Summary of Consolidated Financial Results for the Interim Period of the Fiscal Year Ending March 31, 2008 (U.S. GAAP)

OMRON Corporation (6645)

Exchanges Listed:	Tokyo, Osaka, Nagoya Stock Exchanges, First Section
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U.S. GAAP accounting standards:	Adopted, except for segment information
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Start of Distribution of Dividends (Scheduled):	December 6, 2007

Note: This document has been translated from the Japanese original as a guide for non-Japanese investors and contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.

Note: All amounts are rounded to the nearest million yen.

1. Consolidated Financial Results for the Interim Period of the Fiscal Year Ending March 31, 2008 (April 1, 2007 – September 30, 2007)

(1) Sales and Income

(Percentages represent changes compared with the same period of the previous fiscal year.)

Millions of yen - except per share data and percentages

	Six months ended September 30, 2006		Six months ended September 30, 2007		Year ended March 31, 2007
		Change (%)		Change (%)	
Net sales	324,126	15.7	366,110	13.0	723,866
Operating income	23,277	(23.4)	26,590	14.2	62,046
Income from continuing operations before income taxes	29,118	(5.6)	27,328	(6.1)	64,279
Net income	14,793	(11.6)	18,797	27.1	38,280
Net income per share (yen)	63.38		81.78		164.96
Net income per share, diluted (yen)	63.35		81.73		164.85

(Note) Pursuant to Financial Accounting Standards Board (FASB) Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the figures for the six months ended September 30, 2006 and the fiscal year ended March 31, 2007 have been reclassified in relation to operations discontinued during the six months ended September 30, 2007.

(Reference) Equity in earnings (losses) of affiliates: Six months ended September 30, 2007: (JPY 211 million), Six months ended September 30, 2006: (JPY 2,286 million), Fiscal year ended March 31, 2007: (JPY 1,352 million)

(2) Consolidated Financial Position

	Millions of yen - except per share data and percentages		
	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
Total assets	610,426	620,493	630,337
Net assets	357,277	388,873	382,822
Net worth ratio (percentage)	58.5	62.7	60.7
Net assets per share (yen)	1,550.02	1,708.01	1,660.68

Note: In accordance with U.S. GAAP, net assets, net worth ratio and net assets per share are calculated using total shareholders' equity.

(3) Consolidated Cash Flows

	Millions of yen		
	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
Net cash provided by operating activities	10,886	32,109	40,539
Net cash used in investing activities	(26,603)	(19,287)	(47,075)
Net cash provided by (used in) financing activities	8,971	(17,912)	(4,697)
Cash and cash equivalents at end of period	46,554	39,051	42,995

2. Dividends

		Year ended March 31, 2007	Year ending March 31, 2008 (projected)
Dividends per share	Interim dividend (JPY)	15.00	17.00
	Year-end dividend (JPY)	19.00	—
	Total dividend for the year (JPY)	34.00	—

Note: Year-end dividend for the year ending March 31, 2008 is not presented because forecasts have not been made.

3. Projected Results for the Fiscal Year Ending March 31, 2008 (April 1, 2007 – March 31, 2008)

(Percentages represent changes compared with the previous fiscal year.)

Millions of yen - except per share data and percentages

	Year ending March 31, 2008	
		Change (%)
Net sales	785,000	8.4
Operating income	71,000	14.4
Income from continuing operations before income taxes	71,000	10.5
Net income	46,000	20.2
Net income per share, basic (yen)	201.01	—

Note: Please see pages 11-13 of the attached materials regarding assumptions of the results projected above.

4. Other

(1) Changes in Major Subsidiaries during the Period (Changes in Specified Subsidiaries due to Changes in the Scope of Consolidation: No

(2) Changes in Accounting Rules, Procedures, Presentation Method, etc. for the Consolidated Financial Statements
(a) Changes in consolidated accounting methods: Yes
(b) Changes other than (a) above: No

Note: For more details, see "Preparation of the Consolidated Financial Statements" on page 23.

(3) Number of shares issued and outstanding (common stock)
(a) Number of shares at end of period (including treasury stock): Six months ended September 30, 2007: 249,121,372 shares, Six months ended September 30, 2006: 249,121,372 shares, Year ended March 31, 2007: 249,121,372 shares
(b) Treasury stock at end of period: Six months ended September 30, 2007: 21,445,542 shares, Six months ended September 30, 2006: 18,622,386 shares, Year ended March 31, 200: 18,599,842 shares

Note: See "Per Share Data" on page 24 for the number of shares used as the basis for calculation of net income per share (consolidated).

(4) Presentation of Operating Income
Operating income on the consolidated income statement is presented by subtracting selling, general and administrative expenses and research and development expenses from gross profit.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Interim Period of the Fiscal Year Ending March 31, 2008 (April 1, 2007 – September 30, 2007)

(1) Non-consolidated Sales and Income

(Percentages represent changes compared with the same period of the previous fiscal year.)

Millions of yen - except per share data and percentages

	Six months ended September 30, 2006		Six months ended September 30, 2007		Year ended March 31, 2007
		Change (%)		Change (%)	
Net sales	152,947	9.8	153,552	0.4	347,202
Operating income	4,540	204.1	3,158	(30.4)	17,194
Ordinary income	19,702	(12.9)	24,740	25.6	30,933
Net income	27,913	12.3	23,441	(16.0)	32,705
Net income per share, diluted	119.58		101.96		140.91

(2) Non-consolidated Financial Position

Millions of yen - except per share data and percentages

	As of September 30, 2006	As of September 30, 2007	As of March 31, 2007
Total assets	377,719	378,318	389,247
Net assets	242,124	251,148	241,733
Net worth ratio (%)	64.1	66.4	62.1
Net assets per share (yen)	1,050.16	1,102.44	1,048.43

(Reference) Total shareholders' equity: Six months ended September 30, 2007: JPY 251,053 million, Six months ended September 30, 2006: JPY 242,109 million, Year ended March 31, 2007: JPY 241,689 million

Explanation on Proper Use of the Forecast of Financial Results and Other Special Instructions
The forecast of financial results has been revised from the figures announced on April 26, 2007, as shown on pages 11-13 of the attached materials. Projections of results and future developments are based on information available to the Company at the present time, as well as certain assumptions judged by the Company to be reasonable. Various factors could cause actual results to differ materially from these projections. Major factors influencing Omron's actual results include, but are not limited to, (i) the economic conditions affecting the Company's businesses in Japan and overseas, (ii) demand trends for the Company's products and services, (iii) the ability of the Omron Group to develop new technologies and new products, (iv) major changes in the fund-raising environment, (v) tie-ups or cooperative relationships with other companies, and (vi) movements in currency exchange rates and stock markets.

