

April 26, 2012

News Release

Company: Olympus Corporation  
Representative Director, President: Hiroyuki Sasa  
(Code 7733, First Section, Tokyo Stock Exchange)  
Contact: Tetsuo Hyakutake, General Manager, Public Relations and IR Office

(Corrections) Notice Concerning Partial Corrections to “Consolidated Financial Results  
for the Interim Period ended September 30, 2007”

Olympus Corporation (the “Company”) disclosed corrected financial results (kessan tanshin) of past fiscal years on December 28, 2011, as announced in “Notice Concerning Filing of the Amendments to the Past Securities Reports and Partial Corrections to Past Financial Results (Kessan Tanshin) and That for the First Quarter of the Fiscal Year Ending March 2012,” a timely disclosure of the Company as prescribed by the Tokyo Stock Exchange dated December 15, 2011. Since additional corrections have been made possible by continuous investigations following that previous disclosure, the Company has proceeded with operations to correct additional financial results of past fiscal years.

The Company has now completed the operations to correct “Consolidated Financial Results for the Interim Period Ended September 30, 2007” dated November 6, 2007, and it accordingly announces the details of the corrections.

Two copies of the full document are attached: the version before corrections and the version after corrections. The places in the document where corrections were made are underlined.

END

(After Correction)

# Consolidated Financial Results for the Interim Period ended September 30, 2007



November 6, 2007

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

Contact: Hironobu Kawamata, General Manager, Accounting Division

Phone: 03-3340-2111

Scheduled date of commencement of dividend payments: December 7, 2007

Scheduled date to submit the Interim Securities Report: December 14, 2007

(Figures are rounded off to the nearest million yen)

## 1. Consolidated Financial Results for the Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 2007)

### (1) Consolidated Results of Operations

(% indicates changes from the previous interim period)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Interim period ended September 30, 2007	550,366	13.6	60,223	42.9	<u>51,862</u>	<u>60.3</u>	<u>30,043</u>	<u>65.8</u>
Interim period ended September 30, 2006	484,681	1.8	42,133	153.2	<u>32,343</u>	<u>259.7</u>	<u>18,123</u>	<u>501.3</u>
Year ended March 31, 2007	1,061,786	-	98,729	-	<u>78,346</u>	-	<u>46,962</u>	-

	Net income per share	Fully diluted net income per share
	(¥)	(¥)
Interim period ended September 30, 2007	<u>111.15</u>	-
Interim period ended September 30, 2006	<u>67.02</u>	-
Year ended March 31, 2007	<u>173.69</u>	-

Note: Equity in earnings (losses) of affiliated companies: Interim period ended September 30, 2007: ¥(1,991) million  
Interim period ended September 30, 2006: ¥(554) million  
Year ended March 31, 2007: ¥(671) million

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	%	(¥)
Interim period ended September 30, 2007	<u>1,019,187</u>	<u>250,505</u>	<u>23.3</u>	<u>879.26</u>
Interim period ended September 30, 2006	<u>894,260</u>	<u>197,928</u>	<u>21.1</u>	<u>732.03</u>
Year ended March 2007	<u>1,002,665</u>	<u>224,951</u>	<u>21.4</u>	<u>792.72</u>

Note: Equity for: Interim period ended September 30, 2007: ¥237,735 million  
Interim period ended September 30, 2006: ¥188,250 million  
Year ended March 31, 2007: ¥214,290 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 period
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Interim period ended September 30, 2007	<u>36,871</u>	<u>(32,324)</u>	<u>(11,137)</u>	<u>168,263</u>
Interim period ended September 30, 2006	<u>39,966</u>	<u>(30,193)</u>	<u>(15,017)</u>	<u>119,580</u>
Year ended March 2007	<u>108,400</u>	<u>(61,481)</u>	<u>2,192</u>	<u>174,802</u>

**2. Dividends**

(Record date)	Cash dividends per share		
	Interim	Year-end	Annual
	(¥)	(¥)	(¥)
Year ended March 2007	11.00	24.00	35.00
Year ending March 2008	20.00	–	
Year ending March, 2008 (Forecast)	–	20.00	40.00

**3. Forecast of Consolidated Financial Results for the year ending March, 2008 (April 1, 2007 - March 31, 2008)**

(% indicates changes from the previous corresponding term)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Full year	1,163,000	9.5	125,000	26.6	100,000	27.6	60,000	27.8	222.00

\* The above forecasts include projections based on forward-looking assumptions, projections, and plans available as of the date of the release of this document. Actual results may differ significantly from the projected values due to risks or uncertain factors with respect to the world economy, competition and exchange rate fluctuations, among others. For further information on the above forecasts, please refer to pp. 7-8.

**4. Others**

- (1) Significant changes of subsidiaries during period under review (affecting specific subsidiaries due to changes in scope of consolidation): Not applicable
- (2) Changes in the accounting principles, accounting procedures, presentation, etc., related to preparation of consolidated financial statements for this interim period (those to be described as changes in significant matters that are the basis for preparing consolidated financial statements for this interim period)

1) Changes due to the revision of accounting standards, etc.: Yes

2) Any changes other than 1) above: None

Note: For details, please refer to “Changes in the Basis of Presenting 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 period (including treasury shares):

Interim period ended September 30, 2007: 271,283,608 shares

Interim period ended September 30, 2006: 271,283,608 shares

Year ended March 2007: 271,283,608 shares

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

Interim period ended September 30, 2007: 1,010,871 shares

Interim period ended September 30, 2006: 901,331 shares

Year ended March 31, 2007: 961,805 shares

Note: Please refer to “Per-Share Data” on p. 26 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**

(Interim period ended September 30, 2007: Figures are rounded off to the nearest million yen)  
 (Interim period ended September 30, 2006 and year ended March 31, 2007: Figures are truncated)

Non-Consolidated Financial Results for Interim period ended September 30, 2007 (April 1, 2007 - September 30, 2007)

**(1) Non-Consolidated Results of Operations**

(% indicates changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Interim period ended September 30, 2007	54,939	9.1	(1,921)	–	22,155	176.0	17,203	143.5
Interim period ended September 30, 2006	50,366	13.4	(1,292)	–	8,028	89.5	7,066	44.3
Year ended March 31, 2007	106,079	–	(4,723)	–	7,899	–	5,907	–

	Net income per share
	(¥)
Interim period ended September 30, 2007	<u>63.65</u>
Interim period ended September 30, 2006	<u>26.13</u>
Year ended March 31, 2007	<u>21.85</u>

## (2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	%	(¥)
Interim period ended September 30, 2007	<u>439,750</u>	<u>124,981</u>	<u>28.4</u>	<u>462.42</u>
Interim period ended September 30, 2006	<u>390,462</u>	<u>118,581</u>	<u>30.4</u>	<u>438.57</u>
Year ended March 31, 2007	<u>451,429</u>	<u>115,083</u>	<u>25.5</u>	<u>425.73</u>

Note: Equity for: Interim period ended September 30, 2007: ¥124,981 million  
Interim period ended September 30, 2006: ¥118,581 million  
Year ended March 31, 2007: ¥115,083 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	Interim net income	Interim net income per share
Interim period ended September 30, 2007	550,366	60,223	<u>51,862</u>	<u>30,043</u>	<u>¥111.15</u>
Interim period ended September 30, 2006	484,681	42,133	<u>32,343</u>	<u>18,123</u>	<u>¥67.02</u>
Increase (Decrease) ratio	13.6%	42.9%	<u>60.3%</u>	<u>65.8%</u>	–

##### Comparison Table of Average Exchange Rate

	Interim period ended September 30, 2007	Interim period ended September 30, 2006
Against the U.S. dollar	¥119.33	¥115.38
Against the Euro	¥162.30	¥145.97

The Japanese economy has grown slowly during the interim period ended September 30, 2007, supported by increased business investment and increasing exports amidst improving corporate profits. Conversely, although an economic slowdown was felt in the U.S. due to, among others, the impact of the sub-prime mortgage crisis, the economy has continued its growth from the interim period ended September 30, 2006 in Asia, mainly in China, and economic growth continued to develop gradually in Europe.

With regard to the performance of the Olympus Group, consolidated net sales continued to be strong in the Imaging Systems Business, the Medical Systems Business, and the Life Sciences Business. Overall sales showed an increase of ¥65,685 million over the interim period ended September 30, 2006, and reached ¥550,366 million (13.6% increase over the interim period ended September 30, 2006).

Pertaining to operating profits, as a result of the increase in sales in the Imaging Systems Business contributing to an increase in profit, and the strong sales in both domestic and overseas markets of principal products in the Medical Systems Business, operating profits reached ¥60,223 million (42.9% increase compared to the interim period ended September 30, 2006).

Ordinary income amounted to ¥51,862 million (60.3% increase over the interim period ended September 30, 2006), a significant increase compared to the interim period ended September 30, 2006.

Interim net income was ¥30,043 million (65.8% increase over the interim period ended September 30, 2006) due primarily to extraordinary gains calculated as ¥2,323 million, and ¥20,588 million generated for corporate tax.

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

Research and development expenses amounted to ¥29.4 billion interim period ended September 30, 2007.

The yen depreciation against both the U.S. dollar and the Euro, and the average exchange rate during the interim period ended September 30, 2007 was US\$ 1 = ¥119.33 and EUR 1 = ¥162.30, the effect of which was to increase revenue in net sales by ¥23.4 billion.

The interim cash dividend increased by ¥9 compared to the interim period ended September 30, 2006 to ¥20 per share.

Analysis of the performance by segment

(Millions of yen)

	Net Sales			Operating Income (Loss)		
	Interim Period ended September 30, 2006	Interim period ended September 30, 2007	Increase (Decrease) ratio	Interim period ended September 30, 2006	Interim period ended September 30, 2007	Increase (Decrease)
Imaging Systems	132,111	163,140	23.5%	14,478	21,560	7,082
Medical Systems	142,191	168,198	18.3%	39,066	49,523	10,457
Life Sciences	57,707	62,828	8.9%	3,384	2,829	(555)
Information & Communication	122,897	124,849	1.6%	(319)	600	919
Others	29,775	31,351	5.3%	(478)	782	1,260
Subtotal	484,681	550,366	13.6%	56,131	75,294	19,163
Elimination or unallocation	–	–	–	(13,998)	(15,071)	(1,073)
Consolidated total	484,681	550,366	13.6%	42,133	60,223	18,090

Note: Businesses are segmented by evaluating similarities of sales markets and businesses established based on lines of product.

**Imaging Systems Business**

Consolidated Net sales for the Imaging Systems Business was ¥163,140 million (23.5% increase over the interim period ended September 30, 2006), while operating income reached ¥21,560 million (48.9% increase over the interim period ended September 30, 2006).

In the digital camera field, distinctive product strategies were developed, and both domestic and overseas revenue increased substantially. Two new models of digital single-lens reflex (D-SLR) camera – the “E-410”, which is the world’s smallest, slimmest and lightest D-SLR camera\*, and the “E-510”, which has a built-in image stabilization function – were released, and sales improved. High-performance compact digital cameras such as the “CAMEDIA SP Series”, which has an 18x optical zoom lens, and the “μ[mju:] SW Series” which offers enhanced shock, water and dust resistance, were well-received in the market, and sales of the “CAMEDIA FE Series”, which focuses on ease of operation, improved.

In the voice recorders field, both the separate-type IC recorder “Voice-Trek V Series”, which can be directly connected to a personal computer, and the “DS Series”, which offers high-quality sound recording and playback, performed well and domestic sales increased. Overseas, market sales in the U.S. and in Europe, mainly of the “VN Series”, were strong and contributed to an overall increase in revenue in the voice recorders field.

In addition, the number of sales of lens barrel units in the optical components field increased significantly.

The operating income increased substantially as a result of the increase in sales of digital cameras and thorough inventory control.

\* as of October 2007, among interchangeable lens type digital SLR cameras.

### **Medical Systems Business**

Consolidated net sales in the Medical Systems Business amounted to ¥168,198 million (18.3% increase over the interim period ended September 30, 2006), while operating income amounted to ¥49,523 million (26.8% increase over the interim period ended September 30, 2006).

In the medical endoscope field, the “EVIS LUCERA SPECTRUM,” which enabled observation using specialized light spectra that contributed to the early detection of minute lesions such as cancer, and the upper gastrointestinal endoscope which may be inserted either nasally or orally, performed well in the domestic sales market, while sales of the “EVIS EXERA II”, a high-resolution HDTV endoscope system featuring observation using specialized light spectra, improved in overseas markets which led to a significant increase in sales.

In the fields of MIP such as surgical and EndoTherapy products, products related to gastrotomy catheters which provide nutrition directly to the stomach contributed to an increase in sales in the domestic market, while the sale of disposable single use high-frequency electrosurgical knife was strong. In overseas markets, revenue increased as a result of the high-resolution HDTV videoscope for the abdominal and chest cavities being received well in the surgical field, and because of a significant increase in sales of haemostatic system products in Europe.

In addition, we are continuing its activities to raise awareness of the importance of screening for stomach and colorectal cancer. Such activities include the “BRAVE CIRCLE” colorectal cancer awareness campaign, naming July 14 “Endoscope Day” and conducting a survey of peoples’ attitudes towards endoscopic examinations.

Operating income increased as a result of an increase in sales in each field.

### **Life Sciences Business**

Consolidated net sales for the Life Sciences Business was ¥62,828 million (8.9% increase over the interim period ended September 30, 2006), while operating income amounted to ¥2,829 million (16.4% decrease compared to the interim period ended September 30, 2006).

In the micro-imaging (microscopes) field, revenue increased as a result of increase of sales of the “FLUOVIEW series”, a confocal laser scanning microscope for biological use in China, where the scale of the optical imaging market is expanding, and sales continuing to be strong in the U.S. and European markets. With respect to industrial microscopes, in addition to the improving sales of inspection equipment for flat panel display in the domestic market, market conditions in part of Asia recovered, and sales in the field as a whole remained steady.

In the diagnostic systems field, revenue increased as a result of the expansion in sales of the compact blood analyzer (clinical chemistry analyzer) in Brazil, and the strong sales performance of the large blood analyzer (clinical chemistry analyzer) in China.

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

### **Information & Communication Business**

Consolidated net sales for the Information & Communication Business was ¥124,849 million (1.6% increase over the interim period ended September 30, 2006), while operating income showed ¥600 million (operating loss of ¥319 million in the interim period ended September 30, 2006).

Since revising its 3-year business plan as of May 2007, ITX Corporation, the Company’s consolidated subsidiary which manages the Information & Communication Business, has been addressing the ongoing optimization of their portfolio through further improvement of “building a stable consolidated business profit

base” and “accelerating the investment cycle”, and working on the improvement of equipment sales and services and the growth of investment and business.

With regard to net sales, the aftermarket business of automobiles conducted by Broadleaf Co., Ltd. continued to produce strong results and IT Telecom Inc. established new stores selling mobile handsets, the result of which was an increase of revenue.

With regard to operating income/loss, efforts to strengthen the business profit base such as increasing profitability through an increase in sales at stores selling mobile handsets, and the promotion of improvements of management efficiency resulted in the recording of an operating income, a complete turnaround from the operating loss recorded in the interim period ended September 30, 2006.

### **Others**

Consolidated net sales for Others Business was ¥31,351 million (5.3% increase on the interim period ended September 30, 2006), while operating income showed ¥782 million (a decrease of ¥478 million on the interim period ended September 30, 2006).

In the non-destructive testing equipment field, the new compact and light portable ultrasound testing devices and highly durable portable industrial endoscopes (the “IPLEX FX”) continued to sell well and successful improvements were made to sales systems in Japan, the U.S and Europe, which led to a significant increase in revenue.

The information equipment field maintained steady results overall, due to factors such as the increase in shipment volume of printers manufactured through the business collaboration with Riso Kagaku Corporation.

In the biomedical materials field, the Company endeavored to strengthen its business through establishing a new joint company, Olympus Terumo Biomaterials Corp., together with Terumo Corporation in April of this year. The increased sales of “Terudermis” artificial skin and “Teruplug” a protective material for tooth extractions contributed to an increase in revenue, as did the commencement full-scale sales in overseas markets.

In addition, the acquisition of shares in the health-related business of ITX Corporation also contributed to the increase in revenue.

With regard to operating income/loss, results such as the expansion of overseas sales in the non-destructive testing equipment field brought about operating income, a complete turnaround from the operating loss recorded in the interim period ended September 30, 2006.

### **Forecast for the Year ending March 2008**

#### Forecast for the overall business and analysis

It is expected that Japan’s economy will continue to gradually expand. Furthermore, the world economy is expected to grow despite some concerns pertaining to the fluctuation in crude oil prices and the American economy.

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

In the Imaging Systems Business, our competitive edge will be reinforced through continued efforts to improve profitability. Allocation of operating resources will be focused to establish a firm position in the field of digital single-lens reflex (D-SLR) cameras, and business efficiency will be improved to obtain 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, we intend to build a system to enable us to respond promptly to



changes in the business environment and realize a steady increase in profit. By taking maximum advantage of our strengths in Endoscopes, we will aim for the further development of surgical and EndoTherapy products. Furthermore, we will continue to promote the solution business, which we began as a high value-added service. We will also continue to reinforce the comprehensive strength of the Medical Systems Business centering around gastrointestinal endoscopes through the strengthening of the maintenance service systems, together with our sales force.

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

The forecast for the year ending March 2008 is as follows.

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (in yen)
Year ending March 2008	1,163,000	125,000	100,000	60,000	¥222.00
Year ended March 31, 2007	1,061,786	98,729	<u>78,346</u>	<u>46,962</u>	<u>¥173.69</u>
Increase (Decrease) ratio	9.5%	26.6%	<u>27.6%</u>	<u>27.8%</u>	—

It is expected that net sales, operating income, ordinary income, and net income will each reach record highs due to a steady increase of net assets and decrease of cost of sales, in addition to favorable business results in the first half of the fiscal year.

The exchange rate used as the basis of calculation for the year ending March 2008 is US\$ 1 = ¥117 and EUR 1 = ¥161.

