for under the equity method because the impact of all those companies on consolidated net income and retained earnings is not material.

3. Items concerning accounting principles

(1) Important asset valuation principles and methods

(a) Securities

Held-to-maturity securities	Amortized cost method
Other securities	
Items with market value	Market value method based on fair market value on the account settlement date (the net unrealized gains and losses on these securities are reported as a separate component of net assets, and the cost of sales is calculated by the moving-average method)
Items without market value	Cost method based on the moving-average method Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, Paragraph 2 of the Securities and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

(b) Claims and liabilities from derivatives transactions

Market value method

(c) Inventories — Inventories are principally reported using the lower of cost (first-in first-out) or market method

(2) Depreciation and amortization method for important depreciated and amortized assets

(a) Property, plant and equipment

Mainly by the declining balance method

Conveyance equipment, tools, furniture and fixtures	Mainly based on useful lives as per the Corporate Tax Law
Other property, plant and equipment	Mainly based on useful lives prescribed by the Company determined in accordance with estimated functional useful years

(b) Intangible fixed assets — Straight-line method

Mainly based on useful lives as per the Corporate Tax Law

Software for internal use is reported using the usable period within the Company (3 to 5 years).

(3) Accounting method for important allowances and reserves

(a) Allowance for doubtful accounts

To provide for losses due to unrecoverable claims such as accounts receivables-trade and loans, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

(b) Warranty reserve

Due to the accounting of after service cost expected within the guarantee period with respect to products sold, the reserve for product guarantees is accounted using prescribed standards based on actually incurred past after service cost.

(c) Severance and retirement allowance

To provide for severance and retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year based on the severance and retirement liabilities and pension assets as of the end of the current fiscal year.

Pertaining to past service liabilities, the pro-rata amount calculated using a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities is accounted as an expense.

Pertaining to the actuarial difference, the pro-rata amount calculated using a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence of such actuarial difference is accounted as an expense starting from the following fiscal year.

(d) Severance and retirement allowance for directors and corporate auditors

To provide for outlays for severance and retirement benefit payments for directors and corporate auditors, the necessary payment amount at the end of the fiscal year is accounted by domestic consolidated subsidiaries based on their respective internal regulations.

(e) Reserve for loss on liabilities for guarantee

To provide for losses on liabilities for guarantee, the amount of loss expected to be borne is accounted considering the financial conditions of the guaranteed party.

(4) Other important items that form the basis for preparing consolidated financial statements

(a) Treatment method for important deferred assets

Stock delivery expense and bond issuance expense

Total expense recorded at the time of occurrence

(b) Treatment method for important lease transactions

Financing lease transactions that do not transfer titles to lessees are treated in the same manner as operating lease transactions.

(c) Important hedge accounting methods

The deferred hedge treatment method is used. Foreign currency-denominated monetary claims and liabilities under foreign exchange forward contracts are accounted by translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, requirements for special treatment are satisfied, therefore a special treatment is used.

Hedging instruments and hedged items

Hedging instruments	Foreign exchange forward contracts, currency option contracts, currency swap contracts, interest rate swap contracts
Hedged items	Forecasted transactions for foreign currency-denominated monetary claims and liabilities, borrowings

Hedging policy

Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

Hedging effect evaluation method

The effect is evaluated by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

(d) Treatment of consumption taxes

Treated using a tax exclusive method.

(e) Application of a consolidated tax payment system

A consolidated tax payment system under designating Olympus Corporation as the parent company is adopted at the Company from the fiscal year ended March 31, 2007. Some of the Company's consolidated subsidiaries have already adopted the consolidated tax payment system.

(f) Item concerning the amortization of goodwill

Goodwill is amortized equally mainly over a period of 5 to 20 years.

4. Items concerning the valuation of the assets and liabilities of consolidated subsidiaries

The assets and liabilities of consolidated subsidiaries are fully evaluated using the fair market value at the time when the Company acquired control of the respective subsidiaries.

5. Changes in important items that form the basis for preparing the consolidated financial statements

(1) Accounting standard for bonuses to directors

From the current fiscal year, the "Accounting Standard for Directors' Bonus" (Accounting Standard No. 4, issued by the Accounting Standards Board of Japan on November 29, 2005) has been adopted. The effect on gains and losses is minimal.

(2) Accounting standard for net assets on balance sheet

From the current fiscal year, the Company has adopted the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard No. 5, issued by the Accounting Standards Board of Japan on December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standard Implementation Guidance No. 8, issued by the Accounting Standards Board of Japan on December 9, 2005).

The amount corresponding to the former "capital" was ¥334,394 million.

(3) Accounting standard regarding business combination

From the current fiscal year, the Company has adopted the "Accounting Standard Relating to Business Combination" (issued by the Business Accounting Council on October 31, 2003), "Accounting Standard for Business Divestitures" (Accounting Standard No. 7, issued by the Accounting Standards Board of Japan on December 27, 2005), and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standard Implementation Guidance No. 10, issued by the Accounting Standards Board of Japan on December 27, 2005).

(4) Change in accounting standard for retirement benefits in subsidiaries in the U.S.

From the current fiscal year, our subsidiaries in the U.S. have adopted a new accounting standard regarding retirement benefits in the U.S. (US Accounting Standard, SFAS158). Consequently, retained earnings decreased due to the deduction of a calculated difference of ¥2,443 million directly from the retained earnings. However, this will have no effect on the gains or losses in the current fiscal year.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and obligations secured by such collateral

(1) Assets pledged as collateral

Cash and time deposits	¥596 million
Accounts receivable	¥509 million
Inventories	¥306 million
Buildings and structures	¥2,047 million
Machinery and equipment	¥286 million
Land	¥1,881 million
Investment securities	¥88 million
Others	¥30 million
Total	¥5,743 million

(2) Obligations secured by such collateral

Long-term borrowings, less current maturities	¥2,327 million
Short-term borrowings	¥770 million

2. Accumulated depreciation for property, plant and equipment

¥208,977 million

3. Liabilities for guarantees

(Guaranteed party)	(Description of guarantee)	(Amount)
Employees	Housing fund loans	¥391 million
Other	Bank loans, etc.	¥1,928 million
Total		¥2,319 million

The above stated amounts have been obtained by deducting reserve for loss on liabilities for guarantee.

4. Notes receivable discounted

Notes receivable discounted	¥3,179 million
(including discounted bills of exchange for export)	¥3,001 million
Notes received endorsed for transfer	¥179 million

5. Notes at maturity on final day of fiscal year

Regarding the accounting treatment of notes at maturity on the final day of the fiscal year, although the final day of the current fiscal year was a holiday for financial institutions, the notes were treated as though settlement occurred on the day of maturity. The amounts of notes at maturity on the final day of the current fiscal year are as follows:

Notes receivable	¥580 million
Notes payable	¥1,434 million

Notes to Consolidated Statement of Income

Impairment losses are accounted for the following asset groups in the current fiscal year.

