

Consolidated Financial Results for the First Quarter of the Fiscal Year Ended March 31, 2009



August 1, 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

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(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ended March 31, 2009 (From April 1, 2008 to June 30, 2008)

(1) Consolidated Results of Operations (cumulative) (% indicate changes from the same period of the previous term)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
1Q ended June 30, 2008	254,331	—	17,544	—	12,698	—	6,521	—
1Q ended June 30, 2007	264,418	17.2	31,133	111.6	27,565	124.9	17,644	147.7

	Net income per share	Fully diluted net income per share
	(¥)	(¥)
1Q ended June 30, 2008	24.22	24.22
1Q ended June 30, 2007	65.27	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	%	(¥)
As of June 30, 2008	1,398,243	366,948	25.4	1,330.09
As of March 31, 2008	1,358,349	367,876	26.2	1,318.65

Note: Equity as of June 30, 2008: ¥ 355,497 million March 31, 2008: ¥ 356,351 million

2. Dividends

(Record date)	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	(¥)	(¥)	(¥)	(¥)	(¥)
Year ended March 31, 2008	—	20.00	—	20.00	40.00
Year ended March 31, 2009	—	—	—	—	—
Year ended March 31, 2009 (Forecast)	—	20.00	—	20.00	40.00

Note: Revisions of the forecast in the first quarter of the fiscal year ended March 31, 2009: None

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

(% indicates changes from the previous corresponding term)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
2Q (cumulative)	529,000	(3.9)	37,000	(38.6)	27,000	(46.1)	16,000	(49.8)	59.86
Full year	1,108,000	(1.8)	95,000	(15.6)	75,000	(19.4)	43,000	(25.8)	160.88

* Note: Revision of the forecast in the first quarter of the fiscal year ended March 31, 2009: Yes

4. Others

(1) Significant changes of subsidiaries during period under review (affecting specific subsidiaries due to changes in scope of consolidation): No

(2) Application of simplified accounting as well as specific accounting for preparing the quarterly consolidated financial statements: Yes

[Note: For more details, please refer to the section of “4. Others of [Qualitative Information and Financial Statements]” on page 5.]

(3) Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements (changes described in the section of “Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements”)

1) Changes due to revisions to accounting standards: Yes

2) Changes due to other reasons: None

(4) Number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stock)

As of June 30, 2008 271,283,608 shares

As of March 31, 2008 271,283,608 shares

2) Number of treasury stock at the end of the period

As of June 30, 2008 4,010,184 shares

As of March 31, 2008 1,044,440 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the first quarter of the fiscal year ended March 31, 2009 269,248,342 shares

For the first quarter of the fiscal year ended March 31, 2008 270,308,052 shares

* Proper use of the forecast of financial results, and other special directions

1. The forecast of consolidated financial results for the end of the second quarter and the full year announced on May 8, 2008 were revised in this document.

2. The forward-looking statements, including the forecast of financial results, contained in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business results may differ substantially due to a number of factors. Please refer to the section of “3. Qualitative information regarding forecast of consolidated financial results of [Qualitative Information and Financial Statements]” on page 4 for the suppositions that form the assumptions for business results and cautions concerning the use of the forecast of financial results, as well as the specific figures of the forecast revision pertaining to 1. above.

3. Commencing with the current fiscal year, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ [Accounting Standards Board of Japan] Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14) are applied. Also, quarterly consolidated financial statements are prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”

[Qualitative Information and Financial Statements]

1. Qualitative Information Regarding Consolidated Results of Operations

The Japanese economy for the first quarter of the current year decelerated further due to galloping crude oil prices that depressed corporate earnings and slackened business investments. Across the globe, although we are witnessing continued growth in emerging countries, the slowdown of the European and U.S. economy was unabated due to sluggish consumer spending on the heels of the sub-prime mortgage crisis and soaring crude oil and raw material prices.