#### Forecast by segment and analysis

(Millions of yen)

	Net Sales			Operating Income (Loss)		
	Interim period ended September 30, 2006	Interim period ended September 30, 2007	Increase (Decrease) ratio	Interim period ended September 30, 2006	Interim period ended September 30, 2007	Increase (Decrease)
Imaging Systems	294,303	348,000	18.2%	27,208	40,000	12,792
Medical Systems	311,709	352,000	12.9%	87,853	107,500	19,647
Life Sciences	123,706	130,000	5.1%	8,079	6,000	(2,079)
Information & Communication	267,691	263,000	(1.8%)	2,716	1,000	(1,716)
Others	64,377	70,000	8.7%	872	1,500	628
Subtotal	1,061,786	1,163,000	9.5%	126,728	156,000	29,272
Elimination or Unallocation	—	—	—	(27,999)	(31,000)	(3,001)
Consolidated Total	1,061,786	1,163,000	9.5%	98,729	125,000	26,271

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

In the Imaging Systems Business, revenue and profit are expected to increase due to the continued success of digital camera sales and improvements in business efficiency.

In the Medical Systems Business, revenue and profit are expected to increase due to the steady maintenance of sales of new products such as endoscopes that enable observation using specialized light spectra, among others.

In the Life Sciences Business, despite an increase in revenue in net sales due to a steady sales increase, mainly in overseas markets, operating income is expected to decrease as a result of continuing anticipatory investment in research and development.

In the Information & Communication Business, although the sales of mobile handsets, among others, remain stable, due to the decrease in profit from the sale of the investment consultation business, revenue and profit are expected to decrease.

As for Others, an increase in revenue and profit is expected due to sales expansion, especially in the field of non-destructive testing equipment.

## (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)

	End of interim period ended September 30, 2006	End of year ended March 31, 2007	End of interim period ended September 30, 2007	Increase (Decrease) against year ended March 31, 2007	Increase (Decrease) ratio
Total Assets	<u>894,260</u>	<u>1,002,665</u>	<u>1,019,187</u>	<u>16,522</u>	<u>1.6%</u>
Net Assets	<u>197,928</u>	<u>224,951</u>	<u>250,505</u>	<u>25,554</u>	<u>11.4%</u>
Equity Ratio	<u>21.1%</u>	<u>21.4%</u>	<u>23.3%</u>	<u>1.9%</u>	—

As a result of increases in current assets (such as inventory assets), fixed assets, investments and other assets, assets for the interim period ended September 30, 2007 increased by ¥16,522 million.

Net assets at the end of the interim period ended September 30, 2007 increased by ¥30,043 million compared to the net assets at the end of the year ended March 31, 2007, because, among other factors, ¥25,554 million was calculated as net income for the interim period ended September 30, 2007. As a result, the equity ratio increased to 23.3%.

#### Analysis of cash flows

(Millions of yen)

	Interim period ended September 30, 2006	Interim period ended September 30, 2007	Increase (Decrease)
Cash flows from operating activities	39,966	<u>36,871</u>	<u>(3,095)</u>
Cash flows from investing activities	(30,193)	<u>(32,324)</u>	<u>(2,131)</u>
Cash flows from financing activities	(15,017)	(11,137)	3,880
Balance of cash and cash equivalents at end of period	<u>119,580</u>	168,263	<u>48,683</u>

“Cash flows from operating activities” increased by ¥36,871 million (¥3,095 million decrease compared to the interim period ended September 30, 2006). The main reason for this is the increase (of ¥21,547 million) in interim net income before provision for income taxes, etc. due to favorable trends in the Imaging Systems and Medical Systems Businesses.

“Cash flows from investing activities” decreased by ¥32,324 million (decrease by ¥2,131 million from the interim period ended September 30, 2006). The main reason for this is expenditure of ¥28,516 million on purchases of property, plant and equipment, etc.

“Cash flows from financing activities” decreased by ¥11,137 million (an increase of ¥3,880 million on the interim period ended September 30, 2006). The main reason is expenditures such as repayment of ¥7,932 million on long-term debt and the payment of ¥6,488 million as dividends.

Consequently, the balance of cash and cash equivalents at the end of the interim period ended September 30, 2007 amounted to ¥168,263 million, a decrease of ¥6,539 million compared to the balance as of the end of the year ended March 31, 2007.

### Cash Flows Indicators

	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Interim period ended September 30, 2007
Equity ratio (%)	28.1	<u>29.8</u>	<u>30.6</u>	<u>32.4</u>
Market value equity ratio (%)	76.8	<u>95.9</u>	<u>99.8</u>	<u>114.8</u>
Debt redemption period (years)	37.1	<u>9.1</u>	<u>4.3</u>	<u>6.1</u>
Interest coverage ratio (times)	1.5	5.3	8.7	5.6

Notes: Equity ratio: Shareholders' equity / Total assets

Market value equity ratio: Total market capitalization / Total assets

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

Interest coverage ratio: Operating cash flow / Interest payment

- Each index was calculated by financial index of consolidated basis.
- The market capitalization is calculated by multiplying the closing share price on the final trading day of the fiscal period by the number of shares issued and outstanding (excluding treasury stocks) as of the end of the corresponding fiscal period.
- 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.
- Because cash flow is calculated on an annual basis, the debt redemption period (years) for the current interim period has been doubled, for calculation purposes.

### (3) Basic Strategy for Profit Sharing and Dividend for the Current Interim Period

In order to respond to the expectations of our shareholders we set our basic strategy to dividends, taking into consideration performance while securing continued profit sharing. Specifically, we determined the dividend amount by taking into consideration the operating environment and financial position, and by setting the dividend pay out ratio at 20% of the consolidated base as a basis. Retained earnings will be invested in the reinforcement of existing businesses, capital affiliation for the creation of new businesses, research development, business investment, which will be proactively carried out to improve long-term corporate value.

Interim dividends per share for the interim period ended September 30, 2007 are set at ¥20, an increase of ¥9 over the interim period ended September 30, 2006 dividend of ¥11. The amount of dividends for the fiscal year ended March 31, 2008 is expected to be ¥40 per share (¥20 for interim dividends, and ¥20 for year-end dividends).

## 2. Status of the Corporate Group

Because there are no significant changes from the “business diagram (type of business)” or “status of subsidiaries and affiliates” in the recent Securities Report (submitted on June 28, 2007), disclosure has been omitted.

### **3. Operating Policy**

Because there are no significant changes from 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 Websites.

Website of the Company

<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. Interim Consolidated Financial Statements

### (1) Interim Consolidated Balance Sheets

(Millions of yen)

Items	Consolidated Interim Period ended September 30, 2006		Consolidated Interim Period ended September 30, 2007		Consolidated Fiscal Year ended March 31, 2007		Increase (Decrease)
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	
<b><u>ASSETS</u></b>		%		%		%	
<b>Current Assets</b>	<b><u>438,816</u></b>	<b><u>49.1</u></b>	<b><u>540,555</u></b>	<b><u>53.0</u></b>	<b><u>537,838</u></b>	<b><u>53.6</u></b>	<b><u>2,717</u></b>
Cash and time deposits	<u>125,545</u>		<u>144,589</u>		<u>181,586</u>		<u>(36,997)</u>
Notes and accounts receivable	165,192		189,866		192,855		(2,989)
Marketable securities	10		28,301		8,347		19,954
Inventories	93,130		104,678		89,847		14,831
Deferred income taxes	26,433		34,161		32,319		1,842
Others	31,658		42,338		36,265		<u>6,073</u>
Allowance for doubtful accounts	(3,152)		(3,378)		(3,381)		3
<b>Fixed Assets</b>	<b><u>455,444</u></b>	<b><u>50.9</u></b>	<b><u>478,632</u></b>	<b><u>47.0</u></b>	<b><u>464,827</u></b>	<b><u>46.4</u></b>	<b><u>13,805</u></b>
Property, plant and equipment	134,927	<u>15.1</u>	145,722	<u>14.3</u>	140,089	<u>14.0</u>	5,633
Buildings and structures	58,693		64,036		63,300		736
Machinery and equipment	18,754		17,837		18,526		(689)
Tools, furniture and fixtures	37,101		40,496		38,421		2,075
Land	18,003		22,120		18,736		3,384
Construction in progress	2,376		1,233		1,106		127
Intangible fixed assets	104,636	<u>11.7</u>	100,203	<u>9.8</u>	100,351	<u>10.0</u>	(148)
Goodwill	82,915		80,373		78,718		1,655
Others	21,721		19,830		21,633		(1,803)
Investments and other assets	<u>215,881</u>	<u>24.1</u>	<u>232,707</u>	<u>22.9</u>	<u>224,387</u>	<u>22.4</u>	<u>8,320</u>
Investment securities	<u>97,060</u>		<u>108,847</u>		<u>104,996</u>		<u>(3,851)</u>
Deferred income taxes	<u>9,745</u>		10,255		9,606		649
<u>Managed assets of fund</u>	<u>58,916</u>		<u>51,647</u>		<u>57,505</u>		<u>(5,858)</u>
Others	50,607		62,492		52,763		9,729
Allowance for doubtful accounts	(447)		(534)		(483)		(51)
<b>Total Assets</b>	<b><u>894,260</u></b>	<b><u>100.0</u></b>	<b><u>1,019,187</u></b>	<b><u>100.0</u></b>	<b><u>1,002,665</u></b>	<b><u>100.0</u></b>	<b><u>16,522</u></b>

Note: Increase/Decrease above indicates difference between the consolidated interim period ended September 30, 2007 and the consolidated fiscal year ended March 31, 2007.

(Millions of yen)

Items	Consolidated Interim Period ended September 30, 2006		Consolidated Interim Period ended September 30, 2007		Consolidated Fiscal Year ended March 31, 2007		Increase (Decrease)
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	
<b>LIABILITIES</b>		%		%		%	
<b>Current Liabilities</b>	<b>358,986</b>	<b>40.1</b>	<b>435,294</b>	<b>42.7</b>	<b>410,266</b>	<b>41.0</b>	<b>25,028</b>
Notes and accounts payable	79,312		90,997		100,252		(9,255)
Short-term borrowings	142,236		151,102		148,517		2,585
Current maturities of bonds	10,072		30,076		94		29,982
Accrued expenses	66,476		77,796		77,526		270
Income taxes payable	11,661		13,557		16,781		(3,224)
Warranty reserve	5,601		8,914		8,758		156
Others	43,628		62,852		58,338		4,514
<b>Long-term Liabilities</b>	<b>337,346</b>	<b>37.8</b>	<b>333,388</b>	<b>32.7</b>	<b>367,448</b>	<b>36.6</b>	<b>(34,060)</b>
Long-term bonds, less current maturities	105,416		110,458		140,480		(30,022)
Long-term borrowings, less current maturities	210,415		196,720		203,123		(6,403)
Severance and retirement allowance	8,991		9,844		9,529		315
Severance and retirement allowance for directors and corporate auditors	111		102		83		19
Others	12,413		16,264		14,233		2,496
<b>Total Liabilities</b>	<b>696,332</b>	<b>77.9</b>	<b>768,682</b>	<b>75.4</b>	<b>777,714</b>	<b>77.6</b>	<b>(9,032)</b>
<b>Shareholders' Equity</b>	<b>168,925</b>	<b>18.8</b>	<b>214,379</b>	<b>21.0</b>	<b>191,050</b>	<b>19.1</b>	<b>23,329</b>
Common stock	48,332		48,332		48,332		–
Capital surplus	73,049		73,049		73,049		–
Retained earnings	49,576		95,488		71,933		23,555
Treasury stock, at cost	(2,032)		(2,490)		(2,264)		(226)
<b>Valuation and Translation Adjustments</b>	<b>19,325</b>	<b>2.2</b>	<b>23,356</b>	<b>2.3</b>	<b>23,240</b>	<b>2.3</b>	<b>116</b>
Net unrealized holding gains on securities	14,721		13,648		15,347		(1,699)
Deferred losses on hedges	(377)		(486)		(184)		(302)
Foreign currency translation adjustments	4,981		10,194		8,077		2,117
<b>Minority Interests</b>	<b>9,678</b>	<b>1.1</b>	<b>12,770</b>	<b>1.3</b>	<b>10,661</b>	<b>1.1</b>	<b>2,109</b>
<b>Total Net Assets</b>	<b>197,928</b>	<b>22.1</b>	<b>250,505</b>	<b>24.6</b>	<b>224,951</b>	<b>22.4</b>	<b>25,554</b>
<b>Total Liabilities and Net Assets</b>	<b>894,260</b>	<b>100.0</b>	<b>1,019,187</b>	<b>100.0</b>	<b>1,002,665</b>	<b>100.0</b>	<b>16,522</b>

Note: "Increase (Decrease)" above indicates difference between the consolidated interim period ended September 30, 2007 and the consolidated fiscal year ended March 31, 2007.

**(2) Interim Consolidated Statements of Income**

(Millions of yen)

Items	Consolidated Interim Period ended September 30, 2006		Consolidated Interim Period ended September 30, 2007		Increase (Decrease) Amount	Consolidated Fiscal Year ended March 31, 2007	
	Amount	Proportion	Amount	Proportion		Amount	Proportion
		%		%			%
Net sales	484,681	100.0	550,366	100.0	65,685	1,061,786	100.0
Cost of sales	279,714	57.7	299,040	54.3	19,326	611,503	57.6
Gross profit	204,967	42.3	251,326	45.7	46,359	450,283	42.4
Selling, general and administrative expenses	162,834	33.6	191,103	34.8	28,269	351,554	33.1
Operating income	42,133	8.7	60,223	10.9	18,090	98,729	9.3
Non-operating income	2,911	0.6	4,402	0.8	1,491	6,330	0.6
Interest income	904		1,678		774	1,799	
Others	2,007		2,724		717	4,531	
Non-operating expenses	<u>12,701</u>	<u>2.6</u>	<u>12,763</u>	<u>2.3</u>	<u>62</u>	<u>26,713</u>	<u>2.5</u>
Interest expenses	5,824		6,846		1,022	12,567	
Net loss of investment in affiliated companies carried on the equity method	<u>554</u>		<u>1,991</u>		<u>1,437</u>	<u>671</u>	
Foreign currency exchange loss	1,939		370		(1,569)	4,120	
Others	<u>4,384</u>		<u>3,556</u>		<u>(828)</u>	<u>9,355</u>	
Ordinary income	<u>32,343</u>	<u>6.7</u>	<u>51,862</u>	<u>9.4</u>	<u>19,519</u>	<u>78,346</u>	<u>7.4</u>
Extraordinary gains	75	0.0	2,323	0.4	2,248	731	<u>0.1</u>
Gain on sales of investment securities in subsidiaries and affiliates	75		303		228	163	
Gain on changes in equity	–		1,909		1,909	–	
Gain on sales of investment securities	–		111		111	568	
Extraordinary losses	<u>3,389</u>	<u>0.7</u>	<u>3,609</u>	<u>0.6</u>	<u>220</u>	<u>6,184</u>	<u>0.6</u>
Impairment loss on fixed assets	417		–		(417)	1,619	
Loss on valuation of investment securities	<u>2,186</u>		<u>233</u>		<u>(1,953)</u>	<u>2,450</u>	
<u>Loss on funds invested</u>	<u>786</u>		<u>3,376</u>		<u>2,590</u>	<u>2,113</u>	
Others	–		–		–	2	
Income before provision for income taxes	<u>29,029</u>	<u>6.0</u>	<u>50,576</u>	<u>9.2</u>	<u>21,547</u>	<u>72,893</u>	6.9
Provision for income taxes:							
- Current	14,056	2.9	20,164	3.6	6,108	<u>31,832</u>	<u>3.1</u>
- Deferred	(2,292)	(0.5)	424	0.1	2,716	(5,601)	(0.6)
Minority interests	(858)	(0.2)	(55)	(0.0)	803	(300)	(0.0)
Net income	<u>18,123</u>	<u>3.7</u>	<u>30,043</u>	<u>5.5</u>	<u>11,920</u>	<u>46,962</u>	<u>4.4</u>

Note: “Increase (Decrease)” above indicates difference between the consolidated interim period ended September 30, 2007 and the consolidated interim period ended September 30, 2006.

**(3) Interim Consolidated Statement of Changes in Shareholder's Equity**

Consolidated Interim period ended September 30, 2006 (April 1, 2006 - September 30, 2006)

(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	<u>35,512</u>	(1,884)	<u>155,009</u>
Dividends from surplus (Note)			(3,921)		(3,921)
Bonuses to directors (Note)			(138)		(138)
Net income			<u>18,123</u>		<u>18,123</u>
Acquisition of treasury stock				(148)	(148)
Net changes of items other than shareholders' equity during the interim period					
Total changes during the interim period	–	–	<u>14,064</u>	(148)	<u>13,916</u>
Balance as of September 30, 2006	48,332	73,049	<u>49,576</u>	(2,032)	<u>168,925</u>

Item	Valuation and Translation Adjustments				Minority Interest	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	<u>16,594</u>	–	873	<u>17,467</u>	9,657	<u>182,133</u>
Dividends from surplus (Note)						(3,921)
Bonuses to directors (Note)						(138)
Net income						<u>18,123</u>
Acquisition of treasury stock						(148)
Net changes of items other than shareholders' equity during the interim period	<u>(1,873)</u>	(377)	4,108	<u>1,858</u>	21	<u>1,879</u>
Total changes during the interim period	<u>(1,873)</u>	(377)	4,108	<u>1,858</u>	21	<u>15,795</u>
Balance as of September 30, 2006	<u>14,721</u>	(377)	4,981	<u>19,325</u>	9,678	<u>197,928</u>

Note: Appropriation of profit based on the resolution at the ordinary general meeting of shareholders held in June 2006.

As dividends were already paid in accordance with the procedures based on the resolution by the general shareholders' meeting and the Board of Directors, the amount of retained earnings carried forward was determined after subtracting the dividends.



Consolidated Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 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, 2007	48,332	73,049	<u>71,933</u>	(2,264)	<u>191,050</u>
Dividends from surplus			(6,488)		(6,488)
Net income			<u>30,043</u>		<u>30,043</u>
Acquisition of treasury stock				(226)	(226)
Net changes of items other than shareholders' equity during the interim period					-
Total changes during the interim period	-	-	<u>23,555</u>	(226)	<u>23,329</u>
Balance as of September 30, 2007	48,332	73,049	<u>95,488</u>	(2,490)	<u>214,379</u>

Item	Valuation and Translation Adjustments				Minority Interest	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	<u>15,347</u>	(184)	8,077	<u>23,240</u>	10,661	<u>224,951</u>
Dividends from surplus						(6,488)
Net income						<u>30,043</u>
Acquisition of treasury stock						(226)
Net changes of items other than shareholders' equity during the interim period	<u>(1,699)</u>	(302)	2,117	<u>116</u>	2,109	<u>2,225</u>
Total changes during the interim period	<u>(1,699)</u>	(302)	2,117	<u>116</u>	2,109	<u>25,554</u>
Balance as of September 30, 2007	<u>13,648</u>	(486)	10,194	<u>23,356</u>	12,770	<u>250,505</u>

As dividends were already paid in accordance with the procedures based on the resolution by the general shareholders' meeting and the Board of Directors, the amount of retained earnings carried forward was determined after subtracting the dividends.

