

# Olympus Corporation and Consolidated Subsidiaries



## FINANCIAL RESULTS

For the third quarter ended December 31, 2006

### Table of Contents

Consolidated Statements of Income	1
Sales by Business Segment	2
Consolidated Balance Sheets	3
Forecast	4

#### **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 third quarter ended		For the third quarter ended		Growth (%)
	<b>December 31</b>	Proportion	<b>December 31</b>	Proportion	
	<b>2005(Results)</b>	(%)	<b>2006(Results)</b>	(%)	
Net Sales	<b>727,467</b>	100.0%	<b>764,619</b>	100.0%	5.1%
<u>Cost of Sales</u>	<b><u>476,551</u></b>	65.5%	<b><u>437,964</u></b>	57.3%	
Gross Profit	<b>250,916</b>	34.5%	<b>326,655</b>	42.7%	30.2%
<u>S.G.A. Expenses</u>	<b><u>212,732</u></b>	29.3%	<b><u>248,794</u></b>	32.5%	
Operating Income	<b>38,184</b>	5.2%	<b>77,861</b>	10.2%	103.9%
Other Income	<b>4,252</b>		<b>4,045</b>		
Other Expenses	<b>18,038</b>		<b>19,126</b>		
Extraordinary Item	<b>2,730</b>		<b>-1,834</b>		
Income Before Provision for Income Taxes	<b>27,128</b>	3.7%	<b>60,946</b>	8.0%	124.7%
<u>Provision for Income Taxes</u>	<b><u>13,249</u></b>		<b><u>21,350</u></b>		
<u>Minority Interests</u>	<b><u>-336</u></b>		<b><u>-921</u></b>		
Net Income	<b>14,215</b>	2.0%	<b>40,517</b>	5.3%	185.0%

(Note)

Above consolidated statements of income are based on Japanese GAAP.

## Sales by Business Segment

(Millions of Yen)

		For the third quarter ended		For the third quarter ended		
		<b>December 31</b>	Composition	<b>December 31</b>	Composition	Growth
		<b>2005(Results)</b>	Ratio (%)	<b>2006(Results)</b>	Ratio (%)	(%)
<b>Imaging</b>	Domestic	<b>19,091</b>		<b>23,992</b>		25.7%
	<u>Overseas</u>	<b>174,134</b>		<b>197,127</b>		13.2%
	Total	<b>193,225</b>	26.6%	<b>221,119</b>	28.9%	14.4%
<b>Medical</b>	Domestic	<b>51,562</b>		<b>52,004</b>		0.9%
	<u>Overseas</u>	<b>136,237</b>		<b>167,756</b>		23.1%
	Total	<b>187,799</b>	25.8%	<b>219,760</b>	28.7%	17.0%
<b>Life Science</b>	Domestic	<b>18,269</b>		<b>20,701</b>		13.3%
	<u>Overseas</u>	<b>57,449</b>		<b>66,626</b>		16.0%
	Total	<b>75,718</b>	10.4%	<b>87,327</b>	11.4%	15.3%
<b>Information and Communication</b>	Domestic	<b>162,534</b>		<b>179,230</b>		10.3%
	<u>Overseas</u>	<b>60,570</b>		<b>11,816</b>		-80.5%
	Total	<b>223,104</b>	30.7%	<b>191,046</b>	25.0%	-14.4%
<b>Others</b>	Domestic	<b>23,491</b>		<b>22,029</b>		-6.2%
	<u>Overseas</u>	<b>24,130</b>		<b>23,338</b>		-3.3%
	Total	<b>47,621</b>	6.5%	<b>45,367</b>	6.0%	-4.7%
<b>Total</b>	Domestic	<b>274,947</b>		<b>297,956</b>		8.4%
	<u>Overseas</u>	<b>452,520</b>		<b>466,663</b>		3.1%
	Total	<b>727,467</b>	100.0%	<b>764,619</b>	100.0%	5.1%

(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, Blood analyzer,
Information and Communication Business	Mobile terminals, Mobile solutions, Mobile content services, Network infrastructure system development, Semiconductor devices, Electric equipment
Others	Industrial endoscopes, Non-destructive testing (NDT) equipment, Printers, Bar code data processing equipment, Software development, etc.

