

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2008



May 8, 2008

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

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Scheduled date to ordinary general meeting of shareholders: June 27, 2008

Scheduled date to commencement of dividend payments: June 30 2008

Scheduled date to submit the Securities Report: June 27, 2008

(Figures are rounded off to the nearest million yen)

## 1. Consolidated Financial Results for Fiscal 2007 (From April 1, 2007 to March 31, 2008)

### (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 2008	1,128,875	6.3	112,623	14.1	93,085	22.1	57,969	21.3
Year ended March 2007	1,061,786	8.6	98,729	57.9	76,226	85.0	47,799	67.3

	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 2008	214.48	—	16.8	7.6	10.0
Year ended March 2007	176.79	—	15.3	7.4	9.3

Note: Equity in earnings (losses) of affiliated companies: Year ended March 2008: ¥ (2,766) million

Year ended March 2007: ¥ (2,394) million

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	%	(¥)
Year ended March 2008	1,358,349	367,876	26.2	1,318.65
Year ended March 2007	1,091,800	344,871	30.6	1,236.34

Note: Equity for year ended March 2008: ¥ 356,351 million Year ended March 2007: ¥ 334,210 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 2008	89,006	(304,303)	164,401	119,842
Year ended March 2007	108,400	(96,481)	2,192	174,802

## 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 2007	11.00	24.00	35.00	9,462	19.8	3.0
Year ended March 2008	20.00	20.00	40.00	10,810	18.6	3.1
Years ending March 2009 (Forecast)	20.00	20.00	40.00		25.1	

### 3. Forecast of Consolidated Financial Results for the Year ending March 2009 (April 1, 2008 - March 31, 2009)

(% indicates changes from the previous corresponding term)

	Sales		Operating income		Ordinary income		Net income		Current net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Six months	555,000	0.8	37,000	(38.6)	27,000	(46.1)	16,000	(49.8)	59.21
Full year	1,150,000	1.9	95,000	(15.6)	75,000	(19.4)	43,000	(25.8)	159.12

\* 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): No

(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 Important Items That Form the Basis for Preparing the Consolidated Financial Statements" on p. 20.

(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 2008: 271,283,608 shares      Year ended March 2007: 271,283,608 shares

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

Year ended March 2008: 1,044,440 shares      Year ended March 2007: 961,805 shares

Note: Please refer to p. 28 ("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

(Year ended March 2008: Figures are rounded off to the nearest million yen)

(Year ended March 2008: Figures are truncated to the nearest million yen)

Financial results for the Year ended March 2008 (April 1, 2007 - March 31, 2008)

##### (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 2008	113,871	7.3	(5,515)	-	38,264	410.0	41,308	414.0
Year ended March 2007	106,079	13.7	(4,723)	-	7,502	33.0	8,036	175.2

	Net income per share	Fully diluted net income per share
	(¥)	(¥)
Year ended March 2008	152.84	-
Year ended March 2007	29.72	-

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

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	%	(¥)
Year ended March 2008	788,853	244,568	31.0	905.01
Year ended March 2007	572,678	236,136	41.2	873.54

Note: Equity for year ended March 2008: ¥ 244,568 million      Year ended March 2007: ¥ 236,136 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 2008	1,128,875	112,623	93,085	57,969	¥214.48
Year ended March 2007	1,061,786	98,729	76,226	47,799	¥176.79
Increase (Decrease) ratio	6.3%	14.1%	22.1%	21.3%	—

#### Comparison Table of Average Exchange Rate

	Current period	Previous period
Against the U.S. dollar	¥114.28	¥117.02
Against the Euro	¥161.53	¥150.09

The Japanese economy for the current year expanded modestly backed by higher exports and business investments, however, galloping crude oil and raw material prices have obscured business prospects. Across the globe, although we are witnessing continued growth in Europe and Asia, the U. S. economy is more likely to slowdown due to the sub-prime mortgage crisis.

The Olympus Group's consolidated net sales showed promise in the Imaging Systems Business and Medical Systems Business with overall sales up ¥67,089 million over the previous year to ¥1,128,875 million (increase of 6.3% over the previous year).

In terms of operating income, higher revenue from the Imaging Systems Business and improved business efficiency as a result of cost reduction efforts and the Medical Systems Business performing well for its principal products mainly in Europe have contributed substantially to an increase of ¥112,623 million (up 14.1% over the previous year).

Ordinary income also greatly increased over the previous year to ¥93,085 million (up 22.1%).

Net income was ¥57,969 million, up 21.3% over the previous year due to an extraordinary gain calculated as ¥4,111 million, an extraordinary loss calculated as ¥2,584 million and ¥36,760 million generated for corporate taxes.

As a result of the above, current consolidated net sales, operating income, ordinary income and net income each attained record highs.

With respect to the average exchange rate during the fiscal year, although the yen gained value against the US dollar compared to the previous year, it lost ground considerably against the euro. This had a revenue-increasing factor of ¥17,800 million with respect to 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	294,303	320,589	8.9%	27,208	33,086	5,878
Medical Systems	311,709	353,269	13.3%	87,853	98,420	10,567
Life Sciences	123,706	131,446	6.3%	8,079	6,990	(1,089)
Information & Communication	267,691	254,312	(5.0)%	2,716	3,001	285
Others	64,377	69,259	7.6%	872	917	45
Subtotal	1,061,786	1,128,875	6.3%	126,728	142,414	15,686
Elimination or Unallocation	–	–	–	(27,999)	(29,791)	(1,792)
Consolidated total	1,061,786	1,128,875	6.3%	98,729	112,623	13,894

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 ¥320,589 million (8.9% increase over the previous year), while operating income reached ¥33,086 million (21.6% increase over the previous year).

In the digital camera field, sales greatly increased thanks to the release of the compact and lightweight single-lens reflex camera brands “E-410” and “E-510”, with their Live View function and other features attractive to a wide spectrum of users, and the “E-3”, a unit that is suitable for pros as well as amateurs. In the area of compact cameras, the launching of the “μ[mju:] 1020”, with its small, thin and stylish body and 7x optical zoom lens, and the robust sales of the “CAMEDIA SP Series”, which enables 18x optical, high magnification shots, both led to hikes in revenue.

In the voice recorders field, sales are on an upward trend both domestically and overseas. In Japan, the compact, maximum memory capacity “Voice-Trek V-13” did especially well with its separate-type IC recorder, which can be directly connected to a personal computer. In addition, our entry in the high sound quality uncompressed digital recording compatible linear PCM recorder market was well received.

The optical components field also saw increased sales supported by our well-performing lens barrel units.

Operating income rose thanks to great leaps in the number of digital cameras sold.

**Medical Systems Business**

Consolidated net sales in the Medical Systems Business amounted to ¥353,269 million (13.3% increase over the previous year), while operating income amounted to ¥98,420 million (12.0% increase over the previous year).

In the medical endoscope field, the “EVIS LUCERA SPECTRUM”, which enables observation using specialized light spectra that contribute to the early detection of minute lesions such as cancer, and the upper gastrointestinal endoscope, which may be inserted either nasally or orally, both performed well in the domestic market. Overseas, our “EVIS EXERA II”, a high-resolution HDTV endoscope system

featuring observation using specialized light spectra, sold well in the US, Europe, Oceania and Central and South America contributing to higher revenue.

In the fields of MIP such as surgical and EndoTherapy products, the number of units sold increased for clips and other haemostatic system products, biopsy forceps and other sampling products as well as guide-wires and other biliary tract and pancreas related products. Overseas, the “EVIS EXERA II”, a high-resolution HDTV endoscope system, sold well to surgeons. Also, the launch of our endoscope integrated “VISERA Pro System” in Asia and the continued robust performance of our high-resolution HDTV videoscope for the abdominal and chest cavities mostly in the US and Europe have contributed to higher revenue.

Operating income was up thanks to the sales expansion of medical endoscope and favorable performance of surgical treatment devices particularly in overseas.