<table>
<tr><th>Application</th><th>Type</th><th>Location</th><th>Impairment loss</th></tr>
<tr><td>Life science business assets</td><td>Goodwill</td><td>Munster, Germany</td><td>¥247 million</td></tr>
<tr><td rowspan="2">Information & communication business assets</td><td>Goodwill</td><td rowspan="2">Tokyo, Fukuoka and other prefectures</td><td>¥435 million</td></tr>
<tr><td>Buildings, etc.</td><td>¥188 million</td></tr>
<tr><td rowspan="2">Others assets</td><td>Goodwill</td><td rowspan="2">Nagano and other prefectures</td><td>¥269 million</td></tr>
<tr><td>Machinery and equipment, etc.</td><td>¥24 million</td></tr>
<tr><td rowspan="2">Idle assets</td><td>Land</td><td rowspan="2">Nagano</td><td>¥255 million</td></tr>
<tr><td>Buildings, etc.</td><td>¥201 million</td></tr>
<tr><td>Total</td><td></td><td></td><td>¥1,619 million</td></tr>
</table>

Business assets are grouped by segment per type of business and idle assets are grouped individually.

Pertaining to business assets, because recoverability is not recognized over the estimated future cash flow period due to changes in the business environment, their book value is reduced to the recoverable amount. The recoverable amount is measured using the value in use and calculated with the future cash flow discounted mainly at 6.5% or 5.9%.

For idle assets, because the market value is substantially lower than the book value, the book value is reduced to the recoverable value. The recoverable value of these asset groups is measured using the fair value less cost to sell and is evaluated using a method that deducts the estimated sales expenses from the estimated sales price.

139th Term

Notes to Consolidated Statement of Changes in Net Assets

1. Total number of issued shares at the end of the current fiscal year 271,283,608 shares

2. Items concerning dividends

(1) Paid dividends

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General Meeting of Shareholders held on June 29, 2006	Common stock	3,921	14.50	March 31, 2006	June 30, 2006
Board of Directors' meeting held on November 7, 2006	Common stock	2,974	11.00	September 30, 2006	December 8, 2006
Total	-	6,895	-	-	-

(2) Dividends whose record date falls in the current fiscal year and have an effective date in the next fiscal year

The following are proposed items concerning the dividends of common stock on the agenda of the Ordinary General Meeting of Shareholders to be held on June 28, 2007.

(a) Total dividends ¥6,488 million

(b) Dividend per share ¥24.00

(c) Record date March 31, 2007

(d) Effective date June 29, 2007

The dividend resource shall be retained earnings.

Notes to Per-Share Information

Net assets per share	¥1,236.34
Net income per share	¥176.79

After Correction

Non-Consolidated Balance Sheet

As of March 31, 2007

(Millions of yen)

Accounts	Amount	Accounts	Amount
ASSETS:		**LIABILITIES:**	
Current assets	**173,431**	**Current liabilities**	**137,042**
Cash and time deposits	111,342	Notes payable	432
Notes receivable	563	Accounts payable	9,489
Accounts receivable	22,543	Short-term borrowings	1,305
Finished goods	4,784	Accounts payable – other	11,642
Materials	484	Accrued expenses	17,531
Work in process	5,409	Income taxes payable	5,400
Accounts receivable – other	18,306	Warranty reserve	70
Deferred income taxes	7,675	Deposits received	91,084
Others	2,454	Others	86
Allowance for doubtful accounts	(133)	**Long-term liabilities**	**199,303**
Fixed assets	**277,998**	Long-term bonds, less current maturities	140,000
Property, plant and equipment	**33,696**	Long-term borrowings, less current maturities	55,000
Buildings	13,846	Long-term deposits received, less current maturities	713
Structures	712	Deferred tax liabilities	2,958
Machinery	3,767	Reserve for loss on liabilities for guarantee	632
Equipment	11		
Tools, furniture and fixtures	5,053		
Land	10,284	**Total liabilities**	**336,346**
Construction in progress	19	**NET ASSETS:**	
Intangible fixed assets	**10,909**	**Shareholders' equity**	**101,803**
Patent right	3,131	**Common stock**	**48,331**
Software	6,056	**Capital surplus**	**73,049**
Software in progress	1,665	Capital reserve	73,027
Right of using facilities	56	Other capital surplus	22
Investments and other assets	**233,392**	**Retained earnings**	**(17,312)**
Investment securities	74,869	Legal reserve	6,626
Stocks of subsidiaries and affiliates	130,033	Other retained earnings	(23,938)
Investments in subsidiaries and affiliates	13,958	Reserve for product development	4,000
Prepaid pension cost	3,096	Reserve for special depreciation	944
Investments in affiliates	6,558	Reserve for advanced depreciation	2,624
Others	4,879	General reserve	79,068
Allowance for doubtful accounts	(3)	Retained earnings carried forward	(110,577)
		Treasury stock, at cost	**(2,264)**
		Valuation and translation adjustments	**13,279**
		Net unrealized holding gains on securities	13,285
		Deferred losses on hedges	(5)
		Total net assets	**115,083**
Total assets	**451,429**	**Total liabilities and net assets**	**451,429**

Note: Figures are truncated to the nearest million yen.

139th Term

Before Correction (Reference)

Non-Consolidated Balance Sheet

As of March 31, 2007

(Millions of yen)

Accounts	Amount	Accounts	Amount
ASSETS:		**LIABILITIES:**	
Current assets	**208,431**	**Current liabilities**	**136,892**
Cash and time deposits	146,342	Notes payable	432
Notes receivable	563	Accounts payable	9,489
Accounts receivable	22,543	Short-term borrowings	1,305
Finished goods	4,784	Accounts payable – other	11,642
Materials	484	Accrued expenses	17,531
Work in process	5,409	Income taxes payable	5,250
Accounts receivable – other	18,306	Warranty reserve	70
Deferred income taxes	7,675	Deposits received	91,084
Others	2,454	Others	86
Allowance for doubtful accounts	(133)	**Long-term liabilities**	**199,649**
Fixed assets	**364,247**	Long-term bonds, less current maturities	140,000
Property, plant and equipment	**33,696**	Long-term borrowings, less current maturities	55,000
Buildings	13,846	Long-term deposits received, less current maturities	713
Structures	712	Deferred tax liabilities	3,303
Machinery	3,767	Reserve for loss on liabilities for guarantee	632
Equipment	11		
Tools, furniture and fixtures	5,053		
Land	10,284	**Total liabilities**	**336,542**
Construction in progress	19	**NET ASSETS:**	
Intangible fixed assets	**10,909**	**Shareholders' equity**	**222,353**
Patent right	3,131	**Common stock**	**48,331**
Software	6,056	**Capital surplus**	**73,049**
Software in progress	1,665	Capital reserve	73,027
Right of using facilities	56	Other capital surplus	22
Investments and other assets	**319,641**	**Retained earnings**	**103,236**
Investment securities	150,966	Legal reserve	6,626
Stocks of subsidiaries and affiliates	130,296	Other retained earnings	96,610
Other investment securities of subsidiaries and affiliates	16,447	Reserve for product development	4,000
Investments in subsidiaries and affiliates	13,958	Reserve for special depreciation	944
Prepaid pension cost	3,096	Reserve for advanced depreciation	2,624
Others	4,879	General reserve	79,068
Allowance for doubtful accounts	(3)	Retained earnings carried forward	9,972
		Treasury stock, at cost	**(2,264)**
		Valuation and translation adjustments	**13,783**
		Net unrealized holding gains on securities	13,789
		Deferred losses on hedges	(5)
		Total net assets	**236,136**
Total assets	**572,678**	**Total liabilities and net assets**	**572,678**

