

# Olympus Corporation and Consolidated Subsidiaries



## FINANCIAL RESULTS For the Second Quarter ended September 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 half year ended		For the half year ended		Growth (%)	For the fiscal year ending		
	<b>September 30</b>	Proportion	<b>September 30</b>	Proportion		<b>March 31</b>	Proportion	Growth
	<b>2007</b>	(%)	<b>2008</b>	(%)		<b>2009(Forecast)</b>	(%)	(%)
Net Sales	<b>550,366</b>		<b>535,790</b>		-2.6%	<b>1,055,000</b>		-6.5%
<u>Cost of Sales</u>	<b>299,040</b>	54.3%	<b>272,623</b>	50.9%		<b>553,000</b>	52.4%	
Gross Profit	<b>251,326</b>	45.7%	<b>263,167</b>	49.1%	4.7%	<b>502,000</b>	47.6%	-1.5%
<u>S.G.A. Expenses</u>	<b>191,103</b>	34.8%	<b>231,068</b>	43.1%		<b>429,000</b>	40.7%	
Operating Income	<b>60,223</b>	10.9%	<b>32,099</b>	6.0%	-46.7%	<b>73,000</b>	6.9%	-35.2%
Other Income	<b>4,402</b>		<b>4,408</b>			<b>12,000</b>		
<u>Other Expenses</u>	<b>14,527</b>		<b>16,909</b>			<b>29,000</b>		
Extraordinary Item	<b>2,323</b>		<b>-2,120</b>			<b>-3,000</b>		
Income Before Provision for Income Taxes	<b>52,421</b>	9.5%	<b>17,478</b>	3.3%	-66.7%	<b>53,000</b>	5.0%	-44.0%
<u>Provision for Income Taxes</u>	<b>20,588</b>		<b>14,518</b>			<b>33,900</b>		
<u>Minority Interests</u>	<b>-55</b>		<b>-643</b>			<b>100</b>		
Net Income	<b>31,888</b>	5.8%	<b>3,603</b>	0.7%	-88.7%	<b>19,000</b>	1.8%	-67.2%

Average Exchange Rate for Net Sales

Yen / U.S.Dollar	<b>119.33</b>		<b>106.11</b>			<b>103.00</b>		
Yen / Euro	<b>162.30</b>		<b>162.68</b>			<b>146.00</b>		
Favorable/Unfavorable Impact on Net Sales	<b>23,418</b>		<b>-22,282</b>			<b>-83,728</b>		
Favorable/Unfavorable Impact on Operating Income	<b>8,220</b>		<b>-3,183</b>			<b>-28,902</b>		
R & D Expenditures	<b>29,433</b>	5.3%	<b>34,798</b>	6.5%	18.2%	<b>66,000</b>	6.3%	0.1%
Capital Investments	<b>23,769</b>		<b>27,436</b>		15.4%	<b>62,000</b>		23.8%
Depreciation	<b>17,334</b>		<b>23,496</b>		35.5%	<b>48,000</b>		27.9%

(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 by Product

(Millions of Yen)

