



May 1, 2008

OSI Systems Reports Third Quarter Fiscal 2008 Financial Results

- Third Quarter Revenues Increased 24% Year Over Year to \$156.7 Million
- Significant Growth in Earnings Per Share

OSI Systems, Inc. (NASDAQ:OSIS), a vertically integrated provider of specialized electronics products for critical applications in the Security and Healthcare industries, today announced financial results for its third quarter and nine months ended March 31, 2008.

The Company reported revenues of \$156.7 million for the third quarter of fiscal 2008, an increase of 24% from the \$126.5 million reported for the third quarter of fiscal 2007. Net income for the third quarter of fiscal 2008 was \$6.9 million, or \$0.39 per diluted share, compared to net income of \$3.6 million, or \$0.21 per diluted share, for the third quarter of fiscal 2007.

For the nine months ended March 31, 2008, the Company reported record revenues of \$451.9 million, an increase of 19%, from the \$379.5 million for the first nine months of fiscal 2007. Net income for the first nine months of fiscal 2008 was \$8.3 million, or \$0.47 per diluted share, compared to a net loss of (\$23.0) million, or (\$1.37) per diluted share, for the first nine months of fiscal 2007.

The results for the three and nine months ended March 31, 2008 and the prior comparable periods of fiscal 2007 include the following non-recurring items;

- 1 The three and nine months ended March 31, 2008, were favorably impacted by a \$4.3 million tax benefit associated with the repurchase of the minority interest in Spacelabs Healthcare. The third quarter results of fiscal 2007 were favorably impacted by a gain of \$15 million, recorded as other income, resulting from a settlement with GE regarding the Companys acquisition of Spacelabs Medical in fiscal 2004.
- 1 During the three and nine months ended March 31, 2008, the Company incurred impairment, restructuring and other charges of \$1.2 million and \$3.4 million, respectively, compared to \$2.2 million and \$34.1 million for the comparable periods of fiscal 2007. The \$34.1 million includes \$10.3 million of inventory reserves which was recorded in cost of goods sold.

Excluding the impact of these items, net income for the third quarter of fiscal 2008 would have been approximately \$3.7 million or \$0.20 per diluted share compared to a net loss of \$(3.3) million or \$(0.19) per diluted share for the third quarter of fiscal 2007 and net income for the first nine months of fiscal 2008 would have been approximately \$6.5 million, or \$0.37 per diluted share compared to a net loss of \$(8.7) million or \$(0.52) per diluted share for the comparable period 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 with the strong financial performance this quarter and believe that the changes we have made over the past 18 months, as evidenced in todays results, have created a strong foundation from which we can drive future earnings growth. Our top line continues to demonstrate strong growth and we expect this momentum to continue as our sales pipeline for both Security and Healthcare remain robust. We remain on track to fully implement the \$7 to \$8 million of previously announced cost savings.

As of March 31, 2008, the Companys backlog was \$219 million compared to \$232 million as of December 31, 2007. The Company had positive operating cash flow of \$4.7 million for the third quarter of fiscal 2008, and capital expenditures in the period were \$2.9 million.

Company Outlook

Subject to the risk factors referenced in the Safe Harbor section of this press release, the Company reaffirms its previously published earnings guidance for fiscal 2008 of \$0.65 to \$0.77 per diluted share. Earnings guidance excludes the aforementioned impact of impairment, restructuring and other charges, and a one-time tax benefit recorded in the third quarter of fiscal 2008.

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 2008. 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 15, 2008. 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 50760188 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.

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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