Note: Figures are truncated to the nearest million yen.

After Correction

Non-consolidated Statement of Income

April 1, 2006 to March 31, 2007

(Millions of yen)

Accounts	Amount
Net sales	106,079
Cost of sales	54,888
Gross profit	**51,191**
Selling, general and administrative expenses	55,914
Operating loss	**4,723**
Non-operating income	17,526
Interest income	116
Dividends income	16,498
Others	910
Non-operating expenses	4,903
Interest expenses	1,034
Interest on bonds	1,241
Foreign currency exchange loss	611
Amortization of bond issuance cost	615
Others	1,400
Ordinary income	**7,899**
Extraordinary losses	4,129
Loss on valuation of investments in capital of affiliates	1,029
Loss on valuation of investment securities	479
Loss on valuation of stocks of subsidiaries and affiliates	469
Loss on valuation of investments in affiliates	2,112
Others	38
Income before provision for income taxes	**3,770**
Current	(1,663)
Prior periods	733
Deferred	(1,207)
Net income	**5,907**

Note: Figures are truncated to the nearest million yen.

139th Term

Before Correction (Reference)

Non-consolidated Statement of Income

April 1, 2006 to March 31, 2007

(Millions of yen)

Accounts	Amount
Net sales	106,079
Cost of sales	54,888
Gross profit	**51,191**
Selling, general and administrative expenses	55,914
Operating loss	**4,723**
Non-operating income	17,526
Interest income	116
Dividends income	16,498
Others	910
Non-operating expenses	5,300
Interest expenses	1,034
Interest on bonds	1,241
Foreign currency exchange loss	611
Amortization of bond issuance cost	615
Others	1,797
Ordinary income	**7,502**
Extraordinary losses	1,754
Loss on valuation of investments in capital of affiliates	1,029
Loss on valuation of investment securities	479
Loss on valuation of stocks of subsidiaries and affiliates	206
Others	38
Income before provision for income taxes	**5,748**
Current	(1,813)
Prior periods	733
Deferred	(1,207)
Net income	**8,036**

Note: Figures are truncated to the nearest million yen.

After Correction

Non-Consolidated Statement of Changes in Shareholders' Equity

April 1, 2006 to March 31, 2007

(Millions of yen)

Item	Shareholders' Equity								
	Common stock	Capital Surplus			Retained Earnings			Treasury stock, at cost	Total share-holders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings (Note 1)	Total retained earnings		
Balance as of March 31, 2006	48,331	73,027	22	73,049	6,626	95,569	102,195	(1,884)	221,692
Change due to retrospective adjustment						(118,419)	(118,419)		(118,419)
Changes during the fiscal year									
Dividends from surplus (Note 2)						(3,921)	(3,921)		(3,921)
Dividends from surplus						(2,974)	(2,974)		(2,974)
Bonuses to directors (Note 2)						(100)	(100)		(100)
Net income						5,907	5,907		5,907
Acquisition of treasury stock								(380)	(380)
Net changes of items other than shareholders' equity during the fiscal year									
Total change during the fiscal year	–	–	–	–	–	(1,087)	(1,087)	(380)	(1,467)
Balance as of March 31, 2007	48,331	73,027	22	73,049	6,626	(23,938)	(17,312)	(2,264)	101,803

Item	Valuation and translation adjustments			Total net assets
	Net unrealized holding gains on securities	Deferred losses on hedges	Total valuation and translation adjustments	
Balance as of March 31, 2006	12,528	–	12,528	234,220
Change due to retrospective adjustment	172		172	(118,247)
Changes during the fiscal year				
Dividends from surplus (Note 2)				(3,921)
Dividends from surplus				(2,974)
Bonuses to directors (Note 2)				(100)
Net income				5,907
Acquisition of treasury stock				(380)
Net changes of items other than shareholders' equity during the fiscal year	584	(5)	578	578
Total change during the fiscal year	584	(5)	578	(889)
Balance as of March 31, 2007	13,285	(5)	13,279	115,083

139th Term

Note 1: Breakdown of other retained earnings

Item	Reserve for interim dividends	Reserve for product development	Reserve for special depreciation	Reserve for advanced depreciation	General reserve	Retained earnings carried forward	Total
Balance as of March 31, 2006	4,700	4,000	1,037	2,481	79,068	4,281	96,569
Change due to retrospective adjustment						(118,419)	(118,419)
Changes during the fiscal year Dividends from surplus (Note 2)						(3,921)	(3,921)
Dividends from surplus						(2,974)	(2,974)
Bonuses to directors (Note 2)						(100)	(100)
Reversal of reserve for interim dividends (Note 2)	(4,700)					4,700	–
Provision of reserve for special depreciation (Note 2)			336			(336)	–
Reversal of reserve for special depreciation			(428)			428	–
Provision of reserve for advanced depreciation				428		(428)	–
Reversal of reserve for advanced depreciation (Note 2)				(137)		137	–
Reversal of reserve for advanced depreciation				(148)		148	–
Net income						5,907	5,907
Total change during the fiscal year	(4,700)	–	(92)	143	–	3,561	(1,087)
Balance as of March 31, 2007	–	4,000	944	2,624	79,068	(110,577)	(23,938)

Note 2: These are retained earnings appropriation items as of the General Meeting of Shareholders in June, 2006.

Note 3: Figures are truncated to the nearest million yen.

As dividends were already paid in accordance with the procedures based on the resolution by the General Meeting of Shareholders and the Board of Directors, the amount of retained earnings carried forward was determined after subtracting the dividends.