### **Life Sciences Business**

Consolidated net sales for the Life Sciences Business was ¥131,446 million (6.3% increase over the previous year), while operating income amounted to ¥6,990 million (13.5% decrease compared to the previous year).

In the micro-imaging (microscopes) field, sales expanded thanks to robust biological microscope sales in the US and Europe and an increase in the number of units sold for our “BX Series” system microscopes for research in Asia, the Middle East and South America, where such market is expanding. For industrial microscopes, although price wars are intensifying due to a downward trend in business investment both in Japan and overseas, in Asia, where some parts are showing signs of recovery, we are working to expand sales and net figures are at par with the previous year.

In the diagnostic systems field, revenue increased as a result of the simultaneous launch of our blood analyzer (clinical chemistry analyzer) and new fully-automated chemiluminescent enzyme immuno-analyzer as well as the expansion of the clinical diagnostics and testing business. Also contributing were increased sales in new blood testers in the US as well as favorable performance in China for clinical biochemistry analyzers.

With respect to operating income, despite the expansion of sales mainly in overseas markets, development investments aimed at future business expansion and investments geared at business reform led to a decline in profit.

### **Information & Communication Business**

Consolidated net sales for the Information & Communication Business was ¥254,312 million (5.0% decrease over the previous year), while operating income showed ¥3,001 million (10.5% increase over the previous year).

In the Information & Communication Business, we increased the direct sales ratio and streamlined costs in the area of cellular phone terminal sales of the mobile field, promoted computerization and expanded our components interests in the automobile aftermarket business of the network and technology field and concentrated on further improvements in our efforts to “build a stable consolidated business profit base”. Also, we reshuffled a portfolio valued at some ¥10 billion assessing business possibilities based on our investment securities ownership policy.

Net sales witnessed a decrease overall in revenue due to lower returns due to changes in the sales fee plans of communications service providers involved in the cellular phone terminal sales effectuated by IT Telecom Inc., a player in the mobile field.

An increase in operating income was obtained thanks to substantial improvements in profitability resulting from reduced sales and administrative costs and restrictions on discounts for cellular phone terminal sales as

well as an increase in revenue sparked by growth in the automobile aftermarket business.

## **Others**

Consolidated net sales for other business was ¥69,259 million (7.6% increase over the previous year) and operating income was ¥917 million (up 5.2% over the previous year).

In the non-destructive testing equipment field, robust sales in our portable flaw detectors and highly functional phased array ultrasound testing devices as well as in our new “IPLEX FX” highly durable, highly functional, high definition portable industrial endoscopes contributed to a significant increase in revenue.

The information equipment field saw an increase in the shipment volume of printers and components manufactured through a business collaboration with Riso Kagaku Corporation.

In the biomedical materials field, the Company endeavored to strengthen its business by establishing a new joint company, Olympus Terumo Biomaterials Corp., together with Terumo Corporation in April 2007. As a result of this venture, the launch of collagen related products and the commencement of full-scale sales in overseas markets for existing products including bone prostheses contributed to a substantial increase in revenue.

In addition, the growth of our medical related business that included the new acquisition of ITX Corporation also contributed to an increase in revenue in other businesses.

With regard to operating income, we experienced an increase in profit due to a hike in revenue.

## **Forecast for the Year ending March 2009**

### Forecast for the overall business and analysis of its preconditions

It is expected that Japan’s economy will continue to gradually expand in the area of exports to emerging countries. However, uncertainly for the future is abound due to an increasing yen, galloping crude oil prices and a slowdown of the U.S. economy. Further, there are worries of a depressed world economy due to the US sub-prime mortgage crisis and crude oil price trends.

In light of this situation, the Olympus Group will reinforce organizational ability and execute effective strategies based on our business plan (’06 Corporate Strategic Plan) and seek to maximize corporate value.

In the Imaging Systems Business, we will continue to work towards reinforcing our competitive edge to forge a solid position in the digital single-lens reflex camera market. Also, we will increase our business efficiency to obtain a 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, the integration of Gyrus Group PLC, a UK medical treatment device company we acquired in February of this year, will lead to the expansion of our business base and the strengthening of our surgical related business. Furthermore, we will continue to promote the solution business, which we began as a high value-added service.

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

The forecast for the Year ending March 2009 is as follows.

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (in yen)
Year ending March 2009	1,150,000	95,000	75,000	43,000	¥159.12
Year ended March 2008	1,128,875	112,623	93,085	57,969	¥214.48
Increase (Decrease) ratio	1.9%	(15.6)%	(19.4)%	(25.8)%	–

Net sales are expected to increase due to the subsidiarization of Gyrus Group PLC, however, profits are expected to decrease as a result of hikes in the value of the yen.

Exchange rates of ¥100 per US dollar and ¥155 per euro are assumed for the next fiscal year's forecasts.

#### Forecast by segment and analysis of preconditions

(Millions of yen)

	Net sales			Operating income (loss)		
	Year ended March 2008	Year ending March 2009	Increase (Decrease) ratio	Year ended March 2008	Year ending March 2009	Increase (Decrease)
Imaging Systems	320,589	320,000	(0.2)%	33,086	24,000	(9,086)
Medical Systems	353,269	400,000	13.2%	98,420	100,000	1,580
Life Sciences	131,446	125,000	(4.9)%	6,990	6,000	(990)
Information & Communication	254,312	235,000	(7.6)%	3,001	2,000	(1,001)
Others	69,259	70,000	1.1%	917	(8,000)	(8,917)
Subtotal	1,128,875	1,150,000	1.9%	142,414	124,000	(18,414)
Elimination or Unallocation	–	–	–	(29,791)	(29,000)	791
Consolidated total	1,128,875	1,150,000	1.9%	112,623	95,000	(17,623)

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

In the Imaging Systems Business, we expect lower earnings despite a higher sales volume due to a fall in unit prices and a higher yen. In the Life Sciences Business and other areas, a higher yen and continued product development investments are expected to result in lower earnings. In the Information & Communication Business, despite lower revenues resulting from changes in the sales fee plans of communications service providers, operating income will not be negatively affected because of simultaneously decreasing operating costs. However, a drop in income is expected because no results from the sale of stock for investment purpose are included in the forecast.

Meanwhile, in the Medical Systems Business, despite the negative influence of the increasing value of the yen, both the steady sales of endoscopes that enable observation using specific light spectra and the effects of the subsidiarization of Gyrus Group PLC are predicted to lead to higher revenue and profits for both net sales and in operating income.

**(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)

	Year ended March 2007	Year ended March 2008	Increase (Decrease)	Increase (Decrease) ratio
Total assets	1,091,800	1,358,349	266,549	24.4%
Net assets	344,871	367,876	23,005	6.7%
Equity ratio	30.6%	26.2%	(4.4)%	—

Total assets are up compared to the previous year due to the inclusion of Gyrus Group PLC in the scope of consolidation starting from this fiscal year.

Although current assets dropped ¥29,533 million year on year due to a decrease in cash deposits, fixed assets rose ¥296,082 million year on year thanks to an increase in goodwill and other intangible fixed assets. As a result, total assets were up ¥266,549 million compared to the previous fiscal year.

Net assets at the end of the fiscal year were up ¥23,005 million due to an increase in retained earnings from the accounting of a net income of ¥57,969 million and a decrease in foreign currency translation adjustments. The equity ratio was 26.2% due to the increase in total assets.

Analysis of cash flows

(Millions of yen)

	Year ended March 2007	Year ended March 2008	Increase (Decrease)
Cash flows from operating activities	108,400	89,006	(19,394)
Cash flows from investing activities	(96,481)	(304,303)	(207,822)
Cash flows from financing activities	2,192	164,401	162,209
Balance of cash and cash equivalents at end of year	174,802	119,842	(54,960)

“Cash flows from operating activities” increased by ¥89,006 million (¥19,394 million decrease over the previous year). The main reason can be indicated as the increase in income before provision for income taxes increase (increase by ¥21,032 million) due to favorable trends in the Imaging Systems and Medical Systems businesses.

