

Business Report (Consolidated)

(April 1, 2007 to March 31, 2008)

1. Current State of the Omron Group

(1) Consolidated Results

General Overview

Reviewing economic conditions during fiscal 2007, ended March 31, 2008, elements of uncertainty increased in the global economy, including a sharp rise in crude oil and high raw material prices, as well as the U.S. subprime loan problem, which affected financial markets in various countries. In the U.S. economy, in addition to the decline in housing investment and the rise in energy prices, weakening consumer spending reinforced the sense of slowdown. Consumer spending was also sluggish in the European economy, leading to a gradual downturn in the second half of the period. Meanwhile, the economies of China and Southeast Asia remained solid despite the effects of the U.S. economic downturn.

The Japanese economy, backed by firm consumer spending, maintained modest growth in spite of declining corporate earnings amid a slowing recovery trend.

In markets related to the Omron Group, capital investment in the semiconductor, electronic component and other industries weakened in comparison with the previous fiscal year, but sales of factory automation control systems, the Omron Group's core business, were generally firm. The consumer and commerce equipment industry, a key market for the electronic components business, weakened due to the emerging effects of inventory adjustments. Sales of automotive electronic components continued to expand as the need 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 laid the foundation for a growth structure that supports increased profits in preparation for the third stage, which began on April 1, 2008. Specifically, the Omron Group has made profit structure reforms by addressing 1) reinforcement and expansion of businesses in which we are number-one globally; 2) business operations in China, where we shifted our attention to profitable growth; and 3) continuing improvement of both variable and fixed manufacturing costs.

As a result, the Omron Group's net sales for the fiscal year were JPY 762,985 million, an increase of 5.4 percent from the previous fiscal year. The effects of the weaker yen and business acquisitions also contributed to the sales increase.

Turning to profits for the fiscal year, operating income increased 5.2 percent from the previous fiscal year to JPY 65,253 million, mainly as a result of higher net sales. Income from continuing operations before income taxes (*2) was JPY 64,166 million, a decrease of 0.2 percent from the previous fiscal year due to gain on sale of investment securities and other factors. In 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 fiscal year was JPY 42,383 million, an increase of 10.7 percent from 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 establishes the basic policies for management of the Omron Group for the 10 years from fiscal 2001 to fiscal 2010. Through GD2010, Omron aims to become a "21st century company" by maximizing its corporate value over the long term, based on its core corporate value of "working for the benefit of society."

Omron has divided these ten years into three stages, with fiscal 2007 being the final year of the second stage (fiscal 2004-2007). Management plans for the third stage (fiscal 2008-2010) were announced on January 10, 2008.

(*2) Pursuant to Financial Accounting Standards Board (FASB) Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," figures for income from operations discontinued in the fiscal year ended March 31, 2008 (the entertainment business formerly included in the "Others" segment) have been reclassified for the fiscal year ended March 31, 2007.

We sincerely thank all of our shareholders for their support.

Results by Business Segment

• IAB (Industrial Automation Business)

Operations in Japan were impacted by a slowdown in expansion of capital investment among customers in the semiconductor and electronic components industries in comparison with the previous fiscal year and a decrease in capital investment in the flat panel display (FPD) industry, although investment remained firm among manufacturers in general. Beginning in fiscal 2007, the Omron Group worked to reinforce its sales infrastructure in order to expand the applications business, which focuses on quality, safety and the environment. Sales of the application sensor business and safety component business in particular increased over the previous year.

In addition, sales of Laserfront Technologies (now OMRON LASERFRONT INC., hereinafter "OLFT"), which was included in the scope of consolidation at the end of June 2007, contributed to domestic sales of this segment beginning in the second quarter.

Overseas, demand for programmable controllers and motion controllers in Europe was solid, and sales of image sensors expanded. In North America, demand for control equipment for oil and gas-related companies, which had been consistently strong, fell sharply in the fourth quarter. Omron worked to compensate for this by expanding its core factory automation business and ancillary services, but overall sales were impacted by the slowing economy. In China, sales increased on the back of strong sales of products including programmable controllers and AOI, a result of the Omron Group's focus on strengthening its sales force and rolling out new products.

As a result, segment sales for the fiscal year totaled JPY 328,811 million, an increase of 7.6 percent compared with the previous fiscal year.

• ECB (Electronic Components Business)

In Japan, consumer spending and capital investment remained firm in the first half of the period, but overall, the semiconductor and automobile manufacturing industries slowed, and inventory adjustments continued in the consumer and commerce components industry, a key market for this segment. Overseas, although there was a slowdown in the electronic manufacturing services (EMS) business in China, full-year performance remained strong.

In this environment, sales of PCB relays, a core product, were flat overall. Sales of air conditioner relays expanded due to increased demand in the BRIC countries and other emerging markets, but sales of relays for communications were sluggish. On the other hand, sales of electronic components such as HMI devices and thin connectors for mobile and IT devices increased strongly because they met customer needs for slimmer products.

In addition, the backlight business of OMRON PRECISION TECHNOLOGY Co., Ltd., which was included in the scope of consolidation in August 2006, contributed to sales, and OMRON SEMICONDUCTORS Co., Ltd., posted solid sales overall after starting contract manufacturing of semiconductors in April 2007.

As a result, segment sales for the fiscal year totaled JPY 154,233 million, an increase of 11.5 percent compared with the previous fiscal year.

• AEC (Automotive Electronic Components Business)

Global automobile production volume during the fiscal year was generally steady, and Omron products continued to be adopted in new cars, reflecting the demand for car electronics that support automobile safety and environmental friendliness. As a result, sales of this segment increased strongly. By geographic region, sales in Japan were solid, and overseas, sales of keyless entry systems and other wireless devices were strong in North America despite a challenging market environment in which automobile sales volume remained at the level of the previous fiscal year. Furthermore, in China, where automobile manufacturers are shifting production and expanding global procurement, Omron's Chinese manufacturing subsidiary steadily expanded production, and sales to the Chinese market increased substantially.

As a result, segment sales for the fiscal year were JPY 107,521 million, an increase of 15.2 percent compared with the previous fiscal year.

• SSB (Social Systems Business)

In the public transportation systems business, large-scale demand for projects associated with the use of common IC cards in railway stations (primarily in the Tokyo metropolitan area) dropped to a lower level, and sales declined compared with the previous fiscal year, when demand peaked. In the traffic and road management systems business, sales decreased due to the effect of restrained public investment. However, this business continued to expand solutions such as driving safety support systems. The ID management solutions business was impacted by the "gray zone" interest rate issue in the credit industry, but security-related sales were solid. In the maintenance business, sales of the public transportation-related business declined, and there were fewer IT-

related maintenance and service calls, but the software business posted solid sales due to sales expansion of packages and components to the distribution and mobile device industries.

As a result, segment sales for the fiscal year were JPY 85,223 million, a decrease of 19.6 percent compared with the previous fiscal year.

• **HCB (Healthcare Business)**

In Japan, sales of digital blood pressure monitors and pedometers were strong, backed by increasing recognition of metabolic syndrome and related medical checkups that will become mandatory in fiscal 2008. While sales of body composition analyzers leveled off, sales of electric toothbrushes expanded strongly, due partly to the effect of television commercials.

Overseas, sales in Europe remained generally strong overall, led by the digital blood pressure monitor business in Russia and Eastern Europe, although sales of digital blood pressure monitors in North America were sluggish due to weak consumer spending. In China, sales expanded sharply due to factors including steadily rising sales of newly introduced blood glucose monitors.