Before Correction (Reference)

Non-Consolidated Statement of Changes in Shareholders' Equity

April 1, 2006 to March 31, 2007

(Millions of yen)

Item	Shareholders' Equity								
	Common stock	Capital Surplus			Retained Earnings			Treasury stock, at cost	Total share-holders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings (Note 1)	Total retained earnings		
Balance as of March 31, 2006	48,331	73,027	22	73,049	6,626	95,569	102,195	(1,884)	221,692
Changes during the fiscal year Dividends from surplus (Note 2)						(3,921)	(3,921)		(3,921)
Dividends from surplus						(2,974)	(2,974)		(2,974)
Bonuses to directors (Note 2)						(100)	(100)		(100)
Net income						8,036	8,036		8,036
Acquisition of treasury stock								(380)	(380)
Net changes of items other than shareholders' equity during the fiscal year									
Total change during the fiscal year	–	–	–	–	–	1,040	1,040	(380)	660
Balance as of March 31, 2007	48,331	73,027	22	73,049	6,626	96,610	103,236	(2,264)	222,353

Item	Valuation and translation adjustments			Total net assets
	Net unrealized holding gains on securities	Deferred losses on hedges	Total valuation and translation adjustments	
Balance as of March 31, 2006	12,528	–	12,528	234,220
Changes during the fiscal year Dividends from surplus (Note 2)				(3,921)
Dividends from surplus				(2,974)
Bonuses to directors (Note 2)				(100)
Net income				8,036
Acquisition of treasury stock				(380)
Net changes of items other than shareholders' equity during the fiscal year	1,261	(5)	1,255	1,255
Total change during the fiscal year	1,261	(5)	1,255	1,915
Balance as of March 31, 2007	13,789	(5)	13,783	236,136

139th Term

Note 1: Breakdown of other retained earnings

Item	Reserve for interim dividends	Reserve for product development	Reserve for special depreciation	Reserve for advanced depreciation	General reserve	Retained earnings carried forward	Total
Balance as of March 31, 2006	4,700	4,000	1,037	2,481	79,068	4,281	96,569
Changes during the fiscal year Dividends from surplus (Note 2)						(3,921)	(3,921)
Dividends from surplus						(2,974)	(2,974)
Bonuses to directors (Note 2)						(100)	(100)
Reversal of reserve for interim dividends (Note 2)	(4,700)					4,700	–
Provision of reserve for special depreciation (Note 2)			336			(336)	–
Reversal of reserve for special depreciation			(428)			428	–
Provision of reserve for advanced depreciation				428		(428)	–
Reversal of reserve for advanced depreciation (Note 2)				(137)		137	–
Reversal of reserve for advanced depreciation				(148)		148	–
Net income						8,036	8,036
Total change during the fiscal year	(4,700)	–	(92)	143	–	5,690	1,040
Balance as of March 31, 2007	–	4,000	944	2,624	79,068	9,972	96,610

Note 2: These are retained earnings appropriation items as of the General Meeting of Shareholders in June, 2006.

Note 3: Figures are truncated to the nearest million yen.

After Correction

Notes to Non-Consolidated Financial Statements

Regarding correction of non-consolidated financial statements and their supplementary schedules

The Company established a third party committee consisting of members who hold no interests with the Company (Chairman: Tatsuo Kainaka, attorney-at-law; the "Third Party Committee") on November 1, 2011 for the purpose of investigating all transactions regarding the acquisitions of Gyrus Group PLC ("Gyrus") and three domestic subsidiaries (Altis Co., Ltd., NEWS CHEF, Inc. and Humalabo Co., Ltd.), from the beginning of examination of each acquisition to the time of closing of each transaction. The Company then received an investigation report issued by the Third Party Committee on December 6, 2011, which contained details of the situation regarding the Company's postponing of recognition of losses and its settlement of such losses, and the impact of these actions. The investigation by the Third Party Committee revealed that the Company incurred large losses on securities investments, derivative transactions, etc. from the 1990's, and postponed the recognition of the losses. It also revealed that, by means such as going through multiple funds, the Company used the acquisition funds for the three domestic subsidiaries, as well as the fees paid to financial advisors and the funds to buy back preferred shares in connection with the acquisition of Gyrus, for purposes including settling hidden losses on securities investments incurred from the Company's past postponement of the recognition of losses.
The Company judged that there were significant errors in the non-consolidated financial statements and their supplementary schedules for the five fiscal years including and following the fiscal year ended March 31, 2007. The Company then remade the relevant non-consolidated financial statements and their supplementary schedules in order to recognize the hidden losses of funds, which had previously been treated as being off the balance sheet due to the Company's past postponement of the recognition of losses, etc., as losses of the Company for the relevant past fiscal years, with corrections of the associated errors.

Notes concerning items related to important accounting policies

1. Asset valuation principles and methods

(1) Securities valuation principles and methods

(a) Held-to-maturity securities	Amortized cost method
(b) Stock of subsidiaries and affiliates	Cost method based on the moving-average method
(c) Other securities	
Items with market value	Market value method based on fair market value on the account settlement date (the net unrealized gains and losses on these securities are reported as a separate component of net assets and the cost of sales is calculated by the moving-average method)
Items without market value	Cost method based on the moving-average method Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions

deemed as securities as per Article 2, Paragraph 2 of the Securities and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

(2) Valuation principles and methods for claims and liabilities from derivatives transactions
Market value method

(3) Valuation principles and methods for inventories

(a) Finished goods and work in process	Lower of cost (first-in first-out) or market method
(b) Materials	Cost (first-in first-out) method

2. Depreciation and amortization method for fixed assets

(1) Property, plant and equipment	Declining balance method
(a) Conveyance equipment, tools, furniture and fixtures	Based on useful lives as per the Corporate Tax Law
(b) Other property, plant and equipment	Based on useful lives prescribed by the Company determined in accordance with estimated functional useful years
(2) Intangible fixed assets	Straight-line method Based on useful lives as per the Corporate Tax Law Software for internal use is reported using the usable period within the Company (3 years).

3. Accounting principles for allowances and reserves

(1) Allowance for doubtful accounts

To provide for losses due to unrecoverable claims such as accounts receivables-trade and loans, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

(2) Warranty reserve

Due to the accounting of after service cost expected within the guarantee period with respect to products sold, the reserve for product guarantees is accounted using prescribed standards based on actually incurred past after service cost.

(3) Severance and retirement allowance

To provide for severance and retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year based on the severance and retirement liabilities and pension assets as of the end of the current fiscal year.

Pertaining to past service liabilities, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities is accounted as an expense.

Pertaining to the actuarial difference, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such actuarial difference is accounted as an expense starting from the following fiscal year.

(4) Reserve for loss on liabilities for guarantee

To provide for losses on liabilities for guarantee to affiliates, the amount of loss expected to be borne is accounted considering the financial conditions of the guaranteed party.

(5) Allowance for investment loss

To provide for losses on investments in affiliates, the amount necessary is accounted taking into consideration the amount of decrease in the real value of the company concerned and the estimated future recovery, etc.