		September 30	Composition	September 30	Composition	Growth	March 31	Composition	Growth
		2007	Ratio (%)	2008	Ratio (%)	(%)	2009(Forecast)	Ratio (%)	(%)
Digital Camera	Domestic	<b>17,480</b>		<b>15,821</b>		-9.5%	<b>28,300</b>		-16.4%
	<u>Overseas</u>	<b>132,183</b>		<b>113,242</b>		-14.3%	<b>220,600</b>		-15.1%
	Total	<b>149,663</b>	27.2%	<b>129,063</b>	24.1%	-13.8%	<b>248,900</b>	23.6%	-15.2%
Others	Domestic	<b>2,096</b>		<b>2,315</b>		10.4%	<b>4,900</b>		7.3%
	<u>Overseas</u>	<b>11,381</b>		<b>8,909</b>		-21.7%	<b>19,200</b>		-14.5%
	Total	<b>13,477</b>	2.4%	<b>11,224</b>	2.1%	-16.7%	<b>24,100</b>	2.3%	-10.8%
<b>Imaging / Total</b>	Domestic	<b>19,576</b>		<b>18,136</b>		-7.4%	<b>33,200</b>		-13.6%
	<u>Overseas</u>	<b>143,564</b>		<b>122,151</b>		-14.9%	<b>239,800</b>		-15.0%
	Total	<b>163,140</b>	29.6%	<b>140,287</b>	26.2%	-14.0%	<b>273,000</b>	25.9%	-14.8%
Endoscope	Domestic	<b>24,055</b>		<b>22,233</b>		-7.6%	<b>48,780</b>		3.3%
	<u>Overseas</u>	<b>89,291</b>		<b>91,205</b>		2.1%	<b>180,100</b>		-5.3%
	Total	<b>113,346</b>	20.6%	<b>113,438</b>	21.2%	0.1%	<b>228,880</b>	21.7%	-3.6%
Surgical & Endo-Therapy	Domestic	<b>13,013</b>		<b>15,517</b>		19.2%	<b>31,320</b>		11.7%
	<u>Overseas</u>	<b>41,839</b>		<b>77,495</b>		85.2%	<b>142,800</b>		62.5%
	Total	<b>54,852</b>	10.0%	<b>93,012</b>	17.3%	69.6%	<b>174,120</b>	16.5%	50.2%
<b>Medical / Total</b>	Domestic	<b>37,068</b>		<b>37,750</b>		1.8%	<b>80,100</b>		6.4%
	<u>Overseas</u>	<b>131,130</b>		<b>168,700</b>		28.7%	<b>322,900</b>		16.1%
	Total	<b>168,198</b>	30.6%	<b>206,450</b>	38.5%	22.7%	<b>403,000</b>	38.2%	14.1%
MIS (1) (Microscope)	Domestic	<b>12,054</b>		<b>8,378</b>		-30.5%	<b>19,800</b>		-13.2%
	<u>Overseas</u>	<b>25,908</b>		<b>26,460</b>		2.1%	<b>51,100</b>		-8.6%
	Total	<b>37,962</b>	6.9%	<b>34,838</b>	6.5%	-8.2%	<b>70,900</b>	6.7%	-9.9%
Diagnostic Systems (Blood Analyzers)	Domestic	<b>3,363</b>		<b>3,562</b>		5.9%	<b>7,600</b>		12.2%
	<u>Overseas</u>	<b>21,503</b>		<b>23,194</b>		7.9%	<b>43,500</b>		-5.3%
	Total	<b>24,866</b>	4.5%	<b>26,756</b>	5.0%	7.6%	<b>51,100</b>	4.9%	-3.1%
<b>Life Science / Total</b>	Domestic	<b>15,417</b>		<b>11,940</b>		-22.6%	<b>27,400</b>		-7.4%
	<u>Overseas</u>	<b>47,411</b>		<b>49,654</b>		4.7%	<b>94,600</b>		-7.1%
	Total	<b>62,828</b>	11.4%	<b>61,594</b>	11.5%	-2.0%	<b>122,000</b>	11.6%	-7.2%
<b>Information &amp; Communication</b>	Domestic	<b>118,324</b>		<b>88,970</b>		-24.8%	<b>173,200</b>		-28.2%
	<u>Overseas</u>	<b>6,525</b>		<b>4,027</b>		-38.3%	<b>9,800</b>		-26.0%
	Total	<b>124,849</b>	22.7%	<b>92,997</b>	17.4%	-25.5%	<b>183,000</b>	17.3%	-28.0%
Others	Domestic	<b>15,842</b>		<b>18,703</b>		18.1%	<b>44,800</b>		24.8%
	<u>Overseas</u>	<b>15,509</b>		<b>15,759</b>		1.6%	<b>29,200</b>		-12.4%
	Total	<b>31,351</b>	5.7%	<b>34,462</b>	6.4%	9.9%	<b>74,000</b>	7.0%	6.8%
<b>Total</b>	Domestic	<b>206,227</b>		<b>175,499</b>		-14.9%	<b>358,700</b>		-14.6%
	<u>Overseas</u>	<b>344,139</b>		<b>360,291</b>		4.7%	<b>696,300</b>		-1.7%
	Total	<b>550,366</b>	100.0%	<b>535,790</b>	100.0%	-2.6%	<b>1,055,000</b>	100.0%	-6.5%