## Consolidated Fiscal Year ended March 31, 2007 (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
Balance as of March 31, 2006	48,332	73,049	35,512	(1,884)	155,009
Dividends from surplus (Note)			(3,921)		(3,921)
Dividends from surplus			(2,974)		(2,974)
Bonuses to directors (Note)			(137)		(137)
Net income			46,962		46,962
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	–	–	36,421	(380)	36,041
Balance as of March 31, 2007	48,332	73,049	71,933	(2,264)	191,050

Item	Valuation and Translation Adjustments				Minority Interest	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	16,594	–	873	17,467	9,657	182,133
Dividends from surplus (Note)						(3,921)
Dividends from surplus						(2,974)
Bonuses to directors (Note)						(137)
Net income						46,962
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	(1,247)	(184)	7,204	5,773	1,004	6,777
Total changes during the fiscal year	(1,247)	(184)	7,204	5,773	1,004	42,818
Balance as of March 31, 2007	15,347	(184)	8,077	23,240	10,661	224,951

Note: Appropriation of profit based on the resolution at the ordinary general meeting of shareholders held in June 2006.

As dividends were already paid in accordance with the procedures based on the resolution by the general shareholders' meeting and the Board of Directors, the amount of retained earnings carried forward was determined after subtracting the dividends.

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

(Millions of yen)

Item	Fiscal Period	Consolidated Interim Period ended September 30, 2006	Consolidated Interim Period ended September 30, 2007	Increase (Decrease)	Consolidated Fiscal Year ended March 31, 2007
		Amount	Amount	Amount	Amount
<b>I. Cash flows from operating activities</b>					
1. Income before provision for income taxes		29,029	50,576	21,547	72,893
2. Depreciation		14,507	17,334	2,827	30,404
3. Amortization of goodwill		3,538	3,864	326	7,868
4. Increase (decrease) of severance and retirement allowance		(264)	283	547	183
5. Decrease (increase) in prepaid expenses of pensions		(1,228)	(1,590)	(362)	673
6. Interest and dividend income		(1,251)	(2,304)	(1,053)	(2,314)
7. Interest expenses		5,824	6,846	1,022	12,567
8. Loss on investment in affiliated companies carried on the equity method		554	1,991	1,437	671
9. Gain on changes in equity		–	(1,909)	(1,909)	–
10. Loss on valuation of investment securities		2,186	233	(1,953)	2,450
11. Impairment loss on fixed assets		417	–	(417)	1,619
12. Decrease (increase) in notes and accounts receivable		6,437	5,028	(1,409)	(17,432)
13. Decrease (increase) in inventories		1,798	(13,846)	(15,644)	6,821
14. Increase (decrease) in notes and accounts payable		(8,197)	(9,143)	(946)	11,528
15. Increase in accounts payable		4,301	7,761	3,460	–
16. Increase (decrease) in accrued expenses		5,915	(74)	(5,989)	15,871
17. Loss on funds invested		786	3,376	2,590	2,113
18. Other operating activities		(3,906)	(2,510)	1,396	903
Subtotal		60,446	65,916	5,470	146,818
19. Interest and dividend received		1,248	2,278	1,030	2,341
20. Interest paid		(6,078)	(6,767)	(689)	(12,460)
21. Payment of fund related expenses		–	(802)	(802)	–
22. Income taxes paid		(15,650)	(23,754)	(8,104)	(28,299)
Net cash provided by operating activities		39,966	36,871	(3,095)	108,400
<b>II. Cash flows from investing activities</b>					
1. Payments into time deposits		(3,500)	(4,307)	(807)	(6,379)
2. Withdrawal of time deposits		4,186	6,570	2,384	6,609
3. Expenditure on acquisition of securities		–	–	–	(8,365)
4. Proceeds from sales of securities		1,200	2,460	1,260	1,266
5. Expenditure on acquisition of tangible fixed assets		(26,784)	(28,516)	(1,732)	(41,269)
6. Expenditure on acquisition of investment securities		(4,857)	(4,071)	786	(15,405)
7. Proceeds from sales of investment securities		1,161	5,646	4,485	4,360
8. Expenditure on acquisition of securities of subsidiaries associated with the change in scope of consolidation		(2,199)	(1,364)	835	(2,409)
9. Proceeds from (expenditure on) sales of stocks of subsidiaries associated with the change in scope of consolidation		–	197	197	(231)
10. Proceeds from sales of stock of consolidated subsidiaries		–	607	607	–
11. Expenditure on lending		–	(9,681)	(9,681)	–
12. Proceeds from collection of loans		–	174	174	–
13. Money transfer of funds		–	(233)	(233)	–
14. Other investing activities		600	194	(406)	342
Net cash used in investing		(30,193)	(32,324)	(2,131)	(61,481)

Note: “Increase (Decrease)” above indicates difference between the consolidated interim period ended September 30, 2007 and the consolidated interim period ended September 30, 2006.

(Millions of yen)

Item	Fiscal Period	Consolidated Interim Period ended September 30, 2006	Consolidated Interim Period ended September 30, 2007	Increase (Decrease)	Consolidated Fiscal Year ended March 31, 2007
		Amount	Amount	Amount	Amount
<b>III. Cash flows from financing activities</b>					
1. Net increase (decrease) in short-term borrowings		(20,057)	98	20,155	(20,025)
2. Proceeds from long-term borrowings		19,001	1,738	(17,263)	19,242
3. Repayment of long-term borrowings		(5,395)	(7,932)	(2,537)	(10,141)
4. Proceeds from issuance of bond		9,820	–	(9,820)	44,384
5. Expenditure on redemption of bond		(15,036)	(58)	14,978	(25,092)
6. Proceeds from stock issuance to minority shareholders		719	1,767	1,048	1,099
7. Cash dividends paid		(3,921)	(6,488)	(2,567)	(6,895)
8. Cash dividends paid to minority shareholders		–	(36)	(36)	–
9. Other financing activities		(148)	(226)	(78)	(380)
Net cash provided by financing activities		(15,017)	(11,137)	3,880	2,192
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>		517	51	(466)	1,298
<b>V. Increase (decrease) in cash and cash equivalents</b>		(4,727)	(6,539)	(1,812)	<u>50,409</u>
<b>VI. Balance of cash and cash equivalents at beginning of year</b>		<u>124,307</u>	174,802	<u>50,495</u>	<u>124,307</u>
<b>VII. Increase in cash and cash equivalents due to new consolidation</b>		–	–	–	146
<b>VIII. Decrease in cash and cash equivalents due to exclusion of consolidation</b>		–	–	–	(60)
<b>IX. Balance of cash and cash equivalents at end of fiscal period</b>		<u>119,580</u>	168,263	<u>48,683</u>	174,802

Note: "Increase (Decrease)" above indicates difference between the consolidated interim period ended September 30, 2007 and the consolidated interim period ended September 30, 2007.

## **Basis of Preparing the Interim Consolidated Financial Statements**

Because there are no significant changes other than the matter described below from the recent semi-annual securities report (submitted on December 12, 2006), disclosure has been omitted.

Included in these are the following 11 fund companies determined to be used as consolidated subsidiaries to segregate hidden losses on financial assets, derivative transactions, etc., and to be substantially controlled by the Company.

SG Bond Plus Fund, PS Global Investable Markets-O, Central Forest Corporation, TEAO Limited, Neo Strategic Venture, L. P., Class Fund IT Ventures, Quick Progress Co. Ltd, Global Targets SPC-Sub Fund H Segregated Portfolio, Dynamic Dragons II, SPC-Sub Fund H Segregated Portfolio, Easterside Investments Limited and Twenty-First Century Global Fixed Income Fund Limited

## **Changes in the Basis of Presenting the Interim Consolidated Financial Statements**

### 1. Method of depreciation of fixed assets

Beginning from the interim period ended September 30, 2007, pursuant to the amendments to the Corporation Tax Law (“Law on partial amendments to corporation tax law” (March 30, 2007, Law No.6) and “Government ordinance on partial amendments to the enforcement order regarding corporation tax law” (March 30, 2007, Government Ordinance No. 83)), the methods by which fixed assets obtained on or after April 1, 2007 are calculated are based on the post-amended Corporation Tax Law. The changes had minor impact on profit and loss.

## **Additional Information**

### **Future conditions**

Following the Company’s announcement on November 8, 2011 concerning its postponing of recognition of losses on securities investments, etc., investigations by domestic and overseas investigative authorities, supervisory bodies and other public bodies (including those in the U.K. and U.S.) have begun. The consolidated financial statements may be amended if any further important information comes to light in such investigations on or after the day following the filing date of Annual Securities Report and the like. Furthermore, as a result of inappropriate financial reporting by the Company, holders of its American Depositary Receipts (ADRs) have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company for a similar reason.

### **Investment fund assets**

As the Company incurred large losses from securities investments, derivative transactions, etc. from the 1990’s, with the intention of postponing the recognition of the losses, the Company segregated the hidden losses to a number of non-consolidated receiver funds that were to serve as assignee of financial assets, derivative transactions, etc. (collectively, the “Receiver Funds”) beginning with the fiscal year ended March 2000. Assets held by the Receiver Funds are presented in bulk as “Investment fund assets” in the consolidated balance sheet. This is because the operating assets of the Receiver Funds are, unlike usual investments by the Company, managed in an integrated manner in a series of transactional schemes to segregate and settle the losses. As stated in the section of reason for filing in the amendment report for the Annual Securities Report, some board members were aware of the circumstances surrounding the past transactions to segregate and settle the hidden losses. However, as a result of the matters pointed out in the Investigation Report by the Third Party Committee and the Company’s internal investigation, it has come to light that the legal form and main platform of asset management of each Receiver Fund, and information on the details of operating assets, appraised value, etc. of each Receiver Fund during the period from the loss segregation to the liquidation of each Receiver Fund, were not fully maintained at the Company. Therefore, the Company is preparing the amendment report by obtaining accounting information from outside persons related with the loss segregation and settlement scheme.

## Notes

### Omission of disclosure

Notes related to lease transactions, securities and derivative transactions, among others, are omitted because their disclosure in the interim financial results is not regarded to be necessary.

The aforementioned Notes will be included in the interim securities report scheduled to be submitted on December 14, 2007 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.

### Interim Consolidated Statements of Income

	(Millions of yen)		
	<u>Consolidated Interim</u> <u>Period ended</u> <u>September 30, 2006</u>	<u>Consolidated Interim</u> <u>Period ended</u> <u>September 30, 2007</u>	<u>Consolidated Fiscal</u> <u>Year ended</u> <u>March 31, 2007</u>
<b>1. Major items and amounts of selling, general and administrative expenses</b>			
Advertising and promotion expenses	21,718	28,304	48,463
Provision of allowance for doubtful accounts	–	63	218
Salaries and allowance	45,443	51,931	94,131
Bonuses	11,005	13,477	24,434
Retirement benefit expenses	3,165	1,685	5,981
Provision of severance and retirement allowance for directors and corporate auditors	22	23	45
Amortization of goodwill	3,538	3,864	7,868
Experiment and research expenses	13,743	17,651	32,167
Depreciation	8,645	10,801	19,552
<b>2. Research and development expenses included in general and administrative expenses and production cost</b>	<b>25,506</b>	<b>29,433</b>	<b>55,531</b>

## 5. Segment Information

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

(Millions of yen)

	Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)							
	Imaging Systems	Medical Systems	Life Sciences	Information & Communication	Others	Total	Elimination or Unallocation	Consolidated
Sales								
(1) Sales to outside customers	132,111	142,191	57,707	122,897	29,775	484,681	-	484,681
(2) Internal sales or transfer among segments	192	28	16	-	352	588	(588)	-
Total	132,303	142,219	57,723	122,897	30,127	485,269	(588)	484,681
Operating cost	117,825	103,153	54,339	123,216	30,605	429,138	13,410	442,548
Operating income (loss)	14,478	39,066	3,384	(319)	(478)	56,131	(13,998)	42,133

(Millions of yen)

	Consolidated Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 2007)							
	Imaging Systems	Medical Systems	Life Sciences	Information & Communication	Others	Total	Elimination or Unallocation	Consolidated
Sales								
(1) Sales to outside customers	163,140	168,198	62,828	124,849	31,351	550,366	-	550,366
(2) Internal sales or transfer among segments	217	23	111	-	210	561	(561)	-
Total	163,357	168,221	62,939	124,849	31,561	550,927	(561)	550,366
Operating cost	141,797	118,698	60,110	124,249	30,779	475,633	14,510	490,143
Operating income (loss)	21,560	49,523	2,829	600	782	75,294	(15,071)	60,223

(Millions of yen)

	Consolidated Fiscal Year ended March 31, 2007 (April 1, 2006 - March 31, 2007)							
	Imaging Systems	Medical Systems	Life Sciences	Information & Communication	Others	Total	Elimination or Unallocation	Consolidated
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 (loss)	27,208	87,853	8,079	2,716	872	126,728	(27,999)	98,729

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

- (1) Imaging Systems Business: Digital cameras, Film cameras, Voice recorders
- (2) Medical Systems Business: Medical endoscopes, Surgical endoscopes, EndoTherapy 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 phones, 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, and others.

2. The amount of non-allocable operating expenses included in "Operating cost" for "Elimination or Unallocation" which consisted mainly of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development

Center:	Consolidated interim period ended September 30, 2006:	¥13,998 million
	Consolidated interim period ended September 30, 2007:	¥15,071 million
	Consolidated fiscal year ended March 31, 2007:	¥27,999 million

**(2) Segment Information by Region**

(Millions of yen)

	Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)						
	Japan	North America	Europe	Asia	Total	Elimination or Unallocation	Consolidated
Sales							
(1) Sales to outside customers	220,371	109,339	120,439	34,532	484,681	-	484,681
(2) Internal sales or transfer among segments	136,318	3,591	5,554	48,756	194,219	(194,219)	-
Total	356,689	112,930	125,993	83,288	678,900	(194,219)	484,681
Operating cost	316,899	105,944	121,694	78,353	622,890	(180,342)	442,548
Operating income	39,790	6,986	4,299	4,935	56,010	(13,877)	42,133

(Millions of yen)

	Consolidated Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 2007)						
	Japan	North America	Europe	Asia	Total	Elimination or Unallocation	Consolidated
Sales							
(1) Sales to outside customers	237,838	127,006	141,037	44,485	550,366	-	550,366
(2) Internal sales or transfer among segments	169,821	5,262	6,856	56,703	238,642	(238,642)	-
Total	407,659	132,268	147,893	101,188	789,008	(238,642)	550,366
Operating cost	357,529	120,704	137,459	95,048	710,740	(220,597)	490,143
Operating income	50,130	11,564	10,434	6,140	78,268	(18,045)	60,223

(Millions of yen)

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

## 1. Segmentation method of countries and regions

Regions are classified into segments according to geographic proximity. Major countries other than Japan in each regional segment are as follows:

- (1) North America: U.S.A, Canada, Mexico and Brazil
- (2) Europe: Germany, UK, France, and others
- (3) Asia: Singapore, Hong Kong, China, Korea, Australia, and others

## 2. The amount of non-allocable operating expenses included in "Operating cost" for "Elimination or Unallocation" which consisted mainly of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research &amp; Development Center:

Consolidated interim period ended September 30, 2006:	¥13,998 million
Consolidated interim period ended September 30, 2007:	¥15,071 million
Consolidated fiscal year ended March 31, 2007:	¥27,999 million



**(3) Overseas Sales**

(Millions of yen)

	Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)				
	North America	Europe	Asia	Others	Total
I. Overseas sales	104,270	123,102	50,550	10,981	288,903
II. Consolidated sales					484,681
III. Percentage of overseas sales in consolidated sales	21.5%	25.4%	10.4%	2.3%	59.6%

(Millions of yen)

	Consolidated Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 2007)				
	North America	Europe	Asia	Others	Total
I. Overseas sales	118,590	143,554	70,163	11,833	344,140
II. Consolidated sales					550,366
III. Percentage of overseas sales in consolidated sales	21.5%	26.1%	12.7%	2.2%	62.5%

(Millions of yen)

	Consolidated Fiscal Year ended March 31, 2007 (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 classified into segments according to geographic proximity. Major countries other than Japan in each regional segment are as follows:
  - (1) North America: U.S.A and Canada
  - (2) Europe: Germany, UK, France, and others
  - (3) Asia: Singapore, Hong Kong, China, Korea, Australia, and others
  - (4) Others: Central and South America, Africa, and others
2. Overseas sales refers to the sales of the Company and its subsidiaries in countries or regions other than Japan.

## 6. Production, Purchasing, Orders and Sales

Businesses are classified into segments by adding similar sales markets to business categorized according to product lines. Purchasing performance is recorded in addition to production performance for certain consolidated subsidiaries, because they engage in the sale and service of equipments.

### (1) Production Performance

(Millions of yen)

	Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)	Consolidated Interim Period ended September 30, 2006 (April 1, 2007 - September 30, 2007)	Increase (Decrease)		Consolidated Fiscal Year ended March 31, 2007 (April 1, 2006 - March 31, 2007)
			Amount	Growth rate	
Imaging Systems	122,057	166,321	44,264	36.3%	279,478
Medical Systems	141,558	157,712	16,154	11.4%	318,922
Life Sciences	55,948	55,411	(537)	(1.0%)	116,858
Information & Communication	–	–	–	–	–
Others	21,514	23,337	1,823	8.5%	45,765
Total	341,077	402,781	61,704	18.1%	761,023

Notes: 1. The above amounts are calculated based on the sales price.  
2. The above amounts do not include consumption tax.

### (2) Purchasing Performance

(Millions of yen)

	Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)	Consolidated Interim Period ended September 30, 2006 (April 1, 2007 - September 30, 2007)	Increase (Decrease)		Consolidated Fiscal Year ended March 31, 2007 (April 1, 2006 - March 31, 2007)
			Amount	Growth rate	
Imaging Systems	–	–	–	–	–
Medical Systems	–	–	–	–	–
Life Sciences	–	–	–	–	–
Information & Communication	104,862	104,904	42	0.0%	225,865
Others	12,410	11,706	(704)	(5.7%)	22,466
Total	117,272	116,610	(662)	(0.6%)	248,331

Note: The above amounts do not include consumption tax.

