

Olympus Corporation and Consolidated Subsidiaries



FINANCIAL RESULTS

For the third quarter ended December 31, 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 third quarter ended | | For the third quarter ended | | Growth (%) | For the year ended | |
|--|-----------------------------|------------|-----------------------------|------------|---------------|-----------------------|------------|
| | December 31 | Proportion | December 31 | Proportion | | March 31 | Proportion |
| | 2006 | (%) | 2007 | (%) | | 2007 | (%) |
| Net Sales | 764,619 | | 843,135 | | 10.3% | 1,061,786 | |
| <u>Cost of Sales</u> | <u>437,964</u> | 57.3% | <u>459,053</u> | 54.4% | | <u>611,503</u> | 57.6% |
| Gross Profit | 326,655 | 42.7% | 384,082 | 45.6% | 17.6% | 450,283 | 42.4% |
| <u>S.G.A. Expenses</u> | <u>248,794</u> | 32.5% | <u>292,575</u> | 34.7% | | <u>351,554</u> | 33.1% |
| Operating Income | 77,861 | 10.2% | 91,507 | 10.9% | 17.5% | 98,729 | 9.3% |
| Other Income | 4,045 | | 6,116 | | | 6,330 | |
| <u>Other Expenses</u> | <u>19,126</u> | | <u>19,662</u> | | | <u>28,833</u> | |
| Extraordinary Item | -1,834 | | 3,599 | | | -2,646 | |
| Income Before Provision for Income Taxes | 60,946 | 8.0% | 81,560 | 9.7% | 33.8% | 73,580 | 6.9% |
| <u>Provision for Income Taxes</u> | <u>21,350</u> | | <u>29,994</u> | | | <u>26,081</u> | |
| <u>Minority Interests</u> | <u>-921</u> | | <u>-87</u> | | | <u>-300</u> | |
| Net Income | 40,517 | 5.3% | 51,653 | 6.1% | 27.5% | 47,799 | 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 third quarter ended | | For the third quarter ended | | | For the fiscal year ended | |
|--|------------------|-----------------------------|-------------|-----------------------------|-------------|--------|---------------------------|-------------|
| | | December 31 | Composition | December 31 | Composition | Growth | March 31 | Composition |
| | | 2006 | Ratio (%) | 2007 | Ratio (%) | (%) | 2007 | Ratio (%) |
| Imaging | Net Sales | Domestic | | | | 23.2% | | |
| | | Overseas | | | | 13.5% | | |
| | | Total | | | | 14.6% | | |
| | Operating Income | | | | | 10.3% | | |
| Medical | Net Sales | Domestic | | | | 4.4% | | |
| | | Overseas | | | | 19.8% | | |
| | | Total | | | | 16.1% | | |
| | Operating Income | | | | | 18.4% | | |
| Life Science | Net Sales | Domestic | | | | -5.0% | | |
| | | Overseas | | | | 11.0% | | |
| | | Total | | | | 7.2% | | |
| | Operating Income | | | | | -19.4% | | |
| Information and Communication | Net Sales | Domestic | | | | 1.1% | | |
| | | Overseas | | | | -17.1% | | |
| | | Total | | | | -0.0% | | |
| | Operating Income | | | | | - | | |
| Others | Net Sales | Domestic | | | | 11.6% | | |
| | | Overseas | | | | 9.0% | | |
| | | Total | | | | 10.3% | | |
| | Operating Income | | | | | - | | |
| Elimination or corporate | Operating Income | | | | | | | |
| Total | Net Sales | Domestic | | | | 3.8% | | |
| | | Overseas | | | | 14.4% | | |
| | | Total | | | | 10.3% | | |
| | Operating Income | | | | | 17.5% | | |

(Note)

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

(2) Each segment contains following products.

Imaging Systems Business

Medical Systems Business

Life Science Business

Information and Communication Business

Others

Digital 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,

Development and sales of business package software, Semiconductor devices, Electric equipment