In this business environment, the Olympus Group's consolidated net sales for the first quarter, compared to the previous year, was ¥254,331 million (a decrease of 3.8%). The consolidated operating income figure was ¥17,544 million (down by 43.6%), the consolidated ordinary income figure was ¥12,698 million (down by 53.9%), due to worsening non-operating income and expenses caused by an increase in foreign currency exchange loss, and the net income for the quarter was ¥6,521 million (down by 63.0%), a figure attributable to the recording of ¥842 million in extraordinary losses and of ¥5,579 million in income taxes.

With respect to foreign currency exchange rates, compared to the previous year, rates against the euro remained roughly the same, however, the yen greatly appreciated against the U.S. dollar with average rates during the period at ¥104.55 per dollar and ¥163.43 per euro. These rates attributed to a ¥13,800 million decrease in net sales year on year.

Consolidated net sales for the Imaging Systems Business was ¥72,116 million (an 11.7% decrease over the previous year), while operating income was ¥9,766 million (down by 34.4%). Although the number of compact digital cameras and digital single-lens reflex cameras sold did not change from last year, revenues suffered due to a higher yen and a drop in unit prices. Operating income decreased due to lower revenue and higher raw material prices.

Consolidated net sales for the Medical Systems Business amounted to ¥90,154 million (a 14.8% increase over the previous year), while operating income amounted to ¥17,844 million (a 16.9% decrease over the previous year). The addition of the sales of Gyrus Group PLC, a British medical treatment device company subsidiarized in February of this year, resulted in an increase in sales in the surgical related business. Also, the core product high-resolution HDTV endoscope system sold well in Asia and Central and South America and favorable performance in Endo Therapy products, mainly guidewires and other pancreaticobiliary duct endotherapy devices, and surgical fields contributed to higher revenue. Operating income dropped as a result of an increase in depreciation costs due to the business integration with Gyrus and the stronger yen.

Consolidated net sales for the Life Sciences Business was ¥28,532 million (a 1.1% decrease over the previous year), while an operating loss of ¥265 million was recorded (compared to the operating income of ¥919 million in the previous year). In the micro-imaging (microscopes) field, revenue decreased due to a higher yen and lower sales in industrial microscopes attributable to constricted capital expenditures in the wake of an economic slowdown, however, in the diagnostic systems field, favorable results were witnessed in blood transfusion related products here in Japan and in the U.S. and sales expanded in biochemistry related products in Europe and Asia. An operating loss was recorded mainly due to exchange rates and an increase in R&D related investments in new products.

Consolidated net sales for the Information & Communication Business was ¥47,417 million (a 20.7% decrease over the previous year), while operating income showed ¥99 million (a 2.1% increase over the previous year). Net sales witnessed a decrease due to lower returns as a result of changes in the sales fee plans of telecommunications companies involved in the cellular phone terminal sales, however, operating income retained its previous year level due to successful efforts at controlling business expenses.

Consolidated net sales for other business was ¥16,112 million (a 3.4% increase over the previous year) and an

operating loss of ¥3,308 million was recorded (compared to ¥544 million operating income in the previous year). Contributing factors leading to higher revenue were seen in the non-destructive testing equipment field, where robust sales in our highly functional phased array ultrasound testing devices were recorded mainly overseas, as well as in the information equipment field, which saw an increase in sales in high-speed ink jet printers. With regard to operating loss, we experienced a loss in profit due to a hike in amortization of goodwill of newly consolidated subsidiaries.

2. Qualitative Information Regarding Consolidated Financial Position

Total assets at the end of the first quarter of the current fiscal year were ¥1,398,243 million, up ¥39,894 million compared to the end of the previous year. Although there were increases of ¥13,055 million in cash and time deposits, ¥9,780 million in inventories and ¥4,013 million in “lease assets”, due to the application of accounting treatments for consolidated subsidiaries in countries or regions other than Japan when drafting consolidated financial statements, notes and accounts receivable suffered a decrease of ¥7,370 million.