### (3) Orders Received

As we have primarily adopted a make-to-stock production system, description of the situation relating to orders received has been omitted.

**(4) Sales Performance**

(Millions of yen)

		Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)		Consolidated Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 2007)		Increase (Decrease)		Consolidated Fiscal Year ended March 31, 2007 (April 1, 2006 - March 31, 2007)	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Growth rate	Amount	Composition ratio
Imaging Systems	Domestic	14,536	11.0%	19,576	12.0%	5,040	34.7%	29,504	10.0%
	Overseas	117,575	89.0%	143,564	88.0%	25,989	22.1%	264,799	90.0%
	Total	132,111	27.3%	163,140	29.6%	31,029	23.5%	294,303	27.7%
Medical Systems	Domestic	35,407	24.9%	37,067	22.0%	1,660	4.7%	71,262	22.9%
	Overseas	106,784	75.1%	131,131	78.0%	24,347	22.8%	240,447	77.1%
	Total	142,191	29.3%	168,198	30.6%	26,007	18.3%	311,709	29.4%
Life Sciences	Domestic	15,046	26.1%	15,417	24.5%	371	2.5%	30,097	24.3%
	Overseas	42,661	73.9%	47,411	75.5%	4,750	11.1%	93,609	75.7%
	Total	57,707	11.9%	62,828	11.4%	5,121	8.9%	123,706	11.7%
Information & Communication	Domestic	115,442	93.9%	118,324	94.8%	2,882	2.5%	251,511	94.0%
	Overseas	7,455	6.1%	6,525	5.2%	(930)	(12.5%)	16,180	6.0%
	Total	122,897	25.4%	124,849	22.7%	1,952	1.6%	267,691	25.2%
Others	Domestic	15,347	51.5%	15,842	50.5%	495	3.2%	32,372	50.3%
	Overseas	14,428	48.5%	15,509	49.5%	1,081	7.5%	32,005	49.7%
	Total	29,775	6.1%	31,351	5.7%	1,576	5.3%	64,377	6.0%
Total	Domestic	195,778	40.4%	206,226	37.5%	10,448	5.3%	414,746	39.1%
	Overseas	288,903	59.6%	344,140	62.5%	55,237	19.1%	647,040	60.9%
	Total	484,681	100.0%	550,366	100.0%	65,685	13.6%	1,061,786	100.0%

Note: The above amounts do not include consumption tax.

## 7. Per-Share Data

	Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)	Consolidated Interim Period ended September 30, 2006 (April 1, 2007 - September 30, 2007)	Consolidated Fiscal Year ended March 31, 2007 (April 1, 2006 - March 31, 2007)
Net assets per share	<u>¥732.03</u>	<u>¥879.26</u>	<u>¥792.72</u>
Net assets per share in the interim period	<u>¥67.02</u>	<u>¥111.15</u>	<u>¥173.69</u>

The fully diluted net income per share for the consolidated interim period ended September 30, 2006 is omitted, because there are no residual securities with share warrants.

The fully diluted net income per share for the consolidated fiscal year ended March 31, 2007 is omitted, because there are no residual securities which would have a dilutive effect.

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

	Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)	Consolidated Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 2007)	Consolidated Fiscal Year ended March 31, 2007 (April 1, 2006 - March 31, 2007)
	(Millions of yen)		
Net income	<u>18,123</u>	<u>30,043</u>	<u>46,962</u>
Amount that does not belong to ordinary shareholder	-	-	-
Net income concerning common stock	<u>18,123</u>	<u>30,043</u>	<u>46,962</u>
Average number of shares during the year	270,404,809 shares	270,293,327 shares	270,376,574 shares
Outline of residual securities which were not included in the calculation of the fully diluted net income per share, due to the lack of dilutive effect	-	Stock warrants held as residual securities by consolidated subsidiaries.	Stock warrants held as residual securities by consolidated subsidiaries.

## 8. Subsequent Events

Not applicable

## **9. Interim Non-Consolidated Financial Statements**

### (1) Interim Non-Consolidated Balance Sheets

(Millions of yen)

Items	Interim Period ended September 30, 2006		Interim Period ended September 30, 2007		Fiscal Year ended March 31, 2007		Increase (Decrease)
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount
<b><u>ASSETS</u></b>		%		%		%	
<b>Current Assets</b>	<b><u>123,030</u></b>	<b><u>31.5</u></b>	<b><u>151,261</u></b>	<b><u>34.4</u></b>	<b><u>173,431</u></b>	<b><u>38.4</u></b>	<b><u>(22,170)</u></b>
Cash and time deposits	<u>73,012</u>		<u>66,070</u>		<u>111,342</u>		<u>(45,272)</u>
Notes receivable	403		586		563		22
Accounts receivable	20,593		22,085		22,543		(458)
Marketable securities	–		28,290		–		28,290
Inventories	9,595		11,257		10,678		579
Deferred income taxes	6,304		7,547		7,675		(129)
Others	13,151		17,198		20,760		(3,563)
Allowance for doubtful accounts	(30)		<u>(1,772)</u>		(133)		<u>(1,639)</u>
<b>Fixed Assets</b>	<b><u>267,431</u></b>	<b><u>68.5</u></b>	<b><u>288,489</u></b>	<b><u>65.6</u></b>	<b><u>277,998</u></b>	<b><u>61.6</u></b>	<b><u>10,491</u></b>
Property, plant and equipment	29,640	<u>7.6</u>	33,331	<u>7.6</u>	33,696	<u>7.5</u>	(365)
Buildings	10,273		13,318		13,846		(528)
Machinery and equipment	3,489		3,527		3,767		(241)
Land	9,223		10,284		10,284		–
Others	6,653		6,202		5,797		404
Intangible fixed assets	11,309	<u>2.9</u>	10,285	<u>2.3</u>	10,909	<u>2.4</u>	(625)
Investments and other assets	<u>226,481</u>	<u>58.0</u>	<u>244,873</u>	<u>55.7</u>	<u>233,392</u>	<u>51.7</u>	<u>11,481</u>
Investment securities	<u>65,818</u>		<u>77,062</u>		<u>74,869</u>		<u>2,193</u>
Stock of subsidiaries an affiliates	<u>130,058</u>		<u>143,092</u>		<u>130,033</u>		<u>13,059</u>
<u>Other investment securities of subsidiaries and affiliates</u>	<u>16,762</u>		=		<u>16,447</u>		<u>(16,448)</u>
Investment in subsidiaries and affiliates	14,987		13,958		13,958		–
Long-term loan receivable	1,755		3,654		1,434		2,220
Prepaid pension cost	2,447		4,640		3,096		1,543
<u>Investments in affiliates</u>	<u>7,969</u>		<u>700</u>		<u>6,558</u>		<u>(5,858)</u>
Others	3,447		3,530		3,444		85
Allowance for doubtful accounts	(3)		<u>(5)</u>		(3)		<u>(2)</u>
<b>TOTAL ASSETS</b>	<b><u>390,462</u></b>	<b><u>100.0</u></b>	<b><u>439,750</u></b>	<b><u>100.0</u></b>	<b><u>572,678</u></b>	<b><u>100.0</u></b>	<b><u>(5,485)</u></b>

Notes. 1. For the interim period ended September 30, 2007, figures are rounded off to the nearest million yen. For the interim period ended September 30, 2006 and the fiscal year ended March 2007, figures are truncated to the nearest million yen.

2. The amounts included in “Increase (Decrease)” above indicate difference between the interim period ended September 30, 2007 and the fiscal year ended March 31, 2007, and are presented as figures rounded-off to the nearest million yen.

(Millions of yen)

Items	Interim Period ended September 30, 2006		Interim Period ended September 30, 2007		Fiscal Year ended March 31, 2007		Increase (Decrease)
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	
<b><u>LIABILITIES</u></b>		%		%		%	
<b>Current Liabilities</b>	<b>107,388</b>	<b><u>27.5</u></b>	<b>144,172</b>	<b><u>32.8</u></b>	<b>137,042</b>	<b><u>30.4</u></b>	<b>7,130</b>
Notes payable	729		320		432		(113)
Accounts payable	7,912		8,204		9,489		(1,286)
Short-term borrowings	1,305		1,305		1,305		–
Current maturities of bonds	10,000		30,000		–		30,000
Accounts payable – other	5,599		7,851		11,642		(3,792)
Accrued expenses	13,846		15,408		17,531		(2,124)
Income taxes payable	3,495		<u>1,289</u>		<u>5,250</u>		<u>(3,962)</u>
Warranty reserve	72		55		70		(15)
Deposits received	64,245		79,383		91,084		(11,701)
Others	183		208		86		123
<b>Long-term Liabilities</b>	<b>164,492</b>	<b><u>42.1</u></b>	<b>170,597</b>	<b><u>38.8</u></b>	<b>199,303</b>	<b><u>44.1</u></b>	<b>(28,706)</b>
Long-term bonds, less current maturities	105,000		110,000		140,000		(30,000)
Long-term borrowings, less current maturities	55,000		55,000		55,000		–
Long-term deposits received, less current maturities	706		718		713		4
Deferred tax liabilities	<u>3,191</u>		<u>4,247</u>		<u>2,958</u>		<u>1,289</u>
Reserve for loss on liabilities for guarantee	594		632		632		–
<b>TOTAL LIABILITIES</b>	<b><u>271,880</u></b>	<b><u>69.6</u></b>	<b><u>314,769</u></b>	<b><u>71.6</u></b>	<b><u>336,346</u></b>	<b><u>74.5</u></b>	<b><u>(21,577)</u></b>

- Notes. 1. For the interim period ended September 30, 2007, figures are rounded off to the nearest million yen. For the interim period ended September 30, 2006 and the fiscal year ended March 31, 2007, figures are truncated to the nearest million yen.
2. The amounts included in “Increase (Decrease)” above indicate difference between the interim period ended September 30, 2007 and the fiscal year ended March 31, 2007, and are presented as figures rounded-off to the nearest million yen.

(Millions of yen)

Items	Interim Period ended September 30, 2006		Interim Period ended September 30, 2007		Fiscal Year ended March 31, 2007		Increase (Decrease)
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	
<b>NET ASSETS</b>							
<b>Shareholders' equity</b>	<b><u>106,170</u></b>	<b><u>27.2</u></b>	<b><u>112,294</u></b>	<b><u>25.5</u></b>	<b><u>101,803</u></b>	<b><u>22.6</u></b>	<b><u>10,491</u></b>
Common stock	48,331	<u>12.4</u>	48,332	<u>11.0</u>	48,331	<u>10.7</u>	–
Capital surplus	73,049	<u>18.7</u>	73,049	<u>16.6</u>	73,049	<u>16.2</u>	–
Capital reserve	73,027		73,027		73,027		–
Other capital surplus	22		22		22		–
Retained earnings	<u>(13,179)</u>	<u>(3.4)</u>	<u>(6,597)</u>	<u>(1.5)</u>	<u>(17,312)</u>	<u>(3.8)</u>	<u>10,715</u>
Legal reserve	6,626		6,626		6,626		–
Other retained earnings	<u>(19,805)</u>		<u>(13,223)</u>		<u>(23,938)</u>		<u>(10,715)</u>
Reserve for product development	4,000		4,000		4,000		–
Reserve for special depreciation	1,373		945		944		–
Reserve for advanced depreciation	2,344		2,625		2,624		–
General reserve	79,068		59,069		79,068		(20,000)
Retained earnings carried forward	<u>(106,592)</u>		<u>(79,862)</u>		<u>(110,577)</u>		<u>30,715</u>
Treasury stock, at cost	(2,031)	<u>(0.5)</u>	(2,490)	<u>(0.6)</u>	(2,264)	<u>(0.5)</u>	(226)
<b>Valuation and Translation Adjustments</b>	<b><u>12,411</u></b>	<b><u>3.2</u></b>	<b><u>12,687</u></b>	<b><u>2.9</u></b>	<b><u>13,279</u></b>	<b><u>2.9</u></b>	<b><u>(592)</u></b>
Net unrealized holding gains on securities	<u>12,454</u>		<u>12,713</u>		<u>13,285</u>		<u>(572)</u>
Deferred losses on hedges	(42)		(26)		(5)		(21)
<b>TOTAL NET ASSETS</b>	<b><u>118,581</u></b>	<b><u>30.4</u></b>	<b><u>124,981</u></b>	<b><u>28.4</u></b>	<b><u>115,083</u></b>	<b><u>25.5</u></b>	<b><u>9,898</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>390,462</u></b>	<b><u>100.0</u></b>	<b><u>439,750</u></b>	<b><u>100.0</u></b>	<b><u>451,429</u></b>	<b><u>100.0</u></b>	<b><u>(11,679)</u></b>

Notes. 1. For the interim period ended September 30, 2007, figures are rounded off to the nearest million yen. For the interim period ended September 30, 2006 and the year ended March 2007, figures are truncated to the nearest million yen.

2. The amounts included in "Increase (Decrease)" above indicate difference between the interim period ended September 30, 2007 and the year ended March 31, 2007, and are presented as figures rounded-off to the nearest million yen.



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

(Millions of yen)

Items	Fiscal Period		Interim Period ended September 30, 2006		Interim Period ended September 30, 2007		Increase (Decrease)	Fiscal Year ended March 31, 2007	
	Amount	Proportion	Amount	Proportion	Amount	Amount	Proportion		
		%		%					
Net sales	50,366	100.0	54,939	100.0	4,572	106,079	100.0		
Cost of sales	26,737	53.1	27,616	50.3	879	54,888	51.7		
Gross profit	23,629	46.9	27,323	49.7	3,693	51,191	48.3		
Selling, general and administrative expenses	24,921	49.5	29,244	53.2	4,322	55,914	52.8		
Operating loss	(1,292)	(2.6)	(1,921)	(3.5)	(629)	(4,723)	(4.5)		
Non-operating income	11,351	22.5	29,664	54.0	18,313	17,526	16.5		
Interest and dividends income	10,805		29,140			16,615			
Others	546		524			910			
Non-operating expenses	<u>2,030</u>	<u>4.0</u>	<u>5,588</u>	<u>10.2</u>	—	<u>4,903</u>	<u>4.6</u>		
Interest expenses	1,108		1,585			2,275			
<u>Provision of allowance for doubtful accounts</u>	—		<u>2,975</u>			—			
Others	<u>922</u>		<u>1,028</u>			<u>2,627</u>			
Ordinary income	<u>8,028</u>	<u>15.9</u>	<u>22,155</u>	<u>40.3</u>	—	<u>7,899</u>	<u>7.5</u>		
Extraordinary gains	—	—	11	0.0	11	—	—		
Reversal of allowance for doubtful receivables	—		11			—			
Extraordinary loss	<u>1,182</u>	<u>2.3</u>	<u>5,430</u>	<u>9.8</u>	—	<u>4,129</u>	<u>3.9</u>		
Loss on revaluation of investment securities	134		—			479			
Loss on valuation of stock of subsidiaries and affiliates	<u>262</u>		<u>2,055</u>			<u>469</u>			
Loss on valuation of investments in subsidiaries and affiliates	—		—			1,029			
<u>Loss on valuation of investments in affiliates</u>	<u>785</u>		<u>3,375</u>			<u>2,112</u>			
Others	—		—			38			
Income before provision for income taxes	<u>6,846</u>	<u>13.6</u>	<u>16,736</u>	<u>30.5</u>	—	<u>3,770</u>	<u>3.6</u>		
Provision for income taxes:									
- Current	(200)	(0.5)	(1,865)	(3.3)	(1,665)	(930)	(0.9)		
- Deferred	(20)	(0.0)	1,398	2.5	1,418	(1,207)	(1.2)		
Net income	<u>7,066</u>	<u>14.0</u>	<u>17,203</u>	<u>31.3</u>	—	<u>5,907</u>	<u>5.6</u>		

Notes. 1. For the interim period ended September 30, 2007, figures are rounded off to the nearest million yen. For the interim period ended September 30, 2006 and the year ended March 31, 2007, figures are truncated to the nearest million yen.

2. The amounts included in “Increase (Decrease)” above indicate difference between the interim period ended September 30, 2007 and the interim period ended September 30, 2006, and are presented as figures rounded-off to the nearest million yen.

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

Non-Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)

(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	(22,850)	(16,224)	(1,884)	103,271
Dividends from surplus (Note 2)						(3,921)	(3,921)		(3,921)
Bonus to directors (Note 2)						(100)	(100)		(100)
Net income						7,066	7,066		7,066
Acquisition of treasury stock								(147)	(147)
Total change during the interim term	-	-	-	-	-	3,045	3,045	(147)	2,898
Balance as of September 30, 2006	48,331	73,027	22	73,049	6,626	(19,805)	(13,179)	(2,031)	106,170

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	12,700	-	12,700	115,972
Dividends from surplus (Note 2)				(3,921)
Bonus to directors (Note 2)				(100)
Net income				7,066
Acquisition of treasury stock				(147)
Net changes of items other than shareholders' equity during the interim period	(246)	(42)	(289)	(289)
Total change during the interim term	(246)	(42)	(289)	2,609
Balance as of September 30, 2006	12,454	(42)	12,411	118,581

## 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	(114,138)	(22,850)
Dividends from surplus (Note 2)						(3,921)	(3,921)
Bonus to directors (Note 2)						(100)	(100)
Net income						7,066	7,066
Transfer among items of other retained earnings	(4,700)	-	336	(137)	-	4,500	-
Total change during the interim period	(4,700)	-	336	(137)	-	7,546	3,045
Balance as of September 30, 2006	-	4,000	1,373	2,344	79,068	(106,592)	(19,805)

Note 2: These are retained earnings appropriation items at the ordinary general meeting of shareholders held in June, 2006.

As dividends were already paid in accordance with the procedures based on the resolution by the general shareholders' meeting and the Board of Directors, the amount of retained earnings carried forward was determined after subtracting the dividends.

