

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2007



May 8, 2007

Company Name: Olympus Corporation

Code Number: 7733

(URL: <http://www.olympus.co.jp/>)

Stock Exchange Listing: First Section of Tokyo Stock Exchange, First Section of Osaka Securities Exchange

Representative: Tsuyoshi Kikukawa, President and Representative Director

Contact: Hironobu Kawamata, General Manager, Accounting Division

Phone: 03-3340-2111

Scheduled date to ordinary general meeting of shareholders: June 28, 2007

Scheduled date to commencement of dividend payments: June 29, 2007

Scheduled date to submit the Securities Report: June 28, 2007

(Figures are rounded off to the nearest million yen)

## 1. Consolidated Financial Results for Fiscal 2006 (From April 1, 2006 to March 31, 2007)

### (1) Consolidated Results of Operations

(% indicates changes from the previous term)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Year ended March 2007	1,061,786	8.6	98,729	57.9	76,226	85.0	47,799	67.3
Year ended March 2006	978,127	20.2	62,523	170.0	41,206	303.8	28,564	-

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	(¥)	(¥)	%	%	%
Year ended March 2007	176.79	-	15.3	7.4	9.3
Year ended March 2006	105.99	-	10.7	4.5	6.4

Note: Equity in earnings (losses) of affiliated companies: Year ended March 2007: ¥ (2,394) million

Year ended March 2006: ¥ (1,451) million

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	%	(¥)
Year ended March 2007	1,091,800	344,871	30.6	1,236.34
Year ended March 2006	976,132	290,656	29.8	1,074.30

Note: Equity for year ended March 2007: ¥ 334,210 million Year ended March 2006: ¥ - million

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Year ended March 2007	108,400	(96,481)	2,192	174,802
Year ended March 2006	49,034	(81,775)	77,200	159,307

## 2. Dividends

(Record date)	Cash dividends per share			Total amount of cash dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	Interim	Year-end	Annual			
	(¥)	(¥)	(¥)	(¥)	%	%
Year ended March 2006	7.50	14.50	22.00	5,949	20.8	2.2
Year ended March 2007	11.00	24.00	35.00	9,462	19.8	3.0
Years ending March 31, 2008 (Forecast)	15.00	20.00	35.00		18.9	

### 3. Forecast of Consolidated Financial Results for the Year ending March 2007 (April 1, 2007 - March 31, 2008)

(% indicates changes from the previous corresponding term)

	Sales		Operating income		Ordinary income		Net income		Current net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Interim term	530,000	9.4	43,000	2.1	33,000	4.6	20,000	6.4	73.99
Full year	1,150,000	8.3	107,000	8.4	85,000	11.5	50,000	4.6	184.96

\* The above projected performance figures include expectations based on the presumption, forecast, and plan over the future, as of the date this material was released. The actual performance may differ significantly from the forecast values due to risks or uncertain factors of the world economy, competitive situation, exchange rate fluctuations, etc. For the further information on forecasts, refer to pp. 6-7.

#### 4. Others

(1) Significant changes of subsidiaries during period under review (affecting specific subsidiaries due to changes in scope of consolidation): Not applicable

(2) Changes in the accounting principles, accounting procedures, presentation, etc., related to preparation of consolidated financial statements (those to be described as changes in significant matters that are the basis for preparing consolidated financial statements)

1) Changes due to the revision of accounting standards, etc.: Yes

2) Any changes other than 1) above: No

Note: For details, refer to "Changes in the Basis of Presenting the Consolidated Financial Statements" on p. 18.

(3) Total number of issued shares (common stock)

1) Total number of issued shares at the end of fiscal year (including treasury stock):

Year ended March 2007: 271,283,608 shares      Year ended March 2006: 271,283,608 shares

2) Total number of treasury shares at the end of fiscal year:

Year ended March 2007: 961,805 shares      Year ended March 2006: 856,534 shares

Note: Please refer to p. 26 ("Per-Share Data") for the number of shares that are used as the basis for the calculation of net income per share (consolidated).

#### Reference: Summary of Non-Consolidated Financial Results

Financial results for the Year ended March 2007 (April 1, 2006 - March 31, 2007)

##### (1) Non-Consolidated Results of Operations

(% indicates changes from the previous term)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Year ended March 2007	106,079	13.7	(4,723)	-	7,502	33.0	8,036	175.2
Year ended March 2006	93,284	(64.0)	(5,255)	-	5,642	-	2,920	84.3

	Net income per share	Fully diluted net income per share
	(¥)	(¥)
Year ended March 2007	29.72	-
Year ended March 2006	10.52	-

##### (2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	%	(¥)
Year ended March 2007	572,678	236,136	41.2	873.54
Year ended March 2006	512,057	234,220	45.7	865.74

Note: Equity for year ended March 2007: ¥236,136 million      Year ended March 31, 2,006: ¥ - million

## 1. Results of Operations

### (1) Analysis of Business Results

#### Review of Operations

##### Analysis of the overall operations

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Year ended March 2007	1,061,786	98,729	76,226	47,799	¥176.79
Year ended March 2006	978,127	62,523	41,206	28,564	¥105.99
Increase/decrease ratio	8.6%	57.9%	85.0%	67.3%	—

#### Comparison Table of Average Exchange Rate

	Current period	Previous period
Against the U.S. dollar	¥117	¥113
Against the Euro	¥150	¥138

The Japanese economy for the current year has grown slowly, supported by increased business investment and increased exports due to booming corporate performance. Conversely, although an economic slowdown was felt in part in the U.S., where sluggish growth was seen in the housing market, the economy has grown in Asia, mainly in China, where business investment continues to grow, and economic recovery was seen in Europe, which resulted in an overall steady transition.

With regard to performance of the Olympus Group, consolidated net sales were remained in good shape in the Imaging Systems Business, the Medical Systems Business, and the Life Science Business. Net sales in the Information & Communication Business decreased, but overall sales showed an increase of ¥83,659 million over the previous year, and reached ¥1,061,786 million (8.6% increase over the previous year), exceeding ¥1 trillion for the first time.

Pertaining to operating profits, the sale of new products in the Medical Systems Business improved both domestically and overseas contributing significantly to an increase in profit, while in the Imaging Systems Business, structural reforms resulted in a lower cost of goods sold rate, better product strength and enhanced profitability in which all translated into ¥98,729 million in operating profits (57.9% increase compared to the previous year).

Although an increase in interest payments, etc., was seen in the ordinary income, it amounted to ¥76,226 million (85.0% increase over the previous year), a significant increase compared to the previous year.

Net income was ¥47,799 million (67.3% increase over the previous year) because extraordinary loss was calculated as ¥3,377 million, and ¥26,081 million was generated for corporate tax, etc.

This enabled current consolidated net sales, operating income, ordinary income, and net income to each attain record highs.

The exchange rate shifted to yen depreciation against both the U.S. dollar and the Euro, and the average exchange rate during the year was US\$ 1 = J¥ 117 and EUR 1 = J¥ 150, making a revenue-increasing factor of ¥36,700 million to affect net sales.

Analysis of the performance by segment

(Millions of yen)

	Net Sales			Operating Income (Loss)		
	Previous year	Current year	Increase/Decrease ratio	Previous year	Current year	Increase/Decrease
Imaging Systems	254,541	294,303	15.6%	4,792	27,208	22,416
Medical Systems	266,317	311,709	17.0%	76,642	87,853	11,211
Life Science	107,915	123,706	14.6%	7,559	8,079	520
Information & Communication	284,908	267,691	(6.0%)	(2,641)	2,716	5,357
Others	64,446	64,377	(0.1%)	1,443	872	(571)
Subtotal	978,127	1,061,786	8.6%	87,795	126,728	38,933
Elimination or Unallocation	–	–	–	(25,272)	(27,999)	(2,727)
Consolidated total	978,127	1,061,786	8.6%	62,523	98,729	36,206

Note: Businesses are segmented by adding similarities of sales market to the business established based on line of products.