With respect to liabilities, short-term borrowings and “lease liabilities” due to the application of accounting treatments for consolidated subsidiaries in countries or regions other than Japan when drafting consolidated financial statements were up ¥35,729 million and ¥4,438 million, respectively. However, notes and accounts payable dropped by ¥11,974 million.

As for net assets, a decrease in shareholders’ equity of ¥7,800 million was recorded due to the acquisition of ¥9,998 million worth of treasury stock as a means of returning profits to shareholders, in addition to fluctuations in surplus such as net income of ¥6,521 million and dividends from surplus of ¥5,405 million. On the other hand, because of an increase of ¥6,946 million in valuation and translation adjustments due to fluctuations in exchange rates and share prices, net assets were down ¥928 million compared to the end of the previous fiscal year and the equity ratio was 25.4%.

3. Qualitative Information Regarding Forecast of Consolidated Financial Results

Concerning the forecast for the first and second quarter cumulated consolidated results and year-end results, the Company revised its previous forecast on net assets as follows taking into consideration effects from global drops in unit prices of digital cameras and changes in sales fee plans of communications service providers involved in the cellular phone terminal sales. Please note that, with respect to operating income, ordinary income and net income, we do not predict any changes from the previously announced forecasts due to an expected fall in operating costs.

Exchange rates in the second quarter and beyond are expected to be ¥100 per U.S. dollar and ¥155 yen per euro and the average exchange rates for the entire year, a precondition for the forecast, are expected to be ¥101 yen per U.S. dollar and ¥157 per euro.

Second quarter ended September 30, 2008 (cumulative)

	Net sales	Operating income	Ordinary income	Net income
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Previous Forecast (A)	555,000	37,000	27,000	16,000
Revised forecast (B)	529,000	37,000	27,000	16,000
Increase (Decrease) (B-A)	(26,000)	–	–	–
Increase (Decrease) Ratio (%)	(4.7)	–	–	–

Fiscal year ended March 31, 2009

	Net sales	Operating income	Ordinary income	Net income
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Previous Forecast (A)	1,150,000	95,000	75,000	43,000
Revised forecast (B)	1,108,000	95,000	75,000	43,000
Increase (Decrease) (B-A)	(42,000)	–	–	–
Increase (Decrease) Ratio (%)	(3.7)	–	–	–

4. Others

- (1) Significant changes of subsidiaries during period under review (affecting specific subsidiaries due to changes in scope of consolidation)

No items to report

- (2) Application of simplified accounting as well as specific accounting for preparing the quarterly consolidated financial statements

- 1) Calculation of tax expense

The tax expense was calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to income before provision for income taxes during the consolidated fiscal year including this first quarter and multiplying that rate by the quarterly income before provision for income taxes.

- 2) Inventory valuation method

With respect to the calculation of inventories at the end of the first quarter, physical inventories were omitted and a reasonable calculation method was employed based on the physical inventories at the end of the previous fiscal year.

In addition, concerning the lowering of the book value of inventories, only for those items whose drop in profitability became apparent was an estimate of net sale price made and book values lowered.

- 3) Fixed asset depreciation cost calculation method

Concerning assets for which the declining balance method is employed, depreciation costs for the first quarter are calculated pro rata from the depreciation cost for the entire fiscal year.

- (3) Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements

- 1) Application of accounting standards concerning quarterly financial statements

Commencing with the current fiscal year, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ [Accounting Standards Board of Japan] Statement No. 12, March 14, 2007) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14, March 14, 2007) are applied. Also, quarterly consolidated financial statements are prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”

2) Application of accounting standards concerning the valuation of inventories

In the past, inventories were stated mainly using the lower of cost (first-in first-out) or market method. As the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 5, 2006) was applied from the first quarter under review, inventories are mainly stated at the cost (first-in first-out) (for the value stated on the balance sheet, the book value is indicated based on the decreased profitability). The impact of this change on gains or losses is immaterial.