## Sales and Operating Income by Business Segment

(Millions of Yen)

		The first half year			The second half year			The fiscal year		
		From April 1, 2007 to Sep 30,2007	From April 1, 2008 to Sep 30,2008	Growth	From Oct 1, 2007 to Mar 31,2008	From Oct 1, 2008 to Mar 31,2009	Growth	From April 1, 2007 to Mar 31,2008	From April 1, 2008 to Mar 31,2009	Growth
					Forecast			Forecast		
Imaging	Net Sales	<b>163,140</b>	<b>140,287</b>	-22,853	<b>157,449</b>	<b>132,713</b>	-24,736	<b>320,589</b>	<b>273,000</b>	-47,589
	Operating Income	<b>21,560</b>	<b>11,769</b>	-9,791	<b>11,526</b>	<b>-1,769</b>	-13,295	<b>33,086</b>	<b>10,000</b>	-23,086
	(%)	13.2%	8.4%	-45.4%	7.3%	-1.3%	—	10.3%	3.7%	-69.8%
Medical	Net Sales	<b>168,198</b>	<b>206,450</b>	38,252	<b>185,071</b>	<b>196,550</b>	11,479	<b>353,269</b>	<b>403,000</b>	49,731
	Operating Income	<b>49,523</b>	<b>38,757</b>	-10,766	<b>48,897</b>	<b>52,243</b>	3,346	<b>98,420</b>	<b>91,000</b>	-7,420
	(%)	29.4%	18.8%	-21.7%	26.4%	26.6%	6.8%	27.9%	22.6%	-7.5%
Life Science	Net Sales	<b>62,828</b>	<b>61,594</b>	-1,234	<b>68,618</b>	<b>60,406</b>	-8,212	<b>131,446</b>	<b>122,000</b>	-9,446
	Operating Income	<b>2,829</b>	<b>1,756</b>	-1,073	<b>4,161</b>	<b>3,744</b>	-417	<b>6,990</b>	<b>5,500</b>	-1,490
	(%)	4.5%	2.9%	-37.9%	6.1%	6.2%	-10.0%	5.3%	4.5%	-21.3%
Information and Communication	Net Sales	<b>124,849</b>	<b>92,997</b>	-31,852	<b>129,463</b>	<b>90,003</b>	-39,460	<b>254,312</b>	<b>183,000</b>	-71,312
	Operating Income	<b>600</b>	<b>3</b>	-597	<b>2,401</b>	<b>-3</b>	-2,404	<b>3,001</b>	<b>0</b>	-3,001
	(%)	0.5%	0.0%	-99.5%	1.9%	0.0%	—	1.2%	0.0%	-100.0%
Others	Net Sales	<b>31,351</b>	<b>34,462</b>	3,111	<b>37,908</b>	<b>39,538</b>	1,630	<b>69,259</b>	<b>74,000</b>	4,741
	Operating Income	<b>782</b>	<b>-5,407</b>	-6,189	<b>135</b>	<b>-93</b>	-228	<b>917</b>	<b>-5,500</b>	-6,417
	(%)	2.5%	-15.7%	—	0.4%	-0.2%	—	1.3%	-7.4%	—
Elimination or Corporate	Operating Income	<b>-15,071</b>	<b>-14,779</b>	292	<b>-14,720</b>	<b>-13,221</b>	1,499	<b>-29,791</b>	<b>-28,000</b>	1,791
<b>Total</b>	Net Sales	<b>550,366</b>	<b>535,790</b>	-14,576	<b>578,509</b>	<b>519,210</b>	-59,299	<b>1,128,875</b>	<b>1,055,000</b>	-73,875
	Operating Income	<b>60,223</b>	<b>32,099</b>	-28,124	<b>52,400</b>	<b>40,901</b>	-11,499	<b>112,623</b>	<b>73,000</b>	-39,623
	(%)	10.9%	6.0%	-46.7%	9.1%	7.9%	-21.9%	10.0%	6.9%	-35.2%

## Sales by Region

(Millions of Yen)