**Imaging Systems Business**

Consolidated Net sales for the Imaging Systems Business was ¥294,303 million (15.6% increase over the previous year) while operating income reached ¥27,208 million (467.8% increase over the previous year). In the digital camera field, which was a growing market, a new model of single-lens reflex (D-SLR) camera was launched in Europe and new compact camera products featuring various functions were highly appreciated to expand sales figures. In particular, the “μ[mju:]”-SW Series,” that further developed “all-weather” design and achieved “waterproof”, “shockproof”, and “dustproof” functions and the “FE Series,” which advanced operability in which even beginners are able to easily handle it, were well accepted in both the domestic and overseas markets and contributed to a significant increase in revenue.

In the voice recorders field, the new “Voice-Trek V series” digital recorder expanded sales in the domestic market. In the overseas market, the switch to digital recorder models was further advanced in Europe, and sales were booming, especially with the “VN Series,” which led to an increase in revenue for the overall voice recorders field.

In addition, the sales of lens barrel unit in the optical components field were increased.

The operating income has increased by improving business efficiency in each field, such as inventory compression, etc., in addition to the increased sales of digital cameras and maintenance of unit sales price.

**Medical Systems Business**

Consolidated net sales in the Medical Systems Business was ¥311,709 million (17.0% increase over the previous year), while operating income amounted to ¥87,853 million (14.6% increase over the previous year). In the medical endoscope field, new products such as “EVIS LUCERA SPECTRUM,” which enabled observation using specific light spectra that contributed to early detection of minute lesions such as cancer, and the upper gastrointestinal endoscope, which enabled transnasal insertion, achieved a sales increase in the domestic market, while “EVIS EXERA II,” a High-resolution HDTV endoscope system featuring observation using specific light spectra, was popular in overseas markets, which led to a significant sales increase.

In the fields of MIP such as surgical and EndoTherapy products, etc., new product launches of disposable single use electrosurgical knife and reinforcement of sales structure in the domestic market have resulted in a steady sales increase. In overseas markets, new products such as High-resolution

HDTV videoscope for the abdominal and chest cavities were excellent, and the sales figures for pancreaticobiliary duct Endo Therapy products increased, which led to an increase in revenue. In addition, we have developed the “Brave Circle” colorectal cancer awareness campaign” to engage in educational activities such as the promotion of colorectal cancer screening and the early discovery of colorectal cancer.

Operating income increased as a result of the sales growth of medical endoscopes.

### **Life Science Business**

Consolidated net sales for the Life Science Business was ¥123,706 million (14.6% increase over the previous year), while operating income showed ¥8,079 million (6.9% increase over the previous year).

In the micro-imaging (microscopes) field, the sales of “FLUOVUE” series, a confocal laser scanning microscope for biological use, were excellent in European and U.S. markets, and sales increased also in Asian and Latin American markets. With regard to the industrial microscope, in addition to the excellent sales of inspection equipment for flat panel display in the domestic market, sales targeted at semiconductors and electronic components industry expanded mainly in Asia, which led to a revenue increase.

In the diagnostic systems field, the install base business, which combines blood (clinical chemistry) analyzers with reagents, performed well in the U.S., and sales of the blood analyzer expanded significantly in the Asian market, which led to a sales increase of the overall diagnostic systems field.

Expansion of sales mainly in overseas markets contributed to a profit increase in operating income.

### **Information & Communication Business**

Consolidated net sales for the Information & Communication Business was ¥267,691 million (6.0% decrease over the previous year), while operating income showed ¥2,716 million (operating loss of ¥2,641 million in the previous year).

Sales of mobile handsets units were excellent, which led to a sales increase in the mobile field.

In the network & technology field, while a sales increase was seen with the commencement of the After-Market business of automobiles, etc., profit decreased due to the completion of OEM sales transactions for personal computer peripherals.

With regard to operating income/loss, the fact that cost reduction by elimination and consolidation of loss-making stores selling mobile handsets in the mobile field succeeded in restoring profitability, and contribution by the aftermarket business of automobiles in the network & technology field as well as the sale of investment stocks, brought about the operating income, a complete change from the operating loss from the previous year.

### **Others**

Consolidated net sales for Others Business was ¥64,377 million (0.1% decrease from the previous year), while operating income showed ¥872 million (39.6% decrease from the previous year).

In the non-destructive testing equipment field, sales of ultrasound testing devices for building diagnostic purposes increased significantly, and portable industrial endoscopes expanded sales against a background of steady business investment mainly in the domestic market, which led to a significant increase in revenue.

In the information equipment field, the volume of shipment of printers that have been manufactured through business collaboration with RISO KAGAKU CORPORATION has increased.

In the biomedical materials field, new product launches of artificial bones and steady sales increases with existing products brought about a revenue increase.

The overall sales of Others business remained almost unchanged, with no apparent success in sales of business investment and consultation stocks undertaken by ITX Corporation.

Operating income decreased with the decrease in revenue.

## Forecast for the Next Year

### Forecast for the overall performance and analysis

It is expected that Japan's economy will continue to gradually grow. Furthermore, the world economy is expected to grow despite some lingering concerns such as fluctuation in crude oil prices.

In such a situation, the Olympus Group will reinforce effective strategies and organization power to execute, based on our mid-term business plan ('06 corporate strategic Plan), and will continue to seek to maximize corporate value.

In the Imaging Systems Business, although the effect of continued incorporation to improve profitability has been observed, our competitive edge will be continuously reinforced. Allocation of operating resources will be focused to establish a firm position in the field of digital single-lens reflex (D-SLR) cameras, and business efficiency will be improved to obtain steady profit assurance in the field of compact cameras. Expansion of profitability will also be focused on the optical components field, such as sales of lens barrel units.

In the Medical Systems Business, we intend to respond promptly to changes in the business environment and build a system that enables a steady increase in profit. By taking maximum advantage of Endoscopes, we aim for further development of surgical and Endo Therapy products. Furthermore, the Solution business, which we began as a high value-added service, will continue to be promoted. Other efforts include reinforcement of maintenance service systems as well as comprehensive strength of the Medical Systems Business focused on gastrointestinal endoscope, together with the sales force.

In addition, efforts will also be made to create new business opportunities, and necessary strategic investments will be made in order to foster businesses related to the medical/health care area and the Imaging/information area.

The forecast for the Year ending March 2008 is as follows.

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Year ending March 2008	1,150,000	107,000	85,000	50,000	¥184.96
Year ended March 2007	1,061,786	98,729	76,226	47,799	¥176.79
Increase/decrease ratio	8.3%	8.4%	11.5%	4.6%	-

It is expected that net sales, operating income, ordinary income, and net income will each hit record highs due to a steady increase of net assets and decrease of cost of sales.

The exchange rate for basis of the next period will be US\$ 1 = ¥115 and EUR 1 = ¥150.

### Forecast by segment and analysis

	Net Sales			Operating Income (Loss)		
	Year ended March 2007	Year ending March 2008	Increase/Decrease ratio	Year ended March 2007	Year ending March 2008r	Increase/Decrease
Imaging Systems	294,303	330,000	12.1%	27,208	25,000	(2,208)
Medical Systems	311,709	335,000	7.5%	87,853	100,000	12,147
Life Sciences	123,706	130,000	5.1%	8,079	8,500	421
Information & Communication	267,691	283,000	5.7%	2,716	1,000	(1,716)
Others	64,377	72,000	11.8%	872	1,500	628
Subtotal	1,061,786	1,150,000	8.3%	126,728	136,000	9,272
Elimination or Unallocation	-	-	-	(27,999)	(29,000)	(1,001)
Consolidated total	1,061,786	1,150,000	8.3%	98,729	107,000	8,271

Note: Businesses are segmented by adding similar sales markets to businesses established based on the product lines.