3) Application of the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

Commencing with this first quarter, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF Practical Solution No. 18, ASBJ, May 17, 2006) is applied, and necessary amendments for consolidated financial statements are made.

4) Application of accounting standards concerning lease transactions

Before the change, the accounting treatment for finance lease transactions not involving the transfer of ownership followed mutatis mutandis the method for operating lease transactions, but now after the application of the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13; Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16; the Japanese Institute of Certified Public Accountants, Accounting Committee, January 18, 1994; revised March 30, 2007) are allowed starting from the quarterly consolidated financial statements related to the fiscal year beginning April 1, 2008 or later, the Company applies these standard and guidance from this first quarter, and the accounting treatment for such transactions follows the method for ordinary purchase and sales transactions. Meanwhile, depreciation of leased assets pertaining to finance lease transactions not involving the transfer of ownership is computed on a straight-line method over the lease period as useful life without residual value. The impact of this change on gains or losses is immaterial.

5. Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	As of June 30, 2008	As of March 31, 2008 (Summary)
ASSETS		
Current assets		
Cash and time deposits	171,336	158,281
Notes and accounts receivable	186,185	193,555
Marketable securities	200	3
Merchandise	11,728	10,928
Finished goods	61,486	54,301
Raw materials	19,797	18,989
Work in process	27,593	26,606
Others	87,025	83,751
Allowance for doubtful accounts	(4,060)	(3,109)
Total current assets	561,290	543,305
Fixed assets		
Property, plant and equipment		
Buildings and structures	62,494	61,305
Machinery and equipment	18,149	18,350
Tools, furniture and fixtures	49,486	42,692
Land	21,358	21,291
Lease assets	4,013	–
Construction in progress	9,460	6,398
Total tangible fixed assets	164,960	150,036
Intangible fixed assets		
Goodwill	305,695	299,800
Others	97,867	104,230
Total intangible fixed assets	403,562	404,030
Investments and other assets		
Investment securities	198,826	193,843
Others	70,021	67,550
Allowance for doubtful accounts	(416)	(415)
Total investments and other assets	268,431	260,978
Total fixed assets	836,953	815,044
Total assets	1,398,243	1,358,349

(Millions of yen)

	As of June 30, 2008	As of March 31, 2008 (Summary)
LIABILITIES		
Current liabilities		
Notes and accounts payable	71,628	83,602
Short-term borrowings	374,516	338,787
Current maturities of bonds	35,218	35,201
Income taxes payable	10,875	14,121
Warranty reserve	10,848	10,141
Other reserves	90	133
Others	190,992	180,469
Total current liabilities	694,167	662,454
Long-term liabilities		
Long-term bonds, less current maturities	105,497	105,397
Long-term borrowings, less current maturities	175,478	177,371
Severance and retirement allowance	12,019	10,317
Other reserves	556	574
Others	43,578	34,360
Total long-term liabilities	337,128	328,019
Total liabilities	1,031,295	990,473
NET ASSETS		
Shareholders' equity		
Common stock	48,332	48,332
Capital surplus	73,049	73,049
Retained earnings	240,042	237,817
Treasury stock at cost	(12,659)	(2,634)
Total shareholders' equity	348,764	356,564
Valuation and translation adjustments		
Net unrealized holding gains on securities	9,966	6,320
Deferred gains or losses on hedges	(1,032)	34
Foreign currency translation adjustment	(2,201)	(6,567)
Total valuation and translation adjustments	6,733	(213)
Minority interests	11,451	11,525
Total net assets	366,948	367,876
Total liabilities and net assets	1,398,243	1,358,349

