

# Olympus Corporation and Consolidated Subsidiaries



## FINANCIAL RESULTS For the half year ended Sep - 30, 2005(Results)

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

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

## CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	For the half year ended		For the half year ended		For the year ended			
	<b>Sep - 30</b>	Proportion	<b>Sep - 30</b>	Proportion	Growth	<b>Mar - 31</b>	Proportion	Growth
	<b>2004(Results)</b>	(%)	<b>2005(Results)</b>	(%)	(%)	<b>2006(Forecast)</b>	(%)	(%)
Net Sales	<b>308,723</b>	100.0%	<b>476,272</b>	100.0%	54.3%	<b>970,000</b>	100.0%	19.2%
<u>Cost of Sales</u>	<b>166,332</b>	53.9%	<b>318,145</b>	66.8%		<b>624,000</b>	64.3%	
Gross Profit	<b>142,391</b>	46.1%	<b>158,127</b>	33.2%	11.1%	<b>346,000</b>	35.7%	16.5%
<u>S.G.A. Expenses</u>	<b>124,107</b>	40.2%	<b>141,490</b>	29.7%		<b>290,000</b>	29.9%	
Operating Income	<b>18,284</b>	5.9%	<b>16,637</b>	3.5%	-9.0%	<b>56,000</b>	5.8%	141.9%
Other Income	<b>3,406</b>		<b>2,595</b>			<b>6,000</b>		
<u>Other Expenses</u>	<b>10,258</b>		<b>10,306</b>			<b>20,000</b>		
Extraordinary Item	<b>-190</b>		<b>2,335</b>			<b>3,200</b>		
Income Before Provision for Income Taxes	<b>11,242</b>	3.6%	<b>11,261</b>	2.4%	0.2%	<b>45,200</b>	4.7%	678.4%
<u>Provision for Income Taxes</u>	<b>4,528</b>		<b>9,523</b>			<b>17,700</b>		
<u>Minority Interests</u>	<b>6</b>		<b>-431</b>			<b>500</b>		
Net Income	<b>6,708</b>	2.2%	<b>2,169</b>	0.5%	-67.7%	<b>27,000</b>	2.8%	—

### Average Exchange Rate for Net Sales

Yen / U.S.Dollar	<b>109.86</b>		<b>109.48</b>		<b>109.74</b>			
Yen / Euro	<b>133.32</b>		<b>135.65</b>		<b>135.32</b>			
Favorable/Unfavorable Impact on Net Sales								
U.S.Dollar	<b>-6,773</b>		<b>-300</b>		<b>4,000</b>			
Euro	<b>-103</b>		<b>1,656</b>		<b>200</b>			
Others	<b>-786</b>		<b>1,393</b>		<b>2,200</b>			
Total	<b>-7,662</b>		<b>2,749</b>		<b>6,400</b>			
R & D Expenditures	<b>21,121</b>	6.8%	<b>21,895</b>	4.6%	3.7%	<b>50,000</b>	5.2%	4.8%
Capital Investments	<b>18,305</b>		<b>18,060</b>		-1.3%	<b>48,000</b>		4.1%
Depreciation	<b>14,477</b>		<b>13,655</b>		-5.7%	<b>30,000</b>		0.8%

(Note)

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

## Sales by Product

(Millions of Yen)

