

# Olympus Corporation and Consolidated Subsidiaries



## FINANCIAL RESULTS For the Third Quarter ended December 31, 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 third quarter ended		For the third quarter ended		Growth (%)	For the fiscal year ending		
	<b>December 31</b>	Proportion	<b>December 31</b>	Proportion		<b>March 31</b>	Proportion	Growth
	<b>2007</b>	(%)	<b>2008</b>	(%)		<b>2009(Forecast)</b>	(%)	(%)
Net Sales	<b>843,135</b>		<b>754,185</b>		-10.5%	<b>980,000</b>		-13.2%
<u>Cost of Sales</u>	<b><u>459,053</u></b>	54.4%	<b><u>393,092</u></b>	52.1%		<b><u>530,000</u></b>	54.1%	
Gross Profit	<b>384,082</b>	45.6%	<b>361,093</b>	47.9%	-6.0%	<b>450,000</b>	45.9%	-11.7%
<u>S.G.A. Expenses</u>	<b><u>292,575</u></b>	34.7%	<b><u>331,148</u></b>	43.9%		<b><u>425,000</u></b>	43.3%	
Operating Income	<b>91,507</b>	10.9%	<b>29,945</b>	4.0%	-67.3%	<b>25,000</b>	2.6%	-77.8%
Other Income	<b>6,116</b>		<b>8,929</b>			<b>12,000</b>		
<u>Other Expenses</u>	<b><u>19,662</u></b>		<b><u>19,010</u></b>			<b><u>29,000</u></b>		
Extraordinary Item	<b>3,599</b>		<b>-31,177</b>			<b>-34,000</b>		
Income Before Provision for Income Taxes	<b>81,560</b>	9.7%	<b>-11,313</b>	—	—	<b>-26,000</b>	—	—
<u>Provision for Income Taxes</u>	<b><u>29,994</u></b>		<b><u>17,962</u></b>			<b><u>19,200</u></b>		
<u>Minority Interests</u>	<b><u>-87</u></b>		<b><u>-1,603</u></b>			<b><u>-200</u></b>		
Net Income	<b>51,653</b>	6.1%	<b>-27,672</b>	—	—	<b>-45,000</b>	—	—

### Average Exchange Rate for Net Sales

Yen / U.S.Dollar	<b>117.28</b>	<b>102.84</b>	<b>100.00</b>		
Yen / Euro	<b>162.82</b>	<b>150.70</b>	<b>142.00</b>		
Favorable/Unfavorable Impact on Net Sales	<b>27,975</b>	<b>-54,759</b>	<b>-99,198</b>		
Favorable/Unfavorable Impact on Operating Income	<b>11,981</b>	<b>-15,101</b>	<b>-34,798</b>		
Capital Investments	<b>33,533</b>	<b>35,514</b>	<b>58,000</b>	5.9%	15.8%
Depreciation	<b>26,219</b>	<b>34,328</b>	<b>47,000</b>	30.9%	25.3%

(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)

