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To Shareholders

Internet Disclosure for Notice Regarding the Convocation of the General Meeting of Shareholders For the 149th Term

I. Matters Concerning Subscription Rights to Shares, etc.
II. Framework to Ensure Fairness of Operations
III. Overview of Status of Management of Framework to Ensure Fairness of Operations
IV. Basic Policy on Control of Company
V. Consolidated Statement of Changes in Net Assets
VI. Notes to Consolidated Financial Statements
VII. Non-Consolidated Statement of Changes in Net Assets
VIII. Notes to Non-Consolidated Financial Statements

June 6, 2017

OLYMPUS CORPORATION

Pursuant to applicable laws and regulations, and the provisions of the Articles of Incorporation of Olympus Corporation (the "Company"), the items listed above are deemed to have been provided to shareholders because they have been posted on the Company's website (http://www.olympus.co.jp/jp/ir/stock/meeting/).

I. Matters Concerning Subscription Rights to Shares, etc.

1. Summary of Subscription Rights to Shares

Date of resolution of issue	Number of subscription rights to shares	Class and number of shares to be issued upon exercise of subscription rights to shares	Paid-in amount for subscription rights to shares	Value of property contributed upon exercise of subscription rights to shares	Exercise period	Grantees
August 8, 2013 (The first subscription rights to shares)	401	Common stock 40,100 shares	¥2,940 per share	¥1 per share	(Note) 1.	Directors or Executive Officers
June 26, 2014 (The second subscription rights to shares)	410	Common stock 41,000 shares	¥3,625 per share	¥1 per share	(Note) 1.	Directors or Executive Officers
June 26, 2015 (The third subscription rights to shares)	387	Common stock 38,700 shares	¥4,415 per share	¥1 per share	(Note) 1.	Directors or Executive Officers
June 28, 2016 (The fourth subscription rights to shares)	395	Common stock 39,500 shares	¥3,582 per share	¥1 per share	(Note) 1.	Directors or Executive Officers

Notes: 1. (a) A holder of subscription rights to shares may exercise the rights only during a period of 10 years that starts after one year has passed since the day immediately following the day on which the holder loses his/her position of either Director or Executive Officer of the Company.

(b) Should a holder of subscription rights to shares assume the position of Audit & Supervisory Board Member after his/her retirement from the position of Director or Executive Officer, he/she may exercise the rights only during a period of 10 years that starts after one year has passed since the day immediately following the day on which the holder loses his/her position of Audit & Supervisory Board Member of the Company.

(c) Other terms and conditions are stipulated in the Agreement on the Allocation of Subscription Rights to Shares.

2. In accordance with the provisions of the Agreement on the Allocation of Subscription Rights to Shares, the “Number of subscription rights to shares” for the first subscription rights to shares above and that for the second subscription rights to shares above each decreased by 10, that for the third subscription rights to shares above decreased by 3, and that for the fourth subscription rights to shares above decreased by 15 due to the retirement of Executive Officers.

2. Subscription Rights to Shares Granted to as Compensation for the Duties Performed and Held by the Company's Directors and Audit & Supervisory Board Members at the End of the Fiscal Year

Category	Issue number	Number of subscription rights to shares	Class and number of shares to be issued upon exercise of subscription rights to shares	Number of holders
Directors (excluding Outside Directors)	The first subscription rights to shares	95	Common stock 9,500 shares	4
Directors (excluding Outside Directors)	The second subscription rights to shares	110	Common stock 11,000 shares	5
Director (excluding Outside Directors)	The third subscription rights to shares	113	Common stock 11,300 shares	5
Director (excluding Outside Directors)	The fourth subscription rights to shares	124	Common stock 12,400 shares	5

3. Subscription Rights to Shares Granted to the Company's Employees, etc. as Compensation for the Duties Performed during the Fiscal Year

Category	Issue number	Number of subscription rights to shares	Class and number of shares to be issued upon exercise of subscription rights to shares	Number of grantees
Executive Officers	The fourth subscription rights to shares	271	Common stock 27,100 shares	19

Notes: 1. Executive Officers do not include those who also serve as Directors.
2. In accordance with the provisions of the Agreement on the Allocation of Subscription Rights to Shares, the "Number of subscription rights to shares" above decreased by 15 during the fiscal year due to the retirement of Executive Officers.

II. Framework to ensure fairness of operations

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 its activities.

The Company, based on this basic concept, shall prepare and operate a framework which ensures the effectiveness and efficiency of operations and appropriateness and reliability of financial reporting of the Company and its subsidiaries (hereinafter, "the Olympus Group"), and make continuous improvements.

1. Framework to ensure the compliance by Directors and employees of the Company and its subsidiaries, 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 of the Olympus Group perform their duties in compliance with applicable laws and regulations as well as the Articles of Incorporation, the Company shall establish the Olympus Group Corporate Conduct Charter and the Olympus Group Code of Ethics and internal corporate regulations, and shall instill the policies and facilitate initiatives to raise awareness of compliance in Olympus Group through continuing education and other measures.

(2) The Company shall establish the Compliance Committee chaired by an Outside Director as a body to supervise and improve the compliance system of the Olympus Group. It shall also establish a compliance promotion system by appointing an officer in charge of compliance ("Chief Compliance Officer") and establishing a department in charge of group-wide compliance. The department in charge of group-wide compliance shall be responsible for activities toward the improvement of the group compliance system based on the Global Compliance Management System. Furthermore, it shall continuously conduct education of employees and measures relating to assessment. It shall establish a compliance helpline inside and outside the Company for consultation or provision of information on compliance related issues so that any employee, when suspecting there is or may be a violation of laws and regulations, etc., may make a report.

(3) The Company shall establish the CSR Committee with the President responsible for CSR and chaired by the officer in charge of CSR, and regularly hold meetings to set the contents and objectives for CSR activities by the Olympus Group and evaluate such activities. The Committee shall develop high ethical standards and promote measures to realize the Olympus Group Corporate Conduct Charter and the Olympus Group Code of Ethics.

(4) The Company shall establish the Internal Audit Office that directly reports to the President. The Internal Audit Office shall, pursuant to the provisions of the Internal Audit Regulations, conduct internal audits of the businesses of the Company and domestic subsidiaries in general with regard to the status of their compliance with laws and regulations, the Articles of Incorporation, and internal corporate regulations, and the appropriateness of the business execution procedures and details and other matters. For overseas subsidiaries, the internal audit department of each regional business center shall regularly conduct internal audits. Their audit results shall be reported to the President, the Board of Directors and the Audit & Supervisory Board of the Company.

