

Olympus Corporation and Consolidated Subsidiaries



FINANCIAL RESULTS For the First Quarter ended June 30, 2008

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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	
	June 30	Proportion	June 30	Proportion		March 31	Proportion
	2007	(%)	2008	(%)		2008	(%)
Net Sales	264,418	100.0%	254,331	100.0%	-3.8%	1,128,875	100.0%
<u>Cost of Sales</u>	140,090	53.0%	129,067	50.7%		619,396	54.9%
Gross Profit	124,328	47.0%	125,264	49.3%	0.8%	509,479	45.1%
<u>S.G.A. Expenses</u>	93,195	35.2%	107,720	42.4%		396,856	35.1%
Operating Income	31,133	11.8%	17,544	6.9%	-43.6%	112,623	10.0%
Other Income	2,226		2,838			8,983	
<u>Other Expenses</u>	5,794		7,684			28,521	
Extraordinary Item	2,323		-842			1,527	
Income Before Provision for Income Taxes	29,888	11.3%	11,856	4.7%	-60.3%	94,612	8.4%
<u>Provision for Income Taxes</u>	12,144		5,579			36,760	
<u>Minority Interests</u>	100		-244			-117	
Net Income	17,644	6.7%	6,521	2.6%	-63.0%	57,969	5.1%

(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
		2007	Ratio (%)	2008	Ratio (%)	(%)	2008	Ratio (%)
Imaging	Net Sales Domestic	10,016		8,891		-11.2%	38,410	
	Overseas	71,662		63,225		-11.8%	282,179	
	Total	81,678	30.9%	72,116	28.4%	-11.7%	320,589	28.4%
	Operating Income	14,880	18.2%	9,766	13.5%		33,086	10.3%
Medical	Net Sales Domestic	16,372		16,424		0.3%	75,257	
	Overseas	62,182		73,730		18.6%	278,012	
	Total	78,554	29.7%	90,154	35.5%	14.8%	353,269	31.3%
	Operating Income	21,469	27.3%	17,844	19.8%		98,420	27.9%
Life Science	Net Sales Domestic	5,782		4,659		-19.4%	29,590	
	Overseas	23,057		23,873		3.5%	101,856	
	Total	28,839	10.9%	28,532	11.2%	-1.1%	131,446	11.6%
	Operating Income	919	3.2%	-265	-0.9%		6,990	5.3%
Information and Communication	Net Sales Domestic	56,795		45,332		-20.2%	241,062	
	Overseas	2,971		2,085		-29.8%	13,250	
	Total	59,766	22.6%	47,417	18.6%	-20.7%	254,312	22.5%
	Operating Income	97	0.2%	99	0.2%		3,001	1.2%
Others	Net Sales Domestic	8,102		8,704		7.4%	35,908	
	Overseas	7,479		7,408		-0.9%	33,351	
	Total	15,581	5.9%	16,112	6.3%	3.4%	69,259	6.2%
	Operating Income	544	3.5%	-3,308	-20.5%		917	1.3%
Elimination or corporate	Operating Income	-6,776	-	-6,592	-		-29,791	-
Total	Net Sales Domestic	97,067		84,010		-13.5%	420,227	
	Overseas	167,351		170,321		1.8%	708,648	
	Total	264,418	100.0%	254,331	100.0%	-3.8%	1,128,875	100.0%
	Operating Income	31,133	11.8%	17,544	6.9%		112,623	10.0%

(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, EndoTherapy 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)

	June 30 2007	June 30 2008	March 31 2008	Variance
Current Assets	579,363	561,290	543,305	17,985
Cash and time deposits	178,830	171,336	158,281	13,055
Notes and accounts receivable	179,219	186,185	193,555	-7,370
Marketable securities	43,283	200	3	197
Inventories	103,964	120,604	110,824	9,780
Deferred income taxes	33,388	38,622	36,719	1,903
Other current assets	44,336	48,403	47,032	1,371
Allowance for doubtful accounts	-3,657	-4,060	-3,109	-951
Fixed Assets	538,487	836,953	815,044	21,909
Tangible Assets	145,957	164,960	150,036	14,924
Buildings and structures	65,346	62,494	61,305	1,189
Machinery and equipment	17,891	18,149	18,350	-201
Tools, dies, furniture and fixtures	39,650	49,486	42,692	6,794
Land	22,092	21,358	21,291	67
Leased asset	—	4,013	—	4,013
Construction in progress	978	9,460	6,398	3,062
Intangible Assets	102,708	403,562	404,030	-468
Goodwill	81,565	305,695	299,800	5,895
Others	21,143	97,867	104,230	-6,363
Investments and Other Assets	289,822	268,431	260,978	7,453
Investment securities	226,387	198,826	193,843	4,983
Deferred income taxes	9,856	12,410	9,665	2,745
Others	54,123	57,611	57,885	-274
Allowance for doubtful accounts	-544	-416	-415	-1
Total Assets	1,117,850	1,398,243	1,358,349	39,894

(Millions of Yen)

	June 30 2007	June 30 2008	March 31 2007	Variance
Current Liabilities	414,512	694,167	662,454	31,713
Notes and accounts payable	91,953	71,628	83,602	-11,974
Short-term borrowings	155,336	374,516	338,787	35,729
Current maturities of bonds	98	35,218	35,201	17
Accrued expenses	80,395	85,937	82,467	3,470
Income taxes payable	11,338	10,875	14,121	-3,246
Warranty reserve	9,107	10,848	10,141	707
Other current liabilities	66,285	105,145	98,135	7,010
Long-term Liabilities	336,494	337,128	328,019	9,109
Long-term bonds, less current maturities	140,468	105,497	105,397	100
Long-term borrowings, less current maturities	172,122	175,478	177,371	-1,893
Severance and retirement allowance	9,795	12,122	10,317	1,805
Other non-current liabilities	14,109	44,031	34,934	9,097
Net Assets	366,844	366,948	367,876	-928
Owners' Equity	321,299	348,764	356,564	-7,800
Common stock	48,332	48,332	48,332	—
Capital surplus	73,049	73,049	73,049	—
Retained earnings	202,278	240,042	237,817	2,225
Treasury stock, at cost	-2,360	-12,659	-2,634	-10,025
Valuation and Translation Adjustments	33,093	6,733	-213	6,946
Net unrealized holding gains on securities	17,298	9,966	6,320	3,646
Deferred losses on hedges	-565	-1,032	34	-1,066
Foreign currency translation adjustments	16,360	-2,201	-6,567	4,366
Minority Interests	12,452	11,451	11,525	-74
Liabilities and Net Assets	1,117,850	1,398,243	1,358,349	39,894

(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, 2008		
	Previous Forecast as of May 8, 2008	Current Forecast as of Aug.1, 2008
Net Sales	555,000 →	529,000
Operating Income	37,000 →	37,000
Net Income	16,000 →	16,000
Forecast for the Fiscal Year Ending March 31, 2009		
	Previous Forecast as of May 8, 2008	Current Forecast as of Aug.1, 2008
Net Sales	1,150,000 →	1,108,000
Operating Income	95,000 →	95,000
Net Income	43,000 →	43,000
	Previous Forecast as of May 8, 2008	Current Forecast as of Aug.1, 2008
<Averaged Foreign Exchange Rate>		
Yen / US Dollar	100 →	101
Yen / Euro	155 →	157