

Olympus Corporation and Consolidated Subsidiaries



FINANCIAL RESULTS For the half year ended September 30, 2006

Table of Contents

Consolidated Statements of Income	1
Sales by Product	2
Sales and Operating Income by Business Segment	3
Sales by Region	4
Consolidated Balance Sheets	5

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 fiscal year ending			
	September 30	Proportion	September 30	Proportion	Growth	March 31	Proportion	Growth
	2005(Results)	(%)	2006(Results)	(%)	(%)	2007(Forecast)	(%)	(%)
Net Sales	476,272	100.0%	484,681	100.0%	1.8%	1,040,000	100.0%	6.3%
Cost of Sales	318,145	66.8%	279,714	57.7%		601,300	57.8%	
Gross Profit	158,127	33.2%	204,967	42.3%	29.6%	438,700	42.2%	22.5%
S.G.A. Expenses	141,490	29.7%	162,834	33.6%		348,700	33.5%	
Operating Income	16,637	3.5%	42,133	8.7%	153.2%	90,000	8.7%	43.9%
Other Income	2,595		2,911			6,000		
Other Expenses	10,306		13,510			28,000		
Extraordinary Item	2,335		-1,834			-2,600		
Income Before Provision for Income Taxes	11,261	2.4%	29,700	6.1%	163.7%	65,400	6.3%	51.4%
Provision for Income Taxes	9,523		11,764			27,000		
Minority Interests	-431		-858			400		
Net Income	2,169	0.5%	18,794	3.9%	766.5%	38,000	3.7%	33.0%

Average Exchange Rate for Net Sales

Yen / U.S.Dollar	109.48	115.38	115.19
Yen / Euro	135.65	145.97	145.49

Favorable/Unfavorable Impact on Net Sales

U.S.Dollar	-300	5,831	4,000
Euro	1,656	7,768	12,100
Others	1,393	3,704	5,900
Total	2,749	17,303	22,000

R & D Expenditures	21,895	4.6%	25,506	5.3%	16.5%	52,000	5.0%	13.2%
Capital Investments	18,060		24,239		34.2%	52,000		17.0%
Depreciation	13,655		14,507		6.2%	32,000		18.4%

(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)

		September 30	Composition	September 30	Composition	Growth	March 31	Composition	Growth
		2005(Results)	Ratio (%)	2006(Results)	Ratio (%)	(%)	2007(Forecast)	Ratio (%)	(%)
Digital Cameras	Domestic	10,519		13,043		24.0%	27,800		20.4%
	Overseas	92,923		107,918		16.1%	230,000		11.8%
	Total	103,442	21.7%	120,961	25.0%	16.9%	257,800	24.8%	12.6%
Others (1)	Domestic	1,244		1,493		20.0%	2,700		2.4%
	Overseas	11,402		9,657		-15.3%	19,500		-15.3%
	Total	12,646	2.7%	11,150	2.3%	-11.8%	22,200	2.1%	-13.5%
Imaging / Total	Domestic	11,763		14,536		23.6%	30,500		18.6%
	Overseas	104,325		117,575		12.7%	249,500		9.0%
	Total	116,088	24.4%	132,111	27.3%	13.8%	280,000	26.9%	10.0%
Endoscopes	Domestic	26,866		23,118		-14.0%	47,500		3.7%
	Overseas	57,916		74,752		29.1%	157,500		21.9%
	Total	84,782	17.8%	97,870	20.2%	15.4%	205,000	19.7%	17.1%
MIP (2)	Domestic	10,792		12,289		13.9%	24,500		3.4%
	Overseas	30,849		32,032		3.8%	70,500		4.3%
	Total	41,641	8.7%	44,321	9.1%	6.4%	95,000	9.1%	4.1%
Medical / Total	Domestic	37,658		35,407		-6.0%	72,000		3.6%
	Overseas	88,765		106,784		20.3%	228,000		15.8%
	Total	126,423	26.5%	142,191	29.3%	12.5%	300,000	28.8%	12.6%
MIS (3) (Microscopes)	Domestic	9,580		11,407		19.1%	21,700		6.4%
	Overseas	19,433		22,308		14.8%	50,100		18.4%
	Total	29,013	6.1%	33,715	7.0%	16.2%	71,800	6.9%	14.5%
Diagnostic Systems (Blood Analyzers)	Domestic	3,659		3,639		-0.5%	7,300		-3.1%
	Overseas	17,807		20,353		14.3%	43,900		16.6%
	Total	21,466	4.5%	23,992	4.9%	11.8%	51,200	4.9%	13.3%
Life Science / Total	Domestic	13,239		15,046		13.6%	29,000		3.8%
	Overseas	37,240		42,661		14.6%	94,000		17.5%
	Total	50,479	10.6%	57,707	11.9%	14.3%	123,000	11.8%	14.0%
Information & Communication	Domestic	104,872		115,442		10.1%	249,000		12.7%
	Overseas	47,391		7,455		-84.3%	17,000		-73.4%
	Total	152,263	32.0%	122,897	25.4%	-19.3%	266,000	25.7%	-6.6%
Others	Domestic	15,292		15,347		0.4%	42,000		28.1%
	Overseas	15,727		14,428		-8.3%	29,000		-8.4%
	Total	31,019	6.5%	29,775	6.1%	-4.0%	71,000	6.8%	10.2%
Total	Domestic	182,824		195,778		7.1%	422,500		12.1%
	Overseas	293,448		288,903		-1.5%	617,500		2.7%
	Total	476,272	100.0%	484,681	100.0%	1.8%	1,040,000	100.0%	6.3%

(Note)

(1) Others in Imaging category : Film cameras, Voice Recorders

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

(3) MIS (Micro Imaging Systems) : Biological Microscopes, Industrial Microscopes

See more explanations of business segment in P.3.