(5) In order to ensure the fairness of operations of subsidiaries, the Company shall dispatch Directors and Audit & Supervisory Board Members to major subsidiaries and request them to obtain the Company's approval for significant matters of subsidiaries based on Internal Control Framework on approval procedures.

(6) In order to ensure the appropriateness and reliability of financial reporting of the Olympus Group, the Internal Audit Office shall continue to conduct improvement activities by regularly evaluating its efforts and operations to ensure that control activities relating to financial reporting function effectively under the internal control system.

(7) 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. The Olympus Group continuously shall conduct measures for excluding anti-social forces and prepare relevant rules and regulations in order to maintain its social responsibility to exclude anti-social forces.

2. Framework regarding the maintenance of records and management of information in relation to performance of duties by Directors of the Company

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

(2) Directors and Audit & Supervisory Board Members may access important documents such as the minutes of a meeting of the Board of Directors and documentary approvals at any time based on the internal rules on document management.

3. Rules relating to the risk management of the Company and its subsidiaries in the event of loss and other circumstances

(1) The Company shall manage its business risks of the Olympus Group based on due deliberations held at meetings of the Board of Directors and the Executive Management Committee, among other meetings, and appropriate operation of the internal approval procedure. The President shall make a proposal to the Board of Directors for resolution of significant matters of the Olympus Group that are specified by the Rules of the Board of Directors following sufficient deliberations at meetings of the Executive Management Committee. The Board of Directors shall make a decision about the proposed matters after sufficient deliberations. In addition, the President shall make a decision about significant matters except for board meeting agendas after deliberations at meetings of the Executive Management Committee.

(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, working for preventive risk management as the Olympus Group, and implementing education and training.

(3) The CSR Committee shall report and deliberate on plans and measures in relation to risk management, and make efforts to establish and maintain a risk management system at the Olympus Group. Moreover, pursuant to the Rules on Risk Management and Crisis Response, each department in charge in the Company and the subsidiaries shall be aware of risks and take preventative measures, and the Company

has 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, the department in charge shall make immediate reports to the President, other members of the Executive Management Committee and relevant people. The final determination in such circumstance shall be made by the President.

4. Framework to ensure the effective performance of duties by Directors of the Company and its subsidiaries

(1) The Board of Directors shall approve medium- and long-term Corporate Strategic Plans in which the business objectives of the Olympus Group are set forth, and action plans for these, which are called annual business plans. 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 President and other Operating Directors and approve the separation of duties of Executive Officers. In addition, the Board of Directors shall receive reports on their duties as performed.

(3) Based on internal corporate regulations including the internal rules on approval procedures and organizational matters, the Board of Directors shall approve 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 receive reports from major management organizations on their duties as performed.

(4) To ensure efficient execution of duties by Directors of the subsidiaries, the Company has established Group Finance Control Rules and introduced a cash management system for each of Japan, Americas, Europe and Asia.

5. Framework for reporting to the Company on matters concerning execution of duties by the Directors, etc., of the subsidiaries of the Company

(1) Pursuant to the internal rules on management of subsidiaries and affiliates, the Company shall clearly provide for management standards applied to its subsidiaries, review management status of respective subsidiaries, and regularly make reports to the Executive Management Committee.

(2) The Company shall receive reports from the subsidiaries through the Executive Management Committee Global Session held on a regular basis.

(3) The Company shall ensure receiving reports as appropriate and in a timely manner from the subsidiaries in accordance with the Global Consolidated Accounting Control Framework to ensure that the Company will remain accurately informed of financial position and results of operation of the Olympus Group, and appropriately maintain and manage the consolidated accounting policies.

6. Matters relating to employees that assist the Audit & Supervisory Board Members of the Company upon the request of such Audit & Supervisory Board Members for assistance, matters relating to independence of the relevant employees from Directors of the Company and matters relating to effectiveness of directions given to such employees of the Audit & Supervisory Board Members of the Company to be ensured

The Company shall establish the office of Audit & Supervisory Board Members and allocate a dedicated employee who will assist with the Audit & Supervisory Board Members' duties. The Company may also allocate non-dedicated, shared employees as necessary. In addition, the Company shall set forth internal corporate regulations to ensure independence from execution as stated below, and ensure effectiveness of directions from the Audit & Supervisory Board Members to such employees.

(i) In order to assist with Audit & Supervisory Board Members' duties, such employees shall not receive directions or guidance from any Directors and employees.

(ii) Appointment, dismissal, transfers, wages, personnel evaluation, etc. of employees, who should assist with Audit & Supervisory Board Members' duties, shall be determined after obtaining the approval of the Audit & Supervisory Board.

7. Framework regarding reports by Directors and employees of the Company to Audit & Supervisory Board Members of the Company, and reports by Directors and employees of the subsidiaries of the Company or personnel who have received reports from them to the Audit & Supervisory Board Members of the Company

(1) Directors and employees of the Company, and Directors, Audit & Supervisory Board Members and employees of subsidiaries shall make reports to the Audit & Supervisory Board of the Company any material violation of relevant laws and regulations, or the Articles of Incorporation, acts of wrongdoing, or acts that may cause material damages to the Company, directly or by way of an appropriate division in a timely manner. In addition, when Audit & Supervisory Board Members of the Company request reports from Directors and employees of the Olympus Group in accordance with relevant laws and regulations, as well as the Rules of the Audit & Supervisory Board and the Audit & Supervisory Board Members' Audit Standard, which are both established by the Audit & Supervisory Board of the Company, such Directors and employees shall immediately make a report to the Audit & Supervisory Board Members.

(2) In case any material compliance issue arises in the Olympus Group, the Chief Compliance Officer shall make reports on details and other matters to the Board of Directors in accordance with the Rules for Compliance Helpline Operation. Reports on details of issues reported and results of investigations shall also be made regularly to Standing Audit & Supervisory Board Members.

(3) The Internal Audit Office of the Company shall regularly report the status of internal audit in the Olympus Group to Audit & Supervisory Board Members of the Company. In addition, the Chief Compliance Officer shall report the status concerning compliance to the Audit & Supervisory Board Members as necessary.