Although revenue is expected to increase due to the effect of new products in the Imaging Systems Business, profit will decrease due to the promotion of sales of digital single-lens reflex (D-SLR) cameras and continued development investment.

In the Medical Systems Business, net sales and operating income are expected to increase in revenue and profit due to the steady maintenance of sales of new products such as endoscopes that enable observation using specific light spectra, etc.

In the Life Science Business, a steady sales increase is expected mainly in overseas markets, and an increase in revenue and profit is expected.

In the Information & Communication Business, although an increase in revenue is expected in the sales of mobile handsets, etc., operating income is forecasted to decrease, as the sale of investment stocks is not expected.

As for Others business, an increase in revenue and profit is expected due to a sales expansion, especially in the field of non-destructive testing equipment.

## (2) Financial Position

### Analysis of the Status of Assets, Liabilities, Net Assets, and Cash Flows in the Current Year

#### Analysis of assets, liabilities and net assets

	(Millions of yen)			
	End of year ended March 2006	End of year ended March 2007	Increase/decrease	Increase/decrease ratio
Total Assets	976,132	1,091,800	115,668	11.8%
Net Assets	290,656	344,871	54,215	18.7%
Equity Ratio	29.8%	30.6%	0.8%	—

As a result of increased fixed assets, investment, and other assets, in addition to the increase in current assets due to increased cash and time deposits and accounts receivable, assets for the current year increased by ¥115,668 million.

Net assets at the end of the current year increased by ¥44,558 million, because ¥47,799 million was calculated as net income for the current year, etc., compared to the amount whereby minority interests was added to net assets at the end of previous year. As a result, equity ratio increased to 30.6%.

#### Analysis of cash flows

	(Millions of yen)		
	End of year ended March 2006	End of year ended March 2007	Increase/decrease
Cash flows from operating activities	49,034	108,400	59,366
Cash flows from investing activities	(81,755)	(96,481)	(14,726)
Cash flows from financing activities	77,200	2,192	(75,008)
Balance of cash and cash equivalents at end of year	159,307	174,802	15,495

“Cash flows from operating activities” increased by ¥108,400 million (¥59,366 million increase over the previous year). The main reason can be indicated as the increase in accounts payable or accrued expenses in addition to a income before provision for income increase (increase by ¥30,393 million) due to favorable trends in the Imaging Systems and Medical Systems businesses.

“Cash flows from investing activities” decreased by ¥96,481 million (decrease by ¥14,726 million from the previous year). The main reason is deposits in time deposits of ¥41,379 million and expenditure of ¥41,269 million on purchases of property, plant and equipment, etc.

“Cash flows from financing activities” increased by ¥2,192 million (decrease by ¥75,008 million from the previous year). The main reason is expenditures such as repayment of ¥20,025 million on short-term debt (increased amount from borrowing and net), and ¥25,092 million for the redemption of bonds payable, despite ¥19,242 million in financing for long-term debt and ¥44,384 million of newly issued bonds.

Consequently, the balance of cash and cash equivalents at the end of the current year reached ¥174,802 million, an increase of ¥15,495 million compared to that at the end of the previous year.

### Cash Flows Indicators

	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007
Equity ration (%)	36.9	28.1	29.8	30.6
Market value equity ratio (%)	86.5	76.8	95.9	99.8
Debt redemption period (years)	7.8	37.1	9.1	4.3
Interest coverage ratio (times)	6.1	1.5	5.3	8.7

Notes: Equity ratio: Shareholders' equity / Total assets

Market value equity ratio: Total market capitalization / Total assets

Debt redemption period (years): Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payment

- Each index was calculated by financial index of consolidated basis.
- The market capitalization is calculated by multiplying the closing share price on the final trading day of the fiscal year by the number of shares issued and outstanding (excluding treasury stocks) as of the corresponding fiscal year-end.
- Operating cash flow equals cash flows from operating activities. Interest-bearing debt includes all liabilities on which interest is paid stated in the Consolidated Balance Sheets. Furthermore, the amount of interest paid on the Consolidated Cash Flow Statement is used for interest payments.

### (3) Basic Strategy for Profit Sharing and Dividend for the Current Year and Following Year

We set our basic strategy to implement dividends, considering performance while securing continued profit sharing in order to respond to the expectations of our shareholders. Specifically, we comprehensively determined the dividend amount by setting the dividend ratio to 20% of the consolidated base as a basis, with consideration of the operating environment and financial position, etc. With regard to earning retention, the reinforcement of existing businesses, capital affiliation for the creation of new businesses, research development, business investment, etc., will be proactively carried out to improve long-term corporate value.

Year-end dividends per share for the current year are set at ¥24, an increase of ¥9.50 over ¥14.50 from the previous year, and together with interim dividends, which have already been paid, the annual dividend is expected to be ¥35 (¥22 in the previous year). Consequently, the dividend ratio for the consolidated base will be 19.8%. The amount of dividends for the following year are expected to be ¥35 per share (¥15 for interim dividends, and ¥20 for year-end dividends).

## 2. Status of the Corporate Group

Because there are no important changes in the “business diagram (type of business)” or “status of subsidiaries and affiliates” in the recent the Securities Report (submitted on June 29, 2006), disclosure has been omitted.

### **3. Operating Policy**

Because there are no important changes in the interim financial results for the year ended March 31, 2007 (submitted on November 7, 2006), disclosure has been omitted.

Relevant financial results are available on the following Website.

<http://www.olympus.co.jp/jp/corc/ir/>

Website of the Tokyo Stock Exchange (search page for listed companies)

<http://www.tse.or.jp/listing/compsearch/index.html>

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

Fiscal Period Items	Previous consolidated fiscal year as of March 31, 2006		Current consolidated fiscal year as of March 31, 2007		Increase/ Decrease
	Amount	Composition ratio	Amount	Composition ratio	
<b>Current Assets</b>	<b>489,525</b>	<b>50.1</b>	<b>572,838</b>	<b>52.5</b>	<b>83,313</b>
Cash and time deposits	165,720		216,586		50,866
Notes and accounts receivable	167,411		192,855		25,444
Marketable securities	1,210		8,347		7,137
Inventories	93,198		89,847		(3,351)
Deferred income taxes	25,196		32,319		7,123
Others	40,142		36,265		(3,877)
Allowance for doubtful accounts	(3,352)		(3,381)		(29)
<b>Fixed Assets</b>	<b>486,607</b>	<b>49.9</b>	<b>518,962</b>	<b>47.5</b>	<b>32,355</b>
Property, plant and equipment	130,810	13.4	140,089	12.8	9,279
Buildings and structures	48,244		63,300		15,056
Machinery and equipment	18,995		18,526		(469)
Tools, furniture and fixtures	34,221		38,421		4,200
Land	17,953		18,736		783
Construction in progress	11,397		1,106		(10,291)
Intangible fixed assets	102,666	10.5	100,351	9.2	(2,315)
Consolidated adjustment accounts	79,625		—		(79,625)
Goodwill	—		78,718		78,718
Others	23,041		21,633		(1,408)
Investments and other assets	253,131	26.0	278,522	25.5	25,391
Investment securities	208,459		216,636		8,177
Deferred income taxes	9,324		9,606		282
Others	35,978		52,763		16,785
Allowance for doubtful accounts	(630)		(483)		147
<b>Total Assets</b>	<b>976,132</b>	<b>100</b>	<b>1,091,800</b>	<b>100</b>	<b>115,668</b>

(Millions of yen)