		December 31	Composition	December 31	Composition	Growth	March 31	Composition	Growth
		2007	Ratio (%)	2008	Ratio (%)	(%)	2009(Forecast)	Ratio (%)	(%)
Digital Camera	Domestic	<b>26,344</b>		<b>21,566</b>		-18.1%	<b>26,000</b>		-23.2%
	<u>Overseas</u>	<b>206,592</b>		<b>151,094</b>		-26.9%	<b>175,000</b>		-32.6%
	Total	<b>232,936</b>	27.6%	<b>172,660</b>	22.9%	-25.9%	<b>201,000</b>	20.5%	-31.5%
Others	Domestic	<b>3,216</b>		<b>3,330</b>		3.5%	<b>4,200</b>		-8.0%
	<u>Overseas</u>	<b>17,175</b>		<b>12,579</b>		-26.8%	<b>17,800</b>		-20.7%
	Total	<b>20,391</b>	2.4%	<b>15,909</b>	2.1%	-22.0%	<b>22,000</b>	2.3%	-18.6%
<b>Imaging / Total</b>	Domestic	<b>29,560</b>		<b>24,896</b>		-15.8%	<b>30,200</b>		-21.4%
	<u>Overseas</u>	<b>223,767</b>		<b>163,673</b>		-26.9%	<b>192,800</b>		-31.7%
	Total	<b>253,327</b>	30.0%	<b>188,569</b>	25.0%	-25.6%	<b>223,000</b>	22.8%	-30.4%
Endoscope	Domestic	<b>34,423</b>		<b>30,775</b>		-10.6%	<b>47,000</b>		-0.4%
	<u>Overseas</u>	<b>137,802</b>		<b>128,479</b>		-6.8%	<b>163,700</b>		-13.9%
	Total	<b>172,225</b>	20.4%	<b>159,254</b>	21.1%	-7.5%	<b>210,700</b>	21.5%	-11.2%
Surgical & Endo-Therapy	Domestic	<b>19,882</b>		<b>22,763</b>		14.5%	<b>32,000</b>		14.1%
	<u>Overseas</u>	<b>63,101</b>		<b>107,826</b>		70.9%	<b>142,300</b>		62.0%
	Total	<b>82,983</b>	9.9%	<b>130,589</b>	17.3%	57.4%	<b>174,300</b>	17.8%	50.4%
<b>Medical / Total</b>	Domestic	<b>54,305</b>		<b>53,538</b>		-1.4%	<b>79,000</b>		5.0%
	<u>Overseas</u>	<b>200,903</b>		<b>236,305</b>		17.6%	<b>306,000</b>		10.1%
	Total	<b>255,208</b>	30.3%	<b>289,843</b>	38.4%	13.6%	<b>385,000</b>	39.3%	9.0%
MIS (1) (Microscope)	Domestic	<b>14,827</b>		<b>10,209</b>		-31.1%	<b>19,800</b>		-13.2%
	<u>Overseas</u>	<b>40,452</b>		<b>38,830</b>		-4.0%	<b>46,600</b>		-16.7%
	Total	<b>55,279</b>	6.6%	<b>49,039</b>	6.5%	-11.3%	<b>66,400</b>	6.8%	-15.7%
Diagnostic Systems (Blood Analyzers)	Domestic	<b>4,849</b>		<b>4,539</b>		-6.4%	<b>6,600</b>		-2.6%
	<u>Overseas</u>	<b>33,470</b>		<b>34,510</b>		3.1%	<b>43,500</b>		-5.3%
	Total	<b>38,319</b>	4.5%	<b>39,049</b>	5.2%	1.9%	<b>50,100</b>	5.1%	-5.0%
<b>Life Science / Total</b>	Domestic	<b>19,676</b>		<b>14,748</b>		-25.0%	<b>26,400</b>		-10.8%
	<u>Overseas</u>	<b>73,922</b>		<b>73,340</b>		-0.8%	<b>90,100</b>		-11.5%
	Total	<b>93,598</b>	11.1%	<b>88,088</b>	11.7%	-5.9%	<b>116,500</b>	11.9%	-11.4%
<b>Information &amp; Communication</b>	Domestic	<b>181,182</b>		<b>131,442</b>		-27.5%	<b>174,200</b>		-27.7%
	<u>Overseas</u>	<b>9,797</b>		<b>5,970</b>		-39.1%	<b>9,800</b>		-26.0%
	Total	<b>190,979</b>	22.7%	<b>137,412</b>	18.2%	-28.0%	<b>184,000</b>	18.8%	-27.6%
Others	Domestic	<b>24,591</b>		<b>27,218</b>		10.7%	<b>41,500</b>		15.6%
	<u>Overseas</u>	<b>25,432</b>		<b>23,055</b>		-9.3%	<b>30,000</b>		-10.0%
	Total	<b>50,023</b>	5.9%	<b>50,273</b>	6.7%	0.5%	<b>71,500</b>	7.3%	3.2%
<b>Total</b>	Domestic	<b>309,314</b>		<b>251,842</b>		-18.6%	<b>351,300</b>		-16.4%
	<u>Overseas</u>	<b>533,821</b>		<b>502,343</b>		-5.9%	<b>628,700</b>		-11.3%
	Total	<b>843,135</b>	100.0%	<b>754,185</b>	100.0%	-10.5%	<b>980,000</b>	100.0%	-13.2%

## Sales and Operating Income by Business Segment

(Millions of Yen)