		September 30	Composition	September 30	Composition	Growth
		2007	Ratio (%)	2008	Ratio (%)	(%)
<b>Imaging</b>	Japan	19,576	12.0%	18,136	12.9%	-7.4%
	N. America	35,706	21.9%	31,495	22.5%	-11.8%
	Europe	62,972	38.6%	52,205	37.2%	-17.1%
	Asia	39,728	24.3%	32,759	23.4%	-17.5%
	Others	5,158	3.2%	5,692	4.0%	10.4%
	Total	163,140		140,287		-14.0%
<b>Medical</b>	Japan	37,068	22.0%	37,750	18.3%	1.8%
	N. America	58,158	34.6%	77,704	37.6%	33.6%
	Europe	52,604	31.3%	67,302	32.7%	27.9%
	Asia	16,082	9.6%	18,456	8.9%	14.8%
	Others	4,286	2.5%	5,238	2.5%	22.2%
	Total	168,198		206,450		22.7%
<b>Life Science</b>	Japan	15,417	24.5%	11,940	19.4%	-22.6%
	N. America	15,783	25.1%	15,261	24.8%	-3.3%
	Europe	20,405	32.5%	21,317	34.6%	4.5%
	Asia	9,532	15.2%	11,230	18.2%	17.8%
	Others	1,691	2.7%	1,846	3.0%	9.2%
	Total	62,828		61,594		-2.0%
<b>Information &amp; Communication</b>	Japan	118,324	94.7%	88,970	96.0%	-24.8%
	N. America	1,566	1.3%	804	0.9%	-48.7%
	Europe	2,623	2.1%	1,998	2.1%	-23.8%
	Asia	2,336	1.9%	941	1.0%	-59.7%
	Others	—	—	284	—	—
	Total	124,849		92,997		-25.5%
<b>Others</b>	Japan	15,842	50.5%	18,703	54.3%	18.1%
	N. America	7,377	23.5%	7,030	20.4%	-4.7%
	Europe	4,950	15.9%	5,137	14.9%	3.8%
	Asia	2,485	7.9%	2,889	8.4%	16.3%
	Others	697	2.2%	703	2.0%	0.9%
	Total	31,351		34,462		9.9%
<b>Total</b>	Japan	206,227	37.5%	175,499	32.8%	-14.9%
	N. America	118,590	21.5%	132,294	24.6%	11.6%
	Europe	143,554	26.2%	147,959	27.6%	3.1%
	Asia	70,163	12.7%	66,275	12.4%	-5.5%
	Others	11,832	2.1%	13,763	2.6%	16.3%
	Total	550,366		535,790		-2.6%

## Consolidated Statements of Income (Quarterly)

(Millions of Yen)

	For the year ending March 31,2009		Growth (%)	
	First Quarter	Second Quarter	First Quarter	Second Quarter
	Net Sales	254,331	281,459	-3.8%
Cost of Sales	<u>129,067</u>	<u>143,556</u>	-7.9%	-9.7%
Gross Profit	125,264	137,903	0.8%	8.6%
S.G.A. Expenses	<u>107,720</u>	<u>123,348</u>	15.6%	26.0%
Operating Income	17,544	14,555	-43.6%	-50.0%
Other Income	2,838	1,570	27.5%	-27.8%
Other Expenses	<u>7,684</u>	<u>9,227</u>	32.6%	5.7%
Extraordinary Item	12,698	6,898	-53.9%	-69.4%
Income Before Provision for Income Taxes	-842	-1,276	—	—
Provision for Income Taxes	<u>5,579</u>	<u>8,939</u>	-54.1%	5.9%
Minority Interests	<u>-244</u>	<u>-399</u>	—	—
Net Income	6,521	-2,918	-63.0%	-120.5%
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Capital Investments	11,026	16,410	-22.6%	72.4%
Depreciation	9,136	14,360	2.5%	70.6%

(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 (Quarterly)

(Millions of Yen)