Sales and Operating Income by Business Segment

(Millions of Yen)

the first half year

	Imaging	Medical	Life Science	Information and Communication	Others	Elimination ' Unallocation	Total
From Apr. 1,2005 to Sep. 30,2005							
Net Sales	116,088	126,423	50,479	152,263	31,019	-	476,272
Operating Income (%)	-6,719 -5.8%	35,162 27.8%	2,601 5.2%	-2,039 -1.3%	432 1.4%	-12,800	16,637 3.5%
From Apr. 1,2006 to Sep. 30,2006							
Net Sales	132,111	142,191	57,707	122,897	29,775	-	484,681
Operating Income (%)	14,478 11.0%	39,066 27.5%	3,384 5.9%	-319 -0.3%	-478 -1.6%	-13,998	42,133 8.7%
Growth							
Net Sales	13.8%	12.5%	14.3%	-19.3%	-4.0%	—	1.8%
Operating Income	—	11.1%	30.1%	—	—	—	153.2%

the second half year

	Imaging	Medical	Life Science	Information and Communication	Others	Elimination ' Unallocation	Total
From Oct. 1,2005 to Mar. 31,2006							
Net Sales	138,453	139,894	57,436	132,645	33,427	-	501,855
Operating Income (%)	11,511 8.3%	41,480 29.7%	4,958 8.6%	-602 -0.5%	1,011 3.0%	-12,472	45,886 9.1%
From Oct. 1,2006 to Mar. 31,2007 (Forecast)							
Net Sales	147,889	157,809	65,293	143,103	41,225	-	555,319
Operating Income (%)	7,522 5.1%	46,934 29.7%	5,616 8.6%	819 0.6%	1,978 4.8%	-15,002	47,867 8.6%
Growth							
Net Sales	6.8%	12.8%	13.7%	7.9%	23.3%	—	10.7%
Operating Income	-34.7%	13.1%	13.3%	—	95.6%	—	4.3%

For the fiscal year

	Imaging	Medical	Life Science	Information and Communication	Others	Elimination ' Unallocation	Total
From Apr. 1,2005 to Mar. 31,2006							
Net Sales	254,541	266,317	107,915	284,908	64,446	-	978,127
Operating Income (%)	4,792 1.9%	76,642 28.8%	7,559 7.0%	-2,641 -0.9%	1,443 2.2%	-25,272	62,523 6.4%
From Apr. 1,2006 to Mar. 31,2007 (Forecast)							
Net Sales	280,000	300,000	123,000	266,000	71,000	-	1,040,000
Operating Income (%)	22,000 7.9%	86,000 28.7%	9,000 7.3%	500 0.2%	1,500 2.1%	-29,000	90,000 8.7%
Growth							
Net Sales	10.0%	12.6%	14.0%	-6.6%	10.2%	—	6.3%
Operating Income	359.1%	12.2%	19.1%	—	4.0%	—	43.9%

(Note)

* Each segment contains following products.

Imaging Systems Business

Digital cameras, Film cameras, Voice Recorders

Medical Systems Business

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

Life Science Business

Biological microscopes, Industrial microscopes, Diagnostic systems,

Information and Communication Business

Mobile terminals, Mobile solutions, Mobile content services, Network infrastructure systems,

System development, Semiconductor devices, Electric equipment

Others

Industrial endoscopes, Non-destructive testing (NDT) equipment,

Printers, Bar code data processing equipment, Software development, etc.

Sales by Region

(Millions of Yen)