		The third Quarter			The fiscal year		
		From April 1, 2007 to Dec 31,2007	From April 1, 2008 to Dec 31,2008	Growth	From April 1, 2007 to Mar 31,2008	From April 1, 2008 to Mar 31,2009	Growth
		Forecast					
Imaging	Net Sales	<b>253,327</b>	<b>188,569</b>	-64,758	<b>320,589</b>	<b>223,000</b>	-97,589
	Operating Income	<b>31,830</b>	<b>3,695</b>	-28,135	<b>33,086</b>	<b>-8,500</b>	-41,586
	(%)	12.6%	2.0%	-88.4%	10.3%	—	—
Medical	Net Sales	<b>255,208</b>	<b>289,843</b>	34,635	<b>353,269</b>	<b>385,000</b>	31,731
	Operating Income	<b>74,313</b>	<b>54,259</b>	-20,054	<b>98,420</b>	<b>70,000</b>	-28,420
	(%)	29.1%	18.7%	-27.0%	27.9%	18.2%	-28.9%
Life Science	Net Sales	<b>93,598</b>	<b>88,088</b>	-5,510	<b>131,446</b>	<b>116,500</b>	-14,946
	Operating Income	<b>4,868</b>	<b>2,563</b>	-2,305	<b>6,990</b>	<b>1,800</b>	-5,190
	(%)	5.2%	2.9%	-47.4%	5.3%	1.5%	-74.2%
Information and Communication	Net Sales	<b>190,979</b>	<b>137,412</b>	-53,567	<b>254,312</b>	<b>184,000</b>	-70,312
	Operating Income	<b>836</b>	<b>-269</b>	-1,105	<b>3,001</b>	<b>0</b>	-3,001
	(%)	0.4%	—	—	1.2%	0.0%	—
Others	Net Sales	<b>50,023</b>	<b>50,273</b>	250	<b>69,259</b>	<b>71,500</b>	2,241
	Operating Income	<b>1,746</b>	<b>-9,641</b>	-11,387	<b>917</b>	<b>-10,800</b>	-11,717
	(%)	3.5%	—	—	1.3%	—	—
Elimination or Corporate	Operating Income	<b>-22,086</b>	<b>-20,662</b>	1,424	<b>-29,791</b>	<b>-27,500</b>	2,291
<b>Total</b>	Net Sales	<b>843,135</b>	<b>754,185</b>	-88,950	<b>1,128,875</b>	<b>980,000</b>	-148,875
	Operating Income	<b>91,507</b>	<b>29,945</b>	-61,562	<b>112,623</b>	<b>25,000</b>	-87,623
	(%)	10.9%	4.0%	-67.3%	10.0%	2.6%	-77.8%

## Sales by Region

(Millions of Yen)

		December 31	Composition	December 31	Composition	Growth
		2007	Ratio (%)	2008	Ratio (%)	(%)
<b>Imaging</b>	Japan	29,560	11.7%	24,896	13.2%	-15.8%
	N. America	56,424	22.3%	44,219	23.4%	-21.6%
	Europe	100,362	39.6%	67,933	36.0%	-32.3%
	Asia	58,760	23.2%	44,617	23.7%	-24.1%
	Others	8,221	3.2%	6,904	3.7%	-16.0%
	<b>Total</b>	<b>253,327</b>		<b>188,569</b>		<b>-25.6%</b>
<b>Medical</b>	Japan	54,305	21.3%	53,538	18.5%	-1.4%
	N. America	84,828	33.2%	108,173	37.3%	27.5%
	Europe	85,936	33.7%	95,747	33.0%	11.4%
	Asia	24,557	9.6%	25,388	8.8%	3.4%
	Others	5,582	2.2%	6,997	2.4%	25.3%
	<b>Total</b>	<b>255,208</b>		<b>289,843</b>		<b>13.6%</b>
<b>Life Science</b>	Japan	19,676	21.0%	14,748	16.7%	-25.0%
	N. America	23,435	25.1%	22,443	25.5%	-4.2%
	Europe	32,871	35.1%	32,226	36.6%	-2.0%
	Asia	14,971	16.0%	16,021	18.2%	7.0%
	Others	2,645	2.8%	2,650	3.0%	0.2%
	<b>Total</b>	<b>93,598</b>		<b>88,088</b>		<b>-5.9%</b>
<b>Information &amp; Communication</b>	Japan	181,182	94.9%	131,442	95.6%	-27.5%
	N. America	2,242	1.2%	940	0.7%	-58.1%
	Europe	4,087	2.1%	3,121	2.3%	-23.6%
	Asia	3,462	1.8%	1,186	0.9%	-65.7%
	Others	6	—	723	0.5%	—
	<b>Total</b>	<b>190,979</b>		<b>137,412</b>		<b>-28.0%</b>
<b>Others</b>	Japan	24,591	49.2%	27,218	54.1%	10.7%
	N. America	12,365	24.6%	10,490	20.9%	-15.2%
	Europe	8,243	16.5%	7,021	14.0%	-14.8%
	Asia	3,938	7.9%	4,347	8.6%	10.4%
	Others	886	1.8%	1,197	2.4%	35.1%
	<b>Total</b>	<b>50,023</b>		<b>50,273</b>		<b>0.5%</b>
<b>Total</b>	Japan	309,314	36.6%	251,842	33.4%	-18.6%
	N. America	179,294	21.3%	186,265	24.8%	3.9%
	Europe	231,499	27.5%	206,048	27.3%	-11.0%
	Asia	105,688	12.5%	91,559	12.1%	-13.4%
	Others	17,340	2.1%	18,471	2.4%	6.5%
	<b>Total</b>	<b>843,135</b>		<b>754,185</b>		<b>-10.5%</b>