“Cash flows from investing activities” decreased by ¥304,303 million (decrease by ¥207,822 million from the previous year). The main reason for this is expenditure of ¥47,953 million on purchases of property, plant and equipment, etc. and expenditure of ¥232,234 million for acquisition of securities of subsidiaries associated with the change in scope of consolidation.

“Cash flows from financing activities” increased by ¥164,401 million (an increase of ¥162,209 million from the previous year). The main reason is net increase in short-term borrowings of ¥152,797 million.

Consequently, the balance of cash and cash equivalents at the end of the current year reached ¥119,842 million, a decrease of ¥54,960 million compared to that at the end of the previous year.

**Cash Flows Indicators**

	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008
Equity ratio (%)	28.1	29.8	30.6	26.2
Market value equity ratio (%)	76.8	95.9	99.8	60.1
Debt redemption period (years)	37.1	9.1	4.3	7.4
Interest coverage ratio (times)	1.5	5.3	8.7	6.4

Notes: Equity ratio: Shareholders' equity / Total assets

Market value equity ratio: Total market capitalization / Total assets

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

Interest coverage ratio: Operating cash flow / Interest payment

1. Each index was calculated by financial index of consolidated basis.
2. 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.
3. 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 determine 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. Depending on circumstances, we are considering returning profits to shareholders by the acquisition of treasury stock. 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, set at ¥20, an increase of ¥5 over ¥35 from the previous year, together with interim dividends, which have already been paid, are expected to be ¥40. Consequently, the dividend ratio for the consolidated base will be 18.6%. The amount of dividends for the following year is expected to be ¥40 per share (¥20 for interim dividends, and ¥20 for year-end dividends).

## 2. Status of the Corporate Group

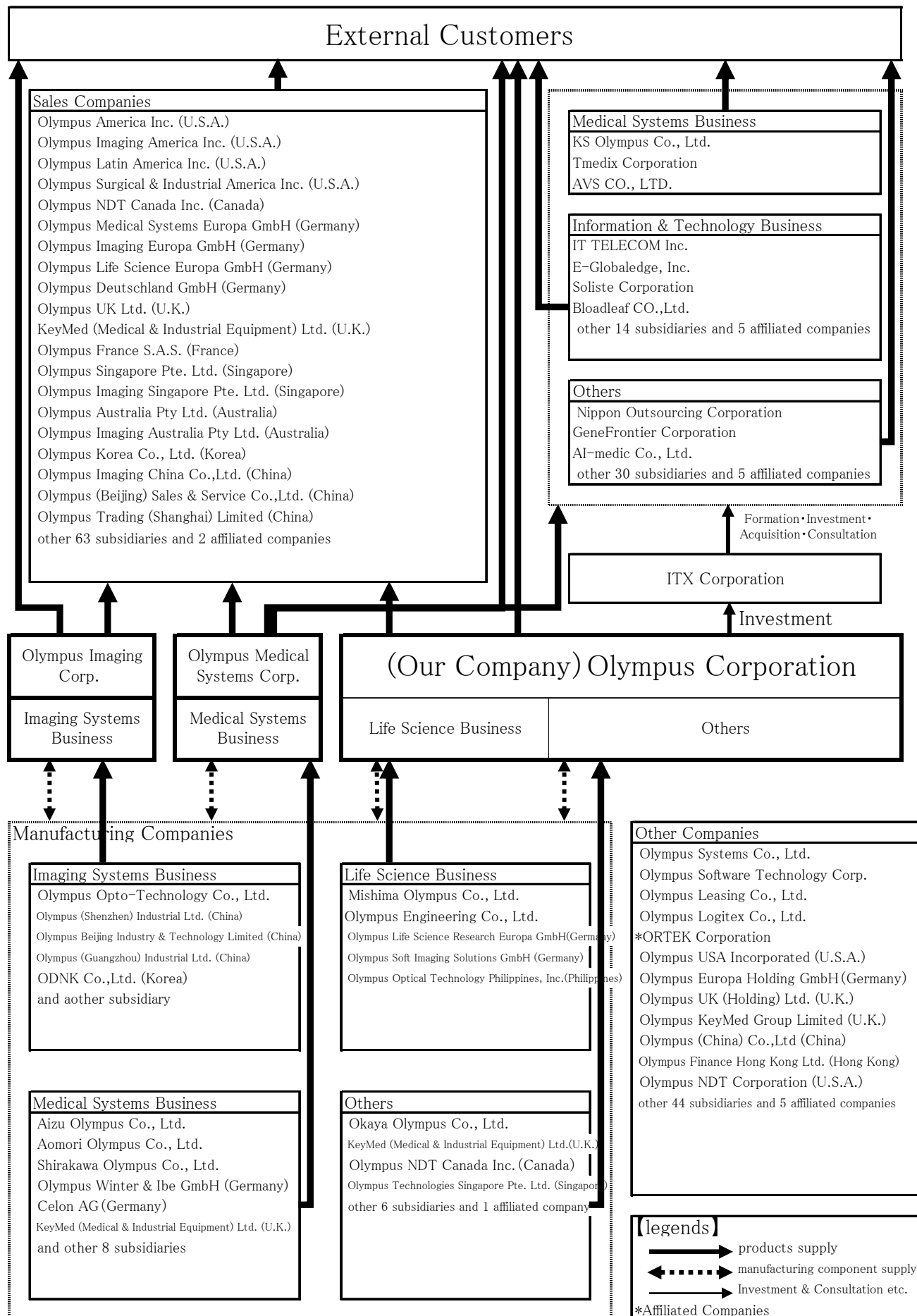
The Company, 219 subsidiaries and 18 affiliated companies are engaged mainly in the manufacture and sales of products in Imaging, Medical, Life Science, Information & Communication, others and Holding companies and Financial Investment etc. related to the each business.

Described below are business of the corporate group, roles of each business and relations to business segments.

Segmentation	Main products and Business	Principal consolidated subsidiaries
Imaging System	Digital cameras, Voice recorders	(Consolidated subsidiaries) Olympus Imaging Corp., Olympus Opto-Technology Co., Ltd., Olympus Imaging America Inc., Olympus Imaging Europa GmbH, Olympus Hong Kong and China Limited, Olympus Korea Co., Ltd., Olympus Imaging China Co., Ltd., Olympus (Shenzhen) Industrial Ltd., Olympus Imaging Singapore Pte. Ltd.
Medical Systems	Medical endoscopes, Surgical endoscopes, Endo Therapy products, Ultrasound endoscopes	(Consolidated subsidiaries) Olympus Medical Systems Corp., KS Olympus Co., Ltd., Aizu Olympus Co., Ltd., Aomori Olympus Co., Ltd., Shirakawa Olympus Co., Ltd., Olympus America Inc., Olympus Medical Systems Europa GmbH, KeyMed (Medical & Industrial Equipment) Ltd., Olympus Surgical & Industrial America Inc., Olympus Winter & Ibe GmbH, Olympus Singapore Pte. Ltd.
Life Sciences	Blood analyzer(clinical chemistry analyzer), Biological microscopes, Industrial microscopes	Olympus Corporation (Consolidated subsidiaries) KS Olympus Co., Ltd., Mishima Olympus Co., Ltd., Olympus America Inc., Olympus Life Science Europa GmbH, Olympus Life Science Research Europa GmbH, Olympus Singapore Pte. Ltd.
Information & Communication	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	(Consolidated subsidiaries) IT Telecom, Inc., ITX E-Globaledge Corporation, Soliste Corporation, Broadleaf Co., Ltd.,
Others	Industrial endoscopes, Non-destructive testing equipment, Printers, Bar code data processing equipment, System development, etc.	Olympus Corporation (Consolidated subsidiaries) Okaya Olympus Co., Ltd., Olympus Terumo Biomaterials Corp., Olympus Systems Co., Ltd., GeneFrontier Corporation, Ai-medic Co., Ltd., Atlux Corporation, Nippon Outsourcing Corporation, KeyMed (Medical & Industrial Equipment) Ltd., Olympus Surgical & Industrial America Inc., Olympus NDT Canada Inc., Olympus NDT Corporation, Olympus Technologies Singapore Pte. Ltd.
Common	Holding Companies, Financial Investment	Olympus Corporation (Consolidated subsidiaries) Olympus Leasing Co., Ltd., ITX Corporation, Olympus USA Incorporated, Olympus Europa Holding GmbH, Olympus KeyMed Group Limited, Olympus UK (Holding) Ltd., Olympus Finance Hong Kong Ltd., Olympus (China) Co., Ltd.