Fiscal Period Items	Previous consolidated fiscal year as of March 31, 2006		Current consolidated fiscal year as of March 31, 2007		Increase/ Decrease
	Amount	Composition ratio	Amount	Composition ratio	
<b>Current Liabilities</b>	<b>394,755</b>	<b>40.4</b>	<b>410,116</b>	<b>37.6</b>	<b>15,361</b>
Notes and accounts payable	85,741		100,252		14,511
Short-term borrowings	161,188		148,517		(12,671)
Current maturities of bonds	25,072		94		(24,978)
Accrued expenses	60,088		77,526		17,438
Income taxes payable	15,045		16,631		1,586
Warranty reserve	5,064		8,758		3,694
Others	42,557		58,338		15,781
<b>Long-term Liabilities</b>	<b>281,064</b>	<b>28.8</b>	<b>336,813</b>	<b>30.8</b>	<b>55,749</b>
Long-term bonds, less current maturities	95,452		140,480		45,028
Long-term borrowings, less current maturities	164,381		173,123		8,742
Severance and retirement allowance	8,527		9,529		1,002
Severance and retirement allowance for directors and corporate auditors	780		83		(697)
Reserve for loss on liabilities for guarantee	502		452		(50)
Reserve for loss on liquidation of affiliates and subsidiaries	240		—		(240)
Others	11,182		13,146		1,964
<b>Total Liabilities</b>	<b>675,819</b>	<b>69.2</b>	<b>746,929</b>	<b>68.4</b>	<b>71,110</b>
<b>Minority Interests</b>	<b>9,657</b>	<b>1.0</b>	<b>—</b>	<b>—</b>	<b>—</b>
Common stock	48,332		—		—
Capital surplus	73,049		—		—
Retained earnings	153,864		—		—
Net unrealized holding gains on securities	16,422		—		—
Foreign currency translation adjustments	873		—		—
Treasury stock, at cost	(1,884)		—		—
<b>Total Shareholders' Equity</b>	<b>290,656</b>	<b>29.8</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Liabilities, Minority Interests and Shareholders' Equity</b>	<b>976,132</b>	<b>100</b>	<b>—</b>	<b>—</b>	<b>—</b>

(Millions of yen)

Fiscal Period Items	Previous consolidated fiscal year as of March 31, 2006		Current consolidated fiscal year as of March 31, 2007		Increase/ Decrease
	Amount	Composition ratio	Amount	Composition ratio	
<b>Shareholders' equity</b>	–	–	<b>310,239</b>	<b>28.4</b>	–
Common stock	–		48,332		–
Capital surplus	–		73,049		–
Retained earnings	–		191,122		–
Treasury stock, at cost	–		(2,264)		–
<b>Valuation and Translation Adjustments</b>	–	–	<b>23,971</b>	<b>2.2</b>	–
Net unrealized holding gains on securities	–		16,078		–
Deferred losses on hedges	–		(184)		–
Foreign currency translation adjustments	–		8,077		–
<b>Minority Interests</b>	–	–	<b>10,661</b>	<b>1.0</b>	–
<b>Total Net Assets</b>	–	–	<b>344,871</b>	<b>31.6</b>	–
<b>Total Liabilities and Net Assets</b>	–	–	<b>1,091,800</b>	<b>100</b>	–

**(2) Consolidated Statements of Income**

(Millions of yen)

Items	Fiscal Period		Current consolidated fiscal year		Increase/Decrease	
	Previous consolidated fiscal year as of March 31, 2006		as of March 31, 2007		Amount	Percentage
	Amount	Proportion	Amount	Proportion	Amount	Percentage
		%		%		%
Net sales	978,127	100	1,061,786	100	83,659	8.6
Cost of sales	619,898	63.4	611,503	57.6	(8,395)	(1.4)
Gross profit	358,229	36.6	450,283	42.4	92,054	25.7
Selling, general and administrative expenses	295,706	30.2	351,554	33.1	55,848	18.9
Operating income	62,523	6.4	98,729	9.3	36,206	57.9
Non-operating income	6,451	0.6	6,330	0.6	(121)	(1.9)
Interest income	1,600		1,799		199	
Others	4,851		4,531		(320)	
Non-operating expenses	27,768	2.8	28,833	2.7	1,065	3.8
Interest expenses	9,800		12,567		2,767	
Net loss of investment in affiliated companies carried on the equity method	1,451		2,394		943	
Foreign currency exchange loss	4,953		(4,120)		(833)	
Others	11,564		9,752		(1,812)	
Ordinary income	41,206	4.2	76,226	7.2	35,020	85.0
Extraordinary gains	4,487	0.5	731	0.0	(3,756)	(83.7)
Gain on sales of investment securities in subsidiaries and affiliates	2,199		163		(2,036)	
Gain on sales of beneficial interest in trust	1,522		–		(1,522)	
Damages due to delays	396		–		(396)	
Gain on sales of investment securities	370		568		198	
Extraordinary losses	2,506	0.3	3,377	0.3	871	34.8
Impairment loss on fixed assets	1,411		1,619		208	
Loss on valuation of investment securities	870		1,756		886	
Provision of reserve for loss on liabilities for guarantee	225		2		(223)	
Income before provision for income taxes	43,187	4.4	73,580	6.9	30,393	70.4
Provision for income taxes						
Current	24,573	2.5	31,682	3.0	7,109	
Deferred	(9,741)	(1.0)	(5,601)	(0.6)	4,140	
Minority interests	(209)	(0.0)	(300)	(0.0)	(91)	
Net income	28,564	2.9	47,799	4.5	19,235	67.3

**(3) Consolidated Statement of Surplus and Consolidated Statement of Changes in Shareholder's Equity****Consolidated Statement of Surplus**

(Millions of yen)

Fiscal Period	Fiscal 2005 (April 1, 2005 - March 31, 2006)
Item	Amount
<b>Capital Surplus</b>	
I. Balance at beginning of year	65,550
II. Increase in capital surplus	7,499
Issuance of new stocks for capital increase	7,499
III. Balance at end of year	73,049
<b>Retained Earnings</b>	
I. Balance at beginning of year	133,523
II. Increase in retained earnings	28,564
Net income	28,564
III. Decrease in retained earnings	8,233
Decrease in retained earnings at beginning of year associated with accounting standard for accrued retirement benefits to subsidiaries in the UK	1,939
Cash dividend	4,006
Directors' and corporate auditors' bonuses	34
Debt disposal amount for accrued retirement benefits to subsidiaries in the UK	2,244
IV. Balance of retained earnings at end of year	153,864

**Consolidated Statement of Changes in Shareholders' Equity**

(April 1, 2006 - March 31, 2007)

(Millions of yen)

Item	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' Equity
Balance as of March 31, 2006	48,332	73,049	153,864	(1,884)	273,361
Dividends from surplus (Note)			(3,921)		(3,921)
Dividends from surplus			(2,974)		(2,974)
Bonuses to directors (Note)			(137)		(137)
Net income			47,799		47,799
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.K.			(1,066)		(1,066)
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.S.			(2,443)		(2,443)
Acquisition of treasury stock				(380)	(380)
Net changes of items other than shareholders' equity during the fiscal year					
Total changes during the fiscal year	–	–	37,258	(380)	36,878
Balance as of March 31, 2007	48,332	73,049	191,122	(2,264)	310,239

Item	Valuation and Translation Adjustments				Minority Interest	Total Net Assets
	Net unrealized holding gains on securities	Deferred losses on hedges	Foreign currency translation adjustments	Total Valuation and Translation Adjustments		
Balance as of March 31, 2006	16,422	–	873	17,295	9,657	300,313
Dividends from surplus (Note)				–		(3,921)
Dividends from surplus				–		(2,974)
Bonuses to directors (Note)				–		(137)
Net income				–		47,799
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.K.				–		(1,066)
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.S.				–		(2,443)
Acquisition of treasury stock				–		(380)
Net changes of items other than shareholders' equity during the fiscal year	(344)	(184)	7,204	6,676	1,004	7,680
Total changes during the fiscal year	(344)	(184)	7,204	6,676	1,004	44,558
Balance as of March 31, 2007	16,078	(184)	8,077	23,971	10,661	344,871

Note: Appropriation of profit based on the resolution at the regular general shareholders' meeting for the fiscal year ended March 31, 2006.