4. Other important items that form the basis for preparing non-consolidated financial statements

(1) Treatment method for deferred assets

Bond issuance expense	Total expense recorded at the time of occurrence

(2) Treatment method for lease transactions

Financing lease transactions that do not transfer titles to lessees are treated in the same manner as operating lease transactions.

(3) Hedge accounting methods

(a) Hedge accounting methods

The deferred hedge treatment method is used. Foreign currency-denominated accounts receivable under foreign exchange forward contracts is accounted by translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, requirements for special treatment are satisfied, therefore a special treatment is used.

(b) Hedging instruments and hedged items

Hedging instruments	Foreign exchange forward contracts, currency option contracts, interest rate swap contracts
Hedged items	Forecasted transactions for foreign currency-denominated accounts receivable, borrowings

(c) Hedging policy

Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

(d) Hedging effect evaluation method

The effect is evaluated by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

(4) Treatment of consumption taxes

Treated using a tax exclusive method.

(5) Application of a consolidated tax payment system

A consolidated tax payment system is adopted from the current fiscal year.

5. Changes in important accounting policies

(1) Accounting standard for bonuses to directors

From the current fiscal year, the "Accounting Standard for Directors' Bonus" (Accounting Standard No. 4, issued by the Accounting Standards Board of Japan on November 29, 2005) has been adopted. The effect on gains and losses is minimal.

(2) Accounting standard for net assets on balance sheet

From the current fiscal year, the Company has adopted the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standard No. 5, issued by the Accounting Standards Board of Japan on December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standard Implementation Guidance No. 8, issued by the Accounting Standards Board of Japan on December 9, 2005).

The amount corresponding to the former "capital" was ¥115,088 million.

(3) Accounting standard regarding business combination

From the current fiscal year, the Company has adopted the "Accounting Standard Relating to Business Combination" (issued by the Business Accounting Council on October 31, 2003), "Accounting Standard for Business Divestitures" (Accounting Standard No. 7, issued by the Accounting Standards Board of Japan on December 27, 2005), and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standard Implementation Guidance No. 10, issued by the Accounting Standards Board of Japan on December 27, 2005).

Notes to Non-Consolidated Balance Sheet

1. The ¥490 million allowance for investment loss appears as a deduction from the stocks of subsidiaries and affiliates.

2. Accumulated depreciation for property, plant and equipment	¥53,402 million
3. Liabilities for guarantees	¥75,334 million

The above amount includes ¥74,388 million in contracted guarantees to subsidiaries and affiliates.

The above stated amounts have been obtained by deducting reserve for loss on liabilities for guarantee.

4. Short-term monetary claims to subsidiaries and affiliates	¥29,040 million
5. Long-term monetary claims to subsidiaries and affiliates	¥1,201 million
6. Short-term monetary liabilities to subsidiaries and affiliates	¥99,569 million

7. Although the final day of the current fiscal year was a holiday for financial institutions, the notes were treated as though settlement occurred on the day of maturity.

Notes at maturity on the final day of the fiscal year that are excluded from the ending balance are as follows:

Notes receivable	¥72 million
Notes payable	¥44 million

8. Discounted bills of exchange for export	¥7,659 million

9. Investments in affiliates

Investments in receiver funds (Note) are regarded as equity investments in substance and are thus presented in bulk as "investments in affiliates."

¥6,558 million of investments in affiliates is the amount invested in receiver funds in substance after deducting ¥109,960 million of expected loss. These assets include a deposit of ¥35,000 million pledged as collateral at LGT Bank in Liechtenstein Ltd for ¥30,000 million of long-term borrowings from the same bank held by Central Forest Corporation.

Note: This term "Receiver Funds" refers to a number of receiver funds that served as assignees of financial assets, derivative transactions, etc. (collectively, the "Receiver Funds") as the Company incurred large losses from securities investments, derivative transactions, etc. from the 1990's and segregated the hidden losses beginning with the fiscal year ended March 31, 2000 with the intention of postponing the recognition of the losses.

Notes to Non-Consolidated Statements of Income

1. Total transactions with subsidiaries and affiliates

Amounts resulting from business transactions	
Net sales	¥66,096 million
Net purchases	¥34,708 million
Amount resulting from non-business transactions	¥16,728 million

2. Extraordinary losses

¥2,112 million of "loss on valuation of investments in affiliates" under extraordinary losses is the amount by which investment fund assets decreased due to interest expenses and commission fees paid.

Notes to Non-Consolidated Statement of Changes in Net Assets

1. Number of issued shares at end of current fiscal year	271,283,608 shares
2. Number of treasury stock at end of current fiscal year	961,805 shares
3. Total cash dividends during the current fiscal year	¥6,895 million
4. Total amount of cash dividends whose record date falls in the current fiscal year but whose effective date is in the next fiscal year	¥6,487 million

139th Term

Notes on tax effect accounting

Breakdown of deferred tax assets and liabilities by main cause

Deferred tax assets	
Inventories	¥1,750 million
Prepaid expenses	¥3,744 million
Accrued bonuses	¥1,922 million
Property, plant and equipment	¥2,003 million
Deferred assets for tax	¥136 million
Intangible fixed assets	¥4,240 million
Denial of unrecognized loss on valuation of investment securities	¥1,769 million
Denial of unrecognized loss on valuation of the stock of affiliates	¥2,715 million
Denial of loss on funds invested	¥50,164 million
Other	¥1,740 million
Subtotal of deferred tax assets	¥70,187 million
Valuation allowance	¥(53,790) million
Total deferred tax assets	¥16,397 million
Deferred tax liabilities	
Other valuation difference for marketable securities	¥(8,101) million
Reserve for advanced depreciation	¥(1,701) million
Reserve for special amortization	¥(591) million
Prepaid pension expenses	¥(1,260) million
Other	¥(25) million
Total deferred tax liabilities	¥(11,680) million
Net deferred tax assets	¥4,717 million

The above includes items resulting from a correction made to treatment pertaining to the segregation and settlement of losses on financial assets. However, as the treatment of income taxes is yet to be determined at this time, it is unclear whether they will be treated as temporary differences. Please note that the whole amount of such temporary differences is recorded in valuation allowance.

Notes on leased fixed assets

In addition to the fixed assets accounted in the Balance Sheet, a portion of the microscope manufacturing equipment and computers are used under leasing agreements.

Notes to Transactions with Related Parties

Subsidiaries and affiliates etc.