(2) Consolidated statement of income

	(Millions of yen)
	First quarter ended June 30, 2008 (From April 1, 2008 to June 30, 2008)
Net sales	254,331
Costs of sales	129,067
Gross profit	125,264
Selling, general and administrative expenses	107,720
Operating income	17,544
Non-operating income	
Interest income	945
Dividends income	513
Others	1,380
Total non-operating income	2,838
Non-operating expenses	
Interest expenses	3,185
Foreign currency exchange loss	2,246
Others	2,253
Total non-operating expenses	7,684
Ordinary income	12,698
Extraordinary losses	
Losses on valuation of investment securities	842
Total extraordinary losses	842
Income before provision for income taxes	11,856
Income taxes	5,579
Minority interests	(244)
Net income	6,521

Commencing with the current fiscal year, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ [Accounting Standards Board of Japan] Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14) are applied. Also, quarterly consolidated financial statements are prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”

(3) Notes on premise of going concern

No items to report

(4) Segment information

a. Segment information by type of business

First quarter of the fiscal year ended March 31, 2009 (from April 1, 2008 to June 30, 2008)

(Millions of yen)

	Imaging Systems	Medical Systems	Life Sciences	Information & Communication	Others	Total	Elimination or Unallocation	Consolidated
Net sales								
(1) Sales to outside customers	72,116	90,154	28,532	47,417	16,112	254,331	—	254,331
(2) Internal sales of transfer among segments	27	11	63	—	146	247	(247)	—
Total	72,143	90,165	28,595	47,417	16,258	254,578	(247)	254,331
Operating income (or operating loss)	9,766	17,844	(265)	99	(3,308)	24,136	(6,592)	17,544

Notes: 1. Method of segmentation of business

Businesses established based on product line are segmented taking into consideration similarities in sales markets.

2. The main products for each business

(1) Imaging Systems: Digital cameras, Voice recorders

(2) Medical Systems: Medical endoscopes, Surgical endoscopes, Endo Therapy products, Ultrasound endoscopes

(3) Life Sciences: Blood analyzer (clinical chemistry analyzer), Biological microscopes, Industrial microscopes

(4) Information & Communication: Sales of mobile terminals including mobile handsets, Mobile solution, Mobile content services, Development and sales of business package software, Sales of network infrastructure systems, Sales of semiconductor devices and electric equipment

(5) Others: Industrial endoscopes, Non-destructive testing equipment, Printers, Bar code data processing equipment, System development, etc.

b. Segment information by region

First quarter of the fiscal year ended March 31, 2009 (from April 1, 2008 to June 30, 2008)

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination or Unallocation	Consolidated
Net sales							
(1) Sales to outside customers	96,427	62,611	74,611	20,682	254,331	—	254,331
(2) Internal sales or transfer among segments	74,893	1,931	4,494	25,774	107,092	(107,092)	—
Total	171,320	64,542	79,105	46,456	361,423	(107,092)	254,331
Operating income	11,770	2,985	5,160	2,896	22,811	(5,267)	17,544

Notes: 1. Countries and regions are segmented by geographical proximity.

2. 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.

c. Overseas sales

First quarter of the fiscal year ended March 31, 2009 (from April 1, 2008 to June 30, 2008)

	North America	Europe	Asia	Others	Total
I. Overseas sales	57,208	75,349	31,692	6,072	170,321
II. Consolidated sales					254,331
III. Percentage of overseas sales in consolidated sales (%)	22.5	29.6	12.5	2.4	67.0

(Millions of yen)

- Notes: 1. Overseas sales refer to the sales of the Company and its consolidated subsidiaries in countries or regions other than Japan.
 2. Regions are segmented by geographical proximity.
 3. 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.

(5) Notes on significant changes in the amount of shareholders' equity

The Company, 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. The repurchase was implemented as follows:

1. Class of shares: Common stock
2. Total number of shares repurchased: 2,958,000 shares
3. Total cost of repurchase: 9,998 million 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

(6) Significant subsequent event

In accordance with a resolution of the Board of Directors, at a meeting held on July 4, 2008, the Company has issued its 20th unsecured straight bond (limited to eligible institutional investors) and its 21st unsecured straight bond (limited to eligible institutional investors) on July 16, 2008 for the purpose of appropriation to business funds. An overview is provided below.