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

Item	Fiscal Period	Previous consolidated fiscal year as of March 31, 2005	Current consolidated fiscal year as of March 31, 2006	Increase/Decrease
		Amount	Amount	Amount
<b>I. Cash flows from operating activities</b>				
1. Income before provision for income taxes		43,187	73,580	30,393
2. Depreciation		27,022	30,404	3,382
3. Amortization of consolidated adjustment accounts		5,674	–	(5,674)
4. Amortization of goodwill		–	7,868	7,868
5. Increase (decrease) of severance and retirement allowance		(393)	183	576
6. Decrease in prepaid expenses of pensions		1,361	673	(688)
7. Increase in warranty reserve		–	3,481	3,481
8. Interest and dividend income		(1,983)	(2,314)	(331)
9. Interest expenses		9,800	12,567	2,767
10. Loss of investment in affiliated companies carried on the equity method		1,451	2,394	943
11. Gain on sales on beneficial interest in trust		(1,522)	–	1,522
12. Gain on sales of stocks of subsidiaries and affiliates		(2,199)	(163)	2,036
13. Loss on valuation of investment securities		–	1,756	1,756
14. Impairment loss on fixed assets		1,411	1,619	208
15. Increase in notes and accounts receivable		(9,622)	(17,432)	(7,810)
16. Decrease in inventories		15,643	6,821	(8,822)
17. Increase (decrease) in notes and accounts payable		(15,340)	11,528	26,868
18. Increase in accrued expenses		4,092	15,871	11,779
19. Other operating activities		(1,194)	(2,018)	(824)
Subtotal		77,388	146,818	69,430
20. Interest and dividend received		1,974	2,341	367
21. Interest paid		(9,242)	(12,460)	(3,218)
22. Income taxes paid		(21,086)	(28,299)	(7,213)
<b>Net cash provided by operating activities</b>		<b>49,034</b>	<b>108,400</b>	<b>59,366</b>
<b>II. Cash flows from investing activities</b>				
1. Payments into time deposits		(6,244)	(41,379)	(35,135)
2. Withdrawal of time deposits		6,588	6,609	21
3. Expenditure on acquisition of securities		(34,997)	(8,365)	26,632
4. Proceeds from sales of securities		35,000	1,266	(33,734)
5. Expenditure on acquisition of tangible fixed assets		(44,892)	(41,269)	3,623
6. Proceeds from sales of tangible fixed assets		50	644	594
7. Expenditure on acquisition of investment securities		(36,896)	(15,405)	21,491
8. Proceeds from sales of investment securities		20,947	4,360	(16,587)
9. Expenditure on acquisition of securities of subsidiaries associated with the change in scope of consolidation		(12,029)	(2,409)	9,620
10. Proceeds from (expenditure on) sales of stocks of subsidiaries associated with the change in scope of consolidation		1,431	(231)	(1,662)
11. Expenditure on additional acquisition of stocks of subsidiaries		(12,297)	–	12,297
12. Proceeds from sales on beneficial interest in trust		1,686	–	(1,686)
13. Other investing activities		(102)	(302)	(200)
<b>Net cash used in investing</b>		<b>(81,755)</b>	<b>(96,481)</b>	<b>(14,726)</b>

(Millions of yen)

Item	Fiscal Period	Previous consolidated fiscal year as of March 31, 2005	Current consolidated fiscal year as of March 31, 2006	Increase/Decrease
		Amount	Amount	Amount
III. Cash flows from financing activities				
1. Net increase (decrease) in short-term borrowings		14,925	(20,025)	(34,950)
2. Proceeds from long-term borrowings		71,994	19,242	(52,752)
3. Repayment of long-term borrowings		(60,683)	(10,141)	50,542
4. Proceeds from issuance of bond		39,833	44,384	4,551
5. Expenditure on redemption of bond		—	(25,092)	(25,092)
6. Proceeds from issuance of stock		14,918	—	(14,918)
7. Proceeds from stock issuance to minority shareholders		472	1,099	627
8. Cash dividends paid		(4,006)	(6,895)	(2,889)
9. Cash dividends paid to minority shareholders		(21)	—	21
10. Other financing activities		(232)	(380)	(148)
Net cash provided by financing activities		77,200	2,192	(75,008)
IV. Effect of exchange rate changes on cash and cash equivalents		1,166	1,298	132
V. Increase in cash and cash equivalents		45,645	15,409	(30,236)
VI. Balance of cash and cash equivalents at beginning of year		113,625	159,307	45,682
VII. Increase in cash and cash equivalents due to new consolidation		46	146	100
VIII. Decrease in cash and cash equivalents due to exclusion of consolidation		(9)	(60)	(51)
IX. Balance of cash and cash equivalents at end of year		159,307	174,802	15,495

## **Basis of Presenting the Consolidated Financial Statements**

Because no important changes are shown in the following four matters in recent securities reports (submitted on June 29, 2006), a disclosure has been omitted.

### **Changes in the Basis of Presenting the Consolidated Financial Statements**

#### 1. Accounting standard for bonuses to directors

Effective as of the current consolidated fiscal year, the “Accounting Standard for Directors’ Bonus” (Financial Accounting Standard No. 4, issued by the Accounting Standards Board of Japan on November 29, 2005) has been adopted. The effect on gains and losses is minimal.

#### 2. Accounting standard for net assets on balance sheet

Effective as of the current fiscal year, the Company has adopted the “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (Accounting Standard No. 5, issued by the Accounting Standards Board of Japan on December 9, 2005) and the “Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standard Implementation Guidance No. 8, issued by the Accounting Standards Board of Japan on December 9, 2005).

The amount corresponding to the former “capital” was ¥334,394 million.

Pursuant to the revision to the Regulations of Consolidated Financial Statements, the “Net assets” section on the Consolidated Balance Sheets for the current fiscal year was prepared in compliance with the revised Regulations of Consolidated Financial Statements.

#### 3. Accounting standard regarding corporate consolidation

Effective as of the current fiscal year, the Company has adopted the “Accounting Standard for Corporate Consolidation” (issued by the Business Accounting Deliberation Council on October 31, 2003), “Accounting Standard for Business Divestitures” (Accounting Standard No. 7, issued by the Accounting Standards Board of Japan on December 27, 2005), and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (Accounting Standard Implementation Guidance No. 10, issued by the Accounting Standards Board of Japan on December 27, 2005).

#### 4. Change in accounting standard for retirement benefits in subsidiaries in the U.S.

Effective as of the current fiscal year, our subsidiaries in the U.S. have adopted a new accounting standard regarding retirement benefits in the U.S. (US Accounting Standard, SFAS158). Consequently, profit surplus decreased due to the deduction of a calculated difference of ¥2,443 million directly from the profit surplus.

However, this will have no effect on the gains or losses in the current fiscal year.

## **Notes**

### **Omission of disclosure**

Matters related to lease transactions, transactions with concerned parties, deferred tax accounting, securities, derivative transactions, and retirement benefits are omitted, because they are regarded as unimportant for disclosure in financial results.