Non-Consolidated Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 2007)

(Millions of yen)

Item	Shareholders' Equity								Total shareholders' equity
	Common stock	Capital Surplus			Retained Earnings			Treasury stock, at cost	
		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	(23,938)	(17,312)	(2,264)	101,803
Dividends from surplus				–		(6,488)	(6,488)		(6,488)
Net income				–		17,203	17,203		17,203
Acquisition of treasury stock				–			–	(226)	(226)
Net changes of items other than shareholders' equity during the interim period				–			–		
Total change during the interim term	–	–	–	–	–	10,715	10,715	(226)	10,489
Balance as of September 30, 2007	48,332	73,027	22	73,049	6,626	(13,223)	(6,597)	(2,490)	112,294

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	13,285	(5)	13,279	115,083
Dividends from surplus			–	(6,488)
Net income			–	17,203
Acquisition of treasury stock				(226)
Net changes of items other than shareholders' equity during the interim period	(572)	(21)	(593)	(593)
Total change during the interim term	(572)	(21)	(593)	9,896
Balance as of September 30, 2007	12,713	(26)	12,687	124,981

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	(110,577)	(23,938)
Dividends from surplus					(6,488)	(6,488)
Net income					17,203	17,203
Transfer among items of other retained earnings				(20,000)	20,000	–
Total change during the interim period	–	–	–	(20,000)	30,715	10,715
Balance as of September 30, 2007	4,000	945	2,625	59,069	79,862	(13,223)

Note 2: Balance as of March 31, 2007 is truncated to the nearest million yen, and balance as of September 30, 2007 is rounded off to the nearest million yen.

As dividends were already paid in accordance with the procedures based on the resolution by the general shareholders' meeting and the Board of Directors, the amount of retained earnings carried forward was determined after subtracting the dividends.

## Changes in Shareholders' Equity (Non-Consolidated) for the Fiscal Year ended March 31, 2007 (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	(22,850)	(16,224)	(1,884)	103,271
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						5,907	5,907		5,907
Acquisition of treasury stock								(380)	(380)
Net changes of items other than shareholders' equity during the interim period									
Total change during the fiscal year	-	-	-	-	-	(1,087)	(1,087)	(380)	(1,467)
Balance as of March 31, 2007	48,331	73,027	22	73,049	6,626	(23,938)	(17,312)	(2,264)	101,803

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	12,700	-	12,700	115,972
Dividends from surplus (Note 2)				(3,921)
Dividends from surplus				(2,974)
Bonus to directors (Note 2)				(100)
Net income				5,907
Acquisition of treasury stock				(380)
Net changes of items other than shareholders' equity during the interim period	584	(5)	578	578
Total change during the interim term	584	(5)	578	(889)
Balance as of March 31, 2007	13,285	(5)	13,279	115,083

## 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	(114,138)	(22,850)
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						5,907	5,907
Total change during the interim period	(4,700)	–	(92)	143	–	3,561	(1,087)
Balance as of March 31, 2007	–	4,000	944	2,624	79,068	(110,577)	(23,938)

Note 2: These are retained earnings appropriation items at the ordinary general meeting of shareholders held in June, 2006.

As dividends were already paid in accordance with the procedures based on the resolution by the general shareholders' meeting and the Board of Directors, the amount of retained earnings carried forward was determined after subtracting the dividends.

(Before Correction)

# Consolidated Financial Results for the Interim Period ended September 30, 2007



November 6, 2007

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

Contact: Hironobu Kawamata, General Manager, Accounting Division

Phone: 03-3340-2111

Scheduled date of commencement of dividend payments: December 7, 2007

Scheduled date to submit the Interim Securities Report: December 14, 2007

(Figures are rounded off to the nearest million yen)

## 1. Consolidated Financial Results for the Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 2007)

### (1) Consolidated Results of Operations

(% indicates changes from the previous interim period)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Interim period ended September 30, 2007	550,366	13.6	60,223	42.9	<u>50,098</u>	<u>58.9</u>	<u>31,888</u>	<u>69.7</u>
Interim period ended September 30, 2006	484,681	1.8	42,133	153.2	<u>31,534</u>	<u>253.3</u>	<u>18,794</u>	<u>766.5</u>
Year ended March 31, 2007	1,061,786	-	98,729	-	<u>76,226</u>	-	<u>47,799</u>	-

	Net income per share	Fully diluted net income per share
	(¥)	(¥)
Interim period ended September 30, 2007	<u>117.98</u>	-
Interim period ended September 30, 2006	<u>69.50</u>	-
Year ended March 31, 2007	<u>176.79</u>	-

Note: Equity in earnings (losses) of affiliated companies: Interim period ended September 30, 2007: ¥(1,295) million  
Interim period ended September 30, 2006: ¥(1,196) million  
Year ended March 31, 2007: ¥(2,394) million

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	%	(¥)
Interim period ended September 30, 2007	<u>1,110,835</u>	<u>372,473</u>	<u>32.4</u>	<u>1,330.89</u>
Interim period ended September 30, 2006	<u>982,718</u>	<u>317,389</u>	<u>31.3</u>	<u>1,138.06</u>
Year ended March 2007	<u>1,091,800</u>	<u>344,871</u>	<u>30.6</u>	<u>1,236.34</u>

Note: Equity for: Interim period ended September 30, 2007: ¥359,703 million  
Interim period ended September 30, 2006: ¥307,711 million  
Year ended March 31, 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 period
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Interim period ended September 30, 2007	<u>37,673</u>	<u>(33,126)</u>	<u>(11,137)</u>	<u>168,263</u>
Interim period ended September 30, 2006	<u>39,966</u>	<u>(30,193)</u>	<u>(15,017)</u>	<u>154,580</u>
Year ended March 2007	<u>108,400</u>	<u>(96,481)</u>	<u>2,192</u>	<u>174,802</u>

## 2. Dividends

(Record date)	Cash dividends per share		
	Interim	Year-end	Annual
	(¥)	(¥)	(¥)
Year ended March 2007	11.00	24.00	35.00
Year ending March 2008	20.00	–	40.00
Year ending March, 2008 (Forecast)	–	20.00	

## 3. Forecast of Consolidated Financial Results for the year ending March, 2008 (April 1, 2007 - March 31, 2008)

(% indicates changes from the previous corresponding term)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Full year	1,163,000	9.5	125,000	26.6	100,000	31.2	60,000	25.5	222.00

\* The above forecasts include projections based on forward-looking assumptions, projections, and plans available as of the date of the release of this document. Actual results may differ significantly from the projected values due to risks or uncertain factors with respect to the world economy, competition and exchange rate fluctuations, among others. For further information on the above forecasts, please refer to pp. 7-8.

## 4. Others

- (1) Significant changes of subsidiaries during period under review (affecting specific subsidiaries due to changes in scope of consolidation): Not applicable
- (2) Changes in the accounting principles, accounting procedures, presentation, etc., related to preparation of consolidated financial statements for this interim period (those to be described as changes in significant matters that are the basis for preparing consolidated financial statements for this interim period)

1) Changes due to the revision of accounting standards, etc.: Yes

2) Any changes other than 1) above: None

Note: For details, please refer to “Changes in the Basis of Presenting 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 period (including treasury shares):

Interim period ended September 30, 2007: 271,283,608 shares

Interim period ended September 30, 2006: 271,283,608 shares

Year ended March 2007: 271,283,608 shares

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

Interim period ended September 30, 2007: 1,010,871 shares

Interim period ended September 30, 2006: 901,331 shares

Year ended March 31, 2007: 961,805 shares

Note: Please refer to “Per-Share Data” on p. 26 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

(Interim period ended September 30, 2007: Figures are rounded off to the nearest million yen)  
(Interim period ended September 30, 2006 and year ended March 31, 2007: Figures are truncated)

Non-Consolidated Financial Results for Interim period ended September 30, 2007 (April 1, 2007 - September 30, 2007)

### (1) Non-Consolidated Results of Operations

(% indicates changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Interim period ended September 30, 2007	54,939	9.1	(1,921)	–	22,671	188.3	23,149	191.2
Interim period ended September 30, 2006	50,366	13.4	(1,292)	–	7,863	88.5	7,949	96.2
Year ended March 31, 2007	106,079	–	(4,723)	–	7,502	–	8,036	–



	Net income per share
	(¥)
Interim period ended September 30, 2007	<u>85.64</u>
Interim period ended September 30, 2006	<u>29.40</u>
Year ended March 31, 2007	<u>29.72</u>

## (2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	%	(¥)
Interim period ended September 30, 2007	<u>567,194</u>	<u>252,127</u>	<u>44.5</u>	<u>932.86</u>
Interim period ended September 30, 2006	<u>510,320</u>	<u>238,213</u>	<u>46.7</u>	<u>881.03</u>
Year ended March 31, 2007	<u>572,678</u>	<u>236,136</u>	<u>41.2</u>	<u>873.54</u>

Note: Equity for: Interim period ended September 30, 2007: ¥ 252,127 million  
Interim period ended September 30, 2006: ¥ 238,213 million  
Year ended March 31, 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	Interim net income	Interim net income per share
Interim period ended September 30, 2007	550,366	60,223	<u>50,098</u>	<u>31,888</u>	<u>¥117.98</u>
Interim period ended September 30, 2006	484,681	42,133	<u>31,534</u>	<u>18,794</u>	<u>¥69.50</u>
Increase (Decrease) ratio	13.6%	42.9%	<u>58.9%</u>	<u>69.7%</u>	–

##### Comparison Table of Average Exchange Rate

	Interim period ended September 30, 2007	Interim period ended September 30, 2006
Against the U.S. dollar	¥119.33	¥115.38
Against the Euro	¥162.30	¥145.97

The Japanese economy has grown slowly during the interim period ended September 30, 2007, supported by increased business investment and increasing exports amidst improving corporate profits. Conversely, although an economic slowdown was felt in the U.S. due to, among others, the impact of the sub-prime mortgage crisis, the economy has continued its growth from the interim period ended September 30, 2006 in Asia, mainly in China, and economic growth continued to develop gradually in Europe.

With regard to the performance of the Olympus Group, consolidated net sales continued to be strong in the Imaging Systems Business, the Medical Systems Business, and the Life Sciences Business. Overall sales showed an increase of ¥65,685 million over the interim period ended September 30, 2006, and reached ¥550,366 million (13.6% increase over the interim period ended September 30, 2006).

Pertaining to operating profits, as a result of the increase in sales in the Imaging Systems Business contributing to an increase in profit, and the strong sales in both domestic and overseas markets of principal products in the Medical Systems Business, operating profits reached ¥60,223 million (42.9% increase compared to the interim period ended September 30, 2006).

Ordinary income amounted to ¥50,098 million (58.9% increase over the interim period ended September 30, 2006), a significant increase compared to the interim period ended September 30, 2006.

Interim net income was ¥31,888 million (69.7% increase over the interim period ended September 30, 2006) due primarily to extraordinary gains calculated as ¥2,323 million, and ¥20,588 million generated for corporate tax.

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

Research and development expenses amounted to ¥29.4 billion interim period ended September 30, 2007.

The yen depreciation against both the U.S. dollar and the Euro, and the average exchange rate during the interim period ended September 30, 2007 was US\$ 1 = ¥119.33 and EUR 1 = ¥162.30, the effect of which was to increase revenue in net sales by ¥23.4 billion.

The interim cash dividend increased by ¥9 compared to the interim period ended September 30, 2006 to ¥20 per share.

Analysis of the performance by segment

(Millions of yen)

	Net Sales			Operating Income (Loss)		
	Interim Period ended September 30, 2006	Interim period ended September 30, 2007	Increase (Decrease) ratio	Interim period ended September 30, 2006	Interim period ended September 30, 2007	Increase (Decrease)
Imaging Systems	132,111	163,140	23.5%	14,478	21,560	7,082
Medical Systems	142,191	168,198	18.3%	39,066	49,523	10,457
Life Sciences	57,707	62,828	8.9%	3,384	2,829	(555)
Information & Communication	122,897	124,849	1.6%	(319)	600	919
Others	29,775	31,351	5.3%	(478)	782	1,260
Subtotal	484,681	550,366	13.6%	56,131	75,294	19,163
Elimination or unallocation	–	–	–	(13,998)	(15,071)	(1,073)
Consolidated total	484,681	550,366	13.6%	42,133	60,223	18,090

Note: Businesses are segmented by evaluating similarities of sales markets and businesses established based on lines of product.

**Imaging Systems Business**

Consolidated Net sales for the Imaging Systems Business was ¥163,140 million (23.5% increase over the interim period ended September 30, 2006), while operating income reached ¥21,560 million (48.9% increase over the interim period ended September 30, 2006).

In the digital camera field, distinctive product strategies were developed, and both domestic and overseas revenue increased substantially. Two new models of digital single-lens reflex (D-SLR) camera – the “E-410”, which is the world’s smallest, slimmest and lightest D-SLR camera\*, and the “E-510”, which has a built-in image stabilization function – were released, and sales improved. High-performance compact digital cameras such as the “CAMEDIA SP Series”, which has an 18x optical zoom lens, and the “μ[mju:] SW Series” which offers enhanced shock, water and dust resistance, were well-received in the market, and sales of the “CAMEDIA FE Series”, which focuses on ease of operation, improved.

In the voice recorders field, both the separate-type IC recorder “Voice-Trek V Series”, which can be directly connected to a personal computer, and the “DS Series”, which offers high-quality sound recording and playback, performed well and domestic sales increased. Overseas, market sales in the U.S. and in Europe, mainly of the “VN Series”, were strong and contributed to an overall increase in revenue in the voice recorders field.

In addition, the number of sales of lens barrel units in the optical components field increased significantly.

The operating income increased substantially as a result of the increase in sales of digital cameras and thorough inventory control.

\* as of October 2007, among interchangeable lens type digital SLR cameras.

### **Medical Systems Business**

Consolidated net sales in the Medical Systems Business amounted to ¥168,198 million (18.3% increase over the interim period ended September 30, 2006), while operating income amounted to ¥49,523 million (26.8% increase over the interim period ended September 30, 2006).

In the medical endoscope field, the “EVIS LUCERA SPECTRUM,” which enabled observation using specialized light spectra that contributed to the early detection of minute lesions such as cancer, and the upper gastrointestinal endoscope which may be inserted either nasally or orally, performed well in the domestic sales market, while sales of the “EVIS EXERA II”, a high-resolution HDTV endoscope system featuring observation using specialized light spectra, improved in overseas markets which led to a significant increase in sales.

In the fields of MIP such as surgical and EndoTherapy products, products related to gastrotomy catheters which provide nutrition directly to the stomach contributed to an increase in sales in the domestic market, while the sale of disposable single use high-frequency electrosurgical knife was strong. In overseas markets, revenue increased as a result of the high-resolution HDTV videoscope for the abdominal and chest cavities being received well in the surgical field, and because of a significant increase in sales of haemostatic system products in Europe.

In addition, we are continuing its activities to raise awareness of the importance of screening for stomach and colorectal cancer. Such activities include the “BRAVE CIRCLE” colorectal cancer awareness campaign, naming July 14 “Endoscope Day” and conducting a survey of peoples’ attitudes towards endoscopic examinations.

Operating income increased as a result of an increase in sales in each field.

### **Life Sciences Business**

Consolidated net sales for the Life Sciences Business was ¥62,828 million (8.9% increase over the interim period ended September 30, 2006), while operating income amounted to ¥2,829 million (16.4% decrease compared to the interim period ended September 30, 2006).

In the micro-imaging (microscopes) field, revenue increased as a result of increase of sales of the “FLUOVIEW series”, a confocal laser scanning microscope for biological use in China, where the scale of the optical imaging market is expanding, and sales continuing to be strong in the U.S. and European markets. With respect to industrial microscopes, in addition to the improving sales of inspection equipment for flat panel display in the domestic market, market conditions in part of Asia recovered, and sales in the field as a whole remained steady.

In the diagnostic systems field, revenue increased as a result of the expansion in sales of the compact blood analyzer (clinical chemistry analyzer) in Brazil, and the strong sales performance of the large blood analyzer (clinical chemistry analyzer) in China.

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

### **Information & Communication Business**

Consolidated net sales for the Information & Communication Business was ¥124,849 million (1.6% increase over the interim period ended September 30, 2006), while operating income showed ¥600 million (operating loss of ¥319 million in the interim period ended September 30, 2006).

Since revising its 3-year business plan as of May 2007, ITX Corporation, the Company’s consolidated subsidiary which manages the Information & Communication Business, has been addressing the ongoing optimization of their portfolio through further improvement of “building a stable consolidated business profit

base” and “accelerating the investment cycle”, and working on the improvement of equipment sales and services and the growth of investment and business.

With regard to net sales, the aftermarket business of automobiles conducted by Broadleaf Co., Ltd. continued to produce strong results and IT Telecom Inc. established new stores selling mobile handsets, the result of which was an increase of revenue.

With regard to operating income/loss, efforts to strengthen the business profit base such as increasing profitability through an increase in sales at stores selling mobile handsets, and the promotion of improvements of management efficiency resulted in the recording of an operating income, a complete turnaround from the operating loss recorded in the interim period ended September 30, 2006.

### **Others**

Consolidated net sales for Others Business was ¥31,351 million (5.3% increase on the interim period ended September 30, 2006), while operating income showed ¥782 million (a decrease of ¥478 million on the interim period ended September 30, 2006).

In the non-destructive testing equipment field, the new compact and light portable ultrasound testing devices and highly durable portable industrial endoscopes (the “IPLEX FX”) continued to sell well and successful improvements were made to sales systems in Japan, the U.S and Europe, which led to a significant increase in revenue.

The information equipment field maintained steady results overall, due to factors such as the increase in shipment volume of printers manufactured through the business collaboration with Riso Kagaku Corporation.

In the biomedical materials field, the Company endeavored to strengthen its business through establishing a new joint company, Olympus Terumo Biomaterials Corp., together with Terumo Corporation in April of this year. The increased sales of “Terudermis” artificial skin and “Teruplug” a protective material for tooth extractions contributed to an increase in revenue, as did the commencement full-scale sales in overseas markets.

In addition, the acquisition of shares in the health-related business of ITX Corporation also contributed to the increase in revenue.

With regard to operating income/loss, results such as the expansion of overseas sales in the non-destructive testing equipment field brought about operating income, a complete turnaround from the operating loss recorded in the interim period ended September 30, 2006.

### **Forecast for the Year ending March 2008**

#### Forecast for the overall business and analysis

It is expected that Japan’s economy will continue to gradually expand. Furthermore, the world economy is expected to grow despite some concerns pertaining to the fluctuation in crude oil prices and the American economy.

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

In the Imaging Systems Business, our competitive edge will be reinforced through continued efforts to improve profitability. Allocation of operating resources will be focused to establish a firm position in the field of digital single-lens reflex (D-SLR) cameras, and business efficiency will be improved to obtain 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, we intend to build a system to enable us to respond promptly to

changes in the business environment and realize a steady increase in profit. By taking maximum advantage of our strengths in Endoscopes, we will aim for the further development of surgical and EndoTherapy products. Furthermore, we will continue to promote the solution business, which we began as a high value-added service. We will also continue to reinforce the comprehensive strength of the Medical Systems Business centering around gastrointestinal endoscopes through the strengthening of the maintenance service systems, together with our sales force.