As a result, segment sales for the fiscal year were JPY 71,562 million, an increase of 8.9 percent compared with 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, sales of uninterruptible power supplies and broadband routers in Omron’s computer peripherals business increased steadily. In new businesses, conditions became more competitive in the radio frequency identification (RFID) equipment market, but the Energy Consumption Monitoring Business posted solid sales.

As a result, segment sales were JPY 15,635 million, an increase of 4.5 percent compared with the previous fiscal year.

Sales by Division (Consolidated)

Division	Amount (JPY millions)	Share of total (%)	Year-on-year comparison (%)
Industrial Automation Business	328,811	43	108
Electronic Components Business	154,233	20	112
Automotive Electronic Components Business	107,521	14	115
Social Systems Business	85,223	11	80
Healthcare Business	71,562	10	109
Other Businesses	15,635	2	105
Total	762,985	100	105

Notes: 1. The Social Systems Solutions and Service Business Company and other operations are included in the Social Systems Business.

2. “Other Businesses” includes the Business Development Group and other divisions.

Sales by Division (Non-Consolidated)

Division	Amount (JPY millions)	Share of total (%)	Year-on-year comparison (%)
Industrial Automation Business	181,683	55	99
Electronic Components Business	57,294	17	104
Automotive Electronic Components Business	45,590	14	112
Social Systems Business	37,296	11	65
Other Businesses	10,429	3	103
Total	332,292	100	96

Note: "Other Businesses" includes the Business Development Group and other divisions.

(2) Capital Investment

In the year ended March 31, 2008, the Omron Group made capital investments to create a structure for profitable growth, including profitability enhancements in existing businesses, research and development centered on core technologies, and improvement of business operations in China. Total capital investment for the period was JPY 37,072 million, a 17 percent decrease from the previous fiscal year.

(3) Capital Procurement

In the year ended March 31, 2008, capital demand increased for mergers and acquisitions, repurchases of the Company's stock and other purposes. However, as a result of efforts to make more effective use of the Omron Group's internal capital resources, the amount of electronic commercial paper issued was JPY 16.0 billion, the same as the previous fiscal year.

(4) Issues Facing the Company

Omron achieved growth in sales and income throughout the second stage of GD2010 (fiscal 2004 through fiscal 2007). However, the sense of uncertainty regarding the outlook for the operating environment in fiscal 2008 is expected to become even stronger as a result of trends that include soaring crude oil and raw material prices, a slowdown in the U.S. economy and the strengthening of the yen against the U.S. dollar. Therefore, the Omron Group has set "securing a foothold for sustainable growth" as its policy for fiscal 2008, and its fundamental stance in the initial year of the third stage of GD2010 will be ensuring achievement of profit targets after making the necessary investments to realize a mechanism for sustained growth. To accomplish this, Omron has set three key strategies aimed at achieving the profit and growth structures it envisions in the third stage: (1) a strategy for becoming global no. 1; (2) a new third-stage growth strategy; and (3) operational structure reform.

In its strategy for becoming global no. 1, the entire Omron Group will focus on eight core businesses — relays, QLM (quality lifecycle management), safety devices, microprogrammable controllers, LCD backlights, electric power steering controllers, digital blood pressure monitors and body composition analyzers — with the goal of building them into business units that lead their industries globally.

In the new third-stage growth strategy, Omron will focus on safety and security, health and the environment with the goal of growing new businesses to 15% of consolidated net sales by fiscal 2020. Themes will include laser microfabrication, MEMS (micro electro mechanical systems), face recognition systems, social sensors, online healthcare management and energy consumption measurement.

In operational structure reform, Omron will steadily incorporate measures to ensure business speed and flexibility into the plan. Omron established the Monozukuri Innovation Headquarters in fiscal 2006 and the Business Process Innovation Headquarters in fiscal 2007. The Monozukuri Innovation HQ carries out overall supervision of quality and supports the production and control technology of each business in order to accelerate improvement of the Omron Group's quality and profit capabilities on a global basis. The Business Process Innovation HQ will undertake application innovations for the development, sales, distribution, accounting and management administration processes to build an IT infrastructure and create IT-driven mechanisms for sustained growth.

(5) Financial Assets and Profit and Loss
Consolidated Financial Position and Operating Results

(JPY millions)

	68th term (April 1, 2004 to March 31, 2005)	69th term (April 1, 2005 to March 31, 2006)	70th term (April 1, 2006 to March 31, 2007)	71st term (April 1, 2007 to March 31, 2008)
Net Sales	598,727	616,002	723,866	762,985
Income before Income Taxes	50,964	63,013	64,279	64,166
Net Income	30,176	35,763	38,280	42,383
Basic Net Income per Share (JPY)	126.52	151.14	164.96	185.89
Total Assets	585,429	589,061	630,337	617,367
Net Assets	305,810	362,937	382,822	368,502
Net Assets per Share (JPY)	1,284.81	1,548.07	1,660.68	1,662.32
Return on Equity (%)	10.4	10.7	10.3	11.3

Notes: 1. The Omron Group prepares its financial statements according to generally accepted accounting practices in the United States (U.S. GAAP).

2. Pursuant to FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," figures for the 68th term and later have been reclassified in relation to operations discontinued during the first quarter of the 71st term.

Net sales and net income have increased for six consecutive terms since the 66th term.

The Omron Group surpassed its target for return on equity (ROE) of 10% for the first stage of GD2010 during the 67th term, and maintained ROE above 10% during the 71st term.

Non-Consolidated Financial Position and Operating Results

(JPY millions)

	68th term (April 1, 2004 to March 31, 2005)	69th term (April 1, 2005 to March 31, 2006)	70th term (April 1, 2006 to March 31, 2007)	71st term (April 1, 2007 to March 31, 2008)
Net Sales	336,271	312,072	347,202	332,292
Ordinary Income	28,790	31,830	30,933	38,581
Net Income	18,898	28,632	32,705	31,563
Net Income per Share (JPY)	78.75	120.39	140.91	138.40
Total Assets	370,301	372,770	389,247	382,260
Net Assets	212,339	236,499	241,733	236,016
Net Assets per Share (JPY)	891.45	1,007.97	1,048.43	1,063.68

(6) Principal Subsidiaries

Principal subsidiaries are outlined below.

(As of March 31, 2008)

Name	Capital (JPY millions)	Parent ownership (%)	Principal businesses
OMRON HEALTHCARE Co., Ltd.	5,021	100.0	Healthcare business
OMRON Takeo Co., Ltd.	200	100.0	Manufacture of control devices
OMRON RELAY & DEVICES Corporation	300	100.0	Electronic components business
OMRON Iida Co., Ltd.	150	100.0	Manufacture of automotive electronic components
OMRON Field Engineering Co., Ltd.	360	100.0	Design, construction, repair and technical guidance of electrical devices
OMRON Management Center of America, Inc.	(Thousands of U.S. dollars) 7,308	100.0	Regional management in the United States and Canada
OMRON Asia Pacific Pte. Ltd.	(Thousands of Singapore dollars) 47,888	100.0	Regional management and supervision of control device business in Southeast Asia
OMRON Europe B.V.	(Thousands of Euro) 16,883	100.0	Regional management and supervision of control device business in Europe
OMRON (SHANGHAI) CO., LTD.	(Thousands of RMB) 531,526	100.0	Manufacture of control equipment in China
OMRON (CHINA) CO., LTD.	(Thousands of RMB) 813,225	100.0	Regional management in China

Corporate Results

The Omron Group consists of 162 consolidated subsidiaries and 22 affiliates accounted for using the equity method.