Type	Name	Voting rights ownership ratio (%)	Relation	Details of transaction	Amount (Millions of yen)	Item	End-of-period balance (Millions of yen)
Subsidiary (Fund)	Central Forest Corporation	Indirect ownership 100.0 (Note 1)	Receiver fund	Provision of collateral (Note 2)	35,000	–	–

Notes: 1. The voting rights ownership ratio shows the ratio of capital contribution in funds.
2. The Company provided LGT Bank in Liechtenstein Ltd with ¥35,000 million of deposits as collateral for ¥30,000 million of borrowings by Central Forest Corporation from the same bank. The Company did not pay nor receive any money in relation to the provision of collateral.

Notes on Per-Share Information

1. Net assets per share ¥425.73
2. Net income per share ¥21.85

Notes to Other Matters

1. Future conditions

Following the Company's announcement on November 8, 2011 concerning its postponing of recognition of losses on securities investments, etc., investigations by domestic and overseas investigative authorities, supervisory bodies and other public bodies (including those in the U.K. and U.S.) have begun. The non-consolidated financial statements and their supplementary schedules may be amended if any further important information comes to light in such investigations in the future. Furthermore, as a result of inappropriate financial reporting by the Company, parties such as holders of its American Depositary Receipts (ADRs) have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company for a similar reason.

2. Investments in affiliates

As the Company incurred large losses from securities investments, derivative transactions, etc. from the 1990's, with the intention of postponing the recognition of the losses, the Company segregated the financial assets, derivative transactions, etc. on which there were hidden losses to a number of non-consolidated Receiver Funds beginning with the fiscal year ended March 31, 2000. Investments in the Receiver Funds are presented in bulk as "investments in affiliates" in the non-consolidated balance sheet. This is because the operating assets of the Receiver Funds are, unlike usual investments by the Company, managed in an integrated manner in a series of transactional schemes to segregate and settle the losses. Some board members were aware of the circumstances surrounding the past transactions to segregate and settle the hidden losses. However, as a result of the matters pointed out in the Investigation Report by the Third Party Committee and the Company's internal investigation, it has come to light that the legal form and the asset management body of each Receiver Fund, and information on the details of operating assets, appraised value, etc. of each Receiver Fund during the period from the loss segregation to the liquidation of each Receiver Fund, were not fully maintained at the Company. Therefore, the Company corrected the non-consolidated financial statements and their supplementary schedules by obtaining accounting information from outside persons related with the loss segregation and settlement scheme.

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Before Correction (Reference)

Notes to Non-Consolidated Financial Statements

Notes concerning items related to important accounting policies

1. Asset valuation principles and methods

(1) Securities valuation principles and methods

(a) Held-to-maturity securities	Amortized cost method
(b) Stock of subsidiaries and affiliates	Cost method based on the moving-average method
(c) Other securities	
Items with market value	Market value method based on fair market value on the account settlement date (the net unrealized gains and losses on these securities are reported as a separate component of net assets and the cost of sales is calculated by the moving-average method)
Items without market value	Cost method based on the moving-average method Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, Paragraph 2 of the Securities and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

(2) Valuation principles and methods for claims and liabilities from derivatives transactions

Market value method

(3) Valuation principles and methods for inventories

(a) Finished goods and work in process	Lower of cost (first-in first-out) or market method
(b) Materials	Cost (first-in first-out) method

2. Depreciation and amortization method for fixed assets

(1) Property, plant and equipment	Declining balance method
(a) Conveyance equipment, tools, furniture and fixtures	Based on useful lives as per the Corporate Tax Law
(b) Other property, plant and equipment	Based on useful lives prescribed by the Company determined in accordance with estimated functional useful years
(2) Intangible fixed assets	Straight-line method Based on useful lives as per the Corporate Tax Law Software for internal use is reported using the usable period within the Company (3 years).

3. Accounting principles for allowances and reserves

(1) Allowance for doubtful accounts

To provide for losses due to unrecoverable claims such as accounts receivables-trade and loans, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

(2) Warranty reserve

Due to the accounting of after service cost expected within the guarantee period with respect to products sold, the reserve for product guarantees is accounted using prescribed standards based on actually incurred past after service cost.

(3) Severance and retirement allowance

To provide for severance and retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year based on the severance and retirement liabilities and pension assets as of the end of the current fiscal year.

Pertaining to past service liabilities, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities is accounted as an expense.

Pertaining to the actuarial difference, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such actuarial difference is accounted as an expense starting from the following fiscal year.

(4) Reserve for loss on liabilities for guarantee

To provide for losses on liabilities for guarantee to affiliates, the amount of loss expected to be borne is accounted considering the financial conditions of the guaranteed party.

(5) Allowance for investment loss

To provide for losses on investments in affiliates, the amount necessary is accounted taking into consideration the amount of decrease in the real value of the company concerned and the estimated future recovery, etc.

4. Other important items that form the basis for preparing non-consolidated financial statements

(1) Treatment method for deferred assets

Bond issuance expense Total expense recorded at the time of occurrence

(2) Treatment method for lease transactions

Financing lease transactions that do not transfer titles to lessees are treated in the same manner as operating lease transactions.

(3) Hedge accounting methods

(a) Hedge accounting methods

The deferred hedge treatment method is used. Foreign currency-denominated accounts receivable under foreign exchange forward contracts is accounted by translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, requirements for special treatment are satisfied, therefore a special treatment is used.

(b) Hedging instruments and hedged items

Hedging instruments	Foreign exchange forward contracts, currency option contracts, interest rate swap contracts
Hedged items	Forecasted transactions for foreign currency-denominated accounts receivable, borrowings

(c) Hedging policy

Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

(d) Hedging effect evaluation method

The effect is evaluated by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

(4) Treatment of consumption taxes

Treated using a tax exclusive method.

(5) Application of a consolidated tax payment system

A consolidated tax payment system is adopted from the current fiscal year.

5. Changes in important accounting policies

(1) Accounting standard for bonuses to directors

From the current fiscal year, the “Accounting Standard for Directors’ Bonus” (Accounting Standard No. 4, issued by the Accounting Standards Board of Japan on November 29, 2005) has been adopted. The effect on gains and losses is minimal.

(2) Accounting standard for net assets on balance sheet

From the current fiscal year, the Company has adopted the “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (Accounting Standard No. 5, issued by the Accounting Standards Board of Japan on December 9, 2005) and the “Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standard Implementation Guidance No. 8, issued by the Accounting Standards Board of Japan on December 9, 2005).

The amount corresponding to the former “capital” was ¥236,142 million.

(3) Accounting standard regarding business combination

From the current fiscal year, the Company has adopted the “Accounting Standard Relating to Business Combination” (issued by the Business Accounting Council on October 31, 2003), “Accounting Standard for Business Divestitures” (Accounting Standard No. 7, issued by the Accounting Standards Board of Japan on December 27, 2005), and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (Accounting Standard Implementation Guidance No. 10, issued by the Accounting Standards Board of Japan on December 27, 2005).