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

Consolidated Balance Sheets

(Millions of Yen)

| | December 31 2006 | December 31 2007 | March 31 2007 | Variance |
|-------------------------------------|---------------------|---------------------|------------------|----------|
| Current Assets | 517,401 | 573,032 | 572,838 | 194 |
| Cash and time deposits | 164,636 | 162,178 | 216,586 | -54,408 |
| Notes and accounts receivable | 192,242 | 195,939 | 192,855 | 3,084 |
| Marketable securities | 94 | 19,315 | 8,347 | 10,968 |
| Inventories | 103,652 | 113,955 | 89,847 | 24,108 |
| Deferred income taxes | 27,077 | 35,188 | 32,319 | 2,869 |
| Other current assets | 32,938 | 50,072 | 36,265 | 13,807 |
| Allowance for doubtful accounts | -3,238 | -3,615 | -3,381 | -234 |
| Fixed Assets | 521,593 | 568,334 | 518,962 | 49,372 |
| Tangible Assets | 137,197 | 145,199 | 140,089 | 5,110 |
| Buildings and structures | 59,334 | 63,184 | 63,300 | -116 |
| Machinery and equipment | 18,199 | 17,844 | 18,526 | -682 |
| Tools, dies, furniture and fixtures | 37,807 | 40,800 | 38,421 | 2,379 |
| Land | 19,204 | 21,807 | 18,736 | 3,071 |
| Construction in progress | 2,653 | 1,564 | 1,106 | 458 |
| Intangible Assets | 103,250 | 100,778 | 100,351 | 427 |
| Goodwill | 81,902 | 81,840 | 78,718 | 3,122 |
| Others | 21,348 | 18,938 | 21,633 | -2,695 |
| Investments and Other Assets | 281,146 | 322,357 | 278,522 | 43,835 |
| Investment securities | 219,665 | 248,088 | 216,636 | 31,452 |
| Deferred income taxes | 9,478 | 9,630 | 9,606 | 24 |
| Others | 52,470 | 65,176 | 52,763 | 12,413 |
| Allowance for doubtful accounts | -467 | -537 | -483 | -54 |
| Total Assets | 1,038,994 | 1,141,366 | 1,091,800 | 49,566 |

(Millions of Yen)

| | December 31 2006 | December 31 2007 | March 31 2007 | Variance |
|---|---------------------|---------------------|------------------|----------|
| Current Liabilities | 390,162 | 475,894 | 410,116 | 65,778 |
| Notes and accounts payable | 99,865 | 86,618 | 100,252 | -13,634 |
| Short-term borrowings | 154,613 | 178,752 | 148,517 | 30,235 |
| Current maturities of bonds | 94 | 30,050 | 94 | 29,956 |
| Accrued expenses | 65,729 | 74,118 | 77,526 | -3,408 |
| Income taxes payable | 12,026 | 9,378 | 16,631 | -7,253 |
| Warranty reserve | 6,524 | 9,424 | 8,758 | 666 |
| Other current liabilities | 51,311 | 87,554 | 58,338 | 29,216 |
| Long-term Liabilities | 306,927 | 281,611 | 336,813 | -55,202 |
| Long-term bonds, less current maturities | 105,390 | 110,458 | 140,480 | -30,022 |
| Long-term borrowings, less current maturities | 179,762 | 146,069 | 173,123 | -27,054 |
| Severance and retirement allowance | 9,252 | 10,263 | 9,612 | 651 |
| Other non-current liabilities | 12,523 | 14,821 | 13,598 | 1,223 |
| Net Assets | 341,905 | 383,861 | 344,871 | 38,990 |
| Owners' Equity | 306,591 | 349,667 | 310,239 | 39,428 |
| Common stock | 48,332 | 48,332 | 48,332 | - |
| Capital surplus | 73,049 | 73,049 | 73,049 | - |
| Retained earnings | 187,348 | 230,882 | 191,122 | 39,760 |
| Treasury stock, at cost | -2,138 | -2,596 | -2,264 | -332 |
| Valuation and Translation Adjustments | 25,504 | 21,554 | 23,971 | -2,417 |
| Net unrealized holding gains on securities | 16,663 | 13,163 | 16,078 | -2,915 |
| Deferred losses on hedges | -554 | -821 | -184 | -637 |
| Foreign currency translation adjustments | 9,395 | 9,212 | 8,077 | 1,135 |
| Minority Interests | 9,810 | 12,640 | 10,661 | 1,979 |
| Liabilities and Net Assets | 1,038,994 | 1,141,366 | 1,091,800 | 49,566 |

(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 Fiscal Year Ending March 31, 2008> | Previous Forecast as of Nov. 6, 2007 | Current Forecast as of Feb. 4, 2008 |
| Net Sales | 1,163,000 | → 1,140,000 |
| Operating Income | 125,000 | → 120,000 |
| Net Income | 60,000 | → 60,000 |

| | Previous Forecast as of Nov. 6, 2007 | Current Forecast as of Feb. 4, 2008 |
|---|---|--|
| <Averaged Foreign Exchange Rate> | | |
| Yen / US Dollar | 117 | → 114 |
| Yen / Euro | 161 | → 160 |