## Consolidated Statements of Income (Quarterly)

(Millions of Yen)

	For the year ending March 31,2009			Growth (%)		
	First Quarter	Second Quarter	Third Quarter	First Quarter	Second Quarter	Third Quarter
Net Sales	254,331	281,459	218,395	-3.8%	-1.6%	-25.4%
Cost of Sales	129,067	143,556	120,469	-7.9%	-9.7%	-24.7%
Gross Profit	125,264	137,903	97,926	0.8%	8.6%	-26.2%
E.G.. Expenses	107,720	123,348	100,080	15.6%	26.0%	-1.4%
Operating Income	17,544	14,555	-2,154	-43.6%	-50.0%	—
Other Income	2,838	1,570	8,753	27.5%	-27.8%	410.7%
Other Expenses	7,684	9,227	6,334	32.6%	5.7%	23.3%
Extraordinary Item	12,698	6,898	265	-53.9%	-69.4%	-99.0%
Income Before Provision for Income Tax	-842	-1,276	-29,057	—	—	—
Provision for Income Taxes	5,579	8,939	3,443	-54.1%	5.9%	-63.4%
Minority Interests	-244	-399	-961	—	—	—
Net Income	6,521	-2,918	-31,274	-63.0%	—	—
Capital Investments	11,026	16,410	8,078	-22.6%	72.4%	-17.3%
Depreciation	9,136	14,360	10,832	2.5%	70.6%	21.9%

## Sales and Operating Income by Business Segment (Quarterly)

(Millions of Yen)

		For the year ending March 31,2009			Growth (%)		
		First Quarter	Second Quarter	Third Quarter	First Quarter	Second Quarter	Third Quarter
Imaging	Net Sales	72,116	68,171	48,282	-11.7%	-16.3%	-46.5%
	Operating Income	9,766	2,003	-8,074	-34.4%	-70.0%	—
Medical	Net Sales	90,154	116,296	83,393	14.8%	29.7%	-4.2%
	Operating Income	17,844	20,913	15,502	-16.9%	-25.5%	-37.5%
Life Science	Net Sales	28,532	33,062	26,494	-1.1%	-2.7%	-13.9%
	Operating Income	-265	2,021	807	—	5.8%	-60.4%
Information and Communication	Net Sales	47,417	45,580	44,415	-20.7%	-30.0%	-32.8%
	Operating Income	99	-96	-272	2.1%	—	—
Others	Net Sales	16,112	18,350	15,811	3.4%	16.4%	-15.3%
	Operating Income	-3,308	-2,099	-4,234	—	—	—
Elimination or Corporate	Operating Income	-6,592	-8,187	-5,883	—	—	—
<b>Total</b>	Net Sales	254,331	281,459	218,395	-3.8%	-1.6%	-25.4%
	Operating Income	17,544	14,555	-2,154	-43.6%	-50.0%	—

(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.

# Consolidated Balance Sheets

	(Millions of Yen)			
	December 31	December 31	March 31	Variance
	2007	2008	2008	
<b>Current Assets</b>	573,032	503,722	543,305	-39,583
Cash and time deposits	162,178	156,704	158,281	-1,577
Notes and accounts receivable	195,939	154,066	193,555	-39,489
Marketable securities	19,315	198	3	195
Inventories	113,955	105,032	110,824	-5,792
Deferred income taxes	35,188	36,849	36,719	130
Other current assets	50,072	54,775	47,032	7,743
Allowance for doubtful accounts	-3,615	-3,902	-3,109	-793
<b>Fixed Assets</b>	568,334	691,384	815,044	-123,660
<b>Tangible Assets</b>	145,199	150,029	150,036	-7
Buildings and structures	63,184	54,650	61,305	-6,655
Machinery and equipment	17,844	16,387	18,350	-1,963
Tools, dies, furniture and fixtures	40,800	41,641	42,692	-1,051
Land	21,807	19,981	21,291	-1,310
Leased asset	—	3,500	—	3,500
Construction in progress	1,564	13,870	6,398	7,472
<b>Intangible Assets</b>	100,778	326,861	404,030	-77,169
Goodwill	81,840	246,803	299,800	-52,997
Others	18,938	80,058	104,230	-24,172
<b>Investments and Other Assets</b>	322,357	214,494	260,978	-46,484
Investment securities	248,088	135,426	193,843	-58,417
Deferred income taxes	9,630	17,482	9,665	7,817
Others	65,176	62,032	57,885	4,147
Allowance for doubtful accounts	-537	-446	-415	-31
<b>Total Assets</b>	1,141,366	1,195,106	1,358,349	-163,243