		Sep - 30	Composition	Sep - 30	Composition	Growth	Mar - 31	Composition	Growth
		2004(Results)	Ratio (%)	2005(Results)	Ratio (%)	(%)	2006(Forecast)	Ratio (%)	(%)
Cameras (1)	Domestic	<b>1,256</b>		<b>1,244</b>		-1.0%	<b>2,300</b>		-0.9%
	Overseas	<b>14,439</b>		<b>11,402</b>		-21.0%	<b>21,700</b>		-17.6%
	Total	<b>15,695</b>	5.1%	<b>12,646</b>	2.7%	-19.4%	<b>24,000</b>	2.5%	-16.3%
Digital Cameras	Domestic	<b>13,299</b>		<b>10,519</b>		-20.9%	<b>25,300</b>		-4.4%
	Overseas	<b>109,212</b>		<b>92,923</b>		-14.9%	<b>196,700</b>		-11.6%
	Total	<b>122,511</b>	39.7%	<b>103,442</b>	21.7%	-15.6%	<b>222,000</b>	22.9%	-10.9%
<b>Imaging / Total</b>	Domestic	<b>14,555</b>		<b>11,763</b>		-19.2%	<b>27,600</b>		-4.1%
	Overseas	<b>123,651</b>		<b>104,325</b>		-15.6%	<b>218,400</b>		-12.3%
	Total	<b>138,206</b>	44.8%	<b>116,088</b>	24.4%	-16.0%	<b>246,000</b>	25.4%	-11.4%
Endoscopes	Domestic	<b>19,938</b>		<b>26,866</b>		34.7%	<b>47,000</b>		15.8%
	Overseas	<b>49,383</b>		<b>57,916</b>		17.3%	<b>122,000</b>		13.9%
	Total	<b>69,321</b>	22.4%	<b>84,782</b>	17.8%	22.3%	<b>169,000</b>	17.4%	14.5%
MIP (2)	Domestic	<b>9,775</b>		<b>10,792</b>		10.4%	<b>24,000</b>		9.7%
	Overseas	<b>27,858</b>		<b>30,849</b>		10.7%	<b>67,000</b>		9.9%
	Total	<b>37,633</b>	12.2%	<b>41,641</b>	8.7%	10.7%	<b>91,000</b>	9.4%	9.8%
<b>Medical / Total</b>	Domestic	<b>29,713</b>		<b>37,658</b>		26.7%	<b>71,000</b>		13.7%
	Overseas	<b>77,241</b>		<b>88,765</b>		14.9%	<b>189,000</b>		12.5%
	Total	<b>106,954</b>	34.6%	<b>126,423</b>	26.5%	18.2%	<b>260,000</b>	26.8%	12.8%
Bioscience (Microscopes)	Domestic	<b>5,176</b>		<b>5,391</b>		4.2%	<b>12,900</b>		13.0%
	Overseas	<b>12,457</b>		<b>14,084</b>		13.1%	<b>30,800</b>		17.7%
	Total	<b>17,633</b>	5.7%	<b>19,475</b>	4.1%	10.4%	<b>43,700</b>	4.5%	16.3%
Diagnostic Systems (Blood Analyzers)	Domestic	<b>3,788</b>		<b>3,659</b>		-3.4%	<b>8,000</b>		3.9%
	Overseas	<b>16,065</b>		<b>17,807</b>		10.8%	<b>39,200</b>		15.8%
	Total	<b>19,853</b>	6.4%	<b>21,466</b>	4.5%	8.1%	<b>47,200</b>	4.8%	13.6%
Industrial Microscopes (3)	Domestic	<b>4,456</b>		<b>4,189</b>		-6.0%	<b>8,500</b>		-9.9%
	Overseas	<b>5,828</b>		<b>5,349</b>		-8.2%	<b>10,600</b>		-16.7%
	Total	<b>10,284</b>	3.4%	<b>9,538</b>	2.0%	-7.3%	<b>19,100</b>	2.0%	-13.8%
<b>Life Science / Total</b>	Domestic	<b>13,420</b>		<b>13,239</b>		-1.3%	<b>29,400</b>		3.0%
	Overseas	<b>34,350</b>		<b>37,240</b>		8.4%	<b>80,600</b>		10.8%
	Total	<b>47,770</b>	15.5%	<b>50,479</b>	10.6%	5.7%	<b>110,000</b>	11.3%	8.6%
<b>Information &amp; Communication</b>	Domestic	—		<b>104,872</b>		—	<b>227,000</b>		101.4%
	Overseas	—		<b>47,391</b>		—	<b>55,700</b>		10.3%
	Total	—	—	<b>152,263</b>	32.0%	—	<b>282,700</b>	29.1%	73.2%
Others (4)	Domestic	<b>5,470</b>		<b>15,292</b>		179.6%	<b>40,200</b>		121.5%
	Overseas	<b>10,323</b>		<b>15,727</b>		52.3%	<b>31,100</b>		37.5%
	Total	<b>15,793</b>	5.1%	<b>31,019</b>	6.5%	96.4%	<b>71,300</b>	7.4%	74.9%
<b>Total</b>	Domestic	<b>63,158</b>		<b>182,824</b>		189.5%	<b>395,200</b>		57.6%
	Overseas	<b>245,565</b>		<b>293,448</b>		19.5%	<b>574,800</b>		2.1%
	Total	<b>308,723</b>	100.0%	<b>476,272</b>	100.0%	54.3%	<b>970,000</b>	100.0%	19.2%

(Note)

(2) MIP (Minimally Invasive Products) : Surgical endoscopes, Endo-therapy devices

Changes in Segment effective on April 1, 2005

(1) Voice Recorders are included in Cameras.

