

# Olympus Corporation and Consolidated Subsidiaries



## FINANCIAL RESULTS For the First Quarter ended June 30, 2007

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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	
	<b>June 30</b>	Proportion	<b>June 30</b>	Proportion		<b>March 31</b>	Proportion
	<b>2006</b>	(%)	<b>2007</b>	(%)		<b>2007</b>	(%)
Net Sales	<b>225,543</b>	100.0%	<b>264,418</b>	100.0%	17.2%	<b>1,061,786</b>	100.0%
<u>Cost of Sales</u>	<b>133,890</b>	59.4%	<b>140,090</b>	53.0%		<b>611,503</b>	57.6%
Gross Profit	<b>91,653</b>	40.6%	<b>124,328</b>	47.0%	35.7%	<b>450,283</b>	42.4%
<u>S.G.A. Expenses</u>	<b>76,937</b>	34.1%	<b>93,195</b>	35.2%		<b>351,554</b>	33.1%
Operating Income	<b>14,716</b>	6.5%	<b>31,133</b>	11.8%	111.6%	<b>98,729</b>	9.3%
Other Income	<b>1,646</b>		<b>2,226</b>			<b>6,330</b>	
<u>Other Expenses</u>	<b>4,103</b>		<b>5,794</b>			<b>28,833</b>	
Extraordinary Item	—		<b>2,323</b>			<b>-2,646</b>	
Income Before Provision for Income Taxes	<b>12,259</b>	5.4%	<b>29,888</b>	11.3%	143.8%	<b>73,580</b>	6.9%
<u>Provision for Income Taxes</u>	<b>5,348</b>		<b>12,144</b>			<b>26,081</b>	
<u>Minority Interests</u>	<b>-212</b>		<b>100</b>			<b>-300</b>	
Net Income	<b>7,123</b>	3.2%	<b>17,644</b>	6.7%	147.7%	<b>47,799</b>	4.5%

(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 and Operating Income 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	Composition
		2,006	Ratio (%)	2,007	Ratio (%)	(%)	2,007	Ratio (%)
<b>Imaging</b>	Net Sales Domestic	7,077		10,016		41.5%	29,504	
	Overseas	55,385		71,662		29.4%	264,799	
	Total	62,462	27.7%	81,678	30.9%	30.8%	294,303	27.7%
	Operating Income	4,723	7.6%	14,880	18.2%		27,208	9.2%
<b>Medical</b>	Net Sales Domestic	14,695		16,372		11.4%	71,262	
	Overseas	48,262		62,182		28.8%	240,447	
	Total	62,957	27.9%	78,554	29.7%	24.8%	311,709	29.4%
	Operating Income	14,931	23.7%	21,469	27.3%		87,853	28.2%
<b>Life Science</b>	Net Sales Domestic	5,330		5,782		8.5%	30,097	
	Overseas	20,250		23,057		13.9%	93,609	
	Total	25,580	11.3%	28,839	10.9%	12.7%	123,706	11.7%
	Operating Income	881	3.4%	919	3.2%		8,079	6.5%
<b>Information and Communication</b>	Net Sales Domestic	57,057		56,795		-0.5%	251,511	
	Overseas	3,121		2,971		-4.8%	16,180	
	Total	60,178	26.7%	59,766	22.6%	-0.7%	267,691	25.1%
	Operating Income	-430	-0.7%	97	0.2%		2,716	1.0%
<b>Others</b>	Net Sales Domestic	7,482		8,102		8.3%	32,372	
	Overseas	6,884		7,479		8.6%	32,005	
	Total	14,366	6.4%	15,581	5.9%	8.5%	64,377	6.1%
	Operating Income	62	0.4%	544	3.5%		872	1.4%
<b>Elimination or corporate</b>	Operating Income	-5,451	-	-6,776	-		-27,999	-
<b>Total</b>	Net Sales Domestic	91,641		97,067		5.9%	414,746	
	Overseas	133,902		167,351		25.0%	647,040	
	Total	225,543	100.0%	264,418	100.0%	17.2%	1,061,786	100.0%
	Operating Income	14,716	6.5%	31,133	11.8%		98,729	9.3%

(Note)

(1) Percentage in Operating Income's section is Operating Income Ratio to Net Sales.

(2) Each segment contains following products.