	(Millions of Yen)			
	December 31	December 31	March 31	Variance
	2007	2008	2008	
<b>Current Liabilities</b>	475,894	354,357	662,454	-308,097
Notes and accounts payable	86,618	68,241	83,602	-15,361
Short-term borrowings	178,752	106,091	338,787	-232,696
Current maturities of bonds	30,050	25,014	35,201	-10,187
Accrued expenses	74,118	61,399	82,467	-21,068
Income taxes payable	9,378	9,142	14,121	-4,979
Warranty reserve	9,424	8,390	10,141	-1,751
Other current liabilities	87,554	76,080	98,135	-22,055
<b>Long-term Liabilities</b>	281,611	599,468	328,019	271,449
Long-term bonds, less current maturities	110,458	130,500	105,397	25,103
Long-term borrowings, less current maturities	146,069	417,366	177,371	239,995
Severance and retirement allowance	10,263	12,245	10,317	1,928
Other non-current liabilities	14,821	39,357	34,934	4,423
<b>Net Assets</b>	383,861	241,281	367,876	-126,595
<b>Owners' Equity</b>	349,667	309,035	356,564	-47,529
Common stock	48,332	48,332	48,332	—
Capital surplus	73,049	73,049	73,049	—
Retained earnings	230,882	200,511	237,817	-37,306
Treasury stock, at cost	-2,596	-12,857	-2,634	-10,223
<b>Valuation and Translation Adjustments</b>	21,554	-76,733	-213	-76,520
Net unrealized holding gains on securities	13,163	-2,325	6,320	-8,645
Deferred losses on hedges	-821	1,693	34	1,659
Foreign currency translation adjustments	9,212	-76,101	-6,567	-69,534
<b>Minority Interests</b>	12,640	8,979	11,525	-2,546
<b>Liabilities and Net Assets</b>	1,141,366	1,195,106	1,358,349	-163,243

(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.

## Consolidated statement of cash flows

(Millions of yen)

Nine months

31-Dec-08

<b>Cash flows from operating activities</b>	
Income before provision for income taxes	-11,314
Depreciation and amortization	34,328
Impairment loss on fixed assets	952
Amortization of goodwill	40,953
Increase (decrease) of severance and retirement allowance	2,548
Interest and dividend income	-3,066
Interest expenses	11,849
Loss (gain) on valuation of investment securities	10,288
Decrease (increase) in accounts receivable	19,226
Decrease (increase) in inventories	-5,749
Increase (decrease) in accounts payable	-12,248
Increase (decrease) in other payable	2,868
Increase (decrease) in accrued expenses	-16,173
Other operating activities	-8,961
<b>Subtotal</b>	<b>65,501</b>
Interest and dividend received	3,117
Interest payments	-10,431
Income taxes paid	-30,808
<b>Net cash provided by operating activities</b>	<b>27,379</b>
<b>Cash flows from investing activities</b>	
Deposits in time deposits	-2,673
Withdrawals from time deposits	38,234
Purchases of plant and equipment	-31,701
Purchases of property	-3,978
Purchases of investment securities	-4,067
Sales of investment securities	38,901
Payments for acquisition of new consolidated subsidiaries	-128
Net decrease from sales of investment in subsidiaries related to changes in scope of consolidation	-95
Payments for additional acquisition of consolidated subsidiaries	-39,486
Other	-491
<b>Net cash used in investing activities</b>	<b>-5,484</b>
<b>Cash flows from financing activities</b>	
Increase (decrease) in short-term borrowings	-200,367
Proceeds from long-term dept	257,157
Repayments of long-term dept	-29,633
Proceeds from issuance of bonds	45,166
Redemption of bonds	-30,185
Expenditure on acquisition of treasury stock	-10,223
Dividends paid	-10,438
Other	-400
<b>Net cash provided by financing activities</b>	<b>21,077</b>
Effect of exchange rate changes on cash and cash equivalents	-7,957
Net increase (decrease) in cash and cash equivalents	35,015
Cash and cash equivalents at beginning of year	119,842
Net decrease in cash and cash equivalents associated with exclusion from scope of consolidation	-6
Increase in cash and cash equivalents associated with acquisition of nonconsolidated subsidiaries	170
<b>Cash and cash equivalents at end of year</b>	<b>155,021</b>