(3) Industrial Microscopes change category from Industrial to Life Science.

(4) Industrial Endoscopes and Information Peripheral change category from Industrial to Others.

See more explanations of new structure of business segment in P.4.

## Sales and Operating Income by Business Segment

(Millions of Yen)

		For the half year ended		For the half year ended			For the year ended		
		<b>Sep - 30</b>	to Net Sales	<b>Sep - 30</b>	to Net Sales	Growth	<b>Mar - 31</b>	to Net Sales	Growth
		<b>2004(Results)</b>	(%)	<b>2005(Results)</b>	(%)	(%)	<b>2006(Forecast)</b>	(%)	(%)
<b>Imaging</b>	Net Sales	<b>138,233</b>		<b>116,153</b>			<b>246,000</b>		
	<u>Operating Expenses</u>	<b>141,141</b>		<b>122,872</b>			<b>250,000</b>		
	Operating Income (%)	<b>-2,908</b>	-2.1%	<b>-6,719</b>	-5.8%	131.1%	<b>-4,000</b>	-1.6%	-83.2%
<b>Medical</b>	Net Sales	<b>106,959</b>		<b>126,430</b>			<b>260,000</b>		
	<u>Operating Expenses</u>	<b>77,336</b>		<b>91,268</b>			<b>185,000</b>		
	Operating Income (%)	<b>29,623</b>	27.7%	<b>35,162</b>	27.8%	18.7%	<b>75,000</b>	28.8%	14.8%
<b>Life Science</b>	Net Sales	<b>47,771</b>		<b>50,479</b>			<b>110,000</b>		
	<u>Operating Expenses</u>	<b>45,408</b>		<b>47,878</b>			<b>101,000</b>		
	Operating Income (%)	<b>2,363</b>	4.9%	<b>2,601</b>	5.2%	10.1%	<b>9,000</b>	8.2%	34.2%
<b>Information and Communication</b>	Net Sales	—		<b>152,263</b>			<b>282,700</b>		
	<u>Operating Expenses</u>	—		<b>154,302</b>			<b>284,300</b>		
	Operating Income (%)	—	—	<b>-2,039</b>	-1.3%	—	<b>-1,600</b>	-0.6%	54.3%
<b>Others</b>	Net Sales	<b>15,805</b>		<b>31,133</b>			<b>71,300</b>		
	<u>Operating Expenses</u>	<b>16,841</b>		<b>30,701</b>			<b>68,300</b>		
	Operating Income (%)	<b>-1,036</b>	-6.6%	<b>432</b>	1.4%	-141.7%	<b>3,000</b>	4.2%	-263.6%
<b>Elimination Unallocation</b>	Net Sales	<b>-45</b>		<b>-186</b>			—		
	<u>Operating Expenses</u>	<b>9,713</b>		<b>12,614</b>			<b>25,400</b>		
	Operating Income (%)	<b>-9,758</b>	—	<b>-12,800</b>	—	31.2%	<b>-25,400</b>	—	14.9%
<b>Total</b>	Net Sales	<b>308,723</b>		<b>476,272</b>			<b>970,000</b>		
	<u>Operating Expenses</u>	<b>290,439</b>		<b>459,635</b>			<b>914,000</b>		
	Operating Income (%)	<b>18,284</b>	5.9%	<b>16,637</b>	3.5%	-9.0%	<b>56,000</b>	5.8%	141.9%

(Note)

(1) We created "Information and Communication" as a new business segment due to consolidation of ITX Corporation on September 30, 2004.