8. Framework to ensure that any personnel who have made a report to the Audit & Supervisory Board Members of the Company will not be subjected to any unfair treatment due to the report made

The Company shall set forth internal corporate regulations and shall not impose any unfair treatment (including de-facto measures such as restricting the personnel to engage in duties, or assigning the personnel solely to work on chores, in addition to measures of personnel affairs such as dismissal, demotion, pay cut and other disciplinary actions and disadvantageous transfer) to any personnel who have made a report on the grounds of having made a report to the Audit & Supervisory Board Members.

9. Matters regarding procedures for advance payment of expenses incurred in connection with execution of duties by Audit & Supervisory Board Members of the Company and their reimbursement, and treatment of other expenses or liabilities incurred in connection with execution of the duties

The Company shall set forth internal corporate regulations. When an advance payment or reimbursement of expenses is requested for execution of duties of Audit & Supervisory Board Members, the Company shall promptly process disbursement except for such case that the expense is obviously deemed unnecessary for execution of duties by Audit & Supervisory Board Members.

10. Other systems to ensure the effectiveness of audit by Audit & Supervisory Board Members of the Company

(1) Directors and employees of the Company and the subsidiaries shall ensure effectiveness of the audit by cooperating with the Audit & Supervisory Board Members for investigations by interviews and on-site inspections.

(2) The Company shall ensure that it provides Audit & Supervisory Board Members with opportunities to sufficiently exchange opinions with Directors, Accounting Auditor and any other personnel necessary for the Audit & Supervisory Board Members in appropriately performing their duties.

(3) The Company shall ensure that it provides Audit & Supervisory Board Members with opportunities to attend meetings of the Board of Directors as well as meetings of the Executive Management Committee and any other important meetings to express their opinions.

(4) The Company shall ensure that it provides Audit & Supervisory Board Members with, upon their request, opportunities of collaboration between Audit & Supervisory Board Members and Audit & Supervisory Board Members of the subsidiaries and collecting information from employees of the subsidiaries.

III. Overview of Status of Management of Framework to Ensure Fairness of Operations

1. Framework to ensure the compliance by Directors and employees of the Company and its subsidiaries, in performance of duties, to applicable laws and regulations as well as the Articles of Incorporation

- The Company has established the Olympus Group Corporate Conduct Charter and the Olympus Group Code of Ethics and in addition established and revised internal corporate regulations. Moreover, the Compliance Committee held four meetings to report the status of the compliance related activities. The Global Compliance Committee held four meetings, and in addition to that, the Company conducted surveys on awareness about the compliance and self-assessment on a global basis. The Company also conducted compliance training for Executive Management Committee members.
- The Company received reports at any time through the compliance helpline provided inside and outside the Company, and made reports on individual cases and result of investigation to the Audit & Supervisory Board Members.
- The Company held CSR Committee meetings and reported the status of activities to the Executive Management Committee.
- The Internal Audit Office of the Company made reports on the audit plan, audit implementation status and others based on the Internal Audit Regulations to President and the Board of Directors. In addition, the Company also reported on the status of preparation for internal control of financial report and its operation in accordance with the internal control implementation policy. Moreover, the result of the audit was reported to the President, the Board of Directors, and Audit & Supervisory Committee Members.
- The Company dispatched Directors and Audit & Supervisory Board Members to major subsidiaries, and deliberated important matters of the subsidiaries in accordance with internal control rules which are Olympus global rules, and internal control rules of respective locations.
- The Company performed investigation on new transactions of the Company and its subsidiaries in accordance with the Rules for eliminating of antisocial forces.

2. Framework regarding the maintenance of records and management of information in relation to performance of duties by Directors of the Company

- The Company prepared and saved minutes of the Board of Directors' meetings, Annual Securities Report and the regulations, etc. in accordance with internal rules on document management.

3. Rules relating to the risk management of the Company and its subsidiaries in the event of loss and other circumstances

- The Company shall make a proposal to the Board of Directors for resolution of significant matters of the Olympus Group following sufficient deliberations at meetings of the Executive Management Committee. The Company regularly held the meetings of the Executive Management Committee and the Board of Directors. The Company also performed business risk management of the Group by due operations of approval procedures using the electric approval system.
- The Company worked to manage risks for the entire Olympus Group by providing necessary educational training programs and holding meeting bodies. In addition, CSR Committee conducted risk assessments and provided drills to ensure quick response in case of a disaster.

4. **Framework to ensure the effective performance of duties by Directors of the Company and its subsidiaries**
    - Officers in charge at the Company made reports on the status of execution of Directors' duties. The Company also formulated business plans for the next fiscal year. During the fiscal year under review the Company held 23 meetings of the Board of Directors.

5. **Framework for reporting to the Company on matters concerning execution of duties by the Directors, etc., of the subsidiaries of the Company**
    - The Company received reports on actual results from subsidiaries every month and conducted quarterly and annual reviews. In addition, the Company has dispatched Directors and Audit & Supervisory Board Members to major subsidiaries. The Company held the Executive Management Committee Global Session six times to make necessary reports and deliberation.

6. **Matters relating to employees that assist the Audit & Supervisory Board Members of the Company upon the request of such Audit & Supervisory Board Members for assistance, matters relating to independence of the relevant employees from Directors of the Company and matters relating to effectiveness of directions given to such employees of the Audit & Supervisory Board Members of the Company to be ensured**
    - The Company has established the office of Audit & Supervisory Board Members and has allocated two dedicated employees and one non-dedicated employee. In addition, the Company shall ensure independence from execution based on the regulations, and ensure effectiveness of directions from the Audit & Supervisory Board Members to such employees.

7. **Framework regarding reports by Directors and employees of the Company to Audit & Supervisory Board Members of the Company, and reports by Directors and employees of the subsidiaries of the Company or personnel who have received reports from them to the Audit & Supervisory Board Members of the Company**
    - The Company made arrangements so that the Audit & Supervisory Board Members can exchange opinions with Directors, Executive Officers, employees, and accounting auditors as necessary. In addition, the Company secured opportunities for Audit & Supervisory Board Members to attend the Executive Management Committee and the Global Compliance Committee. The Company further made reports on the status relating to compliance, internal reporting and results of investigation to the Audit & Supervisory Board Members. The company held 24 meetings of the Audit & Supervisory Board Members in the fiscal year.