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

The forecast for the year ending March 2008 is as follows.

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (in yen)
Year ending March 2008	1,163,000	125,000	100,000	60,000	¥222.00
Year ended March 31, 2007	1,061,786	98,729	<u>76,226</u>	<u>47,799</u>	<u>¥176.79</u>
Increase (Decrease) ratio	9.5%	26.6%	<u>31.2%</u>	<u>25.5%</u>	—

It is expected that net sales, operating income, ordinary income, and net income will each reach record highs due to a steady increase of net assets and decrease of cost of sales, in addition to favorable business results in the first half of the fiscal year.

The exchange rate used as the basis of calculation for the year ending March 2008 is US\$ 1 = ¥117 and EUR 1 = ¥161.

#### Forecast by segment and analysis

(Millions of yen)

	Net Sales			Operating Income (Loss)		
	Interim period ended September 30, 2006	Interim period ended September 30, 2007	Increase (Decrease) ratio	Interim period ended September 30, 2006	Interim period ended September 30, 2007	Increase (Decrease)
Imaging Systems	294,303	348,000	18.2%	27,208	40,000	12,792
Medical Systems	311,709	352,000	12.9%	87,853	107,500	19,647
Life Sciences	123,706	130,000	5.1%	8,079	6,000	(2,079)
Information & Communication	267,691	263,000	(1.8%)	2,716	1,000	(1,716)
Others	64,377	70,000	8.7%	872	1,500	628
Subtotal	1,061,786	1,163,000	9.5%	126,728	156,000	29,272
Elimination or Unallocation	—	—	—	(27,999)	(31,000)	(3,001)
Consolidated Total	1,061,786	1,163,000	9.5%	98,729	125,000	26,271

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

In the Imaging Systems Business, revenue and profit are expected to increase due to the continued success of digital camera sales and improvements in business efficiency.

In the Medical Systems Business, revenue and profit are expected to increase due to the steady maintenance of sales of new products such as endoscopes that enable observation using specialized light spectra, among others.

In the Life Sciences Business, despite an increase in revenue in net sales due to a steady sales increase, mainly in overseas markets, operating income is expected to decrease as a result of continuing anticipatory investment in research and development.

In the Information & Communication Business, although the sales of mobile handsets, among others, remain stable, due to the decrease in profit from the sale of the investment consultation business, revenue and profit are expected to decrease.

As for Others, an increase in revenue and profit is expected due to sales expansion, especially in the field of non-destructive testing equipment.

## (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)

	End of interim period ended September 30, 2006	End of year ended March 31, 2007	End of interim period ended September 30, 2007	Increase (Decrease) against year ended March 31, 2007	Increase (Decrease) ratio
Total Assets	<u>982,716</u>	<u>1,091,800</u>	<u>1,110,835</u>	<u>19,035</u>	<u>1.7%</u>
Net Assets	<u>317,389</u>	<u>344,871</u>	<u>372,473</u>	<u>27,602</u>	<u>8.0%</u>
Equity Ratio	<u>31.3%</u>	<u>30.6%</u>	<u>32.4%</u>	<u>1.8%</u>	—

As a result of increases in current assets (such as inventory assets), fixed assets, investments and other assets, assets for the interim period ended September 30, 2007 increased by ¥19,035 million.

Net assets at the end of the interim period ended September 30, 2007 increased by ¥31,888 million compared to the net assets at the end of the year ended March 31, 2007, because, among other factors, ¥27,602 million was calculated as net income for the interim period ended September 30, 2007. As a result, the equity ratio increased to 32.4%.

#### Analysis of cash flows

(Millions of yen)

	Interim period ended September 30, 2006	Interim period ended September 30, 2007	Increase (Decrease)
Cash flows from operating activities	39,966	<u>37,673</u>	<u>(2,293)</u>
Cash flows from investing activities	(30,193)	<u>(33,126)</u>	<u>(2,933)</u>
Cash flows from financing activities	(15,017)	(11,137)	3,880
Balance of cash and cash equivalents at end of period	<u>154,580</u>	168,263	<u>13,683</u>

“Cash flows from operating activities” increased by ¥37,673 million (¥2,293 million decrease compared to the interim period ended September 30, 2006). The main reason for this is the increase (of ¥22,721 million) in interim net income before provision for income taxes, etc. due to favorable trends in the Imaging Systems and Medical Systems Businesses.

“Cash flows from investing activities” decreased by ¥33,126 million (decrease by ¥2,933 million from the interim period ended September 30, 2006). The main reason for this is expenditure of ¥28,516 million on purchases of property, plant and equipment, etc.

“Cash flows from financing activities” decreased by ¥11,137 million (an increase of ¥3,880 million on the interim period ended September 30, 2006). The main reason is expenditures such as repayment of ¥7,932 million on long-term debt and the payment of ¥6,488 million as dividends.

Consequently, the balance of cash and cash equivalents at the end of the interim period ended September 30, 2007 amounted to ¥168,263 million, a decrease of ¥6,539 million compared to the balance as of the end of the year ended March 31, 2007.

### Cash Flows Indicators

	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Interim period ended September 30, 2007
Equity ratio (%)	28.1	<u>29.8</u>	<u>30.6</u>	<u>32.4</u>
Market value equity ratio (%)	76.8	<u>95.9</u>	<u>99.8</u>	<u>114.8</u>
Debt redemption period (years)	37.1	<u>9.1</u>	<u>4.3</u>	<u>6.1</u>
Interest coverage ratio (times)	1.5	5.3	8.7	5.6

Notes: Equity ratio: Shareholders' equity / Total assets

Market value equity ratio: Total market capitalization / Total assets

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

Interest coverage ratio: Operating cash flow / Interest payment

- Each index was calculated by financial index of consolidated basis.
- The market capitalization is calculated by multiplying the closing share price on the final trading day of the fiscal period by the number of shares issued and outstanding (excluding treasury stocks) as of the end of the corresponding fiscal period.
- 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.
- Because cash flow is calculated on an annual basis, the debt redemption period (years) for the current interim period has been doubled, for calculation purposes.

### (3) Basic Strategy for Profit Sharing and Dividend for the Current Interim Period

In order to respond to the expectations of our shareholders we set our basic strategy to dividends, taking into consideration performance while securing continued profit sharing. Specifically, we determined the dividend amount by taking into consideration the operating environment and financial position, and by setting the dividend pay out ratio at 20% of the consolidated base as a basis. Retained earnings will be invested in the reinforcement of existing businesses, capital affiliation for the creation of new businesses, research development, business investment, which will be proactively carried out to improve long-term corporate value.

Interim dividends per share for the interim period ended September 30, 2007 are set at ¥20, an increase of ¥9 over the interim period ended September 30, 2006 dividend of ¥11. The amount of dividends for the fiscal year ended March 31, 2008 is expected to be ¥40 per share (¥20 for interim dividends, and ¥20 for year-end dividends).

## 2. Status of the Corporate Group

Because there are no significant changes from the “business diagram (type of business)” or “status of subsidiaries and affiliates” in the recent Securities Report (submitted on June 28, 2007), disclosure has been omitted.



### **3. Operating Policy**

Because there are no significant changes from 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 Websites.

Website of the Company

<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. Interim Consolidated Financial Statements

### (1) Interim Consolidated Balance Sheets

(Millions of yen)

Items	Consolidated Interim Period ended September 30, 2006		Consolidated Interim Period ended September 30, 2007		Consolidated Fiscal Year ended March 31, 2007		Increase (Decrease)
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	
<b><u>ASSETS</u></b>		%		%		%	
<b>Current Assets</b>	<b><u>473,816</u></b>	<b><u>48.2</u></b>	<b><u>578,333</u></b>	<b><u>52.1</u></b>	<b><u>572,838</u></b>	<b><u>52.5</u></b>	<b><u>5,495</u></b>
Cash and time deposits	<u>160,545</u>		<u>179,589</u>		<u>216,586</u>		<u>(36,997)</u>
Notes and accounts receivable	165,192		189,866		192,855		(2,989)
Marketable securities	10		28,301		8,347		19,954
Inventories	93,130		104,678		89,847		14,831
Deferred income taxes	26,433		34,161		32,319		1,842
Others	31,658		45,116		36,265		<u>8,851</u>
Allowance for doubtful accounts	(3,152)		(3,378)		(3,381)		3
<b>Fixed Assets</b>	<b><u>508,902</u></b>	<b><u>51.8</u></b>	<b><u>532,502</u></b>	<b><u>47.9</u></b>	<b><u>518,962</u></b>	<b><u>47.5</u></b>	<b><u>13,540</u></b>
Property, plant and equipment	134,927	<u>13.7</u>	145,722	<u>13.1</u>	140,089	<u>12.8</u>	5,633
Buildings and structures	58,693		64,036		63,300		736
Machinery and equipment	18,754		17,837		18,526		(689)
Tools, furniture and fixtures	37,101		40,496		38,421		2,075
Land	18,003		22,120		18,736		3,384
Construction in progress	2,376		1,233		1,106		127
Intangible fixed assets	104,636	<u>10.7</u>	100,203	<u>9.0</u>	100,351	<u>9.2</u>	(148)
Goodwill	82,915		80,373		78,718		1,655
Others	21,721		19,830		21,633		(1,803)
Investments and other assets	<u>269,339</u>	<u>27.4</u>	<u>286,577</u>	<u>25.8</u>	<u>278,522</u>	<u>25.5</u>	<u>8,055</u>
Investment securities	<u>209,682</u>		<u>214,364</u>		<u>216,636</u>		<u>(2,272)</u>
Deferred income taxes	<u>9,497</u>		10,255		9,606		649
Others	50,607		62,492		52,763		9,729
Allowance for doubtful accounts	(447)		(534)		(483)		(51)
<b>Total Assets</b>	<b><u>982,718</u></b>	<b><u>100.0</u></b>	<b><u>1,110,835</u></b>	<b><u>100.0</u></b>	<b><u>1,091,800</u></b>	<b><u>100.0</u></b>	<b><u>19,035</u></b>

Note: Increase/Decrease above indicates difference between the consolidated interim period ended September 30, 2007 and the consolidated fiscal year ended March 31, 2007.

(Millions of yen)

Items	Fiscal Period		Consolidated Interim Period ended September 30, 2006		Consolidated Interim Period ended September 30, 2007		Consolidated Fiscal Year ended March 31, 2007		Increase (Decrease)
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio			
<b>LIABILITIES</b>		%		%		%			
<b>Current Liabilities</b>	<b>358,986</b>	<b>36.5</b>	<b>435,144</b>	<b>39.2</b>	<b>410,116</b>	<b>37.6</b>	<b>25,028</b>		
Notes and accounts payable	79,312		90,997		100,252		(9,255)		
Short-term borrowings	142,236		151,102		148,517		2,585		
Current maturities of bonds	10,072		30,076		94		29,982		
Accrued expenses	66,476		77,796		77,526		270		
Income taxes payable	11,661		13,407		16,631		(3,224)		
Warranty reserve	5,601		8,914		8,758		156		
Others	43,628		62,852		58,338		4,514		
<b>Long-term Liabilities</b>	<b>306,343</b>	<b>31.2</b>	<b>303,218</b>	<b>27.3</b>	<b>336,813</b>	<b>30.8</b>	<b>(33,595)</b>		
Long-term bonds, less current maturities	105,416		110,458		140,480		(30,022)		
Long-term borrowings, less current maturities	180,415		166,720		173,123		(6,403)		
Severance and retirement allowance	8,991		9,844		9,529		315		
Severance and retirement allowance for directors and corporate auditors	111		102		83		19		
Others	11,410		16,094		13,598		2,496		
<b>Total Liabilities</b>	<b>665,329</b>	<b>67.7</b>	<b>738,362</b>	<b>66.5</b>	<b>746,929</b>	<b>68.4</b>	<b>(8,567)</b>		
<b>Shareholders' Equity</b>	<b>287,948</b>	<b>29.3</b>	<b>335,413</b>	<b>30.2</b>	<b>310,239</b>	<b>28.4</b>	<b>25,174</b>		
Common stock	48,332		48,332		48,332		–		
Capital surplus	73,049		73,049		73,049		–		
Retained earnings	168,599		216,522		191,122		25,400		
Treasury stock, at cost	(2,032)		(2,490)		(2,264)		(226)		
<b>Valuation and Translation Adjustments</b>	<b>19,763</b>	<b>2.0</b>	<b>24,290</b>	<b>2.2</b>	<b>23,971</b>	<b>2.2</b>	<b>319</b>		
Net unrealized holding gains on securities	15,159		14,582		16,078		(1,496)		
Deferred losses on hedges	(377)		(486)		(184)		(302)		
Foreign currency translation adjustments	4,981		10,194		8,077		2,117		
<b>Minority Interests</b>	<b>9,678</b>	<b>1.0</b>	<b>12,770</b>	<b>1.1</b>	<b>10,661</b>	<b>1.0</b>	<b>2,109</b>		
<b>Total Net Assets</b>	<b>317,389</b>	<b>32.3</b>	<b>372,473</b>	<b>33.5</b>	<b>344,871</b>	<b>31.6</b>	<b>27,602</b>		
<b>Total Liabilities and Net Assets</b>	<b>982,718</b>	<b>100.0</b>	<b>1,110,835</b>	<b>100.0</b>	<b>1,091,800</b>	<b>100.0</b>	<b>19,035</b>		

Note: "Increase (Decrease)" above indicates difference between the consolidated interim period ended September 30, 2007 and the consolidated fiscal year ended March 31, 2007.

**(2) Interim Consolidated Statements of Income**

(Millions of yen)

Items	Consolidated Interim Period ended September 30, 2006		Consolidated Interim Period ended September 30, 2007		Increase (Decrease) Amount	Consolidated Fiscal Year ended March 31, 2007	
	Amount	Proportion	Amount	Proportion		Amount	Proportion
		%		%			%
Net sales	484,681	100.0	550,366	100.0	65,685	1,061,786	100.0
Cost of sales	279,714	57.7	299,040	54.3	19,326	611,503	57.6
Gross profit	204,967	42.3	251,326	45.7	46,359	450,283	42.4
Selling, general and administrative expenses	162,834	33.6	191,103	34.8	28,269	351,554	33.1
Operating income	42,133	8.7	60,223	10.9	18,090	98,729	9.3
Non-operating income	2,911	0.6	4,402	0.8	1,491	6,330	0.6
Interest income	904		1,678		774	1,799	
Others	2,007		2,724		717	4,531	
Non-operating expenses	<u>13,510</u>	<u>2.8</u>	<u>14,527</u>	<u>2.6</u>	<u>1,017</u>	<u>28,833</u>	<u>2.7</u>
Interest expenses	5,824		6,846		1,022	12,567	
Net loss of investment in affiliated companies carried on the equity method	<u>1,196</u>		<u>1,295</u>		<u>99</u>	<u>2,394</u>	
Foreign currency exchange loss	1,939		370		(1,569)	4,120	
Others	<u>4,551</u>		<u>6,016</u>		<u>1,465</u>	<u>9,752</u>	
Ordinary income	<u>31,534</u>	<u>6.5</u>	<u>50,098</u>	<u>9.1</u>	<u>18,564</u>	<u>76,226</u>	<u>7.2</u>
Extraordinary gains	75	0.0	2,323	0.4	2,248	731	<u>0.0</u>
Gain on sales of investment securities in subsidiaries and affiliates	75		303		228	163	
Gain on changes in equity	–		1,909		1,909	–	
Gain on sales of investment securities	–		111		111	568	
Extraordinary losses	<u>1,909</u>	<u>0.4</u>	=	=	<u>(1,909)</u>	<u>3,377</u>	<u>0.3</u>
Impairment loss on fixed assets	417		–		(417)	1,619	
Loss on valuation of investment securities	<u>1,492</u>		=		<u>(1,492)</u>	<u>1,756</u>	
Others	–		–		–	2	
Income before provision for income taxes	<u>29,700</u>	<u>6.1</u>	<u>52,421</u>	<u>9.5</u>	<u>22,721</u>	<u>73,580</u>	6.9
Provision for income taxes:							
- Current	14,056	2.9	20,164	3.6	6,108	<u>31,682</u>	<u>3.0</u>
- Deferred	(2,292)	(0.5)	424	0.1	2,716	(5,601)	(0.6)
Minority interests	(858)	(0.2)	(55)	(0.0)	803	(300)	(0.0)
Net income	<u>18,794</u>	<u>3.9</u>	<u>31,888</u>	<u>5.8</u>	<u>13,094</u>	<u>47,799</u>	<u>4.5</u>

Note: “Increase (Decrease)” above indicates difference between the consolidated interim period ended September 30, 2007 and the consolidated interim period ended September 30, 2006.

**(3) Interim Consolidated Statement of Changes in Shareholder's Equity**

Consolidated Interim period ended September 30, 2006 (April 1, 2006 - September 30, 2006)

(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	<u>153,864</u>	(1,884)	<u>273,361</u>
Dividends from surplus (Note)			(3,921)		(3,921)
Bonuses to directors (Note)			(138)		(138)
Net income			<u>18,794</u>		<u>18,794</u>
Acquisition of treasury stock				(148)	(148)
Net changes of items other than shareholders' equity during the interim period					
Total changes during the interim period	–	–	<u>14,735</u>	(148)	<u>14,587</u>
Balance as of September 30, 2006	48,332	73,049	<u>168,599</u>	(2,032)	<u>287,948</u>

Item	Valuation and Translation Adjustments				Minority Interest	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	<u>16,422</u>	–	873	<u>17,295</u>	9,657	<u>300,313</u>
Dividends from surplus (Note)						(3,921)
Bonuses to directors (Note)						(138)
Net income						<u>18,794</u>
Acquisition of treasury stock						(148)
Net changes of items other than shareholders' equity during the interim period	<u>(1,263)</u>	(377)	4,108	<u>2,468</u>	21	<u>2,489</u>
Total changes during the interim period	<u>(1,263)</u>	(377)	4,108	<u>2,468</u>	21	<u>17,076</u>
Balance as of September 30, 2006	<u>15,159</u>	(377)	4,981	<u>19,763</u>	9,678	<u>317,389</u>

Note: Appropriation of profit based on the resolution at the ordinary general meeting of shareholders held in June 2006.