(Note)ITX Corporation is listed on the Hercules of the Osaka Stock Exchange, and Soliste Corporation is listed on the JASDAQ Securities Exchange.

The outline chart of our group that describes in the preceding clause is as follows;



### **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, 2007		Current consolidated fiscal year as of March 31, 2008		Increase/ Decrease
	Amount	Composition ratio	Amount	Composition ratio	
<b>Current Assets</b>	<b>572,838</b>	<b>52.5</b>	<b>543,305</b>	<b>40.5</b>	<b>(29,533)</b>
Cash and time deposits	216,586		158,281		(58,305)
Notes and accounts receivable	192,855		193,555		700
Marketable securities	8,347		3		(8,344)
Inventories	89,847		110,824		20,977
Deferred income taxes	32,319		36,719		4,400
Others	36,265		47,032		10,767
Allowance for doubtful accounts	(3,381)		(3,109)		272
<b>Fixed Assets</b>	<b>518,962</b>	<b>47.5</b>	<b>815,044</b>	<b>60.0</b>	<b>296,082</b>
Property, plant and equipment	140,089	12.8	150,036	11.1	9,947
Buildings and structures	63,300		61,305		(1,995)
Machinery and equipment	18,526		18,350		(176)
Tools, furniture and fixtures	38,421		42,692		4,271
Land	18,736		21,291		2,555
Construction in progress	1,106		6,398		5,292
Intangible fixed assets	100,351	9.2	404,030	29.7	303,679
Goodwill	78,718		299,800		221,082
Others	21,633		104,230		82,597
Investments and other assets	278,522	25.5	260,978	19.2	(17,544)
Investment securities	216,636		193,843		(22,793)
Deferred income taxes	9,606		9,665		59
Others	52,763		57,885		5,122
Allowance for doubtful accounts	(483)		(415)		68
<b>Total Assets</b>	<b>1,091,800</b>	<b>100.0</b>	<b>1,358,349</b>	<b>100.0</b>	<b>266,549</b>

(Millions of yen)

Fiscal Period Items	Previous consolidated fiscal year as of March 31, 2007		Current consolidated fiscal year as of March 31, 2008		Increase/ Decrease
	Amount	Composition ratio	Amount	Composition ratio	
<b>Current Liabilities</b>	<b>410,116</b>	<b>37.6</b>	<b>662,454</b>	<b>48.8</b>	<b>252,338</b>
Notes and accounts payable	100,252		83,602		(16,650)
Short-term borrowings	148,517		338,787		190,270
Current maturities of bonds	94		35,201		35,107
Accrued expenses	77,526		82,467		4,941
Income taxes payable	16,631		14,121		(2,510)
Warranty reserve	8,758		10,141		1,383
Others	58,338		98,135		37,979
<b>Long-term Liabilities</b>	<b>336,813</b>	<b>30.8</b>	<b>328,019</b>	<b>24.1</b>	<b>(8,794)</b>
Long-term bonds, less current maturities	140,480		105,397		(35,083)
Long-term borrowings, less current maturities	173,123		177,371		4,248
Severance and retirement allowance	9,529		10,317		788
Severance and retirement allowance for directors and corporate auditors	83		122		39
Reserve for loss on liabilities for guarantee	452		452		–
Others	13,146		34,360		21,214
<b>Total Liabilities</b>	<b>746,929</b>	<b>68.4</b>	<b>990,473</b>	<b>72.9</b>	<b>243,544</b>
<b>Shareholders' equity</b>	<b>310,239</b>	<b>28.4</b>	<b>356,564</b>	<b>26.2</b>	<b>46,325</b>
Common stock	48,332		48,332		–
Capital surplus	73,049		73,049		–
Retained earnings	191,122		237,817		46,695
Treasury stock, at cost	(2,264)		(2,634)		(370)
<b>Valuation and Translation Adjustments</b>	<b>23,971</b>	<b>2.2</b>	<b>(213)</b>	<b>(0.0)</b>	<b>(24,184)</b>
Net unrealized holding gains on securities	16,078		6,320		(9,758)
Deferred losses on hedges	(184)		34		218
Foreign currency translation adjustments	8,077		(6,567)		(14,644)
<b>Minority Interests</b>	<b>10,661</b>	<b>1.0</b>	<b>11,525</b>	<b>0.9</b>	<b>864</b>
<b>Total Net Assets</b>	<b>344,871</b>	<b>31.6</b>	<b>367,876</b>	<b>27.1</b>	<b>23,005</b>
<b>Total Liabilities and Net Assets</b>	<b>1,091,800</b>	<b>100.0</b>	<b>1,358,349</b>	<b>100.0</b>	<b>266,549</b>

**(2) Consolidated Statements of Income**

(Millions of yen)

Items	Fiscal Period		Current consolidated fiscal year ended March 31, 2008		Increase/Decrease	
	Previous consolidated fiscal year ended March 31, 2007		Amount	Proportion	Amount	Percentage
		%		%		%
Net sales	1,061,786	100.0	1,128,875	100.0	67,089	6.3
Cost of sales	611,503	57.6	619,396	54.9	7,893	1.3
Gross profit	450,283	42.4	509,479	45.1	59,196	13.1
Selling, general and administrative expenses	351,554	33.1	396,856	35.1	45,302	12.9
Operating income	98,729	9.3	112,623	10.0	13,894	14.1
Non-operating income	6,330	0.6	8,983	0.8	2,653	41.9
Interest income	1,799		3,202		1,403	
Others	4,531		5,781		1,250	
Non-operating expenses	28,833	2.7	28,521	2.6	(312)	(1.1)
Interest expenses	12,567		13,905		1,338	
Net loss of investment in affiliated companies carried on the equity method	2,394		2,766		372	
Foreign currency exchange loss	4,120		–		(4,120)	
Others	9,752		11,850		2,098	
Ordinary income	76,226	7.2	93,085	8.2	16,859	22.1
Extraordinary gains	731	0.0	4,111	0.4	3,380	462.4
Gain on sales of investment securities in subsidiaries and affiliates	163		312		149	
Gain on sales of fixed assets	–		1,478		1,478	
Gain on changes in equity	–		1,909		1,909	
Gain on transfer of business	–		300		300	
Gain on sales of investment securities	568		112		(456)	
Extraordinary losses	3,377	0.3	2,584	0.2	(793)	(23.5)
Impairment loss on fixed assets	1,619		1,093		(526)	
Loss on valuation of investment securities	1,756		1,491		(265)	
Provision of reserve for loss on liabilities for guarantee	2		–		(2)	
Income before provision for income taxes	73,580	6.9	94,612	8.4	21,032	28.6
Provision for income taxes						
Current	31,682	3.0	38,952	3.5	7,270	
Deferred	(5,601)	(0.6)	(2,192)	(0.2)	3,409	
Minority interests	(300)	(0.0)	(117)	(0.0)	183	
Net income	47,799	4.5	57,969	5.1	10,170	21.3

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

Previous consolidated fiscal year ended 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 Interests	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.