Note: The following abbreviations of business segment names are used in the attached materials.
IAB: Industrial Automation Business
ECB: Electronic Components Business
AEC: Automotive Electronic Components Business
SSB: Social Systems Business (includes Social Systems, Solutions and Service Business Company and others)
HCB: Healthcare Business (includes Omron Healthcare Co., Ltd. and others)
Other: Business Development Group and others

(Attachment)

Summary of Consolidated Financial Results for the Interim Period of the Fiscal Year Ending March 31, 2008

1. Consolidated Results (U.S. GAAP)

(Millions of yen, %)

	Six months ended September 30, 2006	Six months ended September 30, 2007	Year-on-year change	Year ended March 31, 2007	Year ending March 31, 2008 (projected)	Year-on-year change
Net sales	324,126	366,110	13.0%	723,866	785,000	8.4%
Operating income [% of net sales]	23,277 [7.2%]	26,590 [7.3%]	14.2% [+0.1P]	62,046 [8.6%]	71,000 [9.0%]	14.4% [+0.4P]
Income from continuing operations before income taxes [% of net sales]	29,118 [9.0%]	27,328 [7.5%]	(6.1%) [-1.5P]	64,279 [8.9%]	71,000 [9.0%]	10.5% [+0.1P]
Net income	14,793	18,797	27.1%	38,280	46,000	20.2%
Net income per share (basic) (¥)	63.38	81.78	+18.40	164.96	201.01	+36.05
Net income per share (diluted) (¥)	63.35	81.73	+18.38	164.85		
Return on equity				10.3%	11.5%	[+1.2P]
Total assets	610,426	620,493	1.6%	630,337		
Net assets [Net worth ratio (%)]	357,277 [58.5%]	388,873 [62.7%]	8.8% [+4.2P]	382,822 [60.7%]		
Net assets per share (¥)	1,550.02	1,708.01	+157.99	1,660.68		
Net cash provided by operating activities	10,886	32,109	21,223	40,539		
Net cash used in investing activities	(26,603)	(19,287)	7,316	(47,075)		
Net cash provided by (used in) financing activities	8,971	(17,912)	(26,883)	(4,697)		
Cash and cash equivalents at end of period	46,554	39,051	(7,503)	42,995		
Dividends per share	15.00	17.00	+2.00	34.00		

Notes:
1. The number of consolidated subsidiaries is 164, and the number of companies accounted for by the equity method is 23.
2. In accordance with U.S. GAAP, return on equity, net assets, net worth ratio and net assets per share are calculated using total shareholders' equity.
3. Figures for the six months ended September 30, 2006 and the year ended March 31, 2007 includes a gain of ¥10,141 million on the establishment of an employee retirement benefit trust and a loss of ¥5,915 million on the sale of land and buildings at the Tokyo Head Office.
4. In accordance with FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the figures for the six months ended September 30, 2006 and the year ended March 31, 2007 have been reclassified in relation to operations (the entertainment business formerly included in the "Others" segment) discontinued during the six months ended September 30, 2007.

2. Non-consolidated Results

(Millions of yen, %)

	Six months ended September 30, 2006	Six months ended September 30, 2007	Year-on-year change	Year ended March 31, 2007
Net sales	152,947	153,552	0.4%	347,202
Operating income [% of net sales]	4,540 [3.0%]	3,158 [2.1%]	(30.4%) [-0.9P]	17,194 [5.0%]
Ordinary income [% of net sales]	19,702 [12.9%]	24,740 [16.1%]	25.6% [+3.2P]	30,933 [8.9%]
Income before income taxes [% of net sales]	36,978 [24.2%]	25,132 [16.4%]	(32.0%) [-7.8P]	43,956 [12.7%]
Net income	27,913	23,441	(16.0%)	32,705
Net income per share (basic) (¥)	119.58	101.96	(17.62)	140.91
Common stock	64,100	64,100	(0.0%)	64,100
Total assets	377,719	378,318	0.2%	389,247
Net assets	242,124	251,148	3.7%	241,733
Net worth ratio	64.1%	66.4%	+2.3P	62.1%
Net assets per share (¥)	1,050.16	1,102.44	+52.28	1,048.43

Note: Figures for the six months ended September 30, 2006 and the year ended March 31, 2007 include a gain of ¥9,112 million on the establishment of an employee retirement benefit trust and a gain of ¥5,969 million on the sale of land and buildings at the Tokyo Head Office.

3. Net Sales by Business Segment

(Billions of yen)

		Six months ended September 30, 2006	Six months ended September 30, 2007	Year-on-year change (%)
IAB	Domestic	68.8	68.5	(0.4)
	Overseas	78.1	92.4	18.3
	Total	146.9	160.9	9.6
ECB	Domestic	27.0	29.7	10.2
	Overseas	35.1	49.6	41.3
	Total	62.1	79.3	27.8
AEC	Domestic	13.1	12.9	(0.9)
	Overseas	29.7	40.2	35.2
	Total	42.8	53.1	24.2
SSB	Domestic	33.2	31.4	(5.6)
	Overseas	1.1	1.6	42.3
	Total	34.3	33.0	(4.1)
HCB	Domestic	16.0	16.1	0.7
	Overseas	14.6	16.1	9.7
	Total	30.6	32.2	5.0
Others	Domestic	7.3	7.6	2.4
	Overseas	0.1	0.0	56.7
	Total	7.4	7.6	2.8
Total	Domestic	165.4	166.2	0.5
	Overseas	158.7	199.9	25.9
	[% of total]	[49.0%]	[54.6%]	[+5.6P]
	Total	324.1	366.1	13.0

Average currency exchange rate

(One unit of currency, in yen)

	Six months ended September 30, 2006	Six months ended September 30, 2007	Year-on-year change
USD	115.6	119.0	+3.4
EUR	146.2	162.1	+15.9

4. Consolidated Depreciation and Amortization / R&D Expenses

(Billions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2007	Year-on-year change (%)
Depreciation and amortization	16.4	19.0	16.0
R&D expenses	24.1	24.8	2.8

Note: In accordance with FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the figures for the six months ended September 30, 2006 have been reclassified in relation to operations discontinued during the six months ended September 30, 2007.

5. Net Sales by Business Segment (Forecast)

(Billions of yen)

		Year ended March 31, 2007	Year ending March 31, 2008 (Forecast)	Year-on-year change (%)
IAB	Domestic	140.8	150.0	6.5
	Overseas	164.8	189.0	14.7
	Total	305.6	339.0	10.9
ECB	Domestic	58.8	60.5	3.0
	Overseas	79.6	102.0	28.1
	Total	138.4	162.5	17.5
AEC	Domestic	26.1	27.5	5.4
	Overseas	67.2	77.5	15.3
	Total	93.3	105.0	12.5
SSB	Domestic	101.8	85.5	(16.0)
	Overseas	4.1	2.5	(39.3)
	Total	105.9	88.0	(16.9)
HCB	Domestic	32.8	37.5	14.2
	Overseas	32.9	36.0	9.4
	Total	65.7	73.5	11.8
Others	Domestic	14.9	16.5	11.1
	Overseas	0.1	0.5	354.5
	Total	15.0	17.0	13.7
Total	Domestic	375.2	377.5	0.6
	Overseas	348.7	407.5	16.9
	[% of total]	[48.2%]	[51.9%]	[+3.7P]
	Total	723.9	785.0	8.4

Note: In accordance with FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the figures for the year ended March 31, 2007 have been reclassified in relation to operations discontinued during the six months ended September 30, 2007.