1. 20th unsecured straight bond
 Total issuance: 20,000 million yen
 Interest Rate: annual 1.58 %
 Redemption date: July 16, 2013
2. 21st unsecured straight bond
 Total issuance: 25,000 million yen
 Interest Rate: annual 2.15 %
 Redemption date: July 13, 2018

Reference:**Consolidated Financial Statements, etc. for the First Quarter Ended June 30, 2007**

(1) (Summary) Consolidated statement of income

(Millions of yen)

Items	For the first quarter ended June 30, 2007
Net Sales	264,418
Cost of sales	140,090
Gross profit	124,328
Selling, general and administrative expenses	93,195
Operating income	31,133
Non-operating income	2,226
Interest income	911
Others	1,315
Non-operating expenses	5,794
Interest expenses	3,176
Net loss of investment in affiliated companies carried on the equity method	305
Foreign currency exchange loss	1,213
Others	1,100
Ordinary income	27,565
Extraordinary gains	2,323
Extraordinary losses	—
Income before provision for income taxes	29,888
Income taxes	12,144
Minority interests	100
Net income	17,644

(2) Segment information

a. Segment information by type of business

First quarter of the fiscal year ended March 31, 2008 (from April 1, 2007 to June 30, 2007)

(Millions of yen)

	Imaging Systems	Medical Systems	Life Sciences	Information & Communication	Others	Total	Elimination or Unallocation	Consolidated
Net sales								
(1) Sales to outside customers	81,678	78,554	28,839	59,766	15,581	264,418	—	264,418
(2) Internal sales of transfer among segments	156	11	58	—	80	305	(305)	—
Total	81,834	78,565	28,897	59,766	15,661	264,723	(305)	264,418
Operating income (or operating loss)	14,880	21,469	919	97	544	37,909	(6,776)	31,133

Notes: 1. Method of segmentation of business

Businesses established based on product line are segmented taking into consideration similarities in sales markets.

2. The main products for each business

(1) Imaging Systems: Digital cameras, Voice recorders

(2) Medical Systems: Medical endoscopes, Surgical endoscopes, Endo Therapy products, Ultrasound endoscopes

(3) Life Sciences: Blood analyzer (clinical chemistry analyzer), Biological microscopes, Industrial microscopes

(4) Information & Communication: Sales of mobile terminals including mobile handsets, Development and sales of business package software, Mobile resolution, Mobile content services, Sales of network infrastructure systems, Sales of semiconductor devices and electric equipment

(5) Others: Industrial endoscopes, Non-destructive testing equipment, Printers, Bar code data processing equipment, System development, etc.

b. Segment information by region

First quarter of the fiscal year ended March 31, 2008 (from April 1, 2007 to June 30, 2007)

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Elimination or Unallocation	Consolidated
Net sales							
(1) Sales to outside customers	110,690	62,399	68,819	22,510	264,418	—	264,418
(2) Internal sales or transfer among segments	82,124	2,338	3,866	27,088	115,416	(115,416)	—
Total	192,814	64,737	72,685	49,598	379,834	(115,416)	264,418
Operating income	26,580	5,180	3,949	3,622	39,331	(8,198)	31,133

Notes: 1. Countries and regions are segmented by geographical proximity.

2. 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.

c. Overseas sales

First quarter of the fiscal year ended March 31, 2008 (from April 1, 2007 to June 30, 2007)

(Millions of yen)

	North America	Europe	Asia	Others	Total
I. Overseas sales	57,562	69,781	33,478	6,530	167,351
II. Consolidated sales					264,418
III. Percentage of overseas sales in consolidated sales (%)	21.8	26.3	12.7	2.5	63.3

Notes: 1. Overseas sales refer to the sales of the Company and its consolidated subsidiaries in countries or regions other than Japan.

2. Regions are segmented by geographical proximity.

3. 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.