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

Current consolidated fiscal year ended March 31, 2008

(Millions of yen)

Item	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' Equity
Balance as of March 31, 2007	48,332	73,049	191,122	(2,264)	310,239
Dividends from surplus			(11,893)		(11,893)
Increase in surplus from exclusion of subsidiaries from consolidation			387		387
Net income			57,969		57,969
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.K.			(465)		(465)
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.S.			697		697
Acquisition of treasury stock				(370)	(370)
Net changes of items other than shareholders' equity during the fiscal year					
Total changes during the fiscal year	-	-	46,695	(370)	46,325
Balance as of March 31, 2008	48,332	73,049	237,817	(2,634)	356,564

Item	Valuation and Translation Adjustments				Minority Interests	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, 2007	16,078	(184)	8,077	23,971	10,661	344,871
Dividends from surplus						(11,893)
Increase in surplus from exclusion of subsidiaries from consolidation						387
Net income						57,969
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.K.						(465)
Debt disposal amount for accrued retirement benefits to subsidiaries in the U.S.						697
Acquisition of treasury stock						(370)
Net changes of items other than shareholders' equity during the fiscal year	(9,758)	218	(14,644)	(24,184)	864	(23,320)
Total changes during the fiscal year	(9,758)	218	(14,644)	(24,184)	864	23,005
Balance as of March 31, 2008	6,320	34	(6,567)	(213)	11,525	367,876

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

(Millions of yen)

Item	Fiscal Period	Previous consolidated fiscal year ended March 31, 2007	Current consolidated fiscal year ended March 31, 2008	Increase/Decrease
		Amount	Amount	Amount
<b>I. Cash flows from operating activities</b>				
1. Income before provision for income taxes		73,580	94,612	21,032
2. Depreciation		30,404	37,522	7,118
3. Amortization of goodwill		7,868	8,077	209
4. Increase (decrease) of severance and retirement allowance		183	893	710
5. Decrease (increase) in prepaid expenses of pensions		673	(8,757)	(9,430)
6. Increase in warranty reserve		3,481	1,504	(1,977)
7. Interest and dividend income		(2,314)	(4,157)	(1,843)
8. Interest expenses		12,567	13,905	1,338
9. Loss of investment in affiliated companies carried on the equity method		2,394	2,766	372
10. Gain on change in equity		–	(1,909)	(1,909)
11. Gain on sales of stocks of subsidiaries and affiliates		(163)	(312)	(149)
12. Loss on valuation of investment securities		1,756	1,491	(265)
13. Impairment loss on fixed assets		1,619	1,093	(526)
14. Increase in notes and accounts receivable		(17,432)	(3,959)	13,473
15. Decrease (increase) in inventories		6,821	(14,316)	(21,137)
16. Increase (decrease) in notes and accounts payable		11,528	(9,230)	(20,758)
17. Increase in accounts payable–other		–	15,932	15,932
18. Increase (decrease) in accrued expenses		15,871	(31)	(15,902)
19. Other operating activities		(2,018)	4,807	6,825
Subtotal		146,818	139,931	(6,887)
20. Interest and dividend received		2,341	4,114	1,773
21. Interest paid		(12,460)	(13,864)	(1,404)
22. Income taxes paid		(28,299)	(41,175)	(12,876)
Net cash provided by operating activities		108,400	89,006	(19,394)
<b>II. Cash flows from investing activities</b>				
1. Payments into time deposits		(41,379)	(38,956)	2,423
2. Withdrawal of time deposits		6,609	41,775	35,166
3. Expenditure on acquisition of securities		(8,365)	–	8,365
4. Proceeds from sales of securities		1,266	2,357	1,091
5. Expenditure on acquisition of tangible fixed assets		(41,269)	(47,953)	(6,684)
6. Proceeds from sales of tangible fixed assets		644	2,306	1,662
7. Expenditure on acquisition of investment securities		(15,405)	(12,132)	3,273
8. Proceeds from sales of investment securities		4,360	6,491	2,131
9. Expenditure on acquisition of securities of subsidiaries associated with the change in scope of consolidation		(2,409)	(232,234)	(229,825)
10. Proceeds from (expenditure on) sales of stocks of subsidiaries associated with the change in scope of consolidation		(231)	197	428
11. Expenditure on additional acquisition of stocks of subsidiaries		–	(18,355)	(18,355)
12. Proceeds from sales of stocks of consolidated subsidiaries		–	608	608
13. Payments of loans receivable		–	(9,912)	(9,912)
14. Proceeds from collection of loans receivable		–	1,544	1,544
15. Other investing activities		(302)	(39)	263
Net cash used in investing activities		(96,481)	(304,303)	(207,822)

(Millions of yen)

Item	Fiscal Period	Previous consolidated fiscal year ended March 31, 2007	Current consolidated fiscal year ended March 31, 2008	Increase/Decrease
		Amount	Amount	Amount
III. Cash flows from financing activities				
1. Net increase (decrease) in short-term borrowings		(20,025)	152,797	172,822
2. Proceeds from long-term borrowings		19,242	37,097	17,855
3. Repayment of long-term borrowings		(10,141)	(15,064)	(4,923)
4. Proceeds from issuance of bond		44,384	100	(44,284)
5. Expenditure on redemption of bond		(25,092)	(94)	24,998
6. Proceeds from stock issuance to minority shareholders		1,099	1,917	818
7. Cash dividends paid		(6,895)	(11,893)	(4,998)
8. Cash dividends paid to minority shareholders		–	(88)	(88)
9. Other financing activities		(380)	(371)	9
Net cash provided by financing activities		2,192	164,401	162,209
IV. Effect of exchange rate changes on cash and cash equivalents		1,298	(4,405)	(5,703)
V. Increase (decrease) in cash and cash equivalents		15,409	(55,301)	(70,710)
VI. Balance of cash and cash equivalents at beginning of year		159,307	174,802	15,495
VII. Increase in cash and cash equivalents due to new consolidation		146	578	432
VIII. Decrease in cash and cash equivalents due to exclusion of consolidation		(60)	(237)	(177)
IX. Balance of cash and cash equivalents at end of year		174,802	119,842	(54,960)

## Important Items That Form the Basis for Preparing the Consolidated Financial Statements

### 1. Scope of consolidation

#### 1) Number of consolidated subsidiaries: 205

Principal consolidated subsidiaries:

Olympus Medical Systems Corp., Olympus Imaging Corp., Aizu Olympus Co., Ltd., Shirakawa Olympus Co., Ltd., Aomori Olympus Co., Ltd., Olympus Opto-Technology Co., Ltd. ITX Corporation, IT Telecom, Inc., Olympus Medical Systems Europa GmbH, Olympus America Inc., and Olympus Hong Kong and China Limited

Newly consolidated subsidiaries: 38

Olympus Digital System Design Corp., Gyrus Group PLC, and other 36 companies

Olympus Digital System Design Corp. and other six companies are newly established subsidiaries during the fiscal year ended March 31, 2008.

Gyrus Group PLC and other 27 companies have been included into consolidation through equity participation carried out during the fiscal year.

Altis Co., Ltd. and other two companies have switched from affiliated companies accounted for under the equity method to consolidated subsidiaries due to additional acquisition of shares during the fiscal year.

Olympus Moscow Limited Liability Company has switched from a non-consolidated subsidiary accounted for under the equity method to a consolidated subsidiary effective from the fiscal year ended March 31, 2008, due to gains in materiality.

Excluded companies: 16

AOI Technologies Inc., Moranet Inc, and other 14 companies

Atlux Humanage, Inc. and other one company have been excluded from consolidated subsidiaries due to sale of shares during the fiscal year.

Moranet Inc and other five companies have been excluded from consolidated subsidiaries due to merger with other consolidated subsidiaries during the fiscal year.

AOI Technologies Inc. and other five companies have been excluded from consolidated subsidiaries due to liquidation during the fiscal year.

Olympus Microsystems America, Inc. and other one have been excluded from consolidated subsidiaries due to decrease in materiality.