Average currency exchange rate

(One unit of currency, in yen)

	Year ended March 31, 2007	Year ending March 31, 2008 (Forecast)	Year-on-year change (%)
USD	117.0	117.0	+0.0
EUR	150.3	158.6	+8.3

1. Results of Operations

(1) Analysis of Results of Operations

1) Overview of the Interim Period of the Fiscal Year

General Conditions

Reviewing economic conditions during the six months ended September 30, 2007, the global economy remained solid overall despite increasing elements of uncertainty, including turmoil in financial markets arising from the U.S. subprime loan problem, in addition to high crude oil and raw material prices. In the U.S. economy, the decline in housing investment became pronounced and consumer spending stalled but, economic expansion continued in Europe, China and Southeast Asia. The Japanese economy expanded steadily with generally firm capital investment backed by strong corporate earnings, as well as solid consumer spending.

In markets related to the Omron Group, capital investment in some industries weakened in comparison with the same period of the previous year, but sales of factory automation control systems, the Omron Group's core business, were generally firm. Sales of automotive electronic components continued to expand as needs for car electronics increased.

In this environment, the Omron Group set "Prioritizing Profits to Achieve GD2010 ([*1]) 2nd Stage Goals" as its fiscal year policy. While working diligently on structural reforms, we will lay the foundation on for a growth structure that supports increased profits, in preparation for the third stage, which will begin in fiscal 2008.

The Omron Group's net sales for the interim period were JPY 366,110 million, an increase of 13.0 percent compared with the same period of the previous fiscal year, due to the effects of a weaker yen and business acquisitions.

Turning to profits for the interim period, operating income increased 14.2 percent compared with the same period of the previous fiscal year to JPY 26,590 million as a result of factors including higher net sales and efficient deployment of selling, general and administrative (SG&A) expenses. Income from continuing operations before income taxes ([*2]) was JPY 27,328 million, a decrease of 6.1 percent compared with the same period of the previous fiscal year due to gain on the sale of investment securities and other factors. In the same period of the previous fiscal year, the Omron Group recorded a gain on the establishment of a retirement benefit trust and a loss on the sale of the land and buildings of its Tokyo Head Office. Net income for the interim period was JPY 18,797 million, an increase of 27.1 percent compared with the same period of the previous fiscal year due to factors including a gain on the transfer of a business.

(*1) GD2010 (Grand Design 2010) is a vision that sets the basic policies for management of the Omron Group for the 10 years from fiscal 2001 to fiscal 2010. In GD2010, Omron aims to become a "21st century company" by maximizing its corporate value over the long term, based on its fundamental philosophy of "working for the benefit of society."

Omron has divided these ten years into three stages, and the current fiscal year is the final year of the second stage (fiscal 2004 –2007).

(*2) Pursuant to Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," figures for income from operations discontinued in the six months ended September 30, 2007 have been reclassified for the six months ended September 30, 2006 and the fiscal year ended March 31, 2007.

Results by Business Segment

IAB

Operations in Japan were impacted by a slowdown in expansion of capital investment among some customers in the semiconductor, electronic components and automotive industries in comparison with the first half of the previous fiscal year, and a decrease in capital investment in the flat panel display (FPD) industry, although willingness to invest remained firm among manufacturers in general. On the other hand, the Omron Group is reinforcing its sales infrastructure starting from the current fiscal year to expand the applications business, which focuses on quality and safety, and this is resulting in a gradual increase in the number of new business negotiations. In addition, sales of Laserfront Technologies (now

OMRON LASERFRONT INC., hereafter abbreviated as “OLFT”), in which Omron acquired a 95 percent stake at the end of June, contributed to domestic sales of this segment from July onward.

Overseas, demand in Europe increased for products such as programmable controllers, motion controllers and image sensors, reflecting solid economic expansion. Sales in North America expanded on the back of continued strong sales of control equipment to oil and gas-related companies. In China, sales were strong as a result of the Omron Group’s focus on strengthening its sales force and rolling out new products, as well as increased sales of products including programmable controllers and AOI due to a recovery in demand in certain target industries.

As a result, segment sales for the interim period totaled JPY 160,947 million, an increase of 9.6 percent compared with the same period of the previous fiscal year.

ECB

In Japan, consumer spending and capital investment remained firm, but industries such as semiconductor and automobile manufacturing have been slowing since the latter half of fiscal 2006, and inventory adjustments are taking place in some sectors of the consumer and commerce industry, a key market for the ECB segment. Overseas, the subprime problem in the United States created a mood of uncertainty in Western economies, while in China, high economic growth continued and regional contrasts became evident in the electronic components industry. In this business environment, sales of PCB relays and other core products were flat during the first part of the period, but sales increased with a net growth in sales from the backlight business of OMRON PRECISION TECHNOLOGY Co., Ltd., which was included in the scope of consolidation in August 2006, and the start of operations at OMRON SEMICONDUCTORS Co., Ltd. in April 2007.

As a result, segment sales for the interim period totaled JPY 79,318 million, an increase of 27.8 percent compared with the same period of the previous fiscal year.

AEC

Global automobile production volume was generally steady. Production of Japanese cars, which have good fuel economy, increased due to higher gasoline prices, and even with the continued slump in business among the Big Three U.S. auto manufacturers, automobile production continued to expand in China, India, Central and Eastern Europe and other regions. Against this backdrop, the need for car electronics that support automobile safety and environmental friendliness continued to increase and Omron products were adopted in new cars, resulting in an increase in sales in this segment over the same period of the previous fiscal year.

Sales were considerably higher than in the same period a year earlier in all areas. Particularly in North America, sales of products including wireless control devices and power window switches increased. In China, needs for Omron products increased as the shift of production to China by manufacturing customers accelerated, and sales increased substantially.

As a result, segment sales for the interim period were JPY 53,097 million, an increase of 24.2 percent compared with the same period of the previous fiscal year.

SSB

In the public transportation systems business, demand dropped for projects such as equipment renewals associated with the use of common IC cards among different railway companies in the Kanto and Kansai regions. In the ID management solutions business, sales decreased compared with the same period of the previous fiscal year as a result of restrained investment in the credit industry due to the “gray-zone” interest rate issue. However, in the traffic solutions business, an increase in new law-enforcement projects resulted in higher sales compared with the same period of the previous fiscal year.

As a result, segment sales for the interim period were JPY 32,953 million, a decrease of 4.1 percent compared with the same period of the previous fiscal year.

