



May 7, 2007

OSI Systems Reports Third Quarter Fiscal 2007 Financial Results

May 07, 2007: Hawthorne, CA

Company Announces Record Backlog of Approximately \$209 Million

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 third quarter and nine months ended March 31, 2007.

The Company reported revenues of \$126.5 million for the third quarter of fiscal 2007, an increase of 17% from the \$108.1 million reported for the third quarter of fiscal 2006. The net income for the third quarter of fiscal 2007 was \$3.6 million, or \$0.21 per diluted share, compared to net income of \$1.0 million, or \$0.06 per diluted share, for the third quarter of fiscal 2006.

For the nine months ended March 31, 2007, the Company reported record revenues of \$379.5 million, an increase of \$52.4 million, or 16%, from \$327.1 million for the first nine months of fiscal 2006. The net loss for the first nine months of fiscal 2007 was (\$23.0) million or (\$1.37) per diluted share, compared to a net loss of (\$3.1) million, or (\$0.20) per diluted share, for the first nine months of fiscal 2006.

The financial results for the three and nine months ended March 31, 2007 were favorably impacted by the settlement of a dispute with GE related to the acquisition of Spacelabs Medical in fiscal 2004. The settlement resulted in approximately \$15.0 million of pre-tax income, which has been recorded as other income. The results were adversely impacted by a (\$2.8) million fiscal third quarter operating loss in the OSI Defense Systems business, which is included in the Optoelectronics and Manufacturing division.

In the third quarter of fiscal 2007 the Company consolidated certain manufacturing processes and facilities resulting in a pre-tax restructuring charge of \$2.2 million. These costs were directly related to the Companys previously announced plan to generate approximately \$15 - \$17 million of pre-tax annualized cost savings through the integration of recent acquisitions and the rationalization of the Companys cost structure. For the first nine months of fiscal 2007, the Company has incurred impairment, restructuring and other charges of approximately \$34.0 million. Including the aforementioned restructuring charges the company incurred non-cash pre-tax charges of approximately \$21.5 million associated with the impairment of certain fixed and intangible assets as well as the recording of \$10.3 million of additional inventory reserves, which is included in cost of goods sold.

Deepak Chopra, OSI Systems Chairman and CEO, stated, We continued our positive top line momentum while our overall backlog increased to record levels due to the strength of our Security bookings. Improving our overall operating performance continues to be our top priority. We expect the previously announced cost cutting measures to be largely implemented by the end of the fiscal year.

The Companys backlog as of March 31, 2007 was \$209 million compared to \$197 million as of December 31, 2006. The Security Division had a backlog of approximately \$124 million as of March 31, 2007 compared to \$115 million as of December 31, 2006.

Forward-Looking Guidance

The Company reaffirms its previously published revenue guidance of \$535 - \$545 million for the fiscal year ended June 30, 2007.

[Click here to download the entire release.](#)

Conference Call Information

OSI Systems, Inc. will host a conference call and simultaneous webcast over the Internet beginning at 9:00am PST (12:00pm EST), today to discuss its results for the third quarter and first nine months of fiscal 2007. To listen, please log on to www.fulldisclosure.com or 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 until May 21, 2007. The replay can either be accessed through the Companys website, www.osi-systems.com, or via telephonic replay by calling 1-888-286-8010 and entering the conference call identification number '71537634' when prompted for the replay code.

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.

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.

For Additional Information, Contact:

Jeremy Norton
Director, Investor Relations
OSI Systems, Inc.
12525 Chadron Ave.
Hawthorne CA 90250
Tel. (310) 349 2372