8. Framework to ensure that any personnel who have made a report to the Audit & Supervisory Board Members of the Company will not be subjected to any unfair treatment due to the report made

- The Company has established rules concerning the framework supporting duties of the Audit & Supervisory Board Members. The Company has never unfairly treated anyone who made a report to the Audit & Supervisory Board Members for the reason of making such report.

9. Matters regarding procedures for advance payment of expenses incurred in connection with execution of duties by Audit & Supervisory Board Members of the Company and their reimbursement, and treatment of other expenses or liabilities incurred in connection with execution of the duties

- The Company reimbursed required expenses as appropriate upon request from an Audit & Supervisory Board Member.

10. Other systems to ensure the effectiveness of audit by Audit & Supervisory Board Members of the Company

- The Company exchanged opinions with Directors, Executive Officers and employees as necessary upon request from the Audit & Supervisory Board Members and improved effectiveness of audit performed by the Audit & Supervisory Board Members. In addition, the Company secured opportunities for the Audit & Supervisory Board Members to attend the Executive Management Committee and the Global Compliance Committee. In addition, the Company's Audit & Supervisory Board Members held three liaison meetings with Audit & Supervisory Board Members of subsidiaries and affiliates and also held face-to-face meetings with Audit & Supervisory Board Members of the subsidiaries.

IV. Basic Policy on Control of Company

The Company believes that the persons who control decisions on the Company’s financial and business policies need to be persons who fully understand the details of the Company’s financial and business affairs and the source of the Company’s corporate value and who will make it possible to continually and persistently ensure and enhance the Company’s corporate value and, in turn, the common interests of its shareholders.

The Company will not indiscriminately reject a large-scale acquisition of the Company’s shares if it will contribute to the corporate value of the Company and, in turn, the common interests of its shareholders. The Company also believes that ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a transfer of corporate control of a joint stock company.

Nonetheless, there are some forms of a large-scale acquisition that benefits neither the corporate value of the target company nor, in turn, the common interests of its shareholders. Unless a person who would make a large-scale acquisition of the Company’s shares understands the source of the Company’s corporate value and would ensure and enhance these elements over the medium-to-long term, the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed. The Company believes that persons who would make a large-scale acquisition of the Company’s shares in a manner that does not contribute to the corporate value of the Company and, in turn, the common interests of its shareholders would be inappropriate to become persons who would control decisions on the Company’s financial and business policies. Against a large-scale acquisition of the Company’s shares by such persons, in order to ensure the corporate value of the Company and, in turn, the common interests of its shareholders, the Company will require the acquirer, etc. to provide necessary and sufficient information, disclose relevant information in a timely manner, and ensure that shareholders will have sufficient information and time needed to make proper decisions whether or not the large-scale acquisition is acceptable. The Company will also take other appropriate measures within the scope permitted by the Financial Instruments and Exchange Act, the Companies Act, other laws and ordinances, and the Articles of Incorporation.

V. Consolidated Statement of Changes in Net Assets (April 1, 2016 to March 31, 2017)

(Millions of yen)

Items	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at the beginning of the year	124,520	90,940	172,989	(1,122)	387,327
Changes during the year					
Dividends from Surplus			(5,818)		(5,818)
Net income attributable to owners of the parent			78,191		78,191
Acquisition of treasury stock				(8)	(8)
Disposal of treasury stock		3		8	11
Change in ownership interest of parent due to transactions with non-controlling interests		282			282
Net changes in items other than shareholders' equity					
Net changes during the year	–	285	72,373	0	72,658
Balance at the end of the year	124,520	91,225	245,362	(1,122)	459,985

Items	Accumulated other comprehensive income				
	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at the beginning of the year	24,947	(7)	(8,686)	(21,222)	(4,968)
Changes during the year					
Dividends from Surplus					
Net income attributable to owners of the parent					
Acquisition of treasury stock					
Disposal of treasury stock					
Change in ownership interest of parent due to transactions with non-controlling interest					
Net changes in items other than shareholders' equity	(15,391)	7	(11,995)	1,169	(26,210)
Net changes during the year	(15,391)	7	(11,995)	1,169	(26,210)
Balance at the end of the year	9,556	–	(20,681)	(20,053)	(31,178)

Items	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of the year	428	1,496	384,283
Changes during the year			
Dividends from Surplus			(5,818)
Net income attributable to owners of the parent			78,191
Acquisition of treasury stock			(8)
Disposal of treasury stock			11
Change in ownership interest of parent due to transactions with non-controlling interest			282
Net changes in items other than shareholders' equity	126	23	(26,061)
Net changes during the year	126	23	46,597
Balance at the end of the year	554	1,519	430,880

VI. Notes to Consolidated Financial Statements

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

1. Scope of consolidation
   (1) Status of consolidated subsidiaries
   Number of consolidated subsidiaries: 105
   Names of principal consolidated subsidiaries:
   Olympus Corporation of the Americas, Olympus Europa Holding SE, Olympus Corporation of Asia Pacific Limited
   Change in scope of consolidation
   Newly added consolidated subsidiaries: 1
   OLYMPUS-RMS CORP., which was an affiliated company accounted for under the equity method, has been included in consolidated subsidiaries since the Company made an additional purchase of its shares during the fiscal year.
   Excluded companies: 14
   All the shares held in Nippon Outsourcing Corporation and 1 other company, which were subsidiaries of the Company, have been sold, leading to said company being excluded from the scope of consolidation during the fiscal year.
   Olympus Technologies Singapore Pte. Ltd and 4 other companies have been excluded from consolidated subsidiaries due to merger with other consolidated subsidiaries during the fiscal year.
   Olympus Finance Hong Kong Limited and 6 other companies have been excluded from consolidated subsidiaries due to liquidation during the fiscal year.

   (2) Status of non-consolidated subsidiaries
   Names of principal non-consolidated subsidiaries:
   Olympus-Supportmate Corp. and 1 other company

   The 2 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) Status of affiliated companies accounted for under the equity method
   Number of affiliated companies accounted for under the equity method: 2
   Names of principal affiliated companies:
   Olympus Opto Systems India Private Limited and Sony Olympus Medical Solutions Inc.
   All the shares held in Adachi Co., Ltd., which was an affiliated company accounted for under the equity method, have been sold during the fiscal year, leading to said company being excluded from the scope of the equity method.