Imaging Systems Business

Digital cameras, Voice Recorders

Medical Systems Business

Medical endoscopes, Surgical endoscopes, EndoTherapy 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,

Development and sales of business package software, 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)			
	June 30	June 30	March 31	Variance
	2006	2007	2007	
<b>Current Assets</b>	452,294	579,363	572,838	6,525
Cash and time deposits	148,496	178,830	216,586	-37,756
Notes and accounts receivable	145,900	179,219	192,855	-13,636
Marketable securities	10	43,283	8,347	34,936
Inventories	96,012	103,964	89,847	14,117
Deferred income taxes	25,768	33,388	32,319	1,069
Other current assets	39,142	44,336	36,265	8,071
Allowance for doubtful accounts	-3,034	-3,657	-3,381	-276
<b>Fixed Assets</b>	489,463	538,487	518,962	19,525
<b>Tangible Assets</b>	131,348	145,957	140,089	5,868
Buildings and structures	57,732	65,346	63,300	2,046
Machinery and equipment	18,166	17,891	18,526	-635
Tools, dies, furniture and fixtures	35,097	39,650	38,421	1,229
Land	18,044	22,092	18,736	3,356
Construction in progress	2,309	978	1,106	-128
<b>Intangible Assets</b>	101,779	102,708	100,351	2,357
Goodwill	81,488	81,565	78,718	2,847
Others	20,291	21,143	21,633	-490
<b>Investments and Other Assets</b>	256,336	289,822	278,522	11,300
Investment securities	206,500	226,387	216,636	9,751
Deferred income taxes	9,254	9,856	9,606	250
Others	41,160	54,123	52,763	1,360
Allowance for doubtful accounts	-578	-544	-483	-61
<b>Total Assets</b>	941,757	1,117,850	1,091,800	26,050

	(Millions of Yen)			
	June 30	June 30	March 31	Variance
	2006	2007	2007	
<b>Current Liabilities</b>	348,057	414,512	410,116	4,396
Notes and accounts payable	73,821	91,953	100,252	-8,299
Short-term borrowings	142,169	155,336	148,517	6,819
Current maturities of bonds	10,072	98	94	4
Accrued expenses	65,227	80,395	77,526	2,869
Income taxes payable	7,146	11,338	16,631	-5,293
Warranty reserve	5,111	9,107	8,758	349
Other current liabilities	44,511	66,285	58,338	7,947
<b>Long-term Liabilities</b>	294,178	336,494	336,813	-319
Long-term bonds, less current maturities	95,426	140,468	140,480	-12
Long-term borrowings, less current maturities	179,003	172,122	173,123	-1,001
Severance and retirement allowance	8,840	9,795	9,612	183
Other non-current liabilities	10,909	14,109	13,598	511
<b>Net Assets</b>	299,522	366,844	344,871	21,973
<b>Owners' Equity</b>	276,395	321,299	310,239	11,060
Common stock	48,332	48,332	48,332	-
Capital surplus	73,049	73,049	73,049	-
Retained earnings	156,928	202,278	191,122	11,156
Treasury stock, at cost	-1,914	-2,360	-2,264	-96
<b>Valuation and Translation Adjustments</b>	13,665	33,093	23,971	9,122
Net unrealized holding gains on securities	12,372	17,298	16,078	1,220
Deferred losses on hedges	-367	-565	-184	-381
Foreign currency translation adjustments	1,660	16,360	8,077	8,283
<b>Minority Interests</b>	9,462	12,452	10,661	1,791
<b>Liabilities and Net Assets</b>	941,757	1,117,850	1,091,800	26,050

(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.

# Forecast For the Fiscal Year Ending March 31, 2008

We have revised our forecast as stated below

(Millions of Yen)

## Forecast for the Half Year Ending September 30, 2007

	Previous Forecast as of May 8, 2007	→	Current Forecast as of Jul.30, 2007
Net Sales	530,000	→	533,000
Operating Income	43,000	→	50,000
Net Income	20,000	→	23,000

## Forecast for the Fiscal Year Ending March 31, 2008

	Previous Forecast as of May 8, 2007	→	Current Forecast as of Jul.30, 2007
Net Sales	1,150,000	→	1,160,000
Operating Income	107,000	→	120,000
Net Income	50,000	→	55,000

	Previous Forecast as of May 8, 2007	→	Current Forecast as of Jul.30, 2007
<u>Averaged Foreign Exchange Rate</u>			
Yen / US Dollar	115	→	120
Yen / Euro	150	→	160