HCB

In Japan, sales of medical devices were solid overall as recognition of metabolic syndrome spread among the general public. In particular, sales of obesity solution devices such as body composition analyzers and pedometers increased steadily, due partly to the effect of television commercials. However, sales of medical devices to small and medium-sized hospitals, a particularly important customer segment for the Omron Group, were weak, reflecting the trend among medical institutions to restrain spending due to factors including revisions of medical service fees and National Health Insurance drug prices in the previous fiscal year.

Overseas, sales were generally firm, led by the digital blood pressure monitor business in Russia, Central and Eastern Europe and the Middle East. Sales also increased strongly in China and Southeast Asia. In China, sales expanded sharply due to factors including strong sales of blood glucose monitors, which were introduced this fiscal year, and enhanced sales promotion. On the other hand, sales in North America were sluggish because of factors including weaker consumer spending and declining prices for healthcare equipment.

As a result, segment sales for the interim period were JPY 32,159 million, an increase of 5.0 percent compared with the same period of the previous fiscal year.

Others

The “Others” segment consists mainly of new businesses being explored and developed by the Business Development Group and development and expansion of other businesses that are not covered by internal companies.

In existing businesses, although IT investment rebounded on the back of strong corporate performance, Omron’s computer peripherals business focused on products with high profitability, and as a result, sales decreased compared with the same period of the previous fiscal year. In new growth businesses, Omron focused on radio frequency identification (RFID) equipment in response to the move toward practical use of IC tags in Japan and overseas, and is steadily progressing with the launch of the remote monitoring and reporting systems business, which includes electricity usage monitoring and insulation monitoring.

As a result, segment sales were JPY 7,636 million, a increase of 2.8 percent compared with the same period of the previous fiscal year.

2) Outlook for the Fiscal Year Ending March 31, 2008

General Outlook

The outlook for the economic environment in the fiscal year ending March 31, 2008 is for continued moderate growth. Elements of uncertainty regarding the outlook have increased, including high crude oil prices and concerns regarding a slowdown in the U.S. economy, as well as the U.S. subprime loan problem and the accompanying volatility in financial markets, but brisk consumer spending and a high level of corporate capital investment are expected.

In markets related to the Omron Group, we expect that the market for factory automation control systems will remain firm and that strong sales of automotive electronic components will also continue, reflecting increasing needs for car electronics. Sales of consumer and commerce components for IT and digital related products in Japan, which were sluggish in the first half of the fiscal year, are expected to begin recovering in the second half.

In this environment, despite the positive effects of the weaker yen and the contribution of acquisitions from the second half onward, the Omron Group’s net sales, which increased over the same period of the previous fiscal year in the first half, are expected to be below original projections for the full year as a result of lower-than-expected demand for domestic private-sector investment in some sectors in the first half. Reflecting this, operating income is also forecast to be lower than original projections.

As a result, Omron has made the following changes to figures in the performance forecast for the fiscal year announced on April 26, 2007.

The assumed exchange rates are US$1 = JPY 115 and 1 Euro = JPY 155.

Revision to Forecast for Consolidated Full-Year Financial Results (U.S. GAAP)

(Millions of yen)

	Net sales	Operating income	Income from continuing operations before income taxes	Net income
Previous forecast (A)	800,000	75,000	72,000	46,000
Revised forecast (B)	785,000	71,000	71,000	46,000
Difference (B-A)	(15,000)	(4,000)	(1,000)	―
Difference as percentage	(1.9 %)	(5.3 %)	(1.4 %)	― %
(For reference) Figures for previous fiscal year (ended March 31, 2007)	723,866	62,046	64,279	38,280

Outlook by Business Segment

IAB

Expectations of a slowdown in the U.S. economy are increasing, and concern about the repercussions of U.S. economic trends in Europe and elsewhere is creating added uncertainty. However, capital investment in manufacturing industries is likely to move toward a moderate recovery overall, backed by automotive and other investment in newly industrialized countries, and expectations of a partial recovery in the flat panel display (FPD) industry in the second half of the fiscal year.

Under these conditions, sales in Japan are expected to increase as Omron accelerates efforts begun in the first half to strengthen its sales organization, and OLFT contributes to sales for the full period. Overseas, a slowdown is projected in sales of control equipment to North American oil and gas-related companies, which had been maintaining strength. Meanwhile, Omron will strengthen its sales force in strategic growth businesses such as the applications business, and in newly industrialized markets such as Russia and India. Omron also expects sales expansion in China due to ongoing new product introductions and other factors.

ECB

In Japan, recovery is expected in the semiconductor industry. Overseas, despite concern about the negative effects of financial turmoil in the U.S. economy, firm conditions are projected, particularly in newly industrialized countries and Southeast Asia. The Chinese economy is likely to continue expanding with the approach of the Beijing Olympics. Under these conditions, Omron expects to increase sales by quickly introducing new products that match customer needs, centered on components for large flat-panel TVs, DVD players, mobile phones, portable music players, digital cameras and other digital appliances and mobile devices, of which sales are expanding globally. In particular, Omron will work diligently to create new products using leading-edge technology in the mobile device and game markets, where significant growth is expected.

AEC

With automobile production volume projected to expand in China, India, Central and Eastern Europe and South America, stable growth is likely to continue in the automotive electronics market overseas. Moreover, with the adoption of Omron products in new cars both in Japan and overseas, solid conditions are expected overall. In particular, Omron expects increased sales of power window switches and wireless control devices in North America and wireless control devices in China. As a result, sales for the fiscal year are expected to be in excess of JPY 100.0 billion.

SSB

In the public transportation systems business, sales are projected to decline substantially year-on-year due to a reactive drop in demand for projects such as equipment renewals associated with the use of common IC cards among different railway companies in the Kanto and Kansai regions in the previous fiscal year. In the traffic solutions business, although there is demand associated with construction of new urban expressway routes, the budget for law-enforcement projects will decrease, while in the ID management solutions business, demand for payment systems can be expected, but sales of security systems for manufacturers are projected to decline. As a result, sales are projected to decline year-on-year in both of these businesses.

HCB

In Japan, sales of blood pressure monitors, body composition analyzers and pedometers are forecast to remain solid due to spreading awareness of metabolic syndrome. However, elements of uncertainty exist, including the effect of concerns about the U.S. economic slowdown on the economy and consumer sentiment in Japan, and conditions warrant no optimism.

Overseas, concerns are growing about the sputtering economy and declining consumer spending in the United States, but demand is projected to continue expanding in Europe, primarily in Russia and Central and Eastern Europe. In addition, Omron expects further expansion of demand in China due to synergy among blood pressure monitors, body composition analyzers and blood glucose monitors, and expansion of demand centered on blood pressure monitors in Southeast Asia.

Others

In existing businesses, sales of the computer peripherals business are expected to remain firm, backed by strong corporate earnings and other factors. In new growth businesses, Omron will aim for expansion of the RFID business through measures including development of new applications and cultivation of overseas markets. In addition, Omron will continue working to build businesses such as the remote monitoring and reporting systems business, which includes power consumption monitoring and insulation monitoring.