Notes to Non-Consolidated Balance Sheet

1. **The ¥490 million allowance for investment loss appears as a deduction from the stocks of subsidiaries and affiliates.**
2. **Accumulated depreciation for property, plant and equipment** ¥53,402 million
3. **Liabilities for guarantees** ¥75,334 million

   The above amount includes ¥74,388 million in contracted guarantees to subsidiaries and affiliates.
   The above stated amounts have been obtained by deducting reserve for loss on liabilities for guarantee.
4. **Short-term monetary claims to subsidiaries and affiliates** ¥29,040 million
5. **Long-term monetary claims to subsidiaries and affiliates** ¥1,201 million
6. **Short-term monetary liabilities to subsidiaries and affiliates** ¥99,569 million
7. **Although the final day of the current fiscal year was a holiday for financial institutions, the notes were treated as though settlement occurred on the day of maturity.**

   Notes at maturity on the final day of the fiscal year that are excluded from the ending balance are as follows:

Notes receivable	¥72 million
Notes payable	¥44 million
8. **Discounted bills of exchange for export** ¥7,659 million

Notes to Non-Consolidated Statements of Income

1. **Total transactions with subsidiaries and affiliates**

Amounts resulting from business transactions	
Net sales	¥66,096 million
Net purchases	¥34,708 million
Amount resulting from non-business transactions	¥16,728 million

Notes to Non-Consolidated Statement of Changes in Net Assets

1. **Number of issued shares at end of current fiscal year** 271,283,608 shares
2. **Number of treasury stock at end of current fiscal year** 961,805 shares
3. **Total cash dividends during the current fiscal year** ¥6,895 million
4. **Total amount of cash dividends whose record date falls in the current fiscal year but whose effective date is in the next fiscal year** ¥6,487 million

139th Term

Notes on tax effect accounting

Breakdown of deferred tax assets and liabilities by main cause

Deferred tax assets	
Inventories	¥1,750 million
Prepaid expenses	¥3,744 million
Accrued bonuses	¥1,922 million
Property, plant and equipment	¥2,003 million
Deferred assets for tax	¥136 million
Intangible fixed assets	¥4,240 million
Denial of unrecognized loss on valuation of investment securities	¥1,581 million
Denial of unrecognized loss on valuation of the stock of affiliates	¥2,715 million
Other	¥1,728 million
Subtotal of deferred tax assets	¥19,823 million
Valuation allowance	¥(3,425) million
Total deferred tax assets	¥16,397 million
Deferred tax liabilities	
Other valuation difference for marketable securities	¥(8,447) million
Reserve for advanced depreciation	¥(1,701) million
Reserve for special amortization	¥(591) million
Prepaid pension expenses	¥(1,260) million
Other	¥(25) million
Total deferred tax liabilities	¥(12,025) million
Net deferred tax assets	¥4,371 million

Notes on leased fixed assets

In addition to the fixed assets accounted in the Balance Sheet, a portion of the microscope manufacturing equipment and computers are used under leasing agreements.

Notes on Per-Share Information

1. Net assets per share	¥873.54
2. Net income per share	¥29.72

(English Translation of the Independent Auditor's Report Originally Issued in the Japanese Language)

Reference: The Independent Auditor's Audit Report of Consolidated Financial Statements

Independent Auditor's Audit Report

February 28, 2012

To the Board of Directors of OLYMPUS CORPORATION

KPMG AZSA LLC
Atsuki Kanezuka [Seal]
Certified Public Accountant
Designated and Engagement Partner
Kiyoshi Hirai [Seal]
Certified Public Accountant
Designated and Engagement Partner

We have audited the corrected Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets, and Notes to Consolidated Financial Statements of OLYMPUS CORPORATION for the fiscal year beginning on April 1, 2006 and ending on March 31, 2007, in accordance with the equivalent of Article 444(4) of the Company Law. Responsibility for preparation of these consolidated financial statements lies with the Company's management. Our responsibility is to express an opinion on these consolidated financial statements from an independent perspective.

Aside from the items indicated below, we conducted our audit in accordance with generally accepted auditing standards in Japan. The auditing standards require us to obtain reasonable assurance as to whether or not there are any material misstatements in consolidated financial statements. The auditing is conducted on a test basis, and includes overall examinations of the disclosures of consolidated financial statements, and the evaluation of accounting principles and methods used and estimates made by the management. We believe that we have obtained reasonable bases to express our opinion as a result of our audit.

As indicated by the notes to other matters in the notes to consolidated financial statements, information on the details of operating assets, appraised value, etc. of receiver funds was not fully maintained at the Company, and some important evidence regarding ¥59,771 million in investment fund assets as of March 31, 2006 and ¥57,505 million in investment fund assets as of March 31, 2007 is unavailable. As a result, we were unable to obtain sufficient and appropriate evidence for our audit regarding the details of operating assets, appraised value, etc. of receiver funds.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of OLYMPUS CORPORATION and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in conformity with accounting principles generally accepted in Japan, aside from the impact on them from the items indicated above.

Additional Information

1. As indicated by "Regarding correction of consolidated financial statements" at the beginning of the notes to consolidated financial statements, the Company has corrected its consolidated financial statements. We conducted our audit on the corrected consolidated financial statements.
2. As indicated by the notes to other matters in the notes to consolidated financial statements, if any further important information comes to light in investigations by domestic and overseas investigative authorities, supervisory bodies and other public bodies, the Company may amend its consolidated financial statements. Furthermore, as a result of inappropriate financial reporting by the Company, holders of its American Depositary Receipts (ADRs) have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company for a similar reason.
3. As noted in "Changes in important items that form the basis of preparing the consolidated financial statements" of "Notes to Consolidated Financial Statements," effective from the current fiscal year,

companies in the U.S. have adopted a new accounting standard regarding retirement benefits. As a result, the Company's consolidated financial statements have been prepared in accordance with the accounting standard for the Company's subsidiaries in the U.S.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

(English Translation of the Independent Auditor's Report Originally Issued in the Japanese Language)

Reference: The Independent Auditor's Audit Report of Non-Consolidated Financial Statements

Independent Auditor's Audit Report

February 28, 2012

To the Board of Directors of OLYMPUS CORPORATION

KPMG AZSA LLC
Atsuki Kanezuka [Seal]
Certified Public Accountant
Designated and Engagement Partner
Kiyoshi Hirai [Seal]
Certified Public Accountant
Designated and Engagement Partner

We have audited the corrected Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Net Assets, and Notes to Non-Consolidated Financial Statements, and their supplementary schedules, of OLYMPUS CORPORATION for the 139th fiscal year beginning on April 1, 2006 and ending on March 31, 2007, in accordance with the equivalent of Article 436(2)(i) of the Company Law. Responsibility for preparation of these financial statements and their supplementary schedules lies with the Company's management. Our responsibility is to express an opinion on these financial statements and their supplementary schedules from an independent perspective.

