

Olympus Corporation and Consolidated Subsidiaries



FINANCIAL RESULTS For the First Quarter ended June 30, 2006

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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 First Quarter ended		For the First Quarter ended		Growth (%)	For the year ended	
	June 30	Proportion	June 30	Proportion		March 31	Proportion
	2005	(%)	2006	(%)		2006(Results)	(%)
Net Sales	214,179	100.0%	225,543	100.0%	5.3%	978,127	100.0%
<u>Cost of Sales</u>	144,709	67.6%	133,890	59.4%		619,898	63.4%
Gross Profit	69,470	32.4%	91,653	40.6%	31.9%	358,229	36.6%
<u>S.G.A. Expenses</u>	65,580	30.6%	76,937	34.1%		295,706	30.2%
Operating Income	3,890	1.8%	14,716	6.5%	278.3%	62,523	6.4%
Other Income	1,766		1,646			6,451	
<u>Other Expenses</u>	4,098		4,103			27,768	
Extraordinary Item	1,522		—			1,981	
Income Before Provision for Income Taxes	3,080	1.4%	12,259	5.4%	298.0%	43,187	4.4%
<u>Provision for Income Taxes</u>	3,396		5,348			14,832	
<u>Minority Interests</u>	-719		-212			-209	
Net Income	403	0.2%	7,123	3.2%	1667.5%	28,564	2.9%

(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 Business Segment

(Millions of Yen)

		For the First Quarter ended		For the First Quarter ended		For the fiscal year ended	
		June 30	Composition	June 30	Composition	Growth	March 31
		2005(Results)	Ratio (%)	2006(Results)	Ratio (%)	(%)	2006(Results)
							Ratio (%)
Imaging	Domestic	6,049		7,077		17.0%	25,720
	<u>Overseas</u>	<u>48,785</u>		<u>55,385</u>		13.5%	<u>228,821</u>
	Total	54,834	25.6%	62,462	27.7%	13.9%	254,541
Medical	Domestic	10,620		14,695		38.4%	69,496
	<u>Overseas</u>	<u>39,374</u>		<u>48,262</u>		22.6%	<u>196,821</u>
	Total	49,994	23.3%	62,957	27.9%	25.9%	266,317
Life Science	Domestic	5,586		5,330		-4.6%	27,933
	<u>Overseas</u>	<u>17,991</u>		<u>20,250</u>		12.6%	<u>79,982</u>
	Total	23,577	11.0%	25,580	11.3%	8.5%	107,915
Information and Communication	Domestic	49,467		57,057		15.3%	221,005
	<u>Overseas</u>	<u>24,116</u>		<u>3,121</u>		-87.1%	<u>63,903</u>
	Total	73,583	34.4%	60,178	26.7%	-18.2%	284,908
Others	Domestic	7,260		7,482		3.1%	32,792
	<u>Overseas</u>	<u>4,931</u>		<u>6,884</u>		39.6%	<u>31,654</u>
	Total	12,191	5.7%	14,366	6.4%	17.8%	64,446
Total	Domestic	78,982		91,641		16.0%	376,946
	<u>Overseas</u>	<u>135,197</u>		<u>133,902</u>		-1.0%	<u>601,181</u>
	Total	214,179	100.0%	225,543	100.0%	5.3%	978,127

(Note)

(1) Each segment contains following products.

Imaging Systems Business

Medical Systems Business

Life Science Business

Information and Communication Business

Others

Digital cameras, Film cameras, Voice Recorders

Medical endoscopes, Surgical endoscopes, Endo-therapy devices, Ultrasound endoscopes

Diagnostic systems, Biological microscopes, Industrial microscopes

Mobile terminals, Mobile solutions, Mobile content services, Network infrastructure systems, System development, Semiconductor devices, Electric equipment

Industrial endoscopes, Non-destructive testing equipment, Printers, Bar code data processing equipment, Software development, etc.