(2) Analysis of Financial Condition

Analysis of Assets, Liabilities, Net Assets and Cash Flow

1) Financial Condition as of September 30, 2007

Total assets: JPY 620,493 million (a decrease of JPY 9,844 million from the end of the previous fiscal year)

Total shareholders' equity: JPY 388,873 million (an increase of JPY 6,051 million from the end of the previous fiscal year)

Net worth ratio: 62.7% (an increase of 2.0 percentage points from the end of the previous fiscal year)

Total assets decreased JPY 9,844 million compared with the end of the previous fiscal year. The main factor was that a JPY 22,363 million decrease in notes and accounts receivable, although inventories increased JPY 9,601 million.

Total shareholders' equity increased JPY 6,051 million compared with the end of the previous fiscal year. While net income of JPY 18,797 million increased shareholders' equity, net unrealized gains on securities decreased JPY 1,875 million (which decreases shareholders' equity) and treasury stock increased JPY 8,570 million (which decreases shareholders' equity).

2) Summary of Cash Flows for the Six Months Ended September 30, 2007

Net cash provided by operating activities in the interim period was JPY 32,109 million (an increase of JPY 21,223 million compared with the same period of the previous fiscal year) due to collection of trade notes and accounts receivable and other factors, in addition to net income of JPY 18,797 million.

Net cash used in investing activities was JPY 19,287 million (a decrease in cash used of JPY 7,316 million compared with the same period of the previous fiscal year). In addition to investments made for future growth, other factors included proceeds from sale of business entities and payment for acquisition of business entities.

Net cash used in financing activities was JPY 17,912 million, mainly due to acquisition of treasury stock, dividends paid by the Company and net repayments of short-term bank loans.

As a result, the balance of cash and cash equivalents at September 30, 2007 decreased JPY 3,944 million from the end of the previous fiscal year to JPY 39,051 million.

3) Outlook for the Year Ending March 31, 2008

Although Omron will make ongoing aggressive investments in growth and in new product development as part of its growth strategy, the Company projects a continued increase in net income. As a result, free cash flow, calculated as net cash provided by operating activities less net cash used in investing activities, is expected to increase from the level of the previous fiscal year. In financing activities, despite the above capital requirements, Omron will flexibly manage sources and uses of capital, taking financial conditions into consideration while efficiently deploying capital and maintaining appropriate capital levels throughout the Group.

Considering the above cash flow projections, Omron believes that the balance of cash and cash equivalents of JPY 39,051 million as of September 30, 2007 is more than sufficient for business operations in the present economic conditions.

Cash Flow Indicators and Trends

Consolidated cash flow indicators and trends for the three most recent interim periods and the two most recent fiscal years are as follows.

	Interim period ended Sept. 30, 2005	Interim period ended Sept. 30, 2006	Interim period ended Sept. 30, 2007	Year ended March 31, 2006	Year ended March 31, 2007
Net worth ratio (%)	64.6	58.5	62.7	61.6	60.7
Net worth ratio on market value basis (%)	120.0	109.5	111.5	134.5	115.9
Debt repayment period (years)	—	—	—	0.1	0.5
Interest coverage ratio (times)	50.2	21.7	40.4	57.6	35.9

Notes: Net worth ratio: Net worth/Total assets

Net worth ratio on market value basis: Total market value of stock/Total assets

Debt repayment period: Interest-bearing liabilities/Net cash provided by operations (not stated for interim periods)

Interest coverage ratio: Net cash provided by operations/Interest expense

1. All indicators are calculated on a consolidated basis.
2. Total market value of stock is calculated by multiplying the total number of shares outstanding at the end of the period (excluding treasury stock) by the closing share price at the end of the period.
3. Net cash provided by operations is as reported in the consolidated statement of cash flows. Interest-bearing liabilities are liabilities stated on the consolidated balance sheets on which interest is paid. Interest expense is as stated in the notes to the consolidated statements of cash flows.

(3) Basic Policy for Distribution of Profits and Dividends for the Fiscal Year Ending March 31, 2008

Omron views its dividend policy as one of its most important management issues, and applies the following basic policy in regard to distribution of profits to shareholders.

1) In order to maximize corporate value over the long term, internal capital resources will be secured for measures that will increase corporate value. These measures include investments in R&D and capital investments, which are vital to future business expansion.

2) After taking into consideration the required investments for future growth and the level of free cash flow, surplus will be distributed to the shareholders to the maximum extent possible.

3) For dividends in the fiscal year ending March 31, 2008, Omron's policy is to enhance stable, uninterrupted profit distributions by taking into account consolidated results as well as indicators including dividends on equity (DOE), (DOE = return on equity (ROE) multiplied by the payout ratio), although this is subject to the level of internal capital resources necessary in each fiscal year. Specifically, Omron will aim to maintain the payout ratio at a minimum of 20% and make profit distributions with a near-term DOE target of 2%.

4) Utilizing retained earnings that have been accumulated over a long period of time, Omron intends to systematically repurchase and retire the Company's stock to benefit shareholders.

For the year ending March 31, 2008, Omron plans to pay an interim dividend of JPY 17 per share, but has not yet decided on the year-end dividend.

Projections of results and future developments are based on information available to the Company at the time of writing, as well as certain assumptions judged by the Company to be reasonable. Various factors could cause actual results to differ materially from these projections. Major factors influencing Omron's actual results include, but are not limited to, (i) the economic conditions affecting the Company's businesses in Japan and overseas, (ii) demand trends for the Company's products and services, (iii) the ability of the Omron Group to develop new technologies and new products, (iv) major changes in the fund-raising environment, (v) tie-ups or cooperative relationships with other companies, and (vi) movements in currency exchange rates and stock markets.

2. The Omron Group

Disclosure is omitted because there is no significant change from the “Business Organization Chart (Business Content)” and “Subsidiaries and Affiliates” in the most recent Securities Report (*Yuka shoken hokokusho*), issued on June 22, 2007.