(2) Olympus-Supportmate Corp. and 1 other non-consolidated subsidiary 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. Items concerning accounting policies

(1) Important asset valuation principles and methods

(a) Securities

Held-to-maturity securities	Amortized cost method
Available-for-sale 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 depreciable and amortizable assets

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

Mainly by the straight-line method

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

(b) Intangible 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

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.

(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) Provision for retirement benefits for directors and audit & supervisory board members

To provide for retirement benefit payments for directors and audit & supervisory board members, the necessary payment amount at the end of the fiscal year is accounted by domestic consolidated subsidiaries based on their respective internal regulations.

(d) Provision for loss on business liquidation

To provide for losses arising from the business liquidation to be carried out by the Group, the expected amount of these losses is accounted.

(e) Provision for loss on litigation

To provide for losses related to lawsuits and the like, in light of the progress of lawsuits, the expected amount of these losses is accounted based on a reasonable estimate of the amount deemed necessary.

(f) Provision for points

To provide for sales allowances for utilization of points granted to customers, the amount that is expected to be utilized in the future is accounted.

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

(a) Treatment method for important deferred assets

Stock issuance expense and bond issuance expense

Total expense recorded at the time of occurrence

(b) Accounting principles for net defined benefit liability

To provide for retirement benefit payments to employees, the difference between projected benefit obligation and plan assets is recorded as "net defined benefit liability," based on the projected benefit obligation and plan assets as of the end of the current fiscal year. In calculating the projected benefit obligation, the benefit formula basis is used to attribute expected benefits to periods up to the end of the fiscal year under review.

Pertaining to past service costs, 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 gain or loss, 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 gain or loss is accounted as an expense starting from the following fiscal year.

Unrecognized actuarial gain or loss and unrecognized past service costs are recorded as remeasurements of defined benefit plans under accumulated other comprehensive income in the net assets section, after adjusting for tax effects.

(c) Accounting principles for income and costs

Accounting principles for income involving finance lease transactions

	Income involving finance lease transactions mainly follows a method of accounting net sales and cost of sales on the commencement date of the lease transaction

(d) 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, a special treatment is used for those whose requirements for special treatment are satisfied.

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.

Method of assessing hedge effectiveness

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

(e) Amortization of goodwill and amortization period

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

(f) Treatment of consumption taxes

Treated using the tax exclusive method.

(g) Application of the consolidated tax payment system

The consolidated tax payment system where Olympus Corporation and some consolidated subsidiaries are designated as respective parent companies is adopted.

Additional Information

Application of ASBJ Guidance on Recoverability of Deferred Tax Assets

Effective from the fiscal year ended March 31, 2017, the Company has applied the "Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

Notes to Consolidated Balance Sheet

1. Accumulated depreciation for property, plant and equipment

¥284,964 million

2. Contingent liabilities

(1) Liabilities for guarantees

Guaranteed party	Description of guarantee	Amount
Employees	Housing fund loans, etc.	¥22 million
Total		¥22 million

(2) Lawsuits, etc.

As a result of inappropriate financial reporting by the Company, certain shareholders and shareholder groups, etc. filed lawsuits against the Company. Among these the Company has recorded provision for loss on litigation for some portion of these claims by lawsuits. Moreover, although there is a possibility that other claims by lawsuits may have an impact on the Company's financial results by providing related reserves depending on future developments pertaining to the claims, it is not possible to make a reasonable estimate of this impact at present.

(3) Investigation on Duodenoscopes in the U.S.

In March and August 2015, a subpoena was issued to Olympus Medical Systems Corp., a subsidiary of ours by the U.S. Department of Justice, seeking information relating to duodenoscopes that the Olympus Group manufactures and sells, and the Department continues investigation of the facts. There is a possibility of having an impact on the Company's financial results depending on future developments pertaining to the claims, it is not possible to make a reasonable estimate of this impact at present.

3. Notes receivable discounted ¥148 million
(including discounted bills of exchange for export ¥148 million)

4. Allowance for doubtful accounts

¥7,211 million of allowance for doubtful accounts is the amount expected to be unrecoverable with respect to ¥7,211 million of long-term accounts receivable-other that is commission fees related to Receiver Funds, 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 has requested payment from these external partners of Receiver Funds because the fees were not agreed.

Notes to Consolidated Statement of Changes in Net Assets

1. Class and total number of issued shares at the end of the current fiscal year

   Common stock 342,671,508 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
Ordinary General Meeting of Shareholders held on June 28, 2016	Common stock	5,818	17	March 31, 2016	June 29, 2016

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

   It is proposed that at the Ordinary General Meeting of Shareholders to be held on June 28, 2016, the following matters regarding dividends will be brought up for resolution.

Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Common stock	9,583	Retained earnings	28	March 31, 2017	June 29, 2017

3. Number and class of potential shares resulting from the exercise of subscription rights to shares (excluding shares for which the exercise period has not commenced) as of March 31, 2017

   Common stock 151,800 shares

Financial Instruments

1. Items concerning status of financial instruments

   With regard to fund management, the Olympus Group primarily uses short-term deposits. For financing, it uses loans from bank and other financial institutions and bond issuances.

   Notes and accounts receivable, which are exposed to customer credit risks, are hedged based on internal regulations. Further, market prices of investment securities are checked on a quarterly basis.

   We use loans to fund working capital (mainly, short-term) and business investments (long-term). We hedge interest rate fluctuation risks using interest rate swaps for some long-term borrowings. Our policy for derivatives is to use them based only on actual demand, in accordance with internal regulations.

2. Items concerning fair value of financial instruments

   Consolidated balance sheet amounts and fair value as of March 31, 2017 (consolidated balance sheet date for the current fiscal year), and their variances, of financial instruments are as follows. However, financial instruments that have low materiality and whose fair value is deemed to be extremely difficult to determine are not included (please refer to Note 2).

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Variance
(1) Cash and time deposits	199,431	199,431	–
(2) Notes and accounts receivable	137,924	137,924	–
(3) Investment securities	27,835	27,835	–
Total assets	365,190	365,190	–
(4) Notes and accounts payable	41,596	41,596	–
(5) Short-term borrowings	2,409	2,409	–
(6) Bonds	25,000	25,094	94
(7) Long-term borrowings, less current maturities (including current maturities of long-term borrowings)	258,948	260,112	1,164
Total liabilities	327,953	329,211	1,258
(8) Derivatives	(603)	(603)	–

* Net receivables and payables arising from derivative transactions are shown in net amounts. Figures in parentheses are posted to liabilities.