		For the year ending March 31,2009		Growth (%)	
		First Quarter	Second Quarter	First Quarter	Second Quarter
		Imaging	Net Sales	72,116	68,171
	Operating Income	9,766	2,003	-34.4%	-70.0%
Medical	Net Sales	90,154	116,296	14.8%	29.7%
	Operating Income	17,844	20,913	-16.9%	-25.5%
Life Science	Net Sales	28,532	33,062	-1.1%	-2.7%
	Operating Income	-265	2,021	—	5.8%
Information and Communication	Net Sales	47,417	45,580	-20.7%	-30.0%
	Operating Income	99	-96	2.1%	—
Others	Net Sales	16,112	18,350	3.4%	16.4%
	Operating Income	-3,308	-2,099	—	—
Elimination or Corporate	Operating Income	-6,592	-8,187	-2.7%	-1.3%
<b>Total</b>	Net Sales	254,331	281,459	-3.8%	-1.6%
	Operating Income	17,544	14,555	-43.6%	-50.0%

## Consolidated Balance Sheets

	(Millions of Yen)			
	September 30 2007	September 30 2008	March 31 2008	Variance
<b>Current Assets</b>	578,333	500,846	543,305	-42,459
Cash and time deposits	179,589	129,690	158,281	-28,591
Notes and accounts receivable	189,866	184,178	193,555	-9,377
Marketable securities	28,301	205	3	202
Inventories	104,678	108,559	110,824	-2,265
Deferred income taxes	34,161	37,785	36,719	1,066
Other current assets	45,116	44,384	47,032	-2,648
Allowance for doubtful accounts	-3,378	-3,955	-3,109	-846
<b>Fixed Assets</b>	532,502	806,788	815,044	-8,256
<b>Tangible Assets</b>	145,722	163,268	150,036	13,232
Buildings and structures	64,036	59,326	61,305	-1,979
Machinery and equipment	17,837	17,921	18,350	-429
Tools, dies, furniture and fixtures	40,496	47,259	42,692	4,567
Land	22,120	20,579	21,291	-712
Leased asset	—	3,985	—	3,985
Construction in progress	1,233	14,198	6,398	7,800
<b>Intangible Assets</b>	100,203	392,310	404,030	-11,720
Goodwill	80,373	297,166	299,800	-2,634
Others	19,830	95,144	104,230	-9,086
<b>Investments and Other Assets</b>	286,577	251,210	260,978	-9,768
Investment securities	214,364	174,938	193,843	-18,905
Deferred income taxes	10,255	15,846	9,665	6,181
Others	62,492	60,863	57,885	2,978
Allowance for doubtful accounts	-534	-437	-415	-22
<b>Total Assets</b>	1,110,835	1,307,634	1,358,349	-50,715

	(Millions of Yen)			
	September 30 2007	September 30 2008	March 31 2008	Variance
<b>Current Liabilities</b>	435,144	393,846	662,454	-268,608
Notes and accounts payable	90,997	77,063	83,602	-6,539
Short-term borrowings	151,102	146,114	338,787	-192,673
Current maturities of bonds	30,076	5,014	35,201	-30,187
Accrued expenses	77,796	74,514	82,467	-7,953
Income taxes payable	13,407	11,869	14,121	-2,252
Warranty reserve	8,914	10,249	10,141	108
Other current liabilities	62,852	69,023	98,135	-29,112
<b>Long-term Liabilities</b>	303,218	569,878	328,019	241,859
Long-term bonds, less current maturities	110,458	150,300	105,397	44,903
Long-term borrowings, less current maturities	166,720	362,357	177,371	184,986
Severance and retirement allowance	9,946	12,334	10,317	2,017
Other non-current liabilities	16,094	44,887	34,934	9,953
<b>Net Assets</b>	372,473	343,910	367,876	-23,966
<b>Owners' Equity</b>	335,413	345,856	356,564	-10,708
Common stock	48,332	48,332	48,332	—
Capital surplus	73,049	73,049	73,049	—
Retained earnings	216,522	237,292	237,817	-525
Treasury stock, at cost	-2,490	-12,817	-2,634	-10,183
<b>Valuation and Translation Adjustments</b>	24,290	-12,095	-213	-11,882
Net unrealized holding gains on securities	14,582	5,158	6,320	-1,162
Deferred losses on hedges	-486	2,480	34	2,446
Foreign currency translation adjustments	10,194	-19,733	-6,567	-13,166
<b>Minority Interests</b>	12,770	10,149	11,525	-1,376
<b>Liabilities and Net Assets</b>	1,110,835	1,307,634	1,358,349	-50,715

(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.