There are no unconsolidated subsidiaries or affiliates unaccounted for by the equity method.

(7) Content of Principal Businesses

An overview of the Omron Group's principal products and businesses follows below.

(As of March 31, 2008)

Division Name	Products and Services
Industrial Automation Business	<p>Targets major manufacturing industries worldwide in contributing sensing technology and control technology that stay ahead of customer needs.</p> <p>Control Relays (Relays, Timers, Counters) Control Switches (Limit Switches, Micro Switches, Manipulate Switches) Control Devices (Temperature Controllers, Power Supplies, Level Controllers, Protective Devices, Digital Power Meters, Transmission Units, Wireless Units, Energy-Saving Devices, etc.) Sequence Control Equipment (PLCs, Industrial Networking Equipment, Programmable Terminals, Application Software, etc.) Motion Controllers (Inverters, Servo Motors, etc.) Sensing Devices (Photoelectric Sensors, Proximity Sensors, Displacement Sensors, Length Measurement Sensors, Pressure Sensors, Ultrasound Sensors, Measurement Sensors, Vision Sensors, Visual Components, Information Sensing Equipment, Laser Markers, etc.) Inspection Systems (Solder Paste Printing Inspection Systems, Sheet Inspection Systems, etc.) Safety Devices (Safety Relays, Door Switches, Safety Controllers, Area Sensors, Safety Mats, etc.) Precision Laser Processing Equipment (Laser Repair, Overlay Measurement Devices, Laser Trimmers, Laser Welding Machines, etc.)</p>
Electronic Components Business	<p>Provides control components for commercial and private use devices, components for mobile devices such as mobile phones, and modules.</p> <p>Relays (General-Purpose Relays, PCB Relays, Relays for Telecommunications Equipment, etc.) Switches (Micro Switches, Tactile Switches, Trigger Switches, etc.) Connectors Amusement Components, Units and Systems (Sensors, Keys, ICs, IC Coin Systems, etc.) Sensors for Consumers, Flow Sensors, Analog IC, Foundries, Micro Lens Arrays Components for Printers and Photocopiers (Toner Sensors, Face Recognition Systems Software Components, etc.) Components for Mobile Equipment (Hinges for Mobile Phones, Combination Jog Switches, etc.) LCD Backlights (Backlights for Large LCDs, Miniature Backlights for Mobile Phones, etc.) Optical Communication Devices (CWDM Mux/Demux, Optical Splitter Module, Optical Switches, etc.) UWB Antennas</p>
Automotive Electronic Components Business	<p>Develops and produces components, sensors and electronic devices and provides various products for automobile and automotive electronic component manufacturers throughout the world.</p> <p>Various Automotive Relays, Various Switches, Keyless Entry Systems, Wireless Devices, Power Window Switches, Electric Power Steering Controllers, Various Controllers, Laser Radars, etc.</p>

Social Systems Business	<p>Creates solutions using sensing & control technologies, software and maintenance services for a safe, secure and comfortable society, and works with customers to contribute to building an optimized society.</p> <p>Railway Station Service Systems (Ticket Vending Machines, Passenger Gates, Automated Fare Adjustment Systems, Ticket Window Machines, Remote Monitoring Systems, Revenue Management Systems, etc.) Traffic and Road Management Systems (Traffic Management Systems, Vehicle Information and Communication Systems, Weigh-in-Motion Systems, etc.) ID Management Solutions (ID Management Solutions, Risk Assessment, Social Sensing, ID Sensing Equipment [IC Card Payment Terminals and Systems, Room Access Control Systems], Goopas, etc.) Related Maintenance (Railway Station Industry, Financial Industry, Factory Automation Industry, Office Automation Industry, etc.) Software (Mobile Device Integration Solutions, Store Management Solutions, etc.)</p>
Healthcare Business	<p>Provides numerous types of health and medical equipment worldwide. Omron has also been focusing on building its business in home medical care, including circulatory systems measurement, biochemical systems measurement and obesity solutions.</p> <p>Equipment for Home Use (Digital Blood Pressure Monitors, Digital Thermometers, Body Composition Analyzers, Pedometers, Electric Toothbrushes, Blood Glucose Monitors, etc.) Equipment for Healthcare Institutions (Vital Signs Monitors, Inpatient Blood Pressure Monitoring Devices, Nebulizers, ECG Monitors, Vascular Screening Devices, etc.)</p>
Others (Business Development Group, etc.)	<p>Develops new businesses for achieving the Group growth strategy.</p> <p>Personal Computer Peripherals (Uninterruptible Power Supplies, Broadband Routers, etc.) RFID Business (IC tag, Reader/Writer, Antennae, etc.) Energy Monitoring Business (Energy Consumption Monitoring Service, Insulation Monitoring Equipment, etc.)</p>

(8) Principal Places of Business, etc.

(As of March 31, 2008)

Omron	Headquarters (Head Office) Tokyo Head Office (Branch Office)	Shimogyo-ku, Kyoto Minato-ku, Tokyo
	Places of Business	Osaki Office (Shinagawa-ku, Tokyo), Mishima Systems Factory (Mishima, Shizuoka) Nagoya Office (Nakamura-ku, Nagoya), Komaki Office (Komaki, Aichi), Kusatsu Plant (Kusatsu, Shiga), Ayabe Office (Ayabe, Kyoto), Osaka Office (Kita-ku, Osaka), Okayama Factory (Okayama, Okayama), Fukuoka Office (Hakata-ku, Fukuoka)
	Research Site	Keihanna Technology Innovation Center (Kizugawa, Kyoto)
Subsidiaries	Japan	OMRON Field Engineering Co., Ltd. (Shibuya-ku, Tokyo) OMRON Iida Co., Ltd. (Iida, Nagano) OMRON Healthcare, Co., Ltd. (Ukyo-ku, Kyoto) OMRON Takeo Co., Ltd. (Takeo, Saga) OMRON Relay and Devices Corporation (Yamashika, Kumamoto)
	Overseas	OMRON MANAGEMENT CENTER OF AMERICA, INC. (Illinois, U.S.A.) OMRON ASIA PACIFIC PTE. LTD. (Singapore) OMRON EUROPE B.V. (Hoffdorp, The Netherlands) OMRON (CHINA) CO., LTD. (Beijing, China) OMRON (SHANGHAI) CO., LTD. (Shanghai, China)

(9) Employees

Omron Group Employees

(As of March 31, 2008)

Number of employees	Change from March 31, 2007
35,426	Increase of 2,970 employees

Notes:

1. Number of employees refers to full time employees (people assigned by the Omron Group to work outside the Omron Group are excluded; people assigned from outside the Omron Group to work within the Omron Group are included).
2. The number of employees increased by 2,970 compared with March 31, 2007 primarily because of increased hiring to increase production capacity at overseas manufacturing companies.

Parent Company Employees

(As of March 31, 2008)

Number of Employees	Change from March 31, 2007	Average Age	Average Years of Employment with Omron
4,953	Decrease of 332 employees	39 years 4 months	13 years 10 months

(10) Major Lenders

The Omron Group raised funds through the issue of electronic commercial paper, and therefore had no major lenders as of March 31, 2008.