**Consolidated Statements on Income**

	(Millions of yen)	
	<u>Previous consolidated</u>	<u>Current consolidated</u>
	<u>fiscal year</u>	<u>fiscal year</u>
<b>1. Major items and amounts of selling, general and administrative expenses</b>		
Advertising and promotion expenses	37,912	48,463
Provision of allowance for doubtful accounts	341	218
Salaries and allowance	78,896	94,131
Bonuses	19,377	24,434
Retirement benefit expenses	8,504	5,981
Provision of severance and retirement allowance for directors and corporate auditors	292	45
Amortization of consolidated adjustment accounts	5,674	–
Amortization of goodwill	–	7,868
Experiment and research expenses	25,167	32,167
Depreciation	14,742	19,552
<b>2. Research and development expenses included in general and administrative expenses and production cost for current year</b>	<b>45,935</b>	<b>55,531</b>

## 5. Segment Information

### (1) Segment Information by Type of Business

(Millions of yen)

	Current Consolidated Fiscal Year (April 1, 2006 - March 31, 2007)							
	Imaging Systems	Medical System	Life Sciences	Information & Communication	Others	Total	Elimination or Unallocation	Consolidation
I. Net sales and operating income or loss								
Sales								
(1) Sales to outside customers	294,303	311,709	123,706	267,691	64,377	1,061,786	-	1,061,786
(2) Internal sales of transfer amounts among segments	455	76	37	-	596	1,164	(1,164)	-
Total	294,758	311,785	123,743	267,691	64,973	1,062,950	(1,164)	1,061,786
Operating cost	267,550	223,932	115,664	264,975	64,101	936,222	26,835	963,057
Operating income (or operating loss)	27,208	87,853	8,079	2,716	872	126,728	(27,999)	98,729
II. Assets, depreciation cost, and capital expenditure assets	157,693	227,884	94,632	131,069	90,004	701,282	390,518	1,091,800
Depreciation cost	9,376	6,920	4,828	2,669	2,979	26,772	3,632	30,404
Capital expenditure	7,766	15,968	8,020	3,134	4,148	39,036	5,660	44,696

(Millions of yen)

	Previous Consolidated Fiscal Year (April 1, 2005 - March 31, 2006)							
	Imaging Systems	Medical System	Life Sciences	Information & Communication	Others	Total	Elimination or Unallocation	Imaging Systems
I. Net sales and operating income or loss								
Sales								
(1) Sales to outside customers	254,541	266,317	107,915	284,908	64,446	978,127	-	978,127
(2) Internal sales or transfer amount among segments	215	14	5	-	561	795	(795)	-
Total	254,756	266,331	107,920	284,908	65,007	978,922	(795)	978,127
Operating cost	249,964	189,689	100,361	287,549	63,564	891,127	24,477	915,604
Operating income (or operating loss)	4,792	76,642	7,559	(2,641)	1,443	87,795	(25,272)	62,523
II. Assets, depreciation cost and capital expenditure assets	129,895	193,280	79,571	131,348	85,930	620,024	356,108	976,132
Depreciation cost	10,199	5,606	4,273	1,844	3,140	25,062	1,960	27,022
Capital expenditure	9,642	14,824	8,270	2,720	5,144	40,600	3,844	44,444

#### 1. The main products for each business are as follows:

##### *Current consolidated fiscal year*

- (1) Imaging Systems Business: Digital cameras, Film cameras, Voice recorders
- (2) Medical Systems Business: Medical endoscopes, Surgical endoscopes, Endo Therapy products, Ultrasound endoscopes
- (3) Life Science Business: Blood analyzer (clinical chemistry analyzer), Biological microscopes, Industrial microscopes
- (4) Information & Communication Business: Sales of mobile terminals including mobile handsets, Mobile resolution, Mobile content services, Development and sales of business package software, sales of network infrastructure systems, sales of semiconductor devices and electric equipment
- (5) Others Businesses: Industrial endoscopes, Non-destructive testing equipment, Printers, Bar code data processing equipment, System development, etc.

##### *Previous consolidated fiscal year*

- (1) Imaging Systems Business: Digital cameras, Film cameras, Voice recorders
- (2) Medical systems Business: Medical endoscopes, Surgical endoscopes, Endo Therapy products, Ultrasound endoscopes
- (3) Life Science Business: Blood analyzer (clinical chemistry analyzer), Biological microscopes, Industrial microscopes
- (4) Information & Communication Business: Sales of mobile terminals including mobile handsets, Mobile resolution, Mobile content services, Sales of network infrastructure systems, Sales of semiconductor devices and electric equipment
- (5) Others Businesses: Industrial endoscopes, Non-destructive testing equipment, Printers, Bar code data processing equipment, System development, etc.

2. The amount of non-allocatable operating expenses included in the section of Elimination or Unallocation among the operating expenses was ¥27,999 million for the current consolidated fiscal year, and ¥25,272 million for the previous consolidated fiscal year, most of which consisted of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.
  
3. The amount of total assets included in the section of Elimination or Unallocation among the operating expenses was ¥390,518 million for the current consolidated fiscal year, and ¥356,108 million for the previous consolidated fiscal year, most of which consisted of the surplus operating fund at the parent company (cash and securities), long-term investment fund (investment securities), and assets related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.

**(2) Segment Information by Region**

(Millions of yen)

	Current Consolidated Fiscal Year (April 1, 2006 - March 31, 2007)						
	Japan	North America	Europe	Asia	Total	Elimination or Unallocation	Consolidation
I. Net sales and operating income or loss							
Sales							
(1) Sales to outside customers	474,372	242,760	270,824	73,830	1,061,786	-	1,061,786
(2) Internal sales or transfer amount among segments	301,331	7,606	11,238	100,867	421,042	(421,042)	-
Total	775,703	250,366	282,062	174,697	1,482,828	(421,042)	1,061,786
Operating cost	692,809	228,982	263,249	165,500	1,350,540	(387,483)	963,057
Operating income	82,894	21,384	18,813	9,197	132,288	(33,559)	98,729
II. Assets	325,012	122,676	186,165	116,206	750,059	341,741	1,091,800

(Millions of yen)

	Previous Consolidated Fiscal Year (April 1, 2005 - March 31, 2006)						
	Japan	North America	Europe	Asia	Total	Elimination or Unallocation	Consolidation
I. Net sales and operating income or loss							
Sales							
(1) Sales to outside customers	474,387	209,473	229,000	65,267	978,127	-	978,127
(2) Internal sales or transfer amount among segments	263,849	6,793	8,710	77,861	357,213	(357,213)	-
Total	738,236	216,266	237,710	143,128	1,335,340	(357,213)	978,127
Operating cost	677,714	200,438	225,604	143,099	1,246,855	(331,251)	915,604
Operating income	60,522	15,828	12,106	29	88,485	(25,962)	62,523
II. Assets	296,479	105,389	150,138	100,358	652,364	323,768	976,132

## 1. Segmentation method of countries and regions

Regions are segmented by geographical proximity. Major countries and regions other than Japan are as follows:

- (1) North America: USA, Canada, Mexico, and Brazil
- (2) Europe: Germany, UK, France, etc.
- (3) Asia: Singapore, Hong Kong, China, Korea, Australia, etc.

2. The amount of non-allocatable operating expenses included in the section of Elimination or Unallocation among the operating expenses was ¥27,999 million for the current consolidated fiscal year, and ¥25,272 million for the previous consolidated fiscal year, most of which consisted of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.

3. The amount of total assets included in the section of Elimination or Unallocation among the operating expenses was ¥390,518 million for the current consolidated fiscal year, and ¥356,108 million for the previous consolidated fiscal year, most of which consisted of the surplus operating fund at the parent company (cash and securities), long-term investment fund (investment securities), and assets related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.

**(3) Overseas Sales**

(Millions of yen)

	Current Consolidated Fiscal Year (April 1, 2006 - March 31, 2007)				
	North America	Europe	Asia	Others	Total
I. Overseas sales	229,235	278,514	114,404	24,887	647,040
II. Consolidated sales					1,061,786
III. Percentage of consolidated sales among overseas sales	21.6%	26.2%	10.8%	2.3%	60.9%

(Millions of yen)

	Previous Consolidated Fiscal Year (April 1, 2005 - March 31, 2006)				
	North America	Europe	Asia	Others	Total
I. Overseas sales	224,283	247,857	96,081	32,960	601,181
II. Consolidated sales					978,127
III. Percentage of consolidated sales among the overseas sales	22.9%	25.3%	9.8%	3.5%	61.5%

1. Regions are segmented by geographical proximity. Major countries and regions other than Japan are as follows:
  - (1) North America: USA, Canada, Mexico, and Brazil
  - (2) Europe: Germany, UK, France, etc.
  - (3) Asia: Singapore, Hong Kong, China, Korea, Australia, etc.
  - (4) Others: Central and South America, Africa, etc.
2. Overseas sales refers to the sales of our Company and its subsidiaries in countries or regions other than Japan.