Note 1: Items concerning the method of determining the fair value of financial instruments

(1) Cash and time deposits, and (2) Notes and accounts receivable

Because these accounts are settled in a short period, their fair value is nearly equal to their book value. Therefore, book value is taken to be fair value.

(3) Investment securities

The fair value of stocks is the price on the relevant stock exchange, while that of bonds and investment trusts is the price on the relevant stock exchange or price presented by financial institutions with which the Company does business.

(4) Notes and accounts payable, and (5) Short-term borrowings

Because these accounts are settled in a short period, their fair value is nearly equal to their book value. Therefore, book value is taken to be fair value.

(6) Bonds

The fair value of bonds issued by the Company is its present value at which the sum of principals is calculated at the rate obtained in consideration of the remaining periods of bonds and credit risks.

(7) Long-term borrowings, less current maturities

The fair value is the value at which the sum of principal and interest is discounted at the rate obtained assuming that a similar loan is newly provided. Long-term borrowings with variable interest rates are subject to special treatment of interest rate swaps (refer to Item (8)). The fair value of such borrowings is the value at which the sum of principal and interest, which are treated in combination with the said interest rate swap, is discounted at a reasonable rate estimated for a similar new loan.

(8) Derivatives

The fair value of a derivative is the price presented by financial institutions with which the Company does business and entered into an agreement.

Derivatives that are subject to special treatment of interest rate swaps and are translated at a foreign exchange rate to foreign currency-denominated accounts receivable are treated together with hedged items, and the fair value of such derivatives is therefore included in the fair value of the hedged items.

Note 2: Financial instruments whose fair values are deemed to be extremely difficult to determine

(Millions of yen)

Classification	Consolidated balance sheet amount
(1) Unlisted shares	70
(2) Other	970
Total	1,040

These items do not have market prices and a considerable cost is likely to be incurred to estimate future cash flow. They are not therefore included in “(3) Investment securities” because it is deemed to be extremely difficult to determine their fair value.

Per-Share Information

1. Net assets per share ¥1,252.96
2. Net income per share ¥228.47

Significant Subsequent Events

Corporate acquisition through share acquisition
The Company resolved at the Board of Directors meeting held on April 28, 2017, regarding the acquisition of 100% shares of Image Stream Medical, Inc. (Headquartered: Massachusetts, USA; CEO: Eddie Mitchell) ("ISM"), a U.S. operating room imaging systems integrator, through its wholly owned subsidiary, Olympus Corporation of the Americas ("OCA"). Through the use of a special purpose vehicle (the "MergerSub") and the subsequent merger between the MergerSub and ISM, OCA will acquire the shares of surviving corporation ISM, resulting in ISM becoming a wholly owned subsidiary of OCA (the "Transaction"). After the resolution, OCA, ISM and the MergerSub entered into a mutual agreement for the Transaction on the same day.

1. Purpose of equity acquisition
   As outlined within the 2016 Corporate Strategic Plan ("16CSP") announced on March 30, 2016, the Company aims to improve corporate value by strengthening the company's foundations and developing an aggressive business portfolio for sustainable future growth.
   Through this acquisition, Olympus seeks to acquire ISM's technology and know-how, and consequently strengthen its operating room systems integration business as described in the 16CSP, with the aim to provide better medical environments, and thereby contributing to society by making the lives of people around the world healthier, safer and more fulfilling.

2. Name of the company to be acquired, description of business, and size
   (1) Name: Image Stream Medical, Inc.
   (2) Description of business: Proposing, selling, delivery and maintenance services for video management equipment and system integration solutions for operating rooms
   (3) Turnover: Approx. US$31 million (fiscal year ended December 2016)

3. Schedule of equity acquisition
   Early June, 2017 (provisional schedule)

4. Acquisition price and equity ratio after acquisition
   (1) Shares acquired: 100 shares
   Acquisition price: US$ 78 million (maximum of US$ 87 million)
   The acquisition price mentioned above is the valuation amount of the enterprise value of ISM. The actual acquisition price is subject to certain adjustments, based on items (for example, net debt, net working capital and others) of ISM as at the closing date of this Transaction. In addition, additional consideration may be paid in the future up to this maximum amount, based on the performance, progress of development and sales activities of ISM.
   (3) Equity ratio after acquisition: 100%

5. Method of procurement of payment funds and payment
   Funded by cash reserve

Other Notes

1. Loss related to securities litigation
   The Company has received claims for compensation for damages from several individual and institutional investors, for losses sustained as a result of the Company's false statements for the purpose of postponing recognition of losses in the Annual Securities Reports, Semi-Annual Securities Reports and Quarterly Securities Reports for the period from the fiscal year ended March 31, 2001 through the first quarter of the fiscal year ended March 31, 2012. ¥6,922 million in "Loss related to securities litigation" represents losses relating to these claims for compensation for damages and the main component is settlement packages.

2. Impairment loss on fixed assets
   The Group accounted for impairment losses with respect to the following asset groups.

(Millions of yen)

Application	Type	Location	Impairment loss on fixed assets
Assets scheduled for disposal	Other intangible assets	Tokyo	230

In principle, the Group's business assets are grouped mainly by segment, assets scheduled for disposal are grouped by assets to be disposed of by abandonment, sale, etc., and idle assets are grouped by individual asset.
During the fiscal year ended March 31, 2017, a decision with respect to assets scheduled for disposal has been made to dispose. As a result, the book value of these assets is considered to be zero.

3. Business combination

Business divestitures
The Company transferred shares of Nippon Outsourcing Corporation (hereinafter, "NOC"), a consolidated subsidiary of the Company, to THE LONGREACH GROUP LTD. on October 31, 2016.