2. Stock Information (As of March 31, 2008)

(1) Total number of issuable shares 487,000,000 shares

(2) Total number of shares issued 239,121,372 shares

Note: The Company retired 10,000,000 shares of treasury stock on March 21, 2008.

(3) Number of shareholders 33,166

(4) Shareholders who own more than one-tenth of the total number of shares issued (excluding treasury stock)

Shareholder	Number (thousands of shares)	Percentage Held (%)
State Street Bank & Trust Company	26,536	11.96

Note: The percentage of shares held is calculated excluding treasury stock.

(5) Principal Shareholders (Top Ten Shareholders)

Shareholder	Number (thousands of shares)	Percentage Held (%)
State Street Bank & Trust Company	26,536	11.96
Japan Trustee Services Bank, Ltd. (trust account)	7,764	3.50
The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Master Trust Bank of Japan, Ltd. (trust account)	7,713	3.47
	7,062	3.18
State Street Bank & Trust Company 505103	6,814	3.07
Nippon Life Insurance Company	6,066	2.73
The Bank of Kyoto, Ltd.	5,763	2.59
Mellon Bank NA as Agent for Its Client Mellon Omnibus US Pension	5,015	2.26
The Chase Manhattan Bank N.A. London SL Omnibus Account	4,313	1.94
UBS AG LONDON Account IPB Segregated Client Account	3,950	1.78

Notes: 1. The percentage of shares is calculated excluding treasury stock.

2. The Company holds 17,393 thousand shares of treasury stock but is excluded from the principal shareholders listed above.

3. In April 2007, MFS Investment Management submitted a large shareholding report confirming that two companies of this group held 12,711 thousand shares of Omron stock as of March 2007. They have issued no further large shareholding reports.

4. In February 2008, Harris Associates LP, an investment advisory firm, submitted a large shareholding report confirming that it held 22,926 thousand shares of Omron stock as of February 2008. They have issued no further large shareholding reports.

(6) Breakdown of Shareholders by Type

Category	Status of Shares (1 unit = 100 shares)							Odd-Lot Shares
	Government and Municipal Corporations	Financial Institutions	Securities Companies	Other Domestic Companies	Foreign Investors (Individuals)	Individuals and Others	Total	
Number of shareholders	0	134	43	381	400 (13)	26,330	27,288	
Number of shares owned (units)	0	669,738	9,020	101,059	1,052,448 (86)	554,470	2,386,735	447,872 shares
Percent of total (%)	0.00	28.06	0.38	4.23	44.10 (0.00)	23.23	100.00	

Notes: 1. Of the 17,392,924 shares of treasury stock in the shareholder register as of March 31, 2008, 17,392,900 shares are included in the "Individuals and Others" column, and 24 shares are included in "Odd-Lot Shares."

2. 23 units of stock in the name of the Japan Securities Depository Center, Inc. are included in the "Other Domestic Companies" column.

3. Stock Acquisition Rights of the Company

(1) Stock Acquisition Rights Held by Directors of the Company as of March 31, 2008

Date granted	July 31, 2003	July 29, 2004	July 28, 2005	July 11, 2006	July 10, 2007
Number of holders Directors of the Company (excluding external directors)	5	5	5	5	5
Number of stock acquisition rights	54	920	1,200	1,200	1,200
Type of shares subject to the stock acquisition rights	Common shares	Common shares	Common shares	Common shares	Common shares
Number of shares subject to the stock acquisition rights	54,000	92,000	120,000	120,000	120,000
Amount paid for stock acquisition rights (per share)	No charge	No charge	No charge	JPY 539	JPY 744
Value of assets to be paid upon exercise of the stock acquisition rights (per share)	JPY 2,435	JPY 2,580	JPY 2,550	JPY 3,031	JPY 3,432
Main terms and conditions for exercise of stock acquisition rights	(Note)	(Note)	(Note)	(Note)	(Note)

Note: Persons who have received allocations of common stock acquisition rights must hold the position of director or managing officer of the Company, or an equivalent position, at the time of exercise. However, this condition shall not apply in the case of holders of stock acquisition rights who shall have retired following the completion of their term of office or other such appropriate reason. Other terms and conditions shall be stipulated in the Stock Acquisition Right Agreement concluded between the Company and the persons who received allocations of stock acquisition rights.

(2) Stock Acquisition Rights Granted to Executive Officers of the Company in the Year Ended March 31, 2008

Date granted	July 10, 2007
Number of grantees Executive officers of the Company Officers of the Company's subsidiaries	24 3 (Note 1)
Number of stock acquisition rights	1,170
Type of shares subject to the stock acquisition rights	Common shares
Number of shares subject to the stock acquisition rights	117,000
Amount paid for the stock acquisition rights (per share)	JPY 744
Value of assets to be paid upon exercise of stock acquisition rights (per share)	JPY 3,432
Main terms and conditions for exercise of stock acquisition rights	(Note 2)

Notes: 1. An officer of one of the Company's subsidiaries was appointed as an executive officer of the Company on March 21, 2008. Therefore, the number of grantees as of March 31, 2008 was 25 executive officers of the Company and 2 officers of the Company's subsidiaries.

2. Persons who have received allocations of common stock acquisition rights must hold the position of director or executive officer of the Company, or an equivalent position, at the time of exercise. However, this condition shall not apply in the case of holders of stock acquisition rights who shall have retired following the completion of their term of office or other such appropriate reason. Other terms and conditions shall be stipulated in the Stock Acquisition Right Agreement concluded between the Company and the persons who received allocations of stock acquisition rights.

4. Directors and Corporate Auditors

(1) Names and Other Information of Directors and Corporate Auditors

Title	Name	Assignment and Main Duties
Chairman*	Yoshio Tateisi	Chairman of the BOD
Chief Executive Officer*	Hisao Sakuta	President and CEO
Director and Executive Vice President	Shingo Akechi	Vice Chairman of Personnel Advisory Committee and CEO Selection Advisory Committee
Director and Executive Vice President	Tadao Tateisi	Vice Chairman of Compensation Advisory Committee
Senior Managing Director	Tsukasa Yamashita	
Director	Noriyuki Inoue	Chairman of Personnel Advisory Committee and CEO Selection Advisory Committee Chairman, Representative Director and CEO of Daikin Industries, Ltd.
Director	Kazuhiko Toyama	Chairman of Compensation Advisory Committee Representative Director and CEO, Industrial Growth Platform, Inc.
Corporate Auditor	Tsutomu Ozako	
Corporate Auditor	Satoshi Ando	
Corporate Auditor	Yoshio Nakano	Certified Public Accountant; Manager of Nakano Certified Public Accounting Office
Corporate Auditor	Hidero Chimori	Attorney at Law, Miyake & Partners

Notes: 1. Asterisks above indicate representative directors.

2. Directors Noriyuki Inoue and Kazuhiko Toyama are external directors.

3. Corporate auditors Satoshi Ando, Yoshio Nakano and Hidero Chimori are external corporate auditors.

4. Corporate auditor Yoshio Nakano is qualified as a Certified Public Accountant, and has substantial knowledge of finance and accounting.

5. Changes in directors and corporate auditors during the year ended March 31, 2008 were as follows:

Appointments:

Kazuhiko Toyama was elected as a director and Satoshi Ando was elected as a corporate auditor at the 70th Ordinary General Meeting of Shareholders held on June 21, 2007.