#### 2) Number of non-consolidated subsidiaries: 14

Feed Corporation, RadioCafe Inc., S.T. SIX Co., Ltd., and other 11 companies

The above non-consolidated subsidiaries are all small and not material when measured by the impact of total amounts of assets, net sales, net income, and retained earnings (based on the Company's ownership percentage) of those companies on consolidated financial statements. They have therefore been excluded from the scope of consolidation.

## 2. Application of the Equity Method

- 1) Non-consolidated subsidiaries accounted for under the equity method: 2  
Feed Corporation and Radio Cafe Inc.

Newly established subsidiaries: 1 (Feed Corporation)  
Feed Corporation became an equity participation company during the fiscal year.

Excluded subsidiaries: 3  
G. C. New Vision Ventures, L.P., Beijing Beizhao Olympus Optical Co., Ltd. and other one

G. C. New Vision Ventures, L.P. has been excluded from non-consolidated subsidiaries accounted for under the equity method due to dissolution during the fiscal year.  
Beijing Beizhao Olympus Optical Co., Ltd. has been excluded from non-consolidated subsidiaries accounted for under the equity method due to liquidation during the fiscal year.  
Olympus Moscow Limited Liability Company has switched from a non-consolidated subsidiary accounted for under the equity method to a consolidated subsidiary effective from the fiscal year ended March 31, 2008, due to gains in materiality.

- 2) Affiliated companies accounted for under the equity method: 13  
Principal affiliated companies: ORTEK Corporation, Adachi Co., Ltd., and Olympus Cytori Inc.

Newly established affiliated companies: 2  
ADLINK Japan Inc. and Media Hanshin Co., Ltd.

Media Hanshin Co., Ltd. became an equity participation company during the fiscal year.  
ADLINK Japan Inc. was newly established during the fiscal year.

Excluded companies: 7  
Altis Co., Ltd., Cablenet Saitama Co., Ltd., and other five companies

Altis Co., Ltd. and other two companies have been excluded from affiliated companies accounted for under the equity method due to their shifting to consolidated subsidiaries during the fiscal year.  
Cablenet Saitama Co., Ltd and other three companies have been excluded from affiliated companies accounted for under the equity method due to sale of shares.

- 3) There are 12 non-consolidated subsidiaries and five affiliated companies that have not been accounted for under the equity method. These companies are accounted for under the equity method because the impact of all those companies on consolidated net income and retained earnings is not material.

## 3. Fiscal Year-End of Consolidated Subsidiaries

The fiscal year-end of consolidated subsidiaries is March 31 with some exceptions and coincides with the fiscal year-end of the submitting company of the consolidated financial statements. The fiscal year-end of some exceptional consolidated subsidiaries is mainly December 31. In preparing the consolidated financial statements, the Company uses the financial statements of these companies as of their fiscal year-ends. For major intervening transactions that occurred between the fiscal year-ends of those companies and the consolidated closing day, appropriate adjustments have been made in the consolidated financial statements

## Important Items That Form the Basis for Preparing the Consolidated Financial Statements

Because there are no significant changes other than one matter described below from the recent securities report (submitted on June 28, 2007), disclosure has been omitted.

## Changes in Important Items That Form the Basis for Preparing the Consolidated Financial Statements

### Method of depreciation of fixed assets

Beginning from the fiscal year ended March 31, 2008, pursuant to the amendments to the Corporation Tax Law (the Law on Partial Amendments to the Income Tax Law [March 30, 2007, Law No. 6] and the Cabinet Order on Partial Amendments to the Order for Enforcement of the Corporation Tax Law [March 30, 2007, Cabinet Order No. 83]), the method of depreciation of fixed assets acquired on or after April 1, 2007 has been changed to the method based on the provisions of the revised Corporation Tax Law.

This had immaterial effect on profit and loss in the current fiscal year.

## Notes

### Omission of disclosure

Notes related to lease transactions, transactions with related parties, deferred tax accounting, securities, derivative transactions, retirement benefits, stock options, and business combinations are omitted, because the necessity of their disclosure in financial results are regarded as immaterial.

However, the aforementioned notes will be included in the securities report scheduled to be submitted on June 27, 2008, and will be available on the Electronic Disclosure for Investors' Network (EDINET), an electronic disclosure system with respect to disclosed documents such as annual securities reports submitted pursuant to the Financial Instruments and Exchange Law.

## Notes to Consolidated Statements of Income

	<u>Previous consolidated</u> <u>fiscal year</u> <u>ended March 31, 2007</u>	(Millions of yen) <u>Current consolidated</u> <u>fiscal year</u> <u>ended March 31, 2008</u>
<b>1. Major items and amounts of selling, general and administrative expenses</b>		
Advertising and promotion expenses	48,463	58,658
Provision of allowance for doubtful accounts	218	480
Salaries and allowance	94,131	104,921
Bonuses	24,434	28,111
Retirement benefit expenses	5,981	3,098
Provision of severance and retirement allowance for directors and corporate auditors	45	49
Amortization of goodwill	7,868	8,077
Experiment and research expenses	32,167	38,552
Depreciation	19,552	22,682
<b>2. Research and development expenses included in general and administrative expenses and production cost for the current fiscal year</b>	<b>55,531</b>	<b>65,928</b>

## 5. Segment Information

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

(Millions of yen)

	Current Consolidated Fiscal Year (April 1, 2007 - March 31, 2008)							
	Imaging Systems	Medical System	Life Sciences	Information & Communication	Others	Total	Elimination or Unallocation	Consolidated
I. Net sales and operating income or loss								
Sales								
(1) Sales to outside customers	320,589	353,269	131,446	254,312	69,259	1,128,875	—	1,128,875
(2) Internal sales of transfer among segments	347	85	219	—	574	1,225	(1,225)	—
Total	320,936	353,354	131,665	254,312	69,833	1,130,100	(1,225)	1,128,875
Operating cost	287,850	254,934	124,675	251,311	68,916	987,686	28,566	1,016,252
Operating income (or operating loss)	33,086	98,420	6,990	3,001	917	142,414	(29,791)	112,623
II. Assets, depreciation cost, and capital expenditure								
Assets	147,293	537,921	94,916	128,949	151,641	1,060,720	297,629	1,358,349
Depreciation cost	8,748	10,778	5,943	2,470	4,359	32,298	5,224	37,522
Capital expenditure	10,638	16,536	7,792	3,191	4,476	42,633	7,437	50,070

(Millions of yen)

	Previous Consolidated Fiscal Year (April 1, 2006 - March 31, 2007)							
	Imaging Systems	Medical System	Life Sciences	Information & Communication	Others	Total	Elimination or Unallocation	Consolidated
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 or transfer 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

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

- (1) Imaging Systems Business: Digital cameras, Voice recorders
- (2) Medical Systems Business: Medical endoscopes, Surgical endoscopes, Endo Therapy products, Ultrasound endoscopes
- (3) Life Sciences 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.