Consolidated Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 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, 2007	48,332	73,049	<u>191,122</u>	(2,264)	<u>310,239</u>
Dividends from surplus			(6,488)		(6,488)
Net income			<u>31,888</u>		<u>31,888</u>
Acquisition of treasury stock				(226)	(226)
Net changes of items other than shareholders' equity during the interim period					–
Total changes during the interim period	–	–	<u>25,400</u>	(226)	<u>25,174</u>
Balance as of September 30, 2007	48,332	73,049	<u>216,522</u>	(2,490)	<u>335,413</u>

Item	Valuation and Translation Adjustments				Minority Interest	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	<u>16,078</u>	(184)	8,077	<u>23,971</u>	10,661	<u>344,871</u>
Dividends from surplus						(6,488)
Net income						<u>31,888</u>
Acquisition of treasury stock						(226)
Net changes of items other than shareholders' equity during the interim period	<u>(1,496)</u>	(302)	2,117	<u>319</u>	2,109	<u>2,428</u>
Total changes during the interim period	<u>(1,496)</u>	(302)	2,117	<u>319</u>	2,109	<u>27,602</u>
Balance as of September 30, 2007	<u>14,582</u>	(486)	10,194	<u>24,290</u>	12,770	<u>372,473</u>

## Consolidated Fiscal Year ended March 31, 2007 (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
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 Interest	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 ordinary general meeting of shareholders held in June 2006.

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

(Millions of yen)

Item	Fiscal Period	Consolidated Interim Period ended September 30, 2006	Consolidated Interim Period ended September 30, 2007	Increase (Decrease)	Consolidated Fiscal Year ended March 31, 2007
		Amount	Amount	Amount	Amount
<b>I. Cash flows from operating activities</b>					
1. Income before provision for income taxes		<u>29,700</u>	<u>52,421</u>	<u>22,721</u>	<u>73,580</u>
2. Depreciation		14,507	17,334	2,827	30,404
3. Amortization of goodwill		3,538	3,864	326	7,868
4. Increase (decrease) of severance and retirement allowance		(264)	283	547	183
5. Decrease (increase) in prepaid expenses of pensions		(1,228)	(1,590)	(362)	673
6. Interest and dividend income		(1,251)	(2,304)	(1,053)	(2,314)
7. Interest expenses		5,824	6,846	1,022	12,567
8. Loss on investment in affiliated companies carried on the equity method		<u>1,196</u>	<u>1,295</u>	<u>99</u>	<u>2,394</u>
9. Gain on changes in equity		–	(1,909)	(1,909)	–
10. Loss on valuation of investment securities		<u>1,492</u>	=	<u>(1,492)</u>	<u>1,756</u>
11. Impairment loss on fixed assets		417	–	(417)	1,619
12. Decrease (increase) in notes and accounts receivable		6,437	5,028	(1,409)	(17,432)
13. Decrease (increase) in inventories		1,798	(13,846)	(15,644)	6,821
14. Increase (decrease) in notes and accounts payable		(8,197)	(9,143)	(946)	11,528
15. Increase in accounts payable		4,301	7,761	3,460	–
16. Increase (decrease) in accrued expenses		5,915	(74)	(5,989)	15,871
17. Other operating activities		<u>(3,739)</u>	<u>(50)</u>	<u>3,689</u>	<u>1,300</u>
Subtotal		60,446	65,916	5,470	146,818
18. Interest and dividend received		1,248	2,278	1,030	2,341
19. Interest paid		(6,078)	(6,767)	(689)	(12,460)
20. Income taxes paid		(15,650)	(23,754)	(8,104)	(28,299)
Net cash provided by operating activities		<u>39,966</u>	<u>37,673</u>	<u>(2,293)</u>	<u>108,400</u>
<b>II. Cash flows from investing activities</b>					
1. Payments into time deposits		(3,500)	<u>(39,307)</u>	<u>(35,807)</u>	<u>(41,379)</u>
2. Withdrawal of time deposits		4,186	<u>41,570</u>	<u>37,384</u>	6,609
3. Expenditure on acquisition of securities		–	–	–	(8,365)
4. Proceeds from sales of securities		1,200	2,460	1,260	1,266
5. Expenditure on acquisition of tangible fixed assets		(26,784)	(28,516)	(1,732)	(41,269)
6. Expenditure on acquisition of investment securities		(4,857)	<u>(4,304)</u>	<u>553</u>	(15,405)
7. Proceeds from sales of investment securities		1,161	<u>4,844</u>	<u>3,683</u>	4,360
8. Expenditure on acquisition of securities of subsidiaries associated with the change in scope of consolidation		(2,199)	(1,364)	835	(2,409)
9. Proceeds from (expenditure on) sales of stocks of subsidiaries associated with the change in scope of consolidation		–	197	197	(231)
10. Proceeds from sales of stock of consolidated subsidiaries		–	607	607	–
11. Expenditure on lending		–	(9,681)	(9,681)	–
12. Proceeds from collection of loans		–	174	174	–
13. Other investing activities		600	194	(406)	342
Net cash used in investing		<u>(30,193)</u>	<u>(33,126)</u>	<u>(2,933)</u>	<u>(96,481)</u>

Note: “Increase (Decrease)” above indicates difference between the consolidated interim period ended September 30, 2007 and the consolidated interim period ended September 30, 2006.



(Millions of yen)

Item	Fiscal Period	Consolidated Interim Period ended September 30, 2006	Consolidated Interim Period ended September 30, 2007	Increase (Decrease)	Consolidated Fiscal Year ended March 31, 2007
		Amount	Amount	Amount	Amount
<b>III. Cash flows from financing activities</b>					
1. Net increase (decrease) in short-term borrowings		(20,057)	98	20,155	(20,025)
2. Proceeds from long-term borrowings		19,001	1,738	(17,263)	19,242
3. Repayment of long-term borrowings		(5,395)	(7,932)	(2,537)	(10,141)
4. Proceeds from issuance of bond		9,820	–	(9,820)	44,384
5. Expenditure on redemption of bond		(15,036)	(58)	14,978	(25,092)
6. Proceeds from stock issuance to minority shareholders		719	1,767	1,048	1,099
7. Cash dividends paid		(3,921)	(6,488)	(2,567)	(6,895)
8. Cash dividends paid to minority shareholders		–	(36)	(36)	–
9. Other financing activities		(148)	(226)	(78)	(380)
Net cash provided by financing activities		(15,017)	(11,137)	3,880	2,192
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>		517	51	(466)	1,298
<b>V. Increase (decrease) in cash and cash equivalents</b>		(4,727)	(6,539)	(1,812)	<u>15,409</u>
<b>VI. Balance of cash and cash equivalents at beginning of year</b>		<u>159,307</u>	174,802	<u>15,495</u>	<u>159,307</u>
<b>VII. Increase in cash and cash equivalents due to new consolidation</b>		–	–	–	146
<b>VIII. Decrease in cash and cash equivalents due to exclusion of consolidation</b>		–	–	–	(60)
<b>IX. Balance of cash and cash equivalents at end of fiscal period</b>		<u>154,580</u>	168,263	<u>13,683</u>	174,802

Note: “Increase (Decrease)” above indicates difference between the consolidated interim period ended September 30, 2007 and the consolidated interim period ended September 30, 2007.

## Basis of Preparing the Interim Consolidated Financial Statements

Because there are no significant changes other than the matter described below from the recent semi-annual securities report (submitted on December 12, 2006), disclosure has been omitted.

## Changes in the Basis of Presenting the Interim Consolidated Financial Statements

### 1. Method of depreciation of fixed assets

Beginning from the interim period ended September 30, 2007, pursuant to the amendments to the Corporation Tax Law (“Law on partial amendments to corporation tax law” (March 30, 2007, Law No.6) and “Government ordinance on partial amendments to the enforcement order regarding corporation tax law” (March 30, 2007, Government Ordinance No. 83)), the methods by which fixed assets obtained on or after April 1, 2007 are calculated are based on the post-amended Corporation Tax Law. The changes had minor impact on profit and loss.

## Notes

### Omission of disclosure

Notes related to lease transactions, securities and derivative transactions, among others, are omitted because their disclosure in the interim financial results is not regarded to be necessary.

The aforementioned Notes will be included in the interim securities report scheduled to be submitted on December 14, 2007 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.

## Interim Consolidated Statements of Income

	(Millions of yen)		
	<u>Consolidated Interim</u> <u>Period ended</u> <u>September 30, 2006</u>	<u>Consolidated Interim</u> <u>Period ended</u> <u>September 30, 2007</u>	<u>Consolidated Fiscal</u> <u>Year ended</u> <u>March 31, 2007</u>
<b>1. Major items and amounts of selling, general and administrative expenses</b>			
Advertising and promotion expenses	21,718	28,304	48,463
Provision of allowance for doubtful accounts	–	63	218
Salaries and allowance	45,443	51,931	94,131
Bonuses	11,005	13,477	24,434
Retirement benefit expenses	3,165	1,685	5,981
Provision of severance and retirement allowance for directors and corporate auditors	22	23	45
Amortization of goodwill	3,538	3,864	7,868
Experiment and research expenses	13,743	17,651	32,167
Depreciation	8,645	10,801	19,552
<b>2. Research and development expenses included in general and administrative expenses and production cost</b>	<b>25,506</b>	<b>29,433</b>	<b>55,531</b>

## 5. Segment Information

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

(Millions of yen)

	Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)							
	Imaging Systems	Medical Systems	Life Sciences	Information & Communication	Others	Total	Elimination or Unallocation	Consolidated
Sales								
(1) Sales to outside customers	132,111	142,191	57,707	122,897	29,775	484,681	-	484,681
(2) Internal sales or transfer among segments	192	28	16	-	352	588	(588)	-
Total	132,303	142,219	57,723	122,897	30,127	485,269	(588)	484,681
Operating cost	117,825	103,153	54,339	123,216	30,605	429,138	13,410	442,548
Operating income (loss)	14,478	39,066	3,384	(319)	(478)	56,131	(13,998)	42,133

(Millions of yen)

	Consolidated Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 2007)							
	Imaging Systems	Medical Systems	Life Sciences	Information & Communication	Others	Total	Elimination or Unallocation	Consolidated
Sales								
(1) Sales to outside customers	163,140	168,198	62,828	124,849	31,351	550,366	-	550,366
(2) Internal sales or transfer among segments	217	23	111	-	210	561	(561)	-
Total	163,357	168,221	62,939	124,849	31,561	550,927	(561)	550,366
Operating cost	141,797	118,698	60,110	124,249	30,779	475,633	14,510	490,143
Operating income (loss)	21,560	49,523	2,829	600	782	75,294	(15,071)	60,223

(Millions of yen)

	Consolidated Fiscal Year ended March 31, 2007 (April 1, 2006 - March 31, 2007)							
	Imaging Systems	Medical Systems	Life Sciences	Information & Communication	Others	Total	Elimination or Unallocation	Consolidated
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 (loss)	27,208	87,853	8,079	2,716	872	126,728	(27,999)	98,729

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

- (1) Imaging Systems Business: Digital cameras, Film cameras, Voice recorders
- (2) Medical Systems Business: Medical endoscopes, Surgical endoscopes, EndoTherapy 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 phones, 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, and others.

2. The amount of non-allocable operating expenses included in "Operating cost" for "Elimination or Unallocation" which consisted mainly of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development

Center:	Consolidated interim period ended September 30, 2006:	¥13,998 million
	Consolidated interim period ended September 30, 2007:	¥15,071 million
	Consolidated fiscal year ended March 31, 2007:	¥27,999 million

**(2) Segment Information by Region**

(Millions of yen)

	Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)						
	Japan	North America	Europe	Asia	Total	Elimination or Unallocation	Consolidated
Sales							
(1) Sales to outside customers	220,371	109,339	120,439	34,532	484,681	-	484,681
(2) Internal sales or transfer among segments	136,318	3,591	5,554	48,756	194,219	(194,219)	-
Total	356,689	112,930	125,993	83,288	678,900	(194,219)	484,681
Operating cost	316,899	105,944	121,694	78,353	622,890	(180,342)	442,548
Operating income	39,790	6,986	4,299	4,935	56,010	(13,877)	42,133

(Millions of yen)

	Consolidated Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 2007)						
	Japan	North America	Europe	Asia	Total	Elimination or Unallocation	Consolidated
Sales							
(1) Sales to outside customers	237,838	127,006	141,037	44,485	550,366	-	550,366
(2) Internal sales or transfer among segments	169,821	5,262	6,856	56,703	238,642	(238,642)	-
Total	407,659	132,268	147,893	101,188	789,008	(238,642)	550,366
Operating cost	357,529	120,704	137,459	95,048	710,740	(220,597)	490,143
Operating income	50,130	11,564	10,434	6,140	78,268	(18,045)	60,223

(Millions of yen)

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

## 1. Segmentation method of countries and regions

Regions are classified into segments according to geographic proximity. Major countries other than Japan in each regional segment are as follows:

- (1) North America: U.S.A, Canada, Mexico and Brazil
- (2) Europe: Germany, UK, France, and others
- (3) Asia: Singapore, Hong Kong, China, Korea, Australia, and others

## 2. The amount of non-allocable operating expenses included in "Operating cost" for "Elimination or Unallocation" which consisted mainly of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research &amp; Development Center:

Consolidated interim period ended September 30, 2006:	¥13,998 million
Consolidated interim period ended September 30, 2007:	¥15,071 million
Consolidated fiscal year ended March 31, 2007:	¥27,999 million

**(3) Overseas Sales**

(Millions of yen)

	Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)				
	North America	Europe	Asia	Others	Total
I. Overseas sales	104,270	123,102	50,550	10,981	288,903
II. Consolidated sales					484,681
III. Percentage of overseas sales in consolidated sales	21.5%	25.4%	10.4%	2.3%	59.6%

(Millions of yen)

	Consolidated Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 2007)				
	North America	Europe	Asia	Others	Total
I. Overseas sales	118,590	143,554	70,163	11,833	344,140
II. Consolidated sales					550,366
III. Percentage of overseas sales in consolidated sales	21.5%	26.1%	12.7%	2.2%	62.5%

(Millions of yen)

	Consolidated Fiscal Year ended March 31, 2007 (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 classified into segments according to geographic proximity. Major countries other than Japan in each regional segment are as follows:
  - (1) North America: U.S.A and Canada
  - (2) Europe: Germany, UK, France, and others
  - (3) Asia: Singapore, Hong Kong, China, Korea, Australia, and others
  - (4) Others: Central and South America, Africa, and others
2. Overseas sales refers to the sales of the Company and its subsidiaries in countries or regions other than Japan.

## 6. Production, Purchasing, Orders and Sales

Businesses are classified into segments by adding similar sales markets to business categorized according to product lines. Purchasing performance is recorded in addition to production performance for certain consolidated subsidiaries, because they engage in the sale and service of equipments.

### (1) Production Performance

(Millions of yen)

	Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)	Consolidated Interim Period ended September 30, 2006 (April 1, 2007 - September 30, 2007)	Increase (Decrease)		Consolidated Fiscal Year ended March 31, 2007 (April 1, 2006 - March 31, 2007)
			Amount	Growth rate	
Imaging Systems	122,057	166,321	44,264	36.3%	279,478
Medical Systems	141,558	157,712	16,154	11.4%	318,922
Life Sciences	55,948	55,411	(537)	(1.0%)	116,858
Information & Communication	–	–	–	–	–
Others	21,514	23,337	1,823	8.5%	45,765
Total	341,077	402,781	61,704	18.1%	761,023

Notes: 1. The above amounts are calculated based on the sales price.  
2. The above amounts do not include consumption tax.

### (2) Purchasing Performance

(Millions of yen)

	Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)	Consolidated Interim Period ended September 30, 2006 (April 1, 2007 - September 30, 2007)	Increase (Decrease)		Consolidated Fiscal Year ended March 31, 2007 (April 1, 2006 - March 31, 2007)
			Amount	Growth rate	
Imaging Systems	–	–	–	–	–
Medical Systems	–	–	–	–	–
Life Sciences	–	–	–	–	–
Information & Communication	104,862	104,904	42	0.0%	225,865
Others	12,410	11,706	(704)	(5.7%)	22,466
Total	117,272	116,610	(662)	(0.6%)	248,331

Note: The above amounts do not include consumption tax.

### (3) Orders Received

As we have primarily adopted a make-to-stock production system, description of the situation relating to orders received has been omitted.

**(4) Sales Performance**

(Millions of yen)

		Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)		Consolidated Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 2007)		Increase (Decrease)		Consolidated Fiscal Year ended March 31, 2007 (April 1, 2006 - March 31, 2007)	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Growth rate	Amount	Composition ratio
Imaging Systems	Domestic	14,536	11.0%	19,576	12.0%	5,040	34.7%	29,504	10.0%
	Overseas	117,575	89.0%	143,564	88.0%	25,989	22.1%	264,799	90.0%
	Total	132,111	27.3%	163,140	29.6%	31,029	23.5%	294,303	27.7%
Medical Systems	Domestic	35,407	24.9%	37,067	22.0%	1,660	4.7%	71,262	22.9%
	Overseas	106,784	75.1%	131,131	78.0%	24,347	22.8%	240,447	77.1%
	Total	142,191	29.3%	168,198	30.6%	26,007	18.3%	311,709	29.4%
Life Sciences	Domestic	15,046	26.1%	15,417	24.5%	371	2.5%	30,097	24.3%
	Overseas	42,661	73.9%	47,411	75.5%	4,750	11.1%	93,609	75.7%
	Total	57,707	11.9%	62,828	11.4%	5,121	8.9%	123,706	11.7%
Information & Communication	Domestic	115,442	93.9%	118,324	94.8%	2,882	2.5%	251,511	94.0%
	Overseas	7,455	6.1%	6,525	5.2%	(930)	(12.5%)	16,180	6.0%
	Total	122,897	25.4%	124,849	22.7%	1,952	1.6%	267,691	25.2%
Others	Domestic	15,347	51.5%	15,842	50.5%	495	3.2%	32,372	50.3%
	Overseas	14,428	48.5%	15,509	49.5%	1,081	7.5%	32,005	49.7%
	Total	29,775	6.1%	31,351	5.7%	1,576	5.3%	64,377	6.0%
Total	Domestic	195,778	40.4%	206,226	37.5%	10,448	5.3%	414,746	39.1%
	Overseas	288,903	59.6%	344,140	62.5%	55,237	19.1%	647,040	60.9%
	Total	484,681	100.0%	550,366	100.0%	65,685	13.6%	1,061,786	100.0%

Note: The above amounts do not include consumption tax.