Retirements:

Kakutaro Kitashiro retired as director and Yoshisaburo Mogi retired as corporate auditor at the close of the 70th Ordinary General Meeting of Shareholders held on June 21, 2007.

6. Significant concurrent positions held by directors and corporate auditors, excluding external directors and auditors, are as follows:

Category	Name	Name of Other Company/Organization	Position
Director	Yoshio Tateisi	Kyoto Chamber of Commerce and Industry Foundation of Kansai Research Institute Keihanna Interaction Plaza, Inc.	Chairman President President and Representative Director
		West Japan Railway Company Dainippon Screen Mfg. Co., Ltd.	External Director External Director

Note: Significant concurrent positions held by external directors and corporate auditors are included in “(3) Items Related to External Directors and Corporate Auditors” below.

(2) Compensation of Directors and Corporate Auditors

1) Amount of Compensation, etc. of Each Director and Corporate Auditor and Policy on Decisions Related to Method of Calculation of these Amounts

Based on a resolution of the Board of Directors, the Company has a Compensation Advisory Committee to increase objectivity and transparency with respect to the compensation of directors and corporate auditors. The Compensation Advisory Committee is composed of five members, excluding the chairman and president of the Company, and chaired by an external director on the Board of Directors, and sets the Company's fundamental principles for compensation of officers.

The Compensation Advisory Committee is consulted on the individual compensation of each director and corporate auditor. It then discusses the compensation of each individual and makes recommendations based on the Company's compensation principles.

The amount of compensation for each individual director is determined by resolution of the Board of Directors and the amount of compensation for each individual corporate auditor is determined by discussions among the corporate auditors (resolution of the Board of Corporate Auditors). These amounts are within the scope of the aggregate compensation amounts for all directors and all corporate auditors set by resolution of the General Meeting of Shareholders.

Fundamental Principles for Compensation of Officers

- The Company shall pay compensation that enables it to recruit (hire) outstanding people as managers.
- The compensation structure shall contribute to long-term maximization of corporate value by providing motivation for officers.
- The compensation structure shall maintain a high level of transparency, fairness and rationality to achieve accountability to shareholders and other stakeholders.
 - To ensure transparency, fairness and rationality in the compensation of individual officers, all officers' compensation shall go through consultation of the Compensation Advisory Committee.
- The purpose of compensation shall be made clear, and a compensation plan shall be created according to the role of each individual officer.

Policy for Compensation of Directors (note)

- Compensation of directors shall consist of a base salary (monthly salary), bonuses and stock options.
 - The Company shall provide base salaries sufficient to recruit (hire) outstanding people.
 - The Company shall provide bonuses as performance incentives with emphasis on yearly results.
 - The Company shall grant stock options as compensation linked to maximization of corporate value (stock value), with the intention of reflecting medium-to-long-term performance in compensation.
 - For external directors, the Company shall provide only base salaries, and shall not grant bonuses or stock options, which are performance-linked compensation.
- The aggregate amount of bonuses to directors shall not exceed 1% of net income.
- No retirement bonuses shall be paid.
- The level of compensation shall be determined taking into account the levels at other companies surveyed using a specialized outside institution.

Policy for Compensation of Corporate Auditors

- Compensation of corporate auditors shall consist of only a base salary (monthly salary) to ensure recruitment (hiring) of excellent people.
- No retirement bonuses shall be paid.
- The level of compensation shall be determined taking into account the levels at other companies surveyed using a specialized outside institution.

Note: In fiscal 2008, the Company will introduce stock compensation in lieu of stock options. Stock compensation is based on guidelines for payments to directors of a fixed amount of compensation each month, which they use to make monthly purchases of the Company's stock (through the officers' stockholding association), and hold this stock during their term of office.

2) Amount of Compensation of Directors and Corporate Auditors

Title	Number	Aggregate Compensation (JPY millions)
Directors	7	577
Corporate auditors	4	78
Total	11	655
External officers included in total:	5	62

Notes:

The maximum limit of the aggregate compensation of directors was set at JPY 35.0 million per month at the 63rd Ordinary General Meeting of Shareholders held on June 27, 2000. In addition, the maximum limit of the aggregate compensation of corporate auditors was set at JPY 7.0 million per month by resolution of the 60th Ordinary General Meeting of Shareholders held on June 27, 1997.

In the aggregate compensation of directors and corporate auditors disclosed here, the aforementioned maximum limits include the following:

- (1) Amount of directors' bonuses applicable to the fiscal year ended March 31, 2008 charged to income and provided to reserves in the fiscal year
 - The Company plans to place "Payment of Bonuses to Directors" on the agenda at the 71st Ordinary General Meeting of Shareholders on June 24, 2008.
- (2) Amount of expenses charged for stock acquisition rights granted as stock options to directors of the Company, excluding external directors
 - The amount of compensation related to stock acquisition rights issued as stock options was resolved at the 70th Ordinary General Meeting of Shareholders on June 21, 2007.
- (3) Amount of retirement bonuses scheduled to be paid to two directors and one corporate auditor (including two external officers) among the directors and corporate auditors who plan to retire from their positions at the close of the 71st Ordinary General Meeting of Shareholders on June 24, 2008
 - By resolution of the Board of Directors on April 28, 2004, the Company abolished the system of retirement bonuses for directors as of the close of the 67th Ordinary General Meeting of Shareholders held on June 24, 2004. In connection with this, a resolution was passed at the 67th Ordinary General Meeting of Shareholders to pay directors then in office retirement bonuses corresponding to their term of office up until the close of that general meeting upon their retirement.

No directors of the Company received any employee wages other than their compensation as directors.

(3) Items Related to External Directors and Corporate Auditors

1) Concurrent Positions as Executive Director or External Officer of Other Companies

	Name	Name of Other Company	Concurrent Position
External Directors	Noriyuki Inoue	Daikin Industries, Ltd.	Chairman, Representative Director and CEO
		The Kansai Electric Power Co., Inc. Hankyu Hanshin Holdings, Inc.	External Director External Director
	Kazuhiko Toyama	Industrial Growth Platform, Inc.	Representative Director and CEO
External Corporate Auditors	Yoshio Nakano	Nissha Printing Co., Ltd. Seiwa Electric Mfg. Co., Ltd.	External Auditor External Auditor
	Hidero Chimori	Duskin Co., Ltd.	External Auditor

Note: Director Noriyuki Inoue is also chairman, representative director and CEO of Daikin Industries, Ltd., with which the Company has a business relationship involving the sale of products and other transactions.

2) Main Activities in the Past Fiscal Year

	Name	Main Activities
External Directors	Noriyuki Inoue	Attended 8 of the 16 Board of Directors meetings held during the period, and made statements as necessary mainly from his perspective as a manager with abundant experience.
	Kazuhiko Toyama	Attended 11 of the 13 Board of Directors meetings held during the period, and made statements as necessary mainly from his perspective as a manager with abundant experience.
External Auditors	Satoshi Ando	Attended 13 of the 13 Board of Directors meetings and 12 of the 12 Board of Corporate Auditors meetings held during the period, and made statements as necessary mainly from his perspective as a manager with abundant experience.
	Yoshio Nakano	Attended 15 of the 16 Board of Directors meetings and 15 of the 15 Board of Corporate Auditors meetings held during the period, and made statements as necessary mainly from a specialized viewpoint as a Certified Public Accountant.
	Hidero Chimori	Attended 15 of the 16 Board of Directors meetings and 14 of the 15 Board of Corporate Auditors meetings held during the period, and made statements as necessary mainly from a specialized viewpoint as an attorney.