3. Management Policies

Disclosure is omitted because there are no significant changes from the contents disclosed in the Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2007 (U.S. GAAP) (disclosed on April 26, 2007). To view these consolidated financial results, click on the following URL:

(Omron home page → Investor Relations → Financial Data → Presentations)

http://www.omron.com/ir/pdfs/20070426_financial_results.pdf

(Tokyo Stock Exchange Home Page → Listed Company Information search page)

http://www.tse.or.jp/listing/compsearch/index.html

(Attachment)

4. Consolidated Financial Statements

Interim Consolidated Statements of Operations

(Millions of yen, %)

	Six months ended September 30, 2006		Six months ended September 30, 2007		Change	Year ended March 31, 2007	
Net sales	324,126	100.0%	366,110	100.0%	41,984	723,866	100.0%
Cost of sales	198,555	61.3	227,208	62.1	28,653	445,625	61.6
Gross profit	125,571	38.7	138,902	37.9	13,331	278,241	38.4
Selling, general and administrative expenses	78,212	24.1	87,544	23.8	9,332	164,167	22.6
Research and development expenses	24,082	7.4	24,768	6.8	686	52,028	7.2
Operating income	23,277	7.2	26,590	7.3	3,313	62,046	8.6
Interest expense, net	(398)	(0.1)	(434)	(0.1)	(36)	(710)	(0.1)
Foreign exchange loss, net	654	0.2	914	0.3	260	1,086	0.2
Other expenses, net	(6,097)	(1.9)	(1,218)	(0.4)	4,879	(2,609)	(0.4)
Income from continuing operations before income taxes	29,118	9.0	27,328	7.5	(1,790)	64,279	8.9
Income taxes	12,420	3.9	11,227	3.1	(1,193)	25,595	3.6
Current	9,386		12,919		3,533	21,688	
Deferred	3,034		(1,692)		(4,726)	3,907	
Minority interests	76	0.0	147	0.0	71	238	0.0
Equity in net losses of affiliates	2,286	0.7	211	0.1	(2,075)	1,352	0.2
Net income from continuing operations	14,336	4.4	15,743	4.3	1,407	37,094	5.1
Net income from discontinued operations	457	0.2	3,054	0.8	2,597	1,186	0.2
Net income	14,793	4.6	18,797	5.1	4,004	38,280	5.3

Note: In accordance with FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the figures for the six months ended September 30, 2006 and the year ended March 31, 2007 have been reclassified in relation to operations discontinued during the three months ended June 30, 2007.

(Attachment)

Interim Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2006		As of September 30, 2007		Change	As of March 31, 2007	
ASSETS							
Current Assets:	325,270	53.3%	325,283	52.4%	13	342,059	54.3%
Cash and cash equivalents	46,554		39,051		(7,503)	42,995	
Notes and accounts receivable － trade	149,555		153,337		3,782	175,700	
Allowance for doubtful receivables	(2,454)		(2,272)		182	(2,297)	
Inventories	100,089		103,710		3,621	94,109	
Deferred income taxes	18,629		20,327		1,698	19,985	
Other current assets	12,897		11,130		(1,767)	11,567	
Property, Plant and Equipment:	158,812	26.0	159,534	25.7	722	159,315	25.3
Land	28,192		28,532		340	28,271	
Buildings	123,458		130,698		7,240	125,227	
Machinery and equipment	172,861		175,686		2,825	175,398	
Construction in progress	6,947		6,695		(252)	6,389	
Accumulated depreciation	(172,646)		(182,077)		(9,431)	(175,970)	
Investments and Other Assets:	126,344	20.7	135,676	21.9	9,332	128,963	20.4
Investments in and advances to associates	15,286		17,336		2,050	16,677	
Investment securities	43,595		45,071		1,476	46,770	
Leasehold deposits	8,657		8,696		39	8,650	
Deferred income taxes	21,027		21,019		(8)	17,293	
Other	37,779		43,554		5,775	39,573	
Total Assets	610,426	100.0%	620,493	100.0%	10,067	630,337	100.0%

(Attachment)

(Millions of yen)

	As of September 30, 2006		As of September 30, 2007		Change	As of March 31, 2007	
LIABILITIES							
Current Liabilities:	194,624	31.9%	170,790	27.5%	(23,834)	188,860	30.0%
Bank loans	29,869		16,945		(12,924)	19,868	
Notes and accounts payable －	100,084		85,304		(14,780)	91,543	
trade	29,678		32,514		2,836	32,548	
Accrued expenses	8,466		11,498		3,032	11,467	
Income taxes payable	116		23		(93)	194	
Deferred income taxes	26,082		23,874		(2,208)	32,976	
Other current liabilities	329		632		303	264	
Current portion of long-term debt	1,837	0.3	2,228	0.4	391	1,681	0.3
Long-Term Debt	131	0.0	2,113	0.3	1,982	2,006	0.3
Deferred Income Taxes	54,839	9.0	53,750	8.7	(1,089)	52,700	8.4
Termination and Retirement Benefits	477	0.1	842	0.1	365	830	0.1
Other Long-Term Liabilities	1,241	0.2	1,897	0.3	656	1,438	0.2
Minority Interests in Subsidiaries	253,149	41.5	231,620	37.3	(21,529)	247,515	39.3
Total Liabilities							
SHAREHOLDERS' EQUITY	64,100	10.5	64,100	10.3	—	64,100	10.2
Common stock	98,777	16.2	98,886	16.0	109	98,828	15.7
Additional paid-in capital	8,245	1.3	8,566	1.4	321	8,256	1.3
Legal reserve	238,962	39.1	272,373	43.9	33,411	258,057	40.9
Retained earnings							
Accumulated other comprehensive loss	(9,362)	(1.5)	(3,076)	(0.5)	6,286	(3,013)	(0.5)
Foreign currency translation adjustments	2,693		8,910		6,217	6,560	
Minimum pension liability adjustments	(23,456)		—		23,456	—	
	—		(22,966)		(22,966)	(22,169)	
Pension liability adjustments	11,564		10,863		(701)	12,738	
Net unrealized gains on securities							
Net gains (losses) on derivative	(163)		117		280	(142)	
instruments	(43,445)	(7.1)	(51,976)	(8.4)	(8,531)	(43,406)	(6.9)
Treasury stock	357,277	58.5	388,873	62.7	31,596	382,822	60.7
Total Shareholders' Equity							
Total Liabilities and Shareholders' Equity	610,426	100.0%	620,493	100.0%	10,067	630,337	100.0%

(Attachment)

Interim Consolidated Statements of Shareholders' Equity

Six months ended September 30, 2006 (Millions of yen)

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other compre-hensive income (loss)	Treasury stock
Balance, March 31, 2006	64,100	98,724	8,082	227,791	(2,971)	(32,789)
Net income				14,793		
Cash dividends				(3,458)		
Transfer to legal reserve			163	(163)		
Foreign currency translation adjustments					4,046	
Minimum pension liability adjustments					(2,273)	
Unrealized gains on available-for-sale securities					(8,107)	
Net gains on derivative instruments					(57)	
Acquisition of treasury stock						(11,154)
Disposal of treasury stock		1				2
Exercise of stock options		10		(1)		496
Grant of stock options		42				
Balance, September 30, 2006	64,100	98,777	8,245	238,962	(9,362)	(43,445)

Six months ended September 30, 2007 (Millions of yen)

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other compre-hensive income (loss)	Treasury stock
Balance, March 31, 2007	64,100	98,828	8,256	258,057	(3,013)	(43,406)
Cumulative effect of FASB Interpretation (FIN) No. 48 at beginning of period				(266)		
Net income				18,797		
Cash dividends				(3,871)		
Transfer to legal reserve			310	(310)		
Foreign currency translation adjustments					2,350	
Pension liability adjustments					(797)	
Unrealized gains on available-for-sale securities					(1,875)	
Net gains on derivative instruments					259	
Acquisition of treasury stock						(8,971)
Disposal of treasury stock		1				2
Exercise of stock options		(5)		(34)		399
Grant of stock options		62				
Balance, September 30, 2007	64,100	98,886	8,566	272,373	(3,076)	(51,976)

Note: In June 2006, the FASB issued FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109." FIN No. 48 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. As a result of the Company's adoption of FIN No. 48 in the interim period ended September 30, 2007, retained earnings at the beginning of the period decreased JPY 266 million as a cumulative effect.