(1) Outline of business divestitures
  (i) Name of company which succeeded a divested business
      LN Holdings Inc.
      (LN Holdings Inc. is an affiliated company of an investment fund managed by THE LONGREACH GROUP LTD.)
  (ii) Contents of divested business
      Comprehensive outsourcing business, personnel service, shared services for Olympus
  (iii) Primary reason for business divestiture
      As one of the priority strategies of the 2016 Corporate Strategic Plan ("16CSP") announced on March 30, 2016, the Company aims to acquire necessary management resources in a timely manner and fully leverage these resources, and is advancing to focus investment of management resources in growing fields of the Medical Business.

On the other hand, NOC has been developing business mainly in outsourcing and personnel service since its establishment in 1988 and has been well-trusted by the market. Yet, outsourcing and personnel service have not been placed as Company's core field under the 16CSP. The situation therefore is difficult for sufficient investment to maintain competitiveness and further growth in the outsourcing industry where competition is increasingly severe.

For NOC to make the most of its intrinsic potential to maximize corporate value and customer value, the Company decided that the best approach would be, from a technical standpoint of business support and investment, to have NOC gain the opportunity to realize further growth under THE LONGREACH GROUP who has considerable track record and strength in accelerating growth and competitiveness of companies.

(iv) Date of Business Divestitures

October 31, 2016

(v) Outline of other transactions including legal form

Transfer of business with consideration only received by assets such as cash

(2) Outline of accounting treatment applied

(i) Amount of profit and loss transferred

3,844 million yen

(ii) Appropriate book values of assets and liabilities of transferred business and main contents thereof

Current assets	2,633	million yen
Fixed assets	347	
Total assets	2,980	
Current liabilities	1,704	
Non-current liabilities	194	
Total liabilities	1,898	

(iii) Accounting treatment

The variance of book value and the cost to sell of NOC on a consolidated basis is recorded as gain on sales of investments in subsidiaries and affiliates under extraordinary income.

(3) Estimated profit and loss in divested business in consolidated statements of income for the current fiscal year.

Net sales: 3,580 million yen

Operating income: 196 million yen

4. Adjustment of deferred tax assets and deferred tax liabilities due to change in corporation tax rates

Act to partially amend the Act of Partial Amendment of the Consumption Tax Act for the Drastic Reform of the Taxation System for Ensuring Stable Financial Resources for Social Security (Act No. 85 of 2016) and Act to partially amend the Act of Partial Amendment of the Local Tax Act and Local Allocation Tax Act for the Drastic Reform of the Taxation System for Ensuring Stable Financial Resources for Social Security (Act No. 86 of 2016) were enacted in the Diet session on November 18, 2016, and as a consequence, the timing to raise the consumption tax rate to 10% was postponed from April 1, 2017 to October 1, 2019.

In step with this, the timing of implementation to abolish special local corporation tax and as a result the timing of implementation to restore corporation business tax and revise the rate of local corporation tax and the rate of corporate inhabitant tax (on corporation tax basis) were postponed from the fiscal year beginning on or after April 1, 2017 to the fiscal year beginning on or after October 1, 2019, respectively.
Although there is no change in the statutory effective tax rate used to measure deferred tax assets and deferred tax liabilities, as a result of the reclassification of tax rates between the national tax and local tax, the amount of deferred tax assets (the amount after deducting the amount of deferred tax liabilities) increased by 1,359 million yen and income taxes, deferred decreased by the same amount.

VII. Non-Consolidated Statement of Changes in Net Assets (April 1, 2016 to March 31, 2017)

(Millions of yen)

Items	Shareholders' equity			
	Common stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at the beginning of the year	124,520	90,940	0	90,940
Changes during the year				
Dividends from Surplus				
Net income				
Acquisition of treasury stock				
Disposal of treasury stock			3	3
Reversal of reserve for advanced depreciation				
Net changes in items other than shareholders' equity				
Net changes during the year	–	–	3	3
Balance at the end of the year	124,520	90,940	3	90,943

Items	Shareholders' equity			
	Retained earnings			Treasury stock, at cost
	Other retained earnings		Total retained earnings	
	Reserve for advanced depreciation	Retained earnings carried forward		
Balance at the beginning of the year	1,328	132,391	133,719	(1,122)
Changes during the year				
Dividends from Surplus		(5,818)	(5,818)	
Net income		99,375	99,375	
Acquisition of treasury stock				(8)
Disposal of treasury stock				8
Reversal of reserve for advanced depreciation	(87)	87	–	
Net changes in items other than shareholders' equity				
Net changes during the year	(87)	93,644	93,557	0
Balance at the end of the year	1,241	226,035	227,277	(1,122)

Items	Shareholders' equity	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Total shareholders' equity	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		
Balance at the beginning of the year	348,057	24,164	(7)	24,157	428	372,642
Changes during the year						
Dividends from Surplus	(5,818)					(5,818)
Net income	99,375					99,375
Acquisition of treasury stock	(8)					(8)
Disposal of treasury stock	11					11
Reversal of reserve for advanced depreciation	–					–
Net changes in items other than shareholders' equity		(15,342)	7	(15,335)	126	(15,209)
Net changes during the year	93,560	(15,342)	7	(15,335)	126	78,351
Balance at the end of the year	441,618	8,821	-	8,821	554	450,993

VIII. Notes to Non-Consolidated Financial Statements

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) Available-for-sale securities
         Items with market value — Market value method by 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) — Straight-line method
      (a) Vehicles, tools and fixtures — Based on useful lives as per the Corporation Tax Act
      (b) Other property, plant and equipment — Based on useful lives prescribed by the Company determined in accordance with estimated functional useful years

(2) Intangible assets (excluding lease assets)

Straight-line method

Based on useful lives as per the Corporation Tax Act

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

3. 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 Company's guarantee period with respect to products sold, the provision for product warranties is accounted using the prescribed Company's standards based on actually incurred past after service cost.

(3) Provision for retirement benefits

To provide for retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year is accounted based on the projected benefit obligation and plan 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 gain or loss, 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 gain or loss is accounted as an expense starting from the following fiscal year.

(4) Provision for loss on business liquidation

To provide for losses arising from the business liquidation to be carried out by certain subsidiaries of the Company, the expected amount of these losses is accounted.

(5) Provision for loss on litigation

To provide for losses related to lawsuits and the like, in light of progress of lawsuits, the expected amount of these losses is accounted based on a reasonable estimate of the amount deemed necessary.

(6) Provision for points

To provide for sales allowances for utilization of points granted to customers, the amount that is expected to be utilized in the future is accounted.