2. Among the operating expenses, the amount of unallocatable operating expenses recorded in the section of Elimination or Unallocation was ¥29,791 million for the current consolidated fiscal year, and ¥27,999 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. Among the assets, the amount of unallocatable assets recorded in the section of Elimination or Unallocation was ¥297,629 million for the current consolidated fiscal year, and ¥390,518 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, 2007 - March 31, 2008)						
	Japan	North America	Europe	Asia	Total	Elimination or Unallocation	Consolidated
I. Net sales and operating income or loss							
Sales							
(1) Sales to outside customers	484,146	259,137	299,667	85,925	1,128,875	—	1,128,875
(2) Internal sales or transfer among segments	341,219	10,675	13,318	110,410	475,622	(475,622)	—
Total	825,365	269,812	312,985	196,335	1,604,497	(475,622)	1,128,875
Operating cost	734,203	250,022	290,863	185,801	1,460,889	(444,637)	1,016,252
Operating income	91,162	19,790	22,122	10,534	143,608	(30,985)	112,623
II. Assets	615,009	364,099	228,072	121,033	1,328,213	30,136	1,358,349

(Millions of yen)

	Previous Consolidated Fiscal Year (April 1, 2006 - March 31, 2007)						
	Japan	North America	Europe	Asia	Total	Elimination or Unallocation	Consolidated
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 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

### 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. Among the operating expenses, the amount of unallocatable operating expenses recorded in the section of Elimination or Unallocation was ¥29,791 million for the current consolidated fiscal year, and ¥27,999 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. Among the assets, the amount of unallocatable assets recorded in the section of Elimination or Unallocation was ¥297,629 million for the current consolidated fiscal year, and ¥390,518 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, 2007 - March 31, 2008)				
	North America	Europe	Asia	Others	Total
I. Overseas sales	240,254	303,110	138,873	26,411	708,648
II. Consolidated sales					1,128,875
III. Percentage of overseas sales in consolidated sales	21.3%	26.9%	12.3%	2.3%	62.8%

(Millions of yen)

	Previous 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 overseas sales in consolidated sales	21.6%	26.2%	10.8%	2.3%	60.9%

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

- (1) North America: USA, Canada
- (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 consolidated 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, 2006 - March 31, 2007)	Current Consolidated Fiscal Year (April 1, 2007 - March 31, 2008)	Comparison vs. Previous Period	
			Amount	Growth rate
Imaging Systems	279,478	318,574	39,096	14.0%
Medical Systems	318,922	351,640	32,718	10.3%
Life Sciences	116,858	112,850	(4,008)	(3.4)%
Information & Communication	-	-	-	-
Others	45,765	48,142	2,377	5.2%
Total	761,023	831,206	70,183	9.2%

Notes: 1. Amounts are calculated based on the sales price.

2. Amounts do not include consumption tax.

### (2) Purchasing Performance

(Millions of yen)

	Previous Consolidated Fiscal Year (April 1, 2006 - March 31, 2007)	Current Consolidated Fiscal Year (April 1, 2007 - March 31, 2008)	Comparison vs. Previous Period	
			Amount	Growth rate
Imaging Systems	-	-	-	-
Medical Systems	-	-	-	-
Life Sciences	-	-	-	-
Information & Communication	225,865	207,110	(18,755)	(8.3)%
Others	22,466	25,172	2,706	12.0%
Total	248,331	232,282	(16,049)	(6.5)%

Note: Amounts do not include consumption tax.

### (3) Orders Received

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, 2006 - March 31, 2007)		Current Consolidated Fiscal Year (April 1, 2007 - March 31, 2008)		Comparison vs. Previous Period	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
Imaging Systems	Domestic	29,504	10.0%	38,410	12.0%	8,906	30.2%
	Overseas	264,799	90.0%	282,179	88.0%	17,380	6.6%
	Total	294,303	27.7%	320,589	28.4%	26,286	8.9%
Medical Systems	Domestic	71,262	22.9%	75,257	21.3%	3,995	5.6%
	Overseas	240,447	77.1%	278,012	78.7%	37,565	15.6%
	Total	311,709	29.4%	353,269	31.3%	41,560	13.3%
Life Sciences	Domestic	30,097	24.3%	29,590	22.5%	(507)	(1.7)%
	Overseas	93,609	75.7%	101,856	77.5%	8,247	8.8%
	Total	123,706	11.7%	131,446	11.6%	7,740	6.3%
Information & Communication	Domestic	251,511	94.0%	241,062	94.8%	(10,449)	(4.2)%
	Overseas	16,180	6.0%	13,250	5.2%	(2,930)	(18.1)%
	Total	267,691	25.2%	254,312	22.5%	(13,379)	(5.0)%
Others	Domestic	32,372	50.3%	35,908	51.8%	3,536	10.9%
	Overseas	32,005	49.7%	33,351	48.2%	1,346	4.2%
	Total	64,377	6.0%	69,259	6.2%	4,882	7.6%
Total	Domestic	414,746	39.1%	420,227	37.2%	5,481	1.3%
	Overseas	647,040	60.9%	708,648	62.8%	61,608	9.5%
	Total	1,061,786	100.0%	1,128,875	100.0%	67,089	6.3%

Note: The above amount does not include consumption tax.

## **7. Per-Share Data**

	Previous Consolidated Fiscal Year (April 1, 2006 - March 31, 2007)	Current Consolidated Fiscal Year (April 1, 2007 - March 31, 2008)
Net assets per share	¥1,236.34	¥1,318.65
Net income per share	¥176.79	¥214.48

The fully diluted net income per share is not described for both fiscal years, because there are no residual securities with dilutive effects.

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

(Million of yen)

	Previous Consolidated Fiscal Year (April 1, 2006 - March 31, 2007)	Current Consolidated Fiscal Year (April 1, 2007 - March 31, 2008)
Net income	47,799	57,969
Amount that does not belong to ordinary shareholder	-	-
Net income concerning common stock	47,799	57,969
Average number of shares during the year	270,376,574 shares	270,271,738 shares
Outline of the residual securities excluded from the calculation of the fully diluted net income per share because they have no dilutive effects.	There are share options as residual securities held by consolidated subsidiaries.	There are share options as residual securities held by consolidated subsidiaries.

## **8. Subsequent Event**

Olympus Corporation, at a meeting of its Board of Directors on May 8, 2008, resolved to repurchase of its own shares in order to increase shareholders' returns and to implement more flexible capital policies in accordance with changes of business environment under Article 156 of the Company Law as applied pursuant to Article 165, Paragraph 3 of the Company Law as follows.

Resolution at a meeting of its Board of Directors regarding repurchase of own shares

1. Class of shares: Common stock
2. Total number of shares to be repurchased: Up to 3.5 million shares
3. Total cost of repurchase: Up to 10 billion yen
4. Period of repurchase: From May 9, 2008 to June 20, 2008
5. Method of repurchase: Purchase in the market through a trust bank

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

(Millions of yen)

Account Item	Previous consolidated fiscal year as of March 31, 2007		Current consolidated fiscal year as of March 31, 2008		Increase/ Decrease
	Amount	Composition ratio	Amount	Composition ratio	
<b>Current Assets</b>	<b>208,431</b>	<b>36.4</b>	<b>339,804</b>	<b>43.1</b>	<b>131,373</b>
Cash and time deposits	146,342		59,369		(86,973)
Notes receivable	563		755		191
Accounts receivable	22,543		21,972		(571)
Inventories	10,678		10,764		85
Short-term loan receivable	881		220,743		219,862
Income taxes receivable	—		568		568
Deferred income taxes	7,675		9,740		2,064
Others	19,879		15,921		(3,958)
Allowance for doubtful accounts	(133)		(28)		105
<b>Fixed Assets</b>	<b>364,247</b>	<b>63.6</b>	<b>449,049</b>	<b>56.9</b>	<b>84,801</b>
Property, plant and equipment	33,696	5.9	37,465	4.7	3,769
Buildings	13,846		13,203		(643)
Machinery and equipment	3,767		3,454		(313)
Land	10,284		10,136		(149)
Others	5,797		10,672		4,874
Intangible fixed assets	10,909	1.9	7,965	1.0	(2,945)
Investments and other assets	319,641	55.8	403,619	51.2	83,977
Investment securities	150,966		144,967		(5,999)
Stocks of subsidiaries and affiliates	130,296		210,114		79,818
Other investment securities of subsidiaries and affiliates	16,447		—		(16,448)
Investments in subsidiaries and affiliates	13,958		15,036		1,078
Long-term loan receivable	1,434		4,049		2,614
Prepaid pension cost	3,096		6,188		3,091
Deferred income taxes	—		497		497
Others	3,444		22,774		19,329
Allowance for doubtful accounts	(3)		(6)		(3)
<b>Total Assets</b>	<b>572,678</b>	<b>100.0</b>	<b>788,853</b>	<b>100.0</b>	<b>216,174</b>

Note: For the current term, figures are rounded off to the nearest million yen.  
For the previous term, figures are truncated to the nearest million yen.