Year ended March 31, 2007 (Millions of yen)

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock
Balance, March 31, 2006	64,100	98,724	8,082	227,791	(2,971)	(32,789)
Net income				38,280		
Cash dividends				(7,839)		
Transfer to legal reserve			174	(174)		
Foreign currency translation adjustments					7,913	
Minimum pension liability adjustments					1,658	
Unrealized gains on available-for-sale securities					(6,933)	
Net gains on derivative instruments					(36)	
Adjustments pursuant to SFAS Statement No. 158					(2,644)	
Acquisition of treasury stock						(11,204)
Disposal of treasury stock		1				2
Exercise of stock options		10		(1)		585
Grant of stock options		93				
Balance, March 31, 2007	64,100	98,828	8,256	258,057	(3,013)	(43,406)

(Attachment)

Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2007	Increase (decrease)	Year ended March 31, 2007
Operating Activities:				
Net income	14,793	18,797	4,004	38,280
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	16,457	19,032		33,923
Net loss on sales and disposals of property, plant and equipment				
Loss on impairment of property, plant and equipment	6,340	282		6,445
Net gain on sales of short-term investments and investment	—	—		1,441
securities	(464)	(1,228)		(954)
Loss on impairment of investment securities and other assets	82	55		682
Gain on establishment of retirement benefit trust	(10,141)	—		(10,141)
Termination and retirement benefits	(800)	(1,001)		(1,403)
Deferred income taxes	2,998	(1,692)		3,887
Minority interests	76	147		238
Equity in earnings of affiliates	2,286	211		1,352
Net gain on sales of business entities	—	(5,177)		—
Changes in assets and liabilities:				
Decrease (increase) in notes and accounts receivable — trade,net	4,661	24,898		(19,773)
Increase in inventories	(21,563)	(6,805)		(13,955)
Decrease (increase) in other assets	670	(421)		2,248
Increase (decrease) in notes and accounts payable — trade	2,474	(6,235)		(5,674)
Decrease in income taxes payable	(5,168)	(351)		(2,244)
Increase (decrease) in accrued expenses and other current liabilities	(2,004)	(8,838)		6,480
Other, net	189	435		(293)
Total adjustments	(3,907)	13,312	17,219	2,259
Net cash provided by operating activities	10,886	32,109	21,223	40,539
Investing Activities:				
Proceeds from sales or maturities of short-term investments and investment securities	505	2,697	2,192	1,643
Purchase of short-term investments and investment securities	(381)	(2,710)	(2,329)	(2,108)
Capital expenditures	(20,908)	(19,934)	974	(44,689)
Increase in leasehold deposits	(27)	(105)	(78)	(9)
Proceeds from sales of property, plant and equipment	12,752	2,031	(10,721)	17,930
Acquisition of minority interests	(15)	—	15	(15)
Increase in investment in and loans to affiliates	(988)	(1,036)	(48)	(1,189)
Proceeds from sale of business entities, net	—	7,796	7,796	—
Payment for acquisition of business entities, net	(17,541)	(8,026)	9,515	(18,638)
Net cash used in investing activities	(26,603)	(19,287)	7,316	(47,075)
Financing Activities:				
Net proceeds (repayments) of short-term bank loans	23,858	(4,497)	(28,355)	13,812
Proceeds from issuance of long-term debt	221	15	(206)	242
Repayments of long-term debt	(232)	(434)	(202)	(455)
Dividends paid by the Company	(4,221)	(4,381)	(160)	(7,680)
Dividends paid to minority interests	(9)	(7)	2	(9)
Acquisition of treasury stock	(11,154)	(8,971)	2,183	(11,204)
Disposal of treasury stock	3	3	0	3
Exercise of stock options	505	360	(145)	594
Net cash provided by (used in) financing activities	8,971	(17,912)	(26,883)	(4,697)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,015	1,146	131	1,943
Net Increase (Decrease) in Cash and Cash Equivalents	(5,731)	(3,944)	1,787	(9,290)
Cash and Cash Equivalents at Beginning of the Period	52,285	42,995	(9,290)	52,285
Cash and Cash Equivalents at End of the Period	46,554	39,051	(7,503)	42,995

Notes to cash flows from operating activities:				
Interest paid	501	795	294	1,130
Taxes paid	14,796	13,194	(1,602)	24,591
Notes to investing and financing activities not involving cash flow:				
Debt related to capital expenditures				
Transfer of assets and liabilities to affiliate created through joint venture	3,302	1,831	(1,471)	2,977
	16,019	—	(16,019)	16,019

(Attachment)

Preparation of the Consolidated Financial Statements

1. Income Taxes

Effective from the interim period ended September 30, 2007, the Company has adopted FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109". The adoption of FIN No. 48 resulted in a JPY 266 million decrease in retained earnings at the beginning of the period as a cumulative effect, but had no effect on profit and loss.

2. Termination and Retirement Benefits

From the year ended March 31, 2007, the Company applies the provisions of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." Accordingly, it recognized the amount of the projected benefit obligation exceeding the sum of the fair value of plan assets and termination and retirement benefits as a pension liability adjustment. The Company also recognizes the minimum pension liability amount based on the accumulated benefit obligation pursuant to the former SFAS No. 87, "Employers' Accounting for Pensions." This reduced accumulated other comprehensive income (loss) by JPY 2,644 million, but did not affect profit and loss.

3. Discontinued Operations

Pursuant to FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the figures for the six months ended September 30, 2006 and the fiscal year ended March 31, 2007 have been reclassified in relation to operations (the entertainment business, which had been included in the "Others" segment) discontinued during the six months ended September 30, 2007.

Other matters not listed here have not changed significantly since the most recent Securities Report (*Hanki hokokusho*), submitted on November 30, 2006.

(Attachment)

Notes to Consolidated Financial Statements

1. Per Share Data

The Company calculates net income per share in accordance with FASB Statement No. 128, "Earnings per Share." The number of shares used to compute basic and diluted net income per share is as follows:

(Number of shares)	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
Basic	233,388,233	229,854,995	232,059,070
Diluted	233,525,753	229,973,734	232,212,988

Dilution effect is due to stock options.