(2) Under new business structure effective on April 1, 2005, Industrial Systems Business was removed, and its product categories were integrated into other business segments : Industrial Microscopes changed category from "Industrial" to "Life Science" based on a similarity of technical characteristics of the products. Industrial Endoscopes and Information Peripheral (Printers and Bar code data processing equipment) changed category from "Industrial" to "Others."

(3) Each segment by new business structure contains following products.

Imaging Systems Business	Film cameras, Digital cameras, Voice Recorders
Medical Systems Business	Medical endoscopes, Surgical endoscopes, Endo-therapy devices, Ultrasound endoscopes
Life Science Business	Diagnostic systems, Biological microscopes, Industrial microscopes
Information and Communication Business	Mobile terminals, Mobile solutions, Mobile content services, Network infrastructure systems, System development, Semiconductor devices, Electric equipment
Others	Industrial endoscopes, Printers, Bar code data processing equipment, Non-destructive testing (NDT) equipment, Software development, etc.

(4) In order to keep consistencies in figures, segmental information is classified by new business structure.

## Sales by Region

(Millions of Yen)

		Sep - 30 2004(Results)	Composition Ratio (%)	Sep - 30 2005(Results)	Composition Ratio (%)	Growth (%)
<b>Imaging</b>	Japan	14,555	10.5%	11,763	10.1%	-19.2%
	N. America	32,477	23.5%	28,085	24.2%	-13.5%
	Europe	57,883	41.9%	49,808	42.9%	-14.0%
	Asia	30,225	21.9%	22,896	19.8%	-24.2%
	Others	3,066	2.2%	3,536	3.0%	15.3%
	<u>Total</u>	<u>138,206</u>		<u>116,088</u>		<u>-16.0%</u>
<b>Medical</b>	Japan	29,713	27.8%	37,658	29.8%	26.7%
	N. America	35,454	33.1%	38,716	30.6%	9.2%
	Europe	32,270	30.2%	36,019	28.5%	11.6%
	Asia	6,209	5.8%	10,951	8.7%	76.4%
	Others	3,308	3.1%	3,079	2.4%	-6.9%
	<u>Total</u>	<u>106,954</u>		<u>126,423</u>		<u>18.2%</u>
<b>Life Science</b>	Japan	13,420	28.1%	13,239	26.2%	-1.3%
	N. America	11,383	23.8%	11,681	23.2%	2.6%
	Europe	14,631	30.6%	16,645	33.0%	13.8%
	Asia	7,493	15.7%	8,036	15.9%	7.2%
	Others	843	1.8%	878	1.7%	4.2%
	<u>Total</u>	<u>47,770</u>		<u>50,479</u>		<u>5.7%</u>
<b>Information &amp; Communication</b>	Japan	—	—	104,872	68.9%	—
	N. America	—	—	16,081	10.6%	—
	Europe	—	—	15,984	10.5%	—
	Asia	—	—	4,760	3.1%	—
	Others	—	—	10,566	6.9%	—
	<u>Total</u>	<u>—</u>		<u>152,263</u>		<u>—</u>
<b>Others</b>	Japan	5,470	34.6%	15,292	49.3%	179.6%
	N. America	7,401	46.9%	10,065	32.4%	36.0%
	Europe	2,233	14.1%	3,301	10.6%	47.8%
	Asia	412	2.6%	1,845	6.0%	347.8%
	Others	277	1.8%	516	1.7%	86.3%
	<u>Total</u>	<u>15,793</u>		<u>31,019</u>		<u>96.4%</u>
<b>Total</b>	Japan	63,158	20.5%	182,824	38.4%	189.5%
	N. America	86,715	28.1%	104,628	22.0%	20.7%
	Europe	107,017	34.7%	121,757	25.5%	13.8%
	Asia	44,339	14.3%	48,488	10.2%	9.4%
	Others	7,494	2.4%	18,575	3.9%	147.9%
	<u>Total</u>	<u>308,723</u>		<u>476,272</u>		<u>54.3%</u>

See explanations of new structure of business segment in P.4.