(Millions of yen)

Account Item	Previous Term (as of March 31, 2007)		Current Term (as of March 31, 2008)		Increase/ Decrease
	Amount	Composition ratio	Amount	Composition ratio	
<b>Current Liabilities</b>	<b>136,892</b>	<b>23.9</b>	<b>372,921</b>	<b>47.3</b>	<b>236,028</b>
Notes payable	432		291		(142)
Accounts payable	9,489		9,145		(345)
Short-term borrowings	1,305		191,305		190,000
Current maturities of bonds	—		35,000		35,000
	—		20,000		20,000
Accrued expenses	17,531		17,071		(460)
Income taxes payable	5,250		164		(5,086)
Warranty reserve	70		52		(18)
Deposits received	91,084		69,109		(21,975)
Others	11,729		30,784		19,054
<b>Long-term Liabilities</b>	<b>199,649</b>	<b>34.9</b>	<b>171,364</b>	<b>21.7</b>	<b>(28,286)</b>
Long-term bonds, less current maturities	140,000		105,000		(35,000)
Long-term borrowings, less current maturities	55,000		65,000		10,000
Long-term deposits received, less current maturities	713		732		18
Deferred tax liabilities	3,303		—		(3,304)
Reserve for loss on liabilities for guarantee	632		632		—
<b>Total Liabilities</b>	<b>336,542</b>	<b>58.8</b>	<b>544,285</b>	<b>69.0</b>	<b>207,742</b>
<b>Net Assets</b>	<b>222,353</b>	<b>38.8</b>	<b>251,398</b>	<b>31.9</b>	<b>29,045</b>
Common stock	48,331	8.4	48,332	6.1	—
Capital surplus	73,049	12.8	73,049	9.3	—
Capital reserve	73,027		73,027		—
Other capital surplus	22		22		—
Retained earnings	103,236	18.0	132,651	16.8	29,415
Legal reserve	6,626		6,626		—
Other retained earnings	96,610		126,025		29,415
Reserve for product development	4,000		4,000		—
Reserve for special depreciation	944		537		(408)
Reserve for advanced depreciation	2,624		2,744		120
General reserve	79,068		59,069		(20,000)
Retained earnings carried forward	9,972		59,675		49,703
Treasury stock, at cost	(2,264)	(0.4)	(2,634)	(0.3)	(370)
<b>Valuation and translation adjustments</b>	<b>13,783</b>	<b>2.4</b>	<b>(6,830)</b>	<b>(0.9)</b>	<b>(20,613)</b>
Net unrealized holding gains on securities	13,789		6,341		(7,448)
Deferred losses on hedges	(5)		(13,171)		(13,165)
<b>Total net assets</b>	<b>236,136</b>	<b>41.2</b>	<b>244,568</b>	<b>31.0</b>	<b>8,432</b>
<b>Total Liabilities and Net Assets</b>	<b>572,678</b>	<b>100.0</b>	<b>788,853</b>	<b>100.0</b>	<b>216,174</b>

Note: For the current term, figures are rounded off to the nearest million yen.

For the previous term, figures are truncated to the nearest million yen.

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

(Millions of yen)

Account Item	Previous Term (April 1, 2006 - March 31, 2007)		Current Term (April 1, 2007 - March 31, 2008)		Increase/Decrease	
	Amount	Proportion	Amount	Proportion	Amount	Percentage
		%		%		%
Net sales	106,079	100.0	113,871	100.0	7,792	7.3
Cost of sales	54,888	51.7	58,299	51.2	3,411	6.2
Gross profit	51,191	48.3	55,572	48.8	4,381	8.6
Selling, general and administrative expenses	55,914	52.8	61,087	53.6	5,173	9.3
Operating loss	(4,723)	(4.5)	(5,515)	(4.8)	(792)	—
Non-operating income	17,526	16.5	52,313	45.9	34,787	198.5
Interest and dividends income	16,615		51,070			
Others	910		1,243			
Non-operating expenses	5,300	4.9	8,534	7.5	3,234	61.0
Interest expenses	2,275		3,431			
Others	3,024		5,103			
Ordinary income	7,502	7.1	38,264	33.6	30,761	410.0
Extraordinary income	—	—	461	0.4	461	—
Gain on sales of fixed assets	—		395			
Gain on sales of investment securities	—		66			
Extraordinary losses	1,754	1.7	1,707	1.5	(47)	(2.7)
Loss on revaluation of investments in securities	479		1,014			
Loss on valuation of stocks of subsidiaries and affiliates	206		693			
Loss on valuation of investments in subsidiaries and affiliates	1,029		—			
Others	38		—			
Income before provision for income taxes	5,748	5.4	37,018	32.5	31,269	544.0
Provision for income taxes						
Current	(1,813)	(1.7)	(3,924)	(3.4)	(2,110)	
Prior periods	733	0.7	1,049	0.9	315	
Deferred	(1,207)	(1.2)	(1,415)	(1.3)	(207)	
Net income	8,036	7.6	41,308	36.3	33,271	414.0

Note: For the current term, figures are rounded off to the nearest million yen.

For the previous term, figures are truncated to the nearest million yen.

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

Previous 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 profit appropriation items resolved at the regular general shareholders' meeting in June 2006.

Current term (April 1, 2007 - March 31, 2008)

(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, 2007	48,331	73,027	22	73,049	6,626	96,610	103,236	(2,264)	222,353
Dividends from surplus						(11,893)	(11,893)		(11,893)
Net income						41,308	41,308		41,308
Acquisition of treasury stock								(370)	(370)
Net changes of items other than shareholders' equity during the fiscal year									
Total change during the fiscal year	-	-	-	-	-	29,415	29,415	(370)	29,045
Balance as of March 31, 2008	48,332	73,027	22	73,049	6,626	126,025	132,651	(2,634)	251,398

(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, 2007	13,789	(5)	13,783	236,136
Dividends from surplus				(11,893)
Net income				41,308
Acquisition of treasury stock				(370)
Net changes of items other than shareholders' equity during the fiscal year	(7,448)	(13,165)	(20,613)	(20,613)
Total change during the fiscal year	(7,448)	(13,165)	(20,613)	8,432
Balance as of March 31, 2008	6,341	(13,171)	(6,830)	244,568

## Note 1: Breakdown of other retained earnings

Item	Reserve for product development	Reserve for special depreciation	Reserve for advanced depreciation	Other reserves	Retained earnings carried forward	Total
Balance as of March 31, 2007	4,000	944	2,624	79,068	9,972	96,610
Dividends from surplus					(11,893)	(11,893)
Reversal of reserve for special depreciation		(408)			408	–
Provision of reserve for advanced depreciation			294		(294)	–
Reversal of reserve for advanced depreciation			(174)		174	–
Reversal of reserve for advanced depreciation				(20,000)	20,000	–
Net income					41,308	41,308
Total change during the fiscal year	–	(408)	120	(20,000)	49,703	29,415
Balance as of March 31, 2008	4,000	537	2,744	59,069	59,675	126,025

Note 2: Balance as of March 31, 2007 is truncated to the nearest million yen, and balance as of March 31, 2008 is rounded off to the nearest million yen.

### **10. Subsequent Event**

Olympus Corporation, at a meeting of its Board of Directors on May 8, 2008, resolved to repurchase of its own shares in order to increase shareholders' returns and to implement more flexible capital policies in accordance with changes of business environment under Article 156 of the Company Law as applied pursuant to Article 165, Paragraph 3 of the Company Law as follows.

Resolution at a meeting of its Board of Directors regarding repurchase of own shares

1. Class of shares: Common stock
2. Total number of shares to be repurchased: Up to 3.5 million shares
3. Total cost of repurchase: Up to 10 billion yen
4. Period of repurchase: From May 9, 2008 to June 20, 2008
5. Method of repurchase: Purchase in the market through a trust bank