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

(1) Treatment method for important deferred assets

Stock issuance expense and bond issuance expense

Total expense recorded at the time of occurrence

(2) Hedge accounting methods

(a) Hedge accounting methods

The deferred hedge treatment method is used. Foreign currency-denominated accounts receivable under foreign exchange forward contracts are accounted for upon 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) Method of assessing hedge effectiveness

The effectiveness is assessed 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 the tax exclusive method.

(4) Application of the consolidated tax payment system

The consolidated tax payment system is adopted.

Additional Information

Application of ASBJ Guidance on Recoverability of Deferred Tax Assets

Effective from the fiscal year ended March 31, 2017, the Company has applied the “the Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016).

Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation for property, plant and equipment ¥129,272 million

2. Contingent liabilities
   (1) Liabilities for guarantees ¥2,736 million
   The above amount includes ¥2,714 million in contracted guarantees to subsidiaries and affiliates.

   (2) Lawsuits, etc.
   As a result of inappropriate financial reporting by the Company, certain shareholders and shareholder groups, etc. filed lawsuits against the Company. Among these the Company has recorded provision for loss on litigation for some portion of these claims by lawsuits. Moreover, although there is a possibility that other claims by lawsuits may have an impact on the Company's financial results by providing related reserves depending on future developments pertaining to the claims, it is not possible to make a reasonable estimate of this impact at present.

3. Short-term monetary claims to subsidiaries and affiliates ¥89,980 million

4. Long-term monetary claims to subsidiaries and affiliates ¥8,737 million

5. Short-term monetary liabilities to subsidiaries and affiliates ¥65,978 million

6. Discounted bills of exchange for export ¥148 million

7. Allowance for doubtful accounts
   ¥7,211 million of allowance for doubtful accounts is the amount expected to be unrecoverable with respect to ¥7,211 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 has requested payment from these external partners of Receiver Funds because the fees were not agreed.

Notes to Non-Consolidated Statement of Income

Total transactions with subsidiaries and affiliates	
Amounts resulting from business transactions	
Net sales	¥278,100 million
Net purchases	¥201,138 million
Other business transactions	¥31,907 million
Amount resulting from non-business transactions	¥55,535 million

Notes to Non-Consolidated Statement of Changes in Net Assets

1. Class and total number of issued shares at the end of the current fiscal year

Common stock	342,671,508 shares

2. Class and total number of treasury shares at the end of the current fiscal year

Common stock	435,289 shares

Treasury share of common stock at the end of the current fiscal year increased by 1,982 as a result of the purchase of shares constituting less than one unit and decreased by 3,300 as a result of the exercise of stock options.

Tax Effect Accounting

1. Breakdown of deferred tax assets and liabilities by main cause

Deferred tax assets	
Inventories	¥5,703 million
Prepaid expenses	¥5,323 million
Accrued bonuses	¥2,749 million
Property, plant and equipment	¥3,964 million
Intangible assets	¥3,769 million
Denial of loss on valuation of investment securities	¥3,671 million
Denial of loss on valuation of investment securities in subsidiaries and affiliates	¥7,712 million
Denial of provision of allowance for doubtful accounts	¥6,426 million
Denial of provision of allowance for loss on litigation	¥67 million
Loss brought forward	¥16,512 million
Other current liabilities	¥3,260 million
Subtotal of deferred tax asset	¥59,156 million
Valuation allowance	¥(21,785) million
Total deferred tax assets	¥37,371 million
Deferred tax liabilities	
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	¥(2,058) million
Reserve for advanced depreciation	¥(548) million
Prepaid pension expenses	¥(5,494) million
Other	¥(179) million
Total deferred tax liabilities	¥(8,279) million
Net deferred tax assets	¥29,092 million

2. Adjustment of deferred tax assets and deferred tax liabilities due to change in corporation tax rates

Act to partially amend the Act of Partial Amendment of the Consumption Tax Act for the Drastic Reform of the Taxation System for Ensuring Stable Financial Resources for Social Security (Act No. 85 of 2016) and Act to partially amend the Act of Partial Amendment of the Local Tax Act and Local Allocation Tax Act for the Drastic Reform of the Taxation System for Ensuring Stable Financial Resources for Social Security (Act No. 86 of 2016) were enacted in the Diet session on November 18, 2016, and as a consequence, the timing to raise the consumption tax rate to 10% was postponed from April 1, 2017 to October 1, 2019.

In step with this, the timing of implementation to abolish special local corporation tax and as a result the

timing of implementation to restore corporation business tax and revise the rate of local corporation tax and the rate of corporate inhabitant tax (on corporation tax basis) were postponed from the fiscal year beginning on or after April 1, 2017 to the fiscal year beginning on or after October 1, 2019, respectively.
Although there is no change in the statutory effective tax rate used to measure deferred tax assets and deferred tax liabilities, as a result of the reclassification of tax rates between the national tax and local tax, the amount of deferred tax assets (the amount after deducting the amount of deferred tax liabilities) increased by 1,359 million yen and income taxes, deferred decreased by the same amount.

Transactions with Related Party

Type	Name	Voting rights ownership ratio (%)	Relation	Details of transaction	Amount (Millions of yen)	Item	Ending balance (Millions of yen)
Subsidiary	Olympus Biotech International Ltd.	Direct Ownership 100.0	Financial support	—	—	Claims provable in bankruptcy, claims provable in rehabilitation and other (Note 1)	3,558

Terms of transactions and method for determining them

Note 1: With regard to total claims provable in bankruptcy, claims provable in rehabilitation and other, the Company recognized an allowance for doubtful accounts.

Per-Share Information

1. Net assets per share ¥1,316.17
2. Net income per share ¥290.37

Significant Subsequent Events

No items to report

Notes on Company Subject to Consolidated Dividend Regulations

The Company is subject to consolidated dividend regulations.

Other Note

Loss related to securities litigation
The Company has received claims for compensation for damages from several individual and institutional investors, for losses sustained as a result of the Company’s false statements for the purpose of postponing recognition of losses in the Annual Securities Reports, Semi-Annual Securities Reports and Quarterly Securities Reports for the period from the fiscal year ended March 31, 2001 through the first quarter of the fiscal year ended March 31, 2012. ¥6,922 million in “Loss related to securities litigation” represents losses relating to these claims for compensation for damages and the main component is settlement packages.