Note: Kazuhiko Toyama and Satoshi Ando were newly elected and appointed at the 70th Ordinary General Meeting of Shareholders on June 21, 2007, and therefore their attendance figures are stated for Board of Directors meetings and Board of Corporate Auditors meetings held on or after June 21, 2007.

3) Summary of Details of Limited Liability Agreements

The Company has established a provision in its articles of incorporation for limited liability agreements with external directors and external corporate auditors to ensure that they can adequately fulfill their expected roles. Based on this provision in the articles of incorporation, the Company has entered into limited liability agreements with all of the external directors and external corporate auditors based on the relevant provision of the articles of incorporation. These agreements limit their liability for damages with respect to the liabilities of Article 423-1 of the Corporation Law to JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Corporation Law, whichever is higher, when the external director or external corporate auditor has performed his duties in good faith and has not been grossly negligent.

5. Independent Auditors

(1) Name of Independent Auditor

Deloitte Touche Tohmatsu

(2) Amount of Compensation of Independent Auditors for the Fiscal Year Ended March 31, 2007

1)	Total amount of compensation to be paid to the independent auditor by the Company and its subsidiaries	JPY 175 million
2)	Of the total amount in 1), total amount to be paid by the Company and its subsidiaries as compensation for audit certification services	JPY 139 million
3)	Of the total amount in 2), amount of compensation as independent auditor to be paid by the Company	JPY 92 million

Notes: 1. The amount of audit compensation under the Corporation Law and the amount of audit compensation under the Financial Instruments and Exchange Law are not separated in the audit contract between the Company and the independent auditor, and cannot be separated practically. Therefore, the amount in 3) is stated as the total of these.

2. Among the Company's principal consolidated subsidiaries, OMRON MANAGEMENT CENTER OF AMERICA, INC., OMRON ASIA PACIFIC PTE. LTD., OMRON EUROPE B.V. and OMRON (CHINA) CO., LTD. receive audits by an auditor other than the independent auditor of the Company.

(3) Contents of Services other than Services of Article 2-1 of the Certified Public Accountant Law (Non-Audit Services)

The Company commissions and pays the independent auditor to provide guidance and advice on internal control systems related to financial reporting, a service other than the services in Article 2-1 of the Certified Public Accountant Law (a non-audit service).

(4) Policy for Dismissal or Non-Reappointment of Independent Auditor

The Company may dismiss or decline to reappoint the independent auditor for any of the following reasons:

- 1) If the Board of Directors judges that the independent auditor is unable to carry out its duties properly, the Board may submit to the shareholders' meeting a proposal for the dismissal or non-reappointment of the independent auditor after obtaining the consent of the Board of Corporate Auditors.
- 2) If the Board of Corporate Auditors judges that the independent auditor is unable to carry out its duties properly, it may request the Board of Directors to submit a proposal to the shareholders' meeting for the dismissal or non-reappointment of the independent auditor, and the Board of Directors may place this proposal on the agenda of the shareholders' meeting.
- 3) If the Board of Corporate Auditors judges that any of the numbered items in Article 340, Paragraph 1 of the Corporation Law apply, it may dismiss the independent auditor with the consent of all corporate auditors.

6. Systems and Policies of the Company

(1) Systems to Ensure that Execution of Directors' Duties Conforms with Laws and the Articles of Incorporation and Systems to Ensure Appropriateness of Other Operations (Basic Policy on Maintenance of Internal Control System)

The Company has set the following as the Omron Group's internal control system.

1. Corporate Philosophy of the Omron Group

The following is set and practiced as the Omron Group's corporate philosophy.

- (1) Corporate Core Value
 - Working for the benefit of society
- (2) Management Principles
 - Challenging ourselves to always do better
 - Innovation driven by social needs
 - Respect for humanity
- (3) Management Commitments

The Company has set "respect for individuality and diversity," "maximum customer satisfaction," "relationship-building with shareholders" and "awareness and practice of corporate citizenship" as

management commitments, and aims to conduct fair and highly transparent management while maintaining an honest dialogue and building relationships of trust with stakeholders.

(4) **Guiding Principles for Action**

“Quality first,” “unceasing commitment to challenging ourselves,” “integrity and high ethics” and “self-reliance and mutual support” are the guiding principles for action of the individuals and organizations that make up the Omron Group. Conscious of “working for the benefit of society,” we strive for high-quality conduct and pursue personal growth and advancement of business.

2. Corporate Governance Philosophy

- (1) The purpose of corporate governance at Omron is to obtain the support of stakeholders and strengthen business competitiveness to ensure the perpetual growth of the Company, and to create and operate a mechanism that can show proof of this (an oversight system).
- (2) In addition, with the objective of linking the expectations of all stakeholders, the Company has “long-term maximization of corporate value” as a management goal, and will work to build an optimal management structure and conduct appropriate corporate operations to realize management that is efficient and competitive, and will also enhance management oversight mechanisms to verify these efforts.

3. System to Ensure that Execution of Directors’ and Employees’ Duties Conforms with Laws and the Articles of Incorporation

- (1) The Company has more than one external director (two of the seven directors), separates the positions of chairman and president (CEO) and takes other measures to strengthen management oversight by the Board of Directors.
- (2) The Company has established advisory committees in the Board of Directors on personnel, nomination of the president and compensation. These committees, which are chaired by external directors, provide advice on nomination, promotion and compensation of directors, corporate auditors and managing officers, and increase the objectivity and transparency of decisions.
- (3) The Omron Group CSR Guidelines show the Omron’s Group’s basic policies for practicing “socially responsible corporate management,” and specific action guidelines for officers and employees, and are disseminated to promote legal compliance.
- (4) CSR Committee, which is headed by the president, has been established as an organization to promote socially responsible corporate management. The key theme of the activities of this committee is promoting corporate ethics and compliance in the Omron Group. As specific activities, the president himself issues instructions on corporate ethics and compliance, providing opportunities to disseminate awareness. In addition, the Company conducts regular training and education for employees on corporate ethics and compliance.
- (5) Omron has set up a whistleblower hotline called the Corporate Ethics Hotline both inside and outside the Company to receive reports of acts that are, or could potentially be, in violation of the Omron Group CSR Action Guidelines, work rules or laws. In accordance with laws and internal company rules, the content of these reports is protected as confidential, and employees may not be given unfavorable treatment for making such reports.
- (6) To ensure the propriety of the Omron Group’s financial reporting, a system has been established that enables reports to be submitted appropriately in accordance with laws and regulations through measures such as monitoring by internal audit divisions after each division conducts its own review of maintenance and operation of business processes.

4. System for Storage and Management of Information Related to Execution of Directors’ Duties

- (1) Under the Board of Directors Rules, the minutes of Board of Directors meetings are saved and managed for 10 years.
- (2) Under the Management Rules, which state the basic policy and principles for Group management and decision making, decision reports are issued for decisions on significant issues. Decision reports, minutes of Executive Committee meetings, and other important documents showing the state of execution of duties are preserved and managed in accordance with laws and internal company rules.
- (3) With the aim of realizing highly transparent management, Omron proactively makes timely disclosure to the public about significant information concerning the Omron Group under the supervision of CSR Committee.

5. Regulations and Other Systems Concerning Management of the Risk of Loss

- (1) Through CSR Committee, Omron regularly identifies risks down to the internal company level, sets priority risks and response policies, and implements response measures in each division.