## 7. Per-Share Data

	Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)	Consolidated Interim Period ended September 30, 2006 (April 1, 2007 - September 30, 2007)	Consolidated Fiscal Year ended March 31, 2007 (April 1, 2006 - March 31, 2007)
Net assets per share	<u>¥1,138.06</u>	<u>¥1,330.89</u>	<u>¥1,236.34</u>
Net assets per share in the interim period	<u>¥69.50</u>	<u>¥117.98</u>	<u>¥176.79</u>

The fully diluted net income per share for the consolidated interim period ended September 30, 2006 is omitted, because there are no residual securities with share warrants.

The fully diluted net income per share for the consolidated fiscal year ended March 31, 2007 is omitted, because there are no residual securities which would have a dilutive effect.

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

	Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)	Consolidated Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 2007)	Consolidated Fiscal Year ended March 31, 2007 (April 1, 2006 - March 31, 2007)
	(Millions of yen)		
Net income	<u>18,794</u>	<u>31,888</u>	<u>47,799</u>
Amount that does not belong to ordinary shareholder	-	-	-
Net income concerning common stock	<u>18,794</u>	<u>31,888</u>	<u>47,799</u>
Average number of shares during the year	270,404,809 shares	270,293,327 shares	270,376,574 shares
Outline of residual securities which were not included in the calculation of the fully diluted net income per share, due to the lack of dilutive effect	-	Stock warrants held as residual securities by consolidated subsidiaries.	Stock warrants held as residual securities by consolidated subsidiaries.

## 8. Subsequent Events

Not applicable



## 9. Interim Non-Consolidated Financial Statements

### (1) Interim Non-Consolidated Balance Sheets

(Millions of yen)

Items	Interim Period ended September 30, 2006		Interim Period ended September 30, 2007		Fiscal Year ended March 31, 2007		Increase (Decrease)
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount
<b><u>ASSETS</u></b>		%		%		%	
<b>Current Assets</b>	<b><u>158,030</u></b>	<b><u>31.0</u></b>	<b><u>187,957</u></b>	<b><u>33.1</u></b>	<b><u>208,431</u></b>	<b><u>36.4</u></b>	<b><u>(20,475)</u></b>
Cash and time deposits	<u>108,012</u>		<u>101,070</u>		<u>146,342</u>		<u>(45,273)</u>
Notes receivable	403		586		563		22
Accounts receivable	20,593		22,085		22,543		(458)
Marketable securities	–		28,290		–		28,290
Inventories	9,595		11,257		10,678		579
Deferred income taxes	6,304		7,547		7,675		(129)
Others	13,151		17,198		20,760		(3,563)
Allowance for doubtful accounts	(30)		<u>(76)</u>		(133)		<u>57</u>
<b>Fixed Assets</b>	<b><u>352,289</u></b>	<b><u>69.0</u></b>	<b><u>379,237</u></b>	<b><u>66.9</u></b>	<b><u>364,247</u></b>	<b><u>63.6</u></b>	<b><u>14,990</u></b>
Property, plant and equipment	29,640	<u>5.8</u>	33,331	<u>5.9</u>	33,696	<u>5.9</u>	(365)
Buildings	10,273		13,318		13,846		(528)
Machinery and equipment	3,489		3,527		3,767		(241)
Land	9,223		10,284		10,284		–
Others	6,653		6,202		5,797		404
Intangible fixed assets	11,309	<u>2.2</u>	10,285	<u>1.8</u>	10,909	<u>1.9</u>	(625)
Investments and other assets	<u>311,339</u>	<u>61.0</u>	<u>335,621</u>	<u>59.2</u>	<u>319,641</u>	<u>55.8</u>	<u>15,980</u>
Investment securities	<u>141,620</u>		<u>153,408</u>		<u>150,966</u>		<u>2,442</u>
Stock of subsidiaries an affiliates	<u>130,320</u>		<u>156,436</u>		<u>130,296</u>		<u>26,140</u>
<u>Other investment securities of subsidiaries and affiliates</u>	<u>16,762</u>		=		<u>16,447</u>		<u>(16,448)</u>
Investment in subsidiaries and affiliates	14,987		13,958		13,958		–
Long-term loan receivable	1,755		3,654		1,434		2,220
Prepaid pension cost	2,447		4,640		3,096		1,543
Others	3,447		3,530		3,444		85
Allowance for doubtful accounts	(3)		<u>(5)</u>		(3)		<u>(2)</u>
<b>TOTAL ASSETS</b>	<b><u>510,320</u></b>	<b><u>100.0</u></b>	<b><u>567,194</u></b>	<b><u>100.0</u></b>	<b><u>572,678</u></b>	<b><u>100.0</u></b>	<b><u>(5,485)</u></b>

Notes. 1. For the interim period ended September 30, 2007, figures are rounded off to the nearest million yen. For the interim period ended September 30, 2006 and the fiscal year ended March 2007, figures are truncated to the nearest million yen.

2. The amounts included in “Increase (Decrease)” above indicate difference between the interim period ended September 30, 2007 and the fiscal year ended March 31, 2007, and are presented as figures rounded-off to the nearest million yen.

(Millions of yen)

Items	Interim Period ended September 30, 2006		Interim Period ended September 30, 2007		Fiscal Year ended March 31, 2007		Increase (Decrease)
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	
<b><u>LIABILITIES</u></b>		%		%		%	
<b>Current Liabilities</b>	<b>107,388</b>	<b><u>21.0</u></b>	<b>144,023</b>	<b><u>25.4</u></b>	<b>136,892</b>	<b><u>23.9</u></b>	<b>7,130</b>
Notes payable	729		320		432		(113)
Accounts payable	7,912		8,204		9,489		(1,286)
Short-term borrowings	1,305		1,305		1,305		–
Current maturities of bonds	10,000		30,000		–		30,000
Accounts payable – other	5,599		7,851		11,642		(3,792)
Accrued expenses	13,846		15,408		17,531		(2,124)
Income taxes payable	3,495		<u>1,289</u>		<u>5,250</u>		<u>(3,962)</u>
Warranty reserve	72		55		70		(15)
Deposits received	64,245		79,383		91,084		(11,701)
Others	183		208		86		123
<b>Long-term Liabilities</b>	<b><u>164,717</u></b>	<b><u>32.3</u></b>	<b><u>171,044</u></b>	<b><u>30.1</u></b>	<b><u>199,649</u></b>	<b><u>34.9</u></b>	<b><u>(28,605)</u></b>
Long-term bonds, less current maturities	105,000		110,000		140,000		(30,000)
Long-term borrowings, less current maturities	55,000		55,000		55,000		–
Long-term deposits received, less current maturities	706		718		713		4
Deferred tax liabilities	<u>3,417</u>		<u>4,694</u>		<u>3,303</u>		<u>1,391</u>
Reserve for loss on liabilities for guarantee	594		632		632		–
<b>TOTAL LIABILITIES</b>	<b><u>272,106</u></b>	<b><u>53.3</u></b>	<b><u>315,067</u></b>	<b><u>55.5</u></b>	<b><u>336,542</u></b>	<b><u>58.8</u></b>	<b><u>(21,475)</u></b>

- Notes. 1. For the interim period ended September 30, 2007, figures are rounded off to the nearest million yen. For the interim period ended September 30, 2006 and the fiscal year ended March 31, 2007, figures are truncated to the nearest million yen.
2. The amounts included in “Increase (Decrease)” above indicate difference between the interim period ended September 30, 2007 and the fiscal year ended March 31, 2007, and are presented as figures rounded-off to the nearest million yen.

(Millions of yen)

Items	Interim Period ended September 30, 2006		Interim Period ended September 30, 2007		Fiscal Year ended March 31, 2007		Increase (Decrease)
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	
<b>NET ASSETS</b>							
<b>Shareholders' equity</b>	<b><u>225,473</u></b>	<b><u>44.2</u></b>	<b><u>238,788</u></b>	<b><u>42.1</u></b>	<b><u>222,353</u></b>	<b><u>38.8</u></b>	<b><u>16,435</u></b>
Common stock	48,331	<u>9.5</u>	48,332	<u>8.5</u>	48,331	<u>8.4</u>	—
Capital surplus	73,049	<u>14.3</u>	73,049	<u>12.9</u>	73,049	<u>12.8</u>	—
Capital reserve	73,027		73,027		73,027		—
Other capital surplus	22		22		22		—
Retained earnings	<u>106,124</u>	<u>20.8</u>	<u>119,897</u>	<u>21.1</u>	<u>103,236</u>	<u>18.0</u>	<u>16,661</u>
Legal reserve	6,626		6,626		6,626		—
Other retained earnings	<u>99,498</u>		<u>113,271</u>		<u>96,610</u>		<u>16,661</u>
Reserve for product development	4,000		4,000		4,000		—
Reserve for special depreciation	1,373		945		944		—
Reserve for advanced depreciation	2,344		2,625		2,624		—
General reserve	79,068		59,069		79,068		(20,000)
Retained earnings carried forward	<u>12,711</u>		<u>46,632</u>		<u>9,972</u>		<u>36,661</u>
Treasury stock, at cost	(2,031)	<u>(0.4)</u>	(2,490)	<u>(0.4)</u>	(2,264)	<u>(0.4)</u>	(226)
<b>Valuation and Translation Adjustments</b>	<b><u>12,740</u></b>	<b><u>2.5</u></b>	<b><u>13,339</u></b>	<b><u>2.4</u></b>	<b><u>13,783</u></b>	<b><u>2.4</u></b>	<b><u>(445)</u></b>
Net unrealized holding gains on securities	<u>12,783</u>		<u>13,365</u>		<u>13,789</u>		<u>(424)</u>
Deferred losses on hedges	(42)		(26)		(5)		(21)
<b>TOTAL NET ASSETS</b>	<b><u>238,213</u></b>	<b><u>46.7</u></b>	<b><u>252,127</u></b>	<b><u>44.5</u></b>	<b><u>236,136</u></b>	<b><u>41.2</u></b>	<b><u>15,990</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>510,320</u></b>	<b><u>100.0</u></b>	<b><u>567,194</u></b>	<b><u>100.0</u></b>	<b><u>572,678</u></b>	<b><u>100.0</u></b>	<b><u>(5,485)</u></b>

Notes. 1. For the interim period ended September 30, 2007, figures are rounded off to the nearest million yen. For the interim period ended September 30, 2006 and the year ended March 2007, figures are truncated to the nearest million yen.

2. The amounts included in "Increase (Decrease)" above indicate difference between the interim period ended September 30, 2007 and the year ended March 31, 2007, and are presented as figures rounded-off to the nearest million yen.

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

(Millions of yen)

Fiscal Period Items	Interim Period ended September 30, 2006		Interim Period ended September 30, 2007		Increase (Decrease) Amount	Fiscal Year ended March 31, 2007	
	Amount	Proportion	Amount	Proportion		Amount	Proportion
		%		%			%
Net sales	50,366	100.0	54,939	100.0	4,572	106,079	100.0
Cost of sales	26,737	53.1	27,616	50.3	879	54,888	51.7
Gross profit	23,629	46.9	27,323	49.7	3,693	51,191	48.3
Selling, general and administrative expenses	24,921	49.5	29,244	53.2	4,322	55,914	52.8
Operating loss	(1,292)	(2.6)	(1,921)	(3.5)	(629)	(4,723)	(4.5)
Non-operating income	11,351	22.5	29,664	54.0	18,313	17,526	16.5
Interest and dividends income	10,805		29,140			16,615	
Others	546		524			910	
Non-operating expenses	<u>2,195</u>	<u>4.3</u>	<u>5,072</u>	<u>9.2</u>	<u>2,877</u>	<u>5,300</u>	<u>4.9</u>
Interest expenses	1,108		1,585			2,275	
Others	<u>1,086</u>		<u>3,487</u>			<u>3,024</u>	
Ordinary income	<u>7,863</u>	<u>15.6</u>	<u>22,671</u>	<u>41.3</u>	<u>14,807</u>	<u>7,502</u>	<u>7.1</u>
Extraordinary gains	–	–	11	0.0	11	–	–
Reversal of allowance for doubtful receivables	–		11			–	
Extraordinary loss	<u>134</u>	<u>0.3</u>	=	=	<u>(134)</u>	<u>1,754</u>	<u>1.7</u>
Loss on revaluation of investment securities	134		–			479	
Loss on valuation of stock of subsidiaries and affiliates	=		=			<u>206</u>	
Loss on valuation of investments in subsidiaries and affiliates	–		–			1,029	
Others	–		–			38	
Income before provision for income taxes	<u>7,729</u>	<u>15.3</u>	<u>22,682</u>	<u>41.3</u>	<u>14,952</u>	<u>5,748</u>	<u>5.4</u>
Provision for income taxes:							
- Current	(200)	(0.5)	(1,865)	(3.3)	(1,665)	<u>(1,080)</u>	<u>(1.0)</u>
- Deferred	(20)	(0.0)	1,398	2.5	1,418	<u>(1,207)</u>	<u>(1.2)</u>
Net income	<u>7,949</u>	<u>15.8</u>	<u>23,149</u>	<u>42.1</u>	<u>15,199</u>	<u>8,036</u>	<u>7.6</u>

Notes. 1. For the interim period ended September 30, 2007, figures are rounded off to the nearest million yen. For the interim period ended September 30, 2006 and the year ended March 31, 2007, figures are truncated to the nearest million yen.

2. The amounts included in “Increase (Decrease)” above indicate difference between the interim period ended September 30, 2007 and the interim period ended September 30, 2006, and are presented as figures rounded-off to the nearest million yen.

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

Non-Consolidated Interim Period ended September 30, 2006 (April 1, 2006 - September 30, 2006)

(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	<u>95,569</u>	<u>102,195</u>	(1,884)	<u>221,692</u>
Dividends from surplus (Note 2)						(3,921)	(3,921)		(3,921)
Bonus to directors (Note 2)						(100)	(100)		(100)
Net income						<u>7,949</u>	<u>7,949</u>		<u>7,949</u>
Acquisition of treasury stock								(147)	(147)
Total change during the interim term	–	–	–	–	–	<u>3,928</u>	<u>3,928</u>	(147)	<u>3,781</u>
Balance as of September 30, 2006	48,331	73,027	22	73,049	6,626	<u>99,498</u>	<u>106,124</u>	(2,031)	<u>225,473</u>

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	<u>12,528</u>	–	<u>12,528</u>	<u>234,220</u>
Dividends from surplus (Note 2)				(3,921)
Bonus to directors (Note 2)				(100)
Net income				<u>7,949</u>
Acquisition of treasury stock				(147)
Net changes of items other than shareholders' equity during the interim period	<u>255</u>	(42)	<u>212</u>	<u>212</u>
Total change during the interim term	<u>255</u>	(42)	<u>212</u>	<u>3,993</u>
Balance as of September 30, 2006	<u>12,783</u>	(42)	<u>12,740</u>	<u>238,213</u>

## 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	<u>4,281</u>	<u>95,569</u>
Dividends from surplus (Note 2)						(3,921)	(3,921)
Bonus to directors (Note 2)						(100)	(100)
Net income						<u>7,949</u>	<u>7,949</u>
Transfer among items of other retained earnings	(4,700)	–	336	(137)	–	4,500	–
Total change during the interim period	(4,700)	–	336	(137)	–	<u>8,429</u>	<u>3,928</u>
Balance as of September 30, 2006	–	4,000	1,373	2,344	79,068	<u>12,711</u>	<u>99,498</u>

Note 2: These are retained earnings appropriation items at the ordinary general meeting of shareholders held in June, 2006.

Non-Consolidated Interim Period ended September 30, 2007 (April 1, 2007 - September 30, 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, 2007	48,331	73,027	22	73,049	6,626	96,610	103,236	(2,264)	222,353
Dividends from surplus				–		(6,488)	(6,488)		(6,488)
Net income				–		23,149	23,149		23,149
Acquisition of treasury stock				–			–	(226)	(226)
Net changes of items other than shareholders' equity during the interim period				–			–		
Total change during the interim term	–	–	–	–	–	16,661	16,661	(226)	16,435
Balance as of September 30, 2007	48,332	73,027	22	73,049	6,626	113,271	119,897	(2,490)	238,788

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			–	(6,488)
Net income			–	23,149
Acquisition of treasury stock				(226)
Net changes of items other than shareholders' equity during the interim period	(424)	(21)	(445)	(445)
Total change during the interim term	(424)	(21)	(445)	15,990
Balance as of September 30, 2007	13,365	(26)	13,339	252,127

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					(6,488)	(6,488)
Net income					23,149	23,149
Transfer among items of other retained earnings				(20,000)	20,000	–
Total change during the interim period	–	–	–	(20,000)	36,661	16,661
Balance as of September 30, 2007	4,000	945	2,625	59,069	46,632	113,271

Note 2: Balance as of March 31, 2007 is truncated to the nearest million yen, and balance as of September 30, 2007 is rounded off to the nearest million yen.

## Changes in Shareholders' Equity (Non-Consolidated) for the Fiscal Year ended March 31, 2007 (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	<u>95,569</u>	<u>102,195</u>	(1,884)	<u>221,692</u>
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						<u>8,036</u>	<u>8,036</u>		<u>8,036</u>
Acquisition of treasury stock								(380)	(380)
Net changes of items other than shareholders' equity during the interim period									
Total change during the fiscal year	-	-	-	-	-	<u>1,040</u>	<u>1,040</u>	(380)	<u>660</u>
Balance as of March 31, 2007	48,331	73,027	22	73,049	6,626	<u>96,610</u>	<u>103,236</u>	(2,264)	<u>222,353</u>

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	<u>12,528</u>	-	<u>12,528</u>	<u>234,220</u>
Dividends from surplus (Note 2)				(3,921)
Dividends from surplus				(2,974)
Bonus to directors (Note 2)				(100)
Net income				<u>8,036</u>
Acquisition of treasury stock				(380)
Net changes of items other than shareholders' equity during the interim period	<u>1,261</u>	(5)	<u>1,255</u>	<u>1,255</u>
Total change during the interim term	<u>1,261</u>	(5)	<u>1,255</u>	<u>1,915</u>
Balance as of March 31, 2007	<u>13,789</u>	(5)	<u>13,783</u>	<u>236,136</u>

## 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 interim period	(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 retained earnings appropriation items at the ordinary general meeting of shareholders held in June, 2006.