## 6. Production, Purchasing, Orders and Sales

Businesses are segmented by adding similar sales markets to business established based on product lines.

Purchasing performance is recorded in addition to production performance for some consolidated subsidiaries, because they engage in the sales and services of equipments.

### (1) Production Performance

(Millions of yen)

	Previous Consolidated Fiscal Year (April 1, 2005 - March 31, 2006)	Current Consolidated Fiscal Year (April 1, 2006 - March 31, 2007)	Comparison vs. Previous Period	
			Amount	Growth rate
Imaging Systems	258,436	279,478	21,042	8.1%
Medical Systems	249,219	318,922	69,703	28.0%
Life Sciences	87,050	116,858	29,808	34.2%
Information & Communication	-	-	-	-
Others	37,117	45,765	8,648	23.3%
<b>Total</b>	<b>631,822</b>	<b>761,023</b>	<b>129,201</b>	<b>20.4%</b>

- Notes: 1. The amount is calculated based on the sales price.  
2. The above amount does not include consumption tax.

### (2) Purchasing Performance

(Millions of yen)

	Previous Consolidated Fiscal Year (April 1, 2005 - March 31, 2006)	Current Consolidated Fiscal Year (April 1, 2006 - March 31, 2007)	Comparison vs. Previous Period	
			Amount	Growth rate
Imaging Systems	-	-	-	-
Medical Systems	-	-	-	-
Life Sciences	-	-	-	-
Information & Communication	259,155	225,865	(33,290)	(12.8%)
Others	22,659	22,466	(193)	(0.9%)
<b>Total</b>	<b>281,814</b>	<b>248,331</b>	<b>(33,483)</b>	<b>(11.9%)</b>

Note: The above amount does not include consumption tax.

### (3) Accepting Orders

As we have mainly adopted a make-to-stock production system, the description of the situation of accepting orders has been omitted.

**(4) Sales Performance**

(Millions of yen)

		Previous Consolidated Fiscal Year (April 1, 2005 - March 31, 2006)		Current Consolidated Fiscal Year (April 1, 2006 - March 31, 2007)		Comparison vs. Previous Period	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
Imaging Systems	Domestic	25,720	10.1%	29,504	10.0%	3,784	14.7%
	Overseas	228,821	89.9%	264,799	90.0%	35,978	15.7%
	Total	254,541	26.0%	294,303	27.7%	39,762	15.6%
Medical Systems	Domestic	69,496	26.1%	71,262	22.9%	1,766	2.5%
	Overseas	196,821	73.9%	240,447	77.1%	43,626	22.2%
	Total	266,317	27.2%	311,709	29.4%	45,392	17.0%
Life Sciences	Domestic	27,933	25.9%	30,097	24.3%	2,164	7.7%
	Overseas	79,982	74.1%	93,609	75.7%	13,627	17.0%
	Total	107,915	11.0%	123,706	11.7%	15,791	14.6%
Information & Communication	Domestic	221,005	77.6%	251,511	94.0%	30,506	13.8%
	Overseas	63,903	22.4%	16,180	6.0%	(47,723)	(74.7%)
	Total	284,908	29.1%	267,691	25.2%	(17,217)	(6.0%)
Others	Domestic	32,792	50.9%	32,372	50.3%	(420)	(1.3%)
	Overseas	31,654	49.1%	32,005	49.7%	351	1.1%
	Total	64,446	6.7%	64,377	6.0%	(69)	(0.1%)
Total	Domestic	376,946	38.5%	414,746	39.1%	37,800	10.0%
	Overseas	601,181	61.5%	647,040	60.9%	45,859	7.6%
	Total	978,127	100.0%	1,061,786	100.0%	83,659	8.6%

Note: The above amount does not include consumption tax.

**7. Per-Share Data**

	Previous Consolidated Fiscal Year (April 1, 2005 - March 31, 2006)	Current Consolidated Fiscal Year (April 1, 2006 - March 31, 2007)
Net assets per share	¥1,074.30	¥1,236.34
Net assets per share in the current year	¥105.99	¥176.79

The fully diluted net income per share is not described, because there are no residual securities with share warrants.

Note: The basis for calculating net income per share is as follows:

(Unit: ¥1 million)

	Previous Consolidated Fiscal Year (April 1, 2005 - March 31, 2006)	Current Consolidated Fiscal Year (April 1, 2006 - March 31, 2007)
Net income	28,564	47,799
Amount that does not belong to ordinary shareholder	137	-
[Bonuses for directors by appropriation of income among these]	[ 137]	[ -]
Net income concerning common stock	28,427	47,799
Average number of shares during the year	268,199,835 shares	270,376,574 shares

**8. Subsequent Event**

Not applicable

**9. Non-Consolidated Financial Statements****(1) Non-Consolidated Balance Sheets**

(Millions of yen)

Fiscal Term Account Item	Previous Term (as of March 31, 2006)		Current Term (as of March 31, 2007)		Increase/ Decrease
	Amount	Composition ratio	Amount	Composition ratio	
<b>Current Assets</b>	<b>166,941</b>	<b>32.6</b>	<b>208,431</b>	<b>36.4</b>	<b>41,489</b>
Cash and time deposits	117,447		146,342		28,894
Notes receivable	1,366		563		(803)
Accounts receivable	19,091		22,543		3,451
Inventories	9,477		10,678		1,200
Corporate tax receivable	2,026		—		(2,026)
Deferred income taxes	7,329		7,675		346
Others	10,220		20,760		10,540
Allowance for doubtful accounts	(19)		(133)		(114)
<b>Fixed Assets</b>	<b>345,115</b>	<b>67.4</b>	<b>364,247</b>	<b>63.6</b>	<b>19,131</b>
Property, plant and equipment	30,017	5.9	33,696	5.9	3,679
Buildings	10,693		13,846		3,152
Machinery and equipment	3,761		3,767		6
Land	9,223		10,284		1,060
Others	6,338		5,797		(540)
Intangible fixed assets	10,097	2.0	10,909	1.9	812
Investments and other assets	305,000	59.5	319,641	55.8	14,640
Investment securities	137,665		150,966		13,301
Stocks of subsidiaries and affiliates	128,217		130,296		2,078
Other investment securities of subsidiaries and affiliates	16,997		16,447		(549)
Investments in subsidiaries and affiliates	15,409		13,958		(1,451)
Long-term loan receivable	2,144		1,434		(710)
Prepaid pension cost	1,742		3,096		1,353
Others	2,827		3,449		617
Allowance for doubtful accounts	(3)		(3)		—
<b>Total Assets</b>	<b>512,057</b>	<b>100</b>	<b>572,678</b>	<b>100</b>	<b>60,620</b>

(Millions of yen)