## Sales by Product (Local Currency)

		(Thousands of US\$, EURO)		
		Sep - 30 2004(Results)	Sep - 30 2005(Results)	Growth (%)
Cameras	US\$	50,926	52,518	3.1%
	EURO	44,524	32,318	-27.4%
Digital Cameras	US\$	269,912	233,609	-13.4%
	EURO	389,589	334,848	-14.1%
<b>Imaging / Total</b>	US\$	320,838	286,127	-10.8%
	EURO	434,113	367,166	-15.4%
Endoscopes	US\$	222,929	248,544	11.5%
	EURO	112,241	127,718	13.8%
MIP (*1)	US\$	101,407	100,725	-0.7%
	EURO	77,639	85,755	10.5%
<b>Medical / Total</b>	US\$	324,336	349,269	7.7%
	EURO	189,880	213,473	12.4%
Bioscience (Microscopes)	US\$	40,115	45,744	14.0%
	EURO	32,429	36,015	11.1%
Diagnostic Systems (Blood Analyzers)	US\$	53,827	54,625	1.5%
	EURO	67,294	76,832	14.2%
Industrial Microscopes	US\$	6,575	6,064	-7.8%
	EURO	8,579	8,904	3.8%
<b>Life Science / Total</b>	US\$	100,517	106,433	5.9%
	EURO	108,302	121,751	12.4%
<b>Others</b>	US\$	13,542	67,040	395.1%
	EURO	4,595	6,151	33.9%
<b>Total</b>	US\$	759,233	808,869	6.5%
	EURO	736,890	708,541	-3.8%

(Note)

Sales of the affiliated companies in the U.S.A. and Europe

(\*1) MIP (Minimally Invasive Products) : Surgical endoscopes, Endo-therapy devices

# Consolidated Balance Sheets

(Millions of Yen)

	Sep-30 2005 Previous BS	Sep-30 2005 Restated BS
<b>Current Assets</b>	453,970	<b>451,241</b>
Cash and time deposits	160,446	160,446
Notes and accounts receivable	145,010	145,010
Marketable securities	1,220	1,220
Inventories	92,514	92,514
Deferred income taxes	16,650	16,650
Other current assets	41,244	<b>38,515</b>
Allowance for doubtful accounts	-3,114	-3,114
<b>Fixed Assets</b>	457,878	457,878
<b>Tangible Fixed Assets</b>	122,254	122,254
Buildings and structures	45,861	45,861
Machinery and equipment	18,996	18,996
Tools, dies, furniture and fixtures	33,927	33,927
Land	17,277	17,277
Construction in progress	6,193	6,193
<b>Intangible Fixed Assets</b>	82,579	82,579
Consolidated adjustment accounts	61,768	61,768
Others	20,811	20,811
<b>Investments and Other Assets</b>	253,045	253,045
Investment securities	204,667	204,667
Deferred income taxes	9,368	9,368
Others	41,860	41,860
Allowance for doubtful accounts	-2,850	-2,850
<b>Total Assets</b>	911,848	<b>909,119</b>

	Sep-30 2005 Previous BS	Sep-30 2005 Restated BS
<b>Current Liabilities</b>	381,705	381,705
Notes and accounts payable	79,067	79,067
Short-term borrowings	181,100	181,100
Current maturities of bonds	15,062	15,062
Accrued expenses	54,249	54,249
Income taxes payable	7,721	7,721
Warranty reserve	4,276	4,276
Allowance for business restructuring	—	—
Other current liabilities	40,230	40,230
<b>Long-term Liabilities</b>	257,475	<b>256,656</b>
Long-term bonds, less current maturities	105,488	105,488
Long-term borrowings, less current maturiti	134,033	134,033
Severance and retirement allowance	8,466	8,466
Other non-current liabilities	9,488	<b>8,669</b>
<b>Minority interests</b>	10,522	10,522
<b>Shareholders' Equity</b>	262,146	<b>260,236</b>
Common stock	48,332	48,332
Capital surplus	73,049	73,049
Retained earnings	133,680	<b>131,741</b>
Net unrealized holding gains on securities	10,857	10,857
Foreign currency translation adjustments	-2,039	<b>-2,010</b>
Treasury stock, at cost	-1,733	-1,733
<b>Liabilities and Shareholder's Equity</b>	911,848	<b>909,119</b>

The corrected parts are indicated with bold font.

(Note)

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