- (2) For significant risks involving the entire company, company-wide response measures are taken across all internal companies, including setting up special committees.
- (3) When a crisis occurs, the Company makes reports and information transmissions and assembles the necessary response teams in accordance with the Crisis Management Rules.

6. Systems to Ensure Efficient Execution of Directors' Duties

- (1) The Company uses the executive officer system and keeps the number of directors small (currently seven directors) to ensure substantive discussion and swift decision making at Board of Directors meetings.
- (2) In addition to the Board of Directors, the Company has an Executive Committee, which discusses and decides on significant business execution issues within the scope of the president's authority.
- (3) Omron uses an internal company system, and promotes faster decision making and efficient business operations by delegating substantial authority to the president of each internal company.

7. Systems to Ensure Appropriateness of Business Operations in the Omron Group

- (1) Domestic and overseas subsidiaries and affiliates also share the Omron Group corporate philosophy.
- (2) The Omron Group CSR Action Guidelines are compiled in major languages not only in Japan but overseas as well, and disseminated to officers and employees globally.
- (3) Omron works to improve the internal control system of each company by establishing corporate ethics and compliance systems, including appointing ethics and compliance promoters at subsidiaries and affiliates.
- (4) Internal audit divisions conduct operational audits of domestic and overseas subsidiaries and affiliates.

8. Systems to Ensure Effectiveness of Corporate Auditors

- (1) An Auditors Office and full-time staff are established to assist corporate auditors in performing their duties. The Auditors Office staff perform their work under the supervision and instruction of the corporate auditors.
- (2) Personnel evaluations, appointments and transfers of the Auditors Office staff are done with the consent of the Board of Corporate Auditors.
- (3) As a system for the Board of Directors and employees to report to corporate auditors, systems are in place for corporate auditors to hold periodic interviews of directors and executive officers, periodically exchange views with the president, and receive operational reports from executive officers. In addition, the Auditors Office Manager is invited to meetings of the Board of Corporate Auditors and makes internal audit reports.
- (4) A majority (currently three out of four) of the corporate auditors are external auditors, including legal professionals such as attorneys and Certified Public Accountants, or individuals with extensive knowledge of finance and accounting, to enhance audit objectivity and effectiveness.
- (5) Corporate auditors attend and state their opinions at meetings of the Board of Directors as well as meetings of the Executive Committee, CSR Committee and other important meetings.

(2) Policy on Setting Dividends

Pursuant to the articles of incorporation, the Company presents proposals for setting dividends to the General Meeting of Shareholders, except for interim dividends, which are set by resolution of the Board of Directors.

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.

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.

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.

For dividends in each fiscal year, 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), which is 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%.

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.

Consolidated Financial Statements

Consolidated Balance Sheet

(JPY millions)

Item	71st term	(Reference)	Item	71st term	(Reference)
	(As of March 31, 2008)	70th term (As of March 31, 2007)		(As of March 31, 2008)	70th term (As of March 31, 2007)
	Amount	Amount		Amount	Amount
ASSETS			LIABILITIES		
Current Assets:	330,054	342,059	Current Liabilities:	177,069	188,860
Cash and cash equivalents	40,624	42,995	Bank loans	17,795	19,868
Notes and accounts receivable — trade	166,878	175,700	Notes and accounts payable — trade	94,654	91,543
Allowance for doubtful receivables	(2,211)	(2,297)	Accrued expenses	30,622	32,548
Inventories	95,125	94,109	Income taxes payable	8,959	11,467
Deferred income taxes	19,690	19,985	Deferred income taxes	133	194
Other current assets	9,948	11,567	Other current liabilities	24,384	32,976
Property, Plant and Equipment:	152,676	159,315	Current portion of long-term debt	522	264
Land	27,126	28,271	Long-Term Debt	1,492	1,681
Buildings	128,183	125,227	Deferred Income Taxes	3,887	2,006
Machinery and equipment	167,036	175,398	Termination and Retirement		
Construction in progress	6,277	6,389	Benefits	63,536	52,700
Accumulated depreciation	(175,946)	(175,970)	Other Long-Term Liabilities	863	830
Investments and Other Assets:	134,637	128,963	Total Liabilities	246,847	246,077
Investments in and advances to associates	16,645	16,677	Minority Interests in Subsidiaries	2,018	1,438
Investment securities	39,139	46,770			
Leasehold deposits	8,087	8,650	SHAREHOLDERS' EQUITY		
Deferred income taxes	28,151	17,293	Common stock	64,100	64,100
Other	42,615	39,573	Additional paid-in capital	98,961	98,828
			Legal reserve	8,673	8,256
			Retained earnings	266,451	258,057
			Accumulated other comprehensive		
			income (loss)	(28,217)	(3,013)
			Foreign currency translation adjustments	(5,782)	6,560
			Minimum pension liability adjustments	(29,245)	(22,169)
			Net unrealized gains on available- for-sale securities	6,501	12,738
			Net gains (losses) on derivative instruments	309	(142)
			Treasury stock	(41,466)	(43,406)
			Total Shareholders' Equity	368,502	382,822
Total Assets	617,367	630,337	Total Liabilities and Shareholders' Equity	617,367	630,337

Note: The amounts above are rounded down to the nearest million JPY.

Consolidated Statement of Operations

(JPY millions)

Item	71st term (April 1, 2007 to March 31, 2008)	(Reference) 70th term (April 1, 2006 to March 31, 2007)
	Amount	Amount
Net sales	762,985	723,866
Cost of sales	469,643	445,625
Gross profit	293,342	278,241
Selling, general and administrative expenses	176,569	164,167
Research and development expenses	51,520	52,028
Other expenses (income), net	1,087	(2,233)
Income from continuing operations before income taxes	64,166	64,279
Income taxes	24,272	25,595
Current	24,403	21,688
Deferred	(131)	3,907
Minority interests	217	238
Equity in net losses of affiliates	348	1,352
Net income from continuing operations	39,329	37,094
Net income from discontinued operations	3,054	1,186
Net income	42,383	38,280

Note: 1. The amounts above are rounded down to the nearest million JPY.

2. In accordance with FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," figures for the fiscal year ended March 31, 2007 have been reclassified in relation to operations discontinued during the fiscal year ended March 31, 2008.

Consolidated Statement of Shareholders' Equity

(JPY millions)

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock
Balance, end of the 69th term	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)	
Adjustment to initially apply FASB Statement No. 158					(2,644)	
Acquisition of treasury stock						(11,204)
Disposal of treasury stock						2
Exercise of stock options		1				585
Grant of stock options		10		(1)		
		93				
Balance, end of the 70th term	64,100	98,828	8,256	258,057	(3,013)	(43,406)
Cumulative effect of FIN No. 48 at beginning of period				(266)		
Net income				42,383		
Cash dividends				(9,415)		
Transfer to legal reserve			417	(417)		
Foreign currency translation adjustments					(12,342)	
Minimum pension liability adjustments					(7,076)	
Unrealized losses on available-for-sale securities					(6,237)	
Net losses on derivative instruments					451	
Acquisition of treasury stock						(22,348)
Sale of treasury stock		1				7
Retirement of treasury stock				(23,858)		23,858
Exercise of stock options		(4)		(33)		423
Grant of stock options		136				
Balance, end of the 71st term	64,100	98,961	8,673	266,451	(28,217)	(41,466)

Note: The amounts above are rounded down to the nearest million JPY.