Account Item	Fiscal Term		Previous Term (as of March 31, 2006)		Current Term (as of March 31, 2007)		Increase/ Decrease
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	
<b>Current Liabilities</b>	<b>121,587</b>	<b>23.8</b>	<b>136,892</b>	<b>23.9</b>	<b>15,305</b>		
Notes payable	570		432		(137)		
Accounts payable	10,641		9,489		(1,151)		
Short-term borrowings	1,305		1,305		—		
Current maturities of bonds	25,000		—		(25,000)		
Accounts payable—other	6,800		11,642		4,842		
Accrued expenses	13,852		17,531		3,678		
Income taxes payable	366		5,250		4,884		
Warranty reserve	65		70		5		
Deposits received	62,733		91,084		28,350		
Others	253		86		166		
<b>Long-term Liabilities</b>	<b>156,249</b>	<b>30.5</b>	<b>199,649</b>	<b>34.9</b>	<b>43,399</b>		
Long-term bonds, less current maturities	95,000		140,000		45,000		
Long-term borrowings, less current maturities	55,000		55,000		—		
Long-term deposits received, less current maturities	700		713		12		
Deferred tax liabilities	4,316		3,303		(1,012)		
Severance and retirement allowance for directors and corporate auditors	638		—		(638)		
Reserve for loss on liabilities for guarantee	594		632		38		
<b>Total Liabilities</b>	<b>277,837</b>	<b>54.3</b>	<b>336,542</b>	<b>58.8</b>	<b>58,704</b>		
<b>Common stock</b>	<b>48,331</b>	<b>9.4</b>	—	—	—		
<b>Capital surplus</b>	<b>73,049</b>	<b>14.3</b>	—	—	—		
Capital reserve	73,027		—	—	—		
Disposal of treasury stock	22		—	—	—		
<b>Retained earnings</b>	<b>102,195</b>	<b>20.0</b>	—	—	—		
Legal reserve	6,626		—	—	—		
Voluntary reserve	91,287		—	—	—		
Unappropriated retained earnings	4,281		—	—	—		
<b>Net unrealized holding gain on securities</b>	<b>12,528</b>	<b>2.4</b>	—	—	—		
<b>Treasury stock, at cost</b>	<b>(1,884)</b>	<b>(0.4)</b>	—	—	—		
<b>Total Shareholders' Equity</b>	<b>234,220</b>	<b>45.7</b>	—	—	—		
<b>Total Liabilities and Shareholders' Equity</b>	<b>512,057</b>	<b>100</b>	—	—	—		

(Millions of yen)

Fiscal Term Account Item	Previous Term (as of March 31, 2006)		Current Term (as of March 31, 2007)		Increase/ Decrease
	Amount	Composition ratio	Amount	Composition ratio	
<b>Net Assets</b>	—	—	<b>222,353</b>	<b>38.8</b>	—
Common stock	—	—	48,331	8.4	—
Capital surplus	—	—	73,049	12.8	—
Capital reserve	—	—	73,027		—
Other capital surplus	—	—	22		—
Retained earnings	—	—	103,236	18.0	—
Legal reserve	—	—	6,626		—
Other retained earnings	—	—	96,610		—
Reserve for product development	—	—	4,000		—
Reserve for special depreciation	—	—	944		—
Reserve for advanced depreciation	—	—	2,624		—
General reserve	—	—	79,068		—
Retained earnings carried forward	—	—	9,972		—
Treasury stock, at cost	—	—	(2,264)	(0.4)	—
<b>Valuation and translation adjustments</b>	—	—	<b>13,783</b>	<b>2.4</b>	—
Net unrealized holding gains on securities	—	—	13,789		—
Deferred losses on hedges	—	—	(5)		—
<b>Total net assets</b>	—	—	<b>236,136</b>	<b>41.2</b>	—
<b>Total Liabilities and Net Assets</b>	—	—	<b>572,678</b>	<b>100</b>	—

**(2) Non-Consolidated Statements of Income**

(Millions of yen)

Fiscal Term Account Item	Previous Term (April 1, 2005 - March 31, 2006)		Current Term (April 1, 2006 - March 31, 2007)		Increase/Decrease	
	Amount	Proportion	Amount	Proportion	Amount	Percentage
		%		%		%
Net sales	93,284	100.0	106,079	100.0	12,795	13.7
Cost of sales	48,190	51.7	54,888	51.7	6,697	13.9
Gross profit	45,093	48.3	51,191	48.3	6,097	13.5
Selling, general and administrative expenses	50,348	53.9	55,914	52.8	5,565	11.1
Operating loss	(5,255)	(5.6)	(4,723)	(4.5)	532	—
Non-operating income	15,451	16.6	17,526	16.5	2,075	13.4
Interest and dividends income	14,368		16,615			
Others	1,082		910			
Non-operating expenses	4,552	5.0	5,300	4.9	747	16.4
Interest expenses	2,464		2,275			
Others	2,088		3,024			
Ordinary income	5,642	6.0	7,502	7.1	1,860	33.0
Extraordinary losses	3,170	3.4	1,754	1.7	(1,416)	(44.7)
Provision of allowance for investment loss	1,262		—			
Loss on revaluation of investments in securities	777		479			
Loss on sales of beneficial interest in trust	958		—			
Loss on valuation of stocks of subsidiaries and affiliates	—		206			
Loss on valuation of investments in subsidiaries and affiliates	—		1,029			
Others	172		38			
Income before provision for income taxes	2,472	2.6	5,748	5.4	3,276	132.5
Provision for income taxes						
Current	270	0.3	(1,813)	(1.7)	(2,083)	—
Prior periods	—	—	733	0.7	733	—
Deferred	(718)	(0.8)	(1,207)	(1.2)	(489)	—
Net income	2,920	3.1	8,036	7.6	5,115	175.2
Unappropriated retained earnings brought forward	3,389		—			
Interim dividends	2,028		—			
Unappropriated retained earnings	4,281		—			

**(3) Non-Consolidated Statement of Changes in Shareholders' Equity**

Current term (April 1, 2006 - March 31, 2007)

(Millions of yen)

Item	Shareholders' Equity								
	Common stock	Capital Surplus			Retained Earnings			Treasury stock, at cost	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings (Note 1)	Total retained earnings		
Balance as of March 31, 2006	48,331	73,027	22	73,049	6,626	95,569	102,195	(1,884)	221,692
Dividends from surplus (Note 2)						(3,921)	(3,921)		(3,921)
Dividends from surplus						(2,974)	(2,974)		(2,974)
Bonus to directors (Note 2)						(100)	(100)		(100)
Net income						8,036	8,036		8,036
Acquisition of treasury stock								(380)	(380)
Net changes of items other than shareholders' equity during the fiscal year									
Total change during the fiscal year	-	-	-	-	-	1,040	1,040	(380)	660
Balance as of March 31, 2007	48,331	73,027	22	73,049	6,626	96,610	103,236	(2,264)	222,353

(Millions of yen)

Item	Valuation and translation adjustments			Total net assets
	Net unrealized holding gains on securities	Deferred losses on hedges	Total valuation and translation adjustments	
Balance as of March 31, 2006	12,528	–	12,528	234,220
Dividends from surplus (Note 2)				(3,921)
Dividends from surplus				(2,974)
Bonus to directors (Note 2)				(100)
Net income				8,036
Acquisition of treasury stock				(380)
Net changes of items other than shareholders' equity during the fiscal year	1,261	(5)	1,255	1,255
Total change during the fiscal year	1,261	(5)	1,255	1,915
Balance as of March 31, 2007	13,789	(5)	13,783	236,136

## Note 1: Breakdown of other retained earnings

Item	Reserve for interim dividends	Reserve for product development	Reserve for special depreciation	Reserve for advanced depreciation	Other reserves	Retained earnings carried forward	Total
Balance as of March 31, 2006	4,700	4,000	1,037	2,481	79,068	4,281	95,569
Dividends from surplus (Note 2)						(3,921)	(3,921)
Dividends from surplus						(2,974)	(2,974)
Bonus to directors (Note 2)						(100)	(100)
Reversal of reserve for interim dividends (Note 2)	(4,700)					4,700	–
Provision of reserve for special depreciation (Note 2)			336			(336)	–
Reversal of reserve for special depreciation			(428)			428	–
Provision of reserve for advanced depreciation				428		(428)	–
Reversal of reserve for advanced depreciation (Note 2)				(137)		137	–
Reversal of reserve for advanced depreciation				(148)		148	–
Net income						8,036	8,036
Total change during the fiscal year	(4,700)	–	(92)	143	–	5,690	1,040
Balance as of March 31, 2007	–	4,000	944	2,624	79,068	9,972	96,610

Note 2: These are retained earnings appropriation items as of the annual meeting of stockholders in June, 2006.