Consolidated Balance Sheets

(Millions of Yen)				
	June 30	June 30	March 31	Variance
	2005	2006	2006(Results)	
Current Assets	406,112	452,294	489,525	-37,231
Cash and time deposits	72,495	148,496	165,720	-17,224
Notes and accounts receivable	138,041	145,900	167,411	-21,511
Marketable securities	36,207	10	1,210	-1,200
Inventories	105,310	96,012	93,198	2,814
Deferred income taxes	17,161	25,768	25,196	572
Other current assets	39,787	39,142	40,142	-1,000
Allowance for doubtful accounts	-2,889	-3,034	-3,352	318
Fixed Assets	434,362	489,463	486,607	2,856
Tangible Assets	121,809	131,348	130,810	538
Buildings and structures	45,315	57,732	48,244	9,488
Machinery and equipment	19,078	18,166	18,995	-829
Tools, dies, furniture and fixtures	35,852	35,097	34,221	876
Land	17,231	18,044	17,953	91
Construction in progress	4,333	2,309	11,397	-9,088
Intangible Assets	80,320	101,779	102,666	-887
Consolidated adjustment accounts	58,454	—	79,625	-79,625
Goodwill	—	81,488	—	81,488
Others	21,866	20,291	23,041	-2,750
Investments and Other Assets	232,233	256,336	253,131	3,205
Investment securities	180,787	206,500	208,459	-1,959
Deferred income taxes	10,396	9,254	9,324	-70
Others	43,985	41,160	35,978	5,182
Allowance for doubtful accounts	-2,935	-578	-630	52
Total Assets	840,474	941,757	976,132	-34,375

(Millions of Yen)				
	June 30	June 30	March 31	Variance
	2005	2006	2006(Results)	
Current Liabilities	391,590	348,057	394,755	-46,698
Notes and accounts payable	88,441	73,821	85,741	-11,920
Short-term borrowings	183,742	142,169	161,188	-19,019
Current maturities of bonds	15,000	10,072	25,072	-15,000
Accrued expenses	49,178	65,227	60,088	5,139
Income taxes payable	3,486	7,146	15,045	-7,899
Warranty reserve	3,788	5,111	5,064	47
Other current liabilities	47,955	44,511	42,557	1,954
Long-term Liabilities	198,601	294,178	281,064	13,114
Long-term bonds, less current maturities	65,450	95,426	95,452	-26
Long-term borrowings, less current maturities	116,705	179,003	164,381	14,622
Severance and retirement allowance	9,451	8,840	9,307	-467
Other non-current liabilities	6,995	10,909	11,924	-1,015
Minority interests	12,606	—	9,657	—
Shareholders' Equity	237,677	—	290,656	—
Common stock	40,833	—	48,332	—
Capital surplus	65,550	—	73,049	—
Retained earnings	129,977	—	153,864	—
Net unrealized holding gains on securities	6,365	—	16,422	—
Foreign currency translation adjustments	-3,396	—	873	—
Treasury stock, at cost	-1,652	—	-1,884	—
Liabilities and Shareholders' Equity	840,474	—	976,132	—
Net Assets	—	299,522	—	—
Owners' Equity	—	276,395	—	—
Common stock	—	48,332	—	—
Capital surplus	—	73,049	—	—
Retained earnings	—	156,928	—	—
Treasury stock, at cost	—	-1,914	—	—
Valuation and Translation Adjustments	—	13,665	—	—
Net unrealized holding gains on securities	—	12,372	—	—
Deferred losses on hedges	—	-367	—	—
Foreign currency translation adjustments	—	1,660	—	—
Minority Interests	—	9,462	—	—
Liabilities and Net Assets	—	941,757	—	—

(Note)

1. 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.

2. Accumulated depreciation of tangible assets is as follows :

Jun.30.2005 : ¥188,884 millions Jun.30.2006 : ¥196,480 millions Mar.31.2006 : ¥192,854 millions

3. Variance for Assets and Liabilities shows increases or decreases from results for the fiscal year ended March-31 2006

Forecast For the Fiscal Year Ending March 31, 2007

There are no revision to the forecast for the fiscal year ending March 31, 2007 announced on May 10, 2006

	(Millions of Yen)
Net Sales	1,035,000
Operating Income	73,000
Income Before Provision for Income Taxes	55,700
Net Income	31,000