2. Comprehensive Income

Comprehensive income in addition to other comprehensive income in net income is as follows:

Six months ended September 30, 2006: JPY 8,402 million

Six months ended September 30, 2007: JPY 18,734 million

Year ended March 31, 2007: JPY 40,882 million

Other comprehensive income includes changes in foreign currency translation adjustments, minimum pension liability adjustments, pension liability adjustments, unrealized gains or losses on available-for-sale securities and net gains or losses on derivative instruments. (However, this excludes adjustments made in accordance with FASB Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans."

3. Major Components of Other Expenses (Income), Net

The major components of "Other expenses (income), net" are as follows:

Six months ended September 30, 2006	
Gain on establishment of retirement benefit trust	JPY (10,141) million
Net losses on sales and disposals of property, plant and equipment	6,339 million
Six months ended September 30, 2007	
Net gain on sales of short-term investments and investment securities	JPY (1,228) million
Year ended March 31, 2007	
Gain on establishment of retirement benefit trust	JPY (10,141) million
Net losses on sales and disposals of property, plant and equipment	6,429 million
Loss on impairment of property, plant and equipment	1,441 million

Note: In accordance with FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the figures for the six months ended September 30, 2006 and the fiscal year ended March 31, 2007 have been reclassified in relation to operations discontinued during the six months ended September 30, 2007.

Notes concerning matters of consolidation such as leases, derivative transactions and stock options have not been included in this summary of consolidated financial results, as the Company considers their disclosure here to be of marginal importance.

(Attachment)

Segment Information

1. Business Segment Information

Six months ended September 30, 2006 (April 1, 2006 – September 30, 2006) (Millions of yen)

	IAB	ECB	AEC	SSB	HCB	Others	Total	Eliminations & Corporate	Consolidated
Net sales:									
(1) Sales to outside customers	146,895	62,072	42,751	34,356	30,624	7,428	324,126	—	324,126
(2) Intersegment sales and transfers	4,389	11,446	1,130	4,715	103	22,823	44,606	(44,606)	—
Total	151,284	73,518	43,881	39,071	30,727	30,251	368,732	(44,606)	324,126
Operating expenses	128,777	66,803	45,888	39,961	27,024	29,477	337,930	(37,081)	300,849
Operating income (loss)	22,507	6,715	(2,007)	(890)	3,703	774	30,802	(7,525)	23,277

Six months ended September 30, 2007 (April 1, 2007 – September 30, 2007) (Millions of yen)

	IAB	ECB	AEC	SSB	HCB	Others	Total	Eliminations & Corporate	Consolidated
Net sales:									
(1) Sales to outside customers	160,947	79,318	53,097	32,953	32,159	7,636	366,110	—	366,110
(2) Intersegment sales and transfers	4,428	10,781	1,238	3,923	190	19,112	39,672	(39,672)	—
Total	165,375	90,099	54,335	36,876	32,349	26,748	405,782	(39,672)	366,110
Operating expenses	140,749	84,050	53,813	36,835	29,095	26,566	371,108	(31,588)	339,520
Operating income	24,626	6,049	522	41	3,254	182	34,674	(8,084)	26,590

Fiscal year ended March 31, 2007 (April 1, 2006 – March 31, 2007) (Millions of yen)

	IAB	ECB	AEC	SSB	HCB	Others	Total	Eliminations & Corporate	Consolidated
Net sales:									
(1) Sales to outside customers	305,568	138,352	93,321	105,944	65,726	14,955	723,866	—	723,866
(2) Intersegment sales and transfers	9,208	21,932	2,351	9,688	232	44,544	87,955	(87,955)	—
Total	314,776	160,284	95,672	115,632	65,958	59,499	811,821	(87,955)	723,866
Operating expenses	266,274	147,201	96,901	107,562	57,268	59,068	734,274	(72,454)	661,820
Operating income (loss)	48,502	13,083	(1,229)	8,070	8,690	431	77,547	(15,501)	62,046

Note: In accordance with FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the figures for the six months ended September 30, 2006 and the fiscal year ended March 31, 2007 have been reclassified in relation to operations discontinued during the six months ended September 30, 2007.

(Attachment)

2. Geographical Segment Information

Six months ended September 30, 2006 (April 1, 2006 – September 30, 2006) (Millions of yen)

	Japan	North America	Europe	Greater China	Southeast Asia	Total	Eliminations & Corporate	Consolidated
Net sales:								
(1) Sales to outside customers	176,921	45,519	54,232	28,846	18,608	324,126	—	324,126
(2) Intersegment sales and transfers	59,495	419	685	18,684	4,943	84,226	(84,226)	—
Total	236,416	45,938	54,917	47,530	23,551	408,352	(84,226)	324,126
Operating expenses	210,584	46,361	50,266	47,485	21,508	376,204	(75,355)	300,849
Operating income (loss)	25,832	(423)	4,651	45	2,043	32,148	(8,871)	23,277

Six months ended September 30, 2007 (April 1, 2007 – September 30, 2007) (Millions of yen)

	Japan	North America	Europe	Greater China	Southeast Asia	Total	Eliminations & Corporate	Consolidated
Net sales:								
(1) Sales to outside customers	177,912	52,797	63,979	48,251	23,171	366,110	—	366,110
(2) Intersegment sales and transfers	63,518	541	678	25,049	5,449	95,235	(95,235)	—
Total	241,430	53,338	64,657	73,300	28,620	461,345	(95,235)	366,110
Operating expenses	220,861	52,458	58,524	69,185	26,169	427,197	(87,677)	339,520
Operating income	20,569	880	6,133	4,115	2,451	34,148	(7,558)	26,590

Fiscal year ended March 31, 2007 (April 1, 2006 – March 31, 2007) (Millions of yen)

	Japan	North America	Europe	Greater China	Southeast Asia	Total	Eliminations & Corporate	Consolidated
Net sales:								
(1) Sales to outside customers	399,357	97,989	116,352	69,435	40,733	723,866	—	723,866
(2) Intersegment sales and transfers	125,174	1,191	1,255	39,535	9,888	177,043	(177,043)	—
Total	524,531	99,180	117,607	108,970	50,621	900,909	(177,043)	723,866
Operating expenses	464,245	98,851	107,291	107,480	46,623	824,490	(162,670)	661,820
Operating income	60,286	329	10,316	1,490	3,998	76,419	(14,373)	62,046

3. Overseas Sales

(Millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2007	Increase (decrease)	Year ended March 31, 2007
North America (% of total sales)	45,867 14.2%	53,744 14.7%	17.2	98,937 13.7%
Europe (% of total sales)	54,277 16.8%	64,004 17.5%	17.9	118,388 16.4%
Greater China (% of total sales)	32,555 10.0%	51,935 14.2%	59.5	76,026 10.5%
South-east Asia (% of total sales)	26,032 8.0%	30,225 8.2%	16.1	55,368 7.6%
Total (% of total sales)	158,731 49.0%	199,908 54.6%	25.9	348,719 48.2%

Note: In accordance with FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the figures for the six months ended September 30, 2006 and the fiscal year ended March 31, 2007 have been reclassified in relation to operations discontinued during the six months ended September 30, 2007.