

February 5, 2008

**OSI Systems Reports Second Quarter Fiscal 2008 Financial Results****February 05, 2008: Hawthorne, CA**

- | Diluted Earnings Per Share of \$0.20
  - | Includes \$2.1 million of Pre-Tax Restructuring Charges
- | Record Revenues of \$164.2 Million
- | Record Backlog of Approximately \$232 Million
- | Company Raises Fiscal 2008 Guidance

OSI Systems, Inc. (NASDAQ:OSIS), a vertically integrated provider of specialized electronics products for critical applications in the Security and Healthcare industries, today announced operating results for its fiscal 2008 second quarter and first half ended December 31, 2007.

The Company reported record revenues of \$164.2 million for the second quarter of fiscal 2008, an increase of \$26.7 million, or 19%, from the \$137.5 million reported for the second quarter of fiscal 2007. Net income for the second quarter of fiscal 2008 was \$3.5 million, or \$0.20 per diluted share, compared to a net loss of \$(20.6) million, or \$(1.23) per diluted share, for the comparable quarter of fiscal 2007.

For the six months ended December 31, 2007, the Company reported revenues of \$295.2 million, an increase of \$42.2 million, or 17%, from \$253.0 million for the first half of fiscal 2007. The net income for the first half of fiscal 2008 was \$1.4 million or \$0.08 per diluted share, compared to a net loss of \$(26.7) million, or \$(1.60) per diluted share, for the first half of fiscal 2007.

For the three and six months ended December 31, 2007, the Company incurred impairment, restructuring and other charges of \$2.1 million and \$2.2 million, respectively, compared to \$31.8 million for the comparable periods of fiscal 2007. Excluding the impact of these non-recurring charges, net income for the second quarter of fiscal 2008 would have been approximately \$4.9 million or \$0.27 per diluted share compared to a net loss of \$0.5 million or \$(0.03) per diluted share for the second quarter of fiscal 2007. Excluding the impact of these non-recurring charges, net income for the first half of fiscal 2008 would have been approximately \$2.8 million or \$0.16 per diluted share compared to a net loss of \$6.2 million or \$(0.37) per diluted share for the first half of fiscal 2007. These non-GAAP figures are provided to allow for the comparison of underlying earnings, net of non-recurring charges providing insight into the on-going operations of the Company.

Deepak Chopra, OSI Systems Chairman and CEO, stated, We are pleased to report improved operating results for each of our business divisions this quarter. The significant improvement in our earnings this quarter clearly demonstrates the efforts that we have undertaken to improve our performance is paying off. Although we are pleased with the results, we still have work to do as we progress on the previously announced implementation of approximately \$8 million in annualized cost savings while continuing to look for operating efficiencies as we strive towards our long-term financial objectives.

Mr. Chopra, continued, For the quarter, the Company achieved record revenues led by a strong performance within our Security division in which revenues increased 44% compared to the second quarter of the previous fiscal year. Our Security division continues to see increased activity for the Cargo and Vehicle Inspection product lines. We also demonstrated the strength of our product development capabilities by launching the Rapiscan MVXi, a multi-view X-ray system for the passenger checkpoint inspection. This product has garnered considerable attention internationally and in late December we announced the receipt of our first order.

In December 2007, the Company completed the buyback of the remaining 16% minority interest of its Healthcare division, Spacelabs Healthcare, Inc., which was previously listed on the London AIM exchange. Commenting on the transaction, Mr. Chopra stated, The buyback simplified our capital structure and sharpens our focus on the operating performance of the Healthcare division rather than on managing two public companies. Our Healthcare division reported record revenues and the impact of our restructuring activities can clearly be seen as operating income for the quarter improved by \$7.6 million year over year. We remain on track to open our new Healthcare manufacturing facility in China this quarter which we anticipate will improve gross margins beginning in fiscal 2009 for the Healthcare business.

As of December 31, 2007, the Company had a record backlog of \$232 million compared to \$224 million as of September 30, 2007, an increase of \$8 million.

**Fiscal Year 2008 Outlook**

Subject to the risk factors detailed in the Safe Harbor section of this press release, the Company raised its previously published revenue and earnings guidance for fiscal 2008. Revenue guidance is increased from \$580 - \$595 million to \$590 - \$605 million while earnings guidance is raised from \$0.60 to \$0.75 per diluted share to \$0.65 - \$0.77 per diluted share, excluding the impact of impairment, restructuring and other one-time charges.

### **Conference Call Information**

OSI Systems, Inc. will host a conference call and simultaneous webcast over the Internet beginning at 9:00am PT (12:00pm ET), today to discuss its results for the second quarter and first half of fiscal 2008. To listen, please log on to [www.fulldisclosure.com](http://www.fulldisclosure.com) or [www.osi-systems.com](http://www.osi-systems.com) and follow the link that will be posted on the front page. A replay of the webcast will be available shortly after the conclusion of the conference call at 11:00am PT (2:00pm ET) until February 19, 2008. The replay can either be accessed through the Companys website, [www.osi-systems.com](http://www.osi-systems.com), or via telephonic replay by calling 1-888-286-8010 and entering the conference call identification number 38432957 when prompted for the replay code.

[Download the full press release here.](#)

### **About OSI Systems, Inc.**

OSI Systems, Inc. is a vertically integrated designer and manufacturer of specialized electronic systems and components for critical applications. The Company sells its products in diversified markets, including homeland security, healthcare, defense and aerospace. The Company has more than 30 years of experience in electronics engineering and manufacturing and maintains offices and production facilities located in more than a dozen countries. It implements a strategy of expansion by leveraging its electronics and contract manufacturing capabilities into selective end product markets through organic growth and acquisitions. For more information on OSI Systems Inc. or any of its subsidiary companies, visit [www.osi-systems.com](http://www.osi-systems.com).

*This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include information regarding the Companys expectations, goals or intentions about the future, including, the Companys predictions about the size and effect of its cost-cutting measures, steps being taken to improve profitability and future revenues. The actual results may differ materially from those described in or implied by any forward-looking statement. In particular, there can be no assurance that cost-cutting measures will ultimately result in savings that are in line with current expectations, that the Company will achieve profitability or that future revenues predictions will ultimately prove accurate. Other important factors are set forth in our Securities and Exchange Commission filings. All forward-looking statements speak only as of the date made, and we undertake no obligation to update these forward-looking statements.*

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