		September 30	Composition	September 30	Composition	Growth
		2005(Results)	Ratio (%)	2006(Results)	Ratio (%)	(%)
Imaging	Japan	11,763	10.1%	14,536	11.0%	23.6%
	N. America	28,085	24.2%	29,137	22.1%	3.7%
	Europe	49,808	42.9%	57,173	43.3%	14.8%
	Asia	22,896	19.8%	26,773	20.3%	16.9%
	Others	3,536	3.0%	4,492	3.3%	27.0%
	Total	116,088		132,111		13.8%
Medical	Japan	37,658	29.8%	35,407	24.9%	-6.0%
	N. America	38,716	30.6%	50,441	35.5%	30.3%
	Europe	36,019	28.5%	41,984	29.5%	16.6%
	Asia	10,951	8.7%	10,514	7.4%	-4.0%
	Others	3,079	2.4%	3,845	2.7%	24.9%
	Total	126,423		142,191		12.5%
Life Science	Japan	13,239	26.2%	15,046	26.1%	13.6%
	N. America	11,681	23.2%	14,317	24.8%	22.6%
	Europe	16,645	33.0%	17,305	30.0%	4.0%
	Asia	8,036	15.9%	8,969	15.5%	11.6%
	Others	878	1.7%	2,070	3.6%	135.8%
	Total	50,479		57,707		14.3%
Information & Communication	Japan	104,872	68.9%	115,442	93.9%	10.1%
	N. America	16,081	10.6%	2,296	1.9%	-85.7%
	Europe	15,984	10.5%	2,798	2.3%	-82.5%
	Asia	4,760	3.1%	2,361	1.9%	-50.4%
	Others	10,566	6.9%	—	—	—
	Total	152,263		122,897		-19.3%
Others	Japan	15,292	49.3%	15,347	51.5%	0.4%
	N. America	10,065	32.4%	8,079	27.1%	-19.7%
	Europe	3,301	10.6%	3,842	12.9%	16.4%
	Asia	1,845	6.0%	1,933	6.6%	4.8%
	Others	516	1.7%	574	1.9%	11.2%
	Total	31,019		29,775		-4.0%
Total	Japan	182,824	38.4%	195,778	40.4%	7.1%
	N. America	104,628	22.0%	104,270	21.5%	-0.3%
	Europe	121,757	25.5%	123,102	25.4%	1.1%
	Asia	48,488	10.2%	50,550	10.4%	4.3%
	Others	18,575	3.9%	10,981	2.3%	-40.9%
	Total	476,272		484,681		1.8%

Consolidated Balance Sheets

	(Millions of Yen)		
	September 30 2005(Results)	September 30 2006(Results)	March - 31 2006(Results)
Current Assets	451,241	473,816	489,525
Cash and time deposits	160,446	160,545	165,720
Notes and accounts receivable	145,010	165,192	167,411
Marketable securities	1,220	10	1,210
Inventories	92,514	93,130	93,198
Deferred income taxes	16,650	26,433	25,196
Other current assets	38,515	31,658	40,142
Allowance for doubtful accounts	-3,114	-3,152	-3,352
Fixed Assets	457,878	508,902	486,607
Tangible Fixed Assets	122,254	134,927	130,810
Buildings and structures	45,861	58,693	48,244
Machinery and equipment	18,996	18,754	18,995
Tools, dies, furniture and fixtures	33,927	37,101	34,221
Land	17,277	18,003	17,953
Construction in progress	6,193	2,376	11,397
Intangible Fixed Assets	82,579	104,636	102,666
Consolidated adjustment accounts	61,768	—	79,625
Goodwill	—	82,915	—
Others	20,811	21,721	23,041
Investments and Other Assets	253,045	269,339	253,131
Investment securities	204,667	209,682	208,459
Deferred income taxes	9,368	9,497	9,324
Others	41,860	50,607	35,978
Allowance for doubtful accounts	-2,850	-447	-630
Total Assets	909,119	982,718	976,132

	(Millions of Yen)		
	September 30 2005	September 30 2006	March - 31 2006
Current Liabilities	381,705	358,986	394,755
Notes and accounts payable	79,067	79,312	85,741
Short-term borrowings	181,100	142,236	161,188
Current maturities of bonds	15,062	10,072	25,072
Accrued expenses	54,249	66,476	60,088
Income taxes payable	7,721	11,661	15,045
Warranty reserve	4,276	5,601	5,064
Other current liabilities	40,230	43,628	42,557
Long-term Liabilities	256,656	306,343	281,064
Long-term bonds, less current maturities	105,488	105,416	95,452
Long-term borrowings, less current maturities	134,033	180,415	164,381
Severance and retirement allowance	8,466	9,102	9,307
Other non-current liabilities	8,669	11,410	11,924
Minority interests	10,522	—	9,657
Shareholders' Equity	260,236	—	290,656
Common stock	48,332	—	48,332
Capital surplus	73,049	—	73,049
Retained earnings	131,741	—	153,864
Net unrealized holding gains on securities	10,857	—	16,422
Foreign currency translation adjustments	-2,010	—	873
Treasury stock, at cost	-1,733	—	-1,884
Liabilities and Shareholder's Equity	909,119	—	976,132
Net Assets	—	317,389	—
Owners' Equity	—	287,948	—
Common stock	—	48,332	—
Capital surplus	—	73,049	—
Retained earnings	—	168,599	—
Treasury stock, at cost	—	-2,032	—
Valuation and Translation Adjustments	—	19,763	—
Net unrealized holding gains on securities	—	15,159	—
Deferred losses on hedges	—	-377	—
Foreign currency translation adjustments	—	4,981	—
Minority Interests	—	9,678	—
Liabilities and Net Assets	—	982,718	—

(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 fixed assets is as follows :

Sep.30.2005 : ¥182,546 millions Sep.30.2006 : ¥200,645 millions Mar.31.2006 : ¥192,854 millions