## Consolidated Balance Sheets

	(Millions of Yen)			
	March 31	December 31	Variance	December 31
	2006(Results)	2006(Results)		2005(Results)
<b>Current Assets</b>	489,525	517,401	27,876	501,459
Cash and time deposits	165,720	164,636	-1,084	146,403
Notes and accounts receivable	167,411	192,242	24,831	162,843
Marketable securities	1,210	94	-1,116	36,207
Inventories	93,198	103,652	10,454	99,075
Deferred income taxes	25,196	27,077	1,881	17,999
Other current assets	40,142	32,938	-7,204	42,216
Allowance for doubtful accounts	-3,352	-3,238	114	-3,284
<b>Fixed Assets</b>	486,607	521,593	34,986	462,891
<b>Tangible Fixed Assets</b>	130,810	137,197	6,387	127,140
Buildings and structures	48,244	59,334	11,090	47,884
Machinery and equipment	18,995	18,199	-796	19,066
Tools, dies, furniture and fixtures	34,221	37,807	3,586	33,722
Land	17,953	19,204	1,251	17,403
Construction in progress	11,397	2,653	-8,744	9,065
<b>Intangible Fixed Assets</b>	102,666	103,250	584	85,185
Consolidated adjustment accounts	79,625	—	-79,625	63,529
Goodwill	—	81,902	81,902	—
Others	23,041	21,348	-1,693	21,656
<b>Investments and Other Assets</b>	253,131	281,146	28,015	250,566
Investment securities	208,459	219,665	11,206	212,012
Deferred income taxes	9,324	9,478	154	8,907
Others	35,978	52,470	16,492	30,303
Allowance for doubtful accounts	-630	-467	163	-656
<b>Total Assets</b>	976,132	1,038,994	62,862	964,350

	(Millions of Yen)			
	March 31	December 31	Variance	December 31
	2006(Results)	2006(Results)		2005(Results)
<b>Current Liabilities</b>	394,755	390,162	-4,593	413,852
Notes and accounts payable	85,741	99,865	14,124	94,736
Short-term borrowings	161,188	154,613	-6,575	183,759
Current maturities of bonds	25,072	94	-24,978	25,072
Accrued expenses	60,088	65,729	5,641	53,492
Income taxes payable	15,045	12,026	-3,019	8,240
Warranty reserve	5,064	6,524	1,460	4,390
Other current liabilities	42,557	51,311	8,754	44,163
<b>Long-term Liabilities</b>	281,064	306,927	25,863	261,743
Long-term bonds, less current maturities	95,452	105,390	9,938	95,462
Long-term borrowings, less current maturities	164,381	179,762	15,381	148,061
Severance and retirement allowance	9,307	9,252	-55	8,957
Other non-current liabilities	11,924	12,523	599	9,263
<b>Minority interests</b>	9,657	—	—	12,597
<b>Shareholders' Equity</b>	290,656	—	—	276,158
Common stock	48,332	—	—	48,332
Capital surplus	73,049	—	—	73,049
Retained earnings	153,864	—	—	141,758
Net unrealized holding gains on securities	16,422	—	—	14,161
Foreign currency translation adjustments	873	—	—	591
Treasury stock, at cost	-1,884	—	—	-1,733
<b>Liabilities and Shareholder's Equity</b>	976,132	—	—	964,350
<b>Net Assets</b>	—	341,905	—	—
<b>Owners' Equity</b>	—	306,591	—	—
Common stock	—	48,332	—	—
Capital surplus	—	73,049	—	—
Retained earnings	—	187,348	—	—
Treasury stock, at cost	—	-2,138	—	—
<b>Valuation and Translation Adjustments</b>	—	25,504	—	—
Net unrealized holding gains on securities	—	16,663	—	—
Deferred losses on hedges	—	-554	—	—
Foreign currency translation adjustments	—	9,395	—	—
<b>Minority Interests</b>	—	9,810	—	—
<b>Liabilities and Net Assets</b>	—	1,038,994	—	—

(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.

## Forecast For the Fiscal Year Ending March 31, 2007

We have revised our forecast as stated below:

			(Millions of Yen)
	Previous Forecast as of Nov. 7, 2006		Current Forecast as of Feb. 5, 2007
Net Sales	1,040,000	→	1,040,000
Operating Income	90,000	→	94,000
Net Income	38,000	→	43,000