Aside from the items indicated below, we conducted our audit in accordance with generally accepted auditing standards in Japan. The auditing standards require us to obtain reasonable assurance as to whether or not there are any material misstatements in financial statements and their supplementary schedules. The auditing is conducted on a test basis, and includes overall examinations of the disclosures of financial statements and their supplementary schedules, and the evaluation of accounting principles and methods used and estimates made by the management. We believe that we have obtained reasonable bases to express our opinion as a result of our audit.

As indicated by the notes to other matters in the notes to financial statements, information on the details of operating assets, appraised value, etc. of receiver funds was not fully maintained at the Company, and some important evidence regarding ¥8,824 million in investment in affiliates as of March 31, 2006 and ¥6,558 million in investment in affiliates as of March 31, 2007 is unavailable. As a result, we were unable to obtain sufficient and appropriate evidence for our audit regarding the details of operating assets, appraised value, etc. of receiver funds.

In our opinion, the financial statements and their supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of OLYMPUS CORPORATION for the period, for which the financial statements and their supplementary schedules were prepared, in conformity with accounting principles generally accepted in Japan, aside from the impact on them from the items indicated above.

Additional Information

1. As indicated by "Regarding correction of non-consolidated financial statements and their supplementary schedules" at the beginning of the notes to financial statements, the Company has corrected its financial statements and their supplementary schedules. We conducted our audit on the corrected financial statements and their supplementary schedules.
2. As indicated by the notes to other matters in the notes to financial statements, if any further important information comes to light in investigations by domestic and overseas investigative authorities, supervisory bodies and other public bodies, the Company may amend its financial statements and their supplementary schedules. Furthermore, as a result of inappropriate financial reporting by the Company, holders of its American Depositary Receipts (ADRs) have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company for a similar reason.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

(English Translation of the Board of Corporate Auditors' Report Originally Issued in the Japanese Language)

The Board of Corporate Auditors' Audit Report

Audit Report

Based on the audit report prepared by each Corporate Auditor with regard to the performance of duties by the Directors of OLYMPUS CORPORATION (the "Company") for the 139th fiscal year (from April 1, 2006 to March 31, 2007), the Board of Corporate Auditors of the Company prepares this audit report after deliberation and reports as follows:

In response to the results of investigation of an investigation committee consisting of members who hold no interests with the Company, which was established on November 1, 2011 (Chairman: Tatsuo Kainaka, attorney-at-law; hereinafter the "Third Party Committee"), as well as the results of an internal company investigation, the Company corrected its business report, financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements), and their supplementary schedules, as well as its consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements), for the 139th fiscal year.

1. Auditing methods used by Corporate Auditors and the Board of Corporate Auditors, and details of audit
The Board of Corporate Auditors specified audit policies, assigned duties to each Corporate Auditor and received reports from each Corporate Auditor on the status of implementation and results of audit as well as received reports from Directors, etc. and accounting auditors on the status of the execution of their duties and asked them for explanations as necessary.

Each Corporate Auditor, according to the auditing standards set up by the Board of Corporate Auditors, the audit policies and the duties assigned to each Corporate Auditor, has maintained good communications with Directors, the Internal Audit Department and other employees and strived to collect information and improve the audit environment as well as attended meetings of the Board of Directors and other meetings as deemed important, received from Directors and employees reports on the execution of their duties, asked for explanations as necessary, perused the documents whereby the important decisions were made, and examined business and financial position at the head office and principal operating offices.

In addition, we have verified the content of the resolution made by the Board of Directors concerning the development of a system for ensuring that the performance of duties by Directors complies with laws and regulations and the Company's Articles of Incorporation, and other systems to ensure the properness of operations of a stock company, and the status of the systems developed based on such resolution (internal control system).

With regard to the basic policy on the control of the Company and initiatives based on the policy, which are described in the corrected business report, we have reviewed the details in consideration of the status of deliberations at the Board of Directors, etc. Also, we have maintained good communications and exchanged information with directors, corporate auditors and others of the subsidiaries of the Company and asked the subsidiaries for reports on their business conditions as per need.

Based on the methods mentioned above, we have reviewed the corrected business report for the said fiscal year and their supplementary schedules.

We have also verified whether KPMG AZSA LLC, which conducted the voluntary audit on the financial statements and consolidated financial statements for the 139th fiscal year, maintained independence and properly implemented its audit, received from the said audit firm reports on the execution of their duties, and asked them for explanations as necessary. The said audit firm reported to us that the systems for ensuring proper execution of duties have been developed in accordance with the "Quality Control Standards concerning Audit" and other applicable regulations, and we asked them for explanations as necessary.

Based on the methods mentioned above, we have reviewed the corrected financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements), and their supplementary schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the said fiscal year.

2. Audit results

(1) Results of audit of the corrected business report, etc.

(i) We confirm that the corrected business report and its supplementary schedules for the 139th fiscal year present fairly the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.

(ii) The Board of Directors, which should supervise the business execution of management as an important part of the company-wide internal control system, did not function effectively because of collusion among several former members of the Company's management for improper purposes. As a result, it cannot be concluded that the performance of duties by Directors with respect to the said internal control system was appropriate.

(iii) Although past resolutions of the Board of Directors with regard to the internal control system were in themselves appropriate, we do not recognize that such resolutions were properly implemented at the time of the 139th fiscal year.
It is reported to us that the Company established a management reform committee, consisting of members who hold no interests with the Company, on December 7, 2011 (the "Management Reform Committee"), and that under the guidance and supervision of the Management Reform Committee, the Company is working, on the basis of the Company and across the entire Group, to renew management systems and to establish governance systems, internal control systems and compliance systems.

(iv) With respect to the basic policy concerning the persons who control decisions on the Company's financial and business policies, which is described in the business report, we confirm that there are no matters to be pointed out. We confirm that the initiatives based on the said basic policy do not damage the common interests of shareholders of the Company and that they are not aimed at maintaining the positions of Directors or Corporate Auditors of the Company.

(2) Results of audit of corrected financial statements and their supplementary schedules
We confirm that the auditing methods and results of KPMG AZSA LLC, which conducted the voluntary audit on the corrected financial statements and their supplementary schedules for the 139th fiscal year, are proper.

(3) Results of audit of corrected consolidated financial statements
We confirm that the auditing methods and results of KPMG AZSA LLC, which conducted the voluntary audit on the corrected consolidated financial statements for the 139th fiscal year, are proper.

March 1, 2012

The Board of Corporate Auditors,
OLYMPUS CORPORATION

Standing Corporate Auditor: Tadao Imai [Seal]
Outside Corporate Auditor: Makoto Shimada [Seal]
Outside Corporate Auditor: Yasuo Nakamura [Seal]