(Reference)

Consolidated Statement of Cash Flows

(JPY millions)

Item	71st term (April 1, 2007 to March 31, 2008)	70th term (April 1, 2006 to March 31, 2007)
	Amount	Amount
Cash Flows from Operating Activities:		
Net income	42,383	38,280
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,343	33,923
Net gain on sales of investment securities	(1,571)	(954)
Loss on impairment of investment securities and other assets	2,297	682
Gain on contribution of securities to retirement benefit trust	—	(10,141)
Termination and retirement benefits	(1,722)	(1,403)
Net gain on sales of business entities	(5,177)	—
Changes in assets and liabilities:		
Decrease (increase) in notes and accounts receivable — trade, net	4,977	(19,773)
Increase in inventories	(3,002)	(13,955)
Increase (decrease) in notes and accounts payable — trade	5,305	(5,674)
Other, net	(10,837)	19,554
Total adjustments	26,613	2,259
Net cash provided by operating activities	68,996	40,539
Cash Flows from Investing Activities:		
Capital expenditures	(37,848)	(44,689)
Payment for acquisition of business entities, net	63	(18,638)
Other, net	1,104	16,252
Net cash used in investing activities	(36,681)	(47,075)
Cash Flows from Financing Activities:		
Net proceeds (repayments) of short-term bank loans	(4,267)	13,599
Dividends paid by the Company	(8,259)	(7,689)
Acquisition of treasury stock	(22,348)	(11,204)
Disposal of treasury stock	7	3
Exercise of stock options	386	594
Net cash used in financing activities	(34,481)	(4,697)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(205)	1,943
Net Increase (Decrease) in Cash and Cash Equivalents	(2,371)	(9,290)
Cash and Cash Equivalents at Beginning of the Period	42,995	52,285
Cash and Cash Equivalents at End of the Period	40,624	42,995

Note: The amounts above are rounded down to the nearest million JPY.

Notes to Consolidated Financial Statements

Basis of Presenting Consolidated Financial Statements

Significant Accounting Policies

1. Preparation of Consolidated Financial Statements

The Company prepares its consolidated financial statements in conformance with the terminology, form and preparation methods based on accounting principles generally accepted in the United States of America, in accordance with Article 148, paragraph 1 of the Company Accounting Regulations. However, certain entries and notes required by accounting principles generally accepted in the United States of America have been omitted, in conformance with the same paragraph.

2. Valuation standards and methods for inventories

Japan: Principally at the lower of cost or market, with cost determined by the first-in first-out method

Overseas: Principally at the lower of cost or market, with cost determined by the moving-average method

3. Valuation standards and methods for securities

The Company applies Statement of Financial Accounting Standards (“SFAS”) No. 115, “Accounting for Certain Investments in Debt and Equity Securities,” of the U.S. Financial Accounting Standards Board (FASB).

Held-to-maturity securities: Reported at amortized cost

Available-for-sale securities: Reported at fair value on the balance sheet date. (Unrealized gains and losses are added directly to shareholders’ equity, and amortized cost is calculated using the moving-average method.)

4. Fixed assets are depreciated by the following methods:

Property, plant and equipment: Principally the declining-balance method

Intangible fixed assets: Straight-line method (However, in accordance with SFAS No. 142, “Goodwill and Other Intangible Assets,” assets with indefinite useful lives are not amortized but are tested for impairment at least annually.)

5. Accounting standards for reserves are as follows:

Allowance for doubtful receivables: To cover possible losses on notes and accounts receivable, an allowance for doubtful receivables is established in amounts considered to be appropriate based primarily upon the Companies’ past credit loss experience for ordinary receivables and evaluation of potential losses in the receivables outstanding.

Allowance for retirement benefits: An allowance for employee retirement benefits is provided based on the fair value of pension plan assets and projected benefit obligation at the end of the term, in accordance with SFAS No. 87, “Employers’ Accounting for Pensions” and SFAS No.158, “Employers’ Accounting for Defined-Benefit Pensions and Other Retirement Benefit Plans.”

Unrecognized prior service cost is expensed using the straight-line method based on the average remaining length of service of employees.

Unrecognized actuarial net losses are expensed using the straight-line method based on the average remaining length of service of employees for the amount exceeding the “corridor” (10% of projected benefit obligation or fair value of plan assets, whichever is greater).

6. Accounting Treatment of Consumption Taxes

Consumption taxes and local consumption taxes are excluded from accounting.

7. Goodwill

The Company accounts for goodwill in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," which requires that goodwill no longer be amortized, but instead tested for impairment at least annually.

8. Stock Compensation

To account for stock-based compensation, the Company applies the revised SFAS No. 123, "Accounting for Stock-Based Compensation."

9. Discontinued Operations

In accordance with FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," gain on the sale of the entertainment business, which was discontinued in the fiscal year ended March 31, 2008, is presented as "Net income from discontinued operations" on the Consolidated Statement of Operations.

10. New Accounting Standard

Effective from the fiscal year ended March 31, 2008, the Company applies FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109." As a result, retained earnings at the beginning of the fiscal year ended March 31, 2008 decreased by JPY 266 million as a cumulative effect.

Notes Related to Consolidated Balance Sheets

1. Accumulated depreciation of property, plant and equipment:	JPY 175,946 million
2. Accumulated other comprehensive income (loss) includes translation adjustments, unrealized gains on securities, unrealized net gains (losses) on derivatives, and minimum pension liability adjustments.	
3. Guarantees	
Guaranteed parties	
Employees	JPY 10 million
Kyoto Environmental Preservation Public Corporation	JPY 469 million*
Fm-Kyoto Inc.	<u>JPY 390 million</u>
Total	<u>JPY 869 million</u>

* Full amount jointly and severally guaranteed by seven companies including the Company. Under the letter of intent among the seven companies, the amount of obligation is to be divided equally among the seven companies.

Notes Related to Consolidated Statements of Operations

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

Net losses on sales and disposals of property, plant and equipment:	JPY 963 million
Loss on investment securities:	JPY 2,297 million
Interest income, net:	JPY (828) million
Foreign exchange loss, net:	JPY 1,251 million
Gain on sales of investment securities, net:	JPY (1,571) million

Notes Related to Per Share Data

1. Basic net income per share:	JPY 185.89
2. Diluted net income per share:	JPY 185.84
3. Net assets per share:	JPY 1,662.32

Significant Subsequent Events

None applicable.

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(JPY millions)

Item	71st term	(Reference)	Item	71st term	(Reference)
	(As of March 31, 2008)	(As of March 31, 2007)		(As of March 31, 2008)	(As of March 31, 2007)
	Amount	Amount		Amount	Amount
ASSETS	382,260	389,247	LIABILITIES	146,244	147,514
Current Assets:	133,770	138,653	Current Liabilities:	119,952	120,981
Cash and time deposits	8,236	10,031	Accounts payable	2,095	3,306
Accounts receivable	2,301	3,443	Accounts payable - trade	35,760	40,215
Accounts receivable - trade	62,387	71,212	Short-term borrowings from affiliated companies	39,480	34,445
Merchandise	11,041	11,453	Commercial paper	16,000	16,000
Materials	4,380	5,277	Other payables	9,641	8,374
Work in process	7,365	5,579	Accrued expenses	9,569	9,396
Supplies	139	205	Income taxes payable	4,505	5,244
Short-term loans receivable	13,285	9,147	Advances received	1,298	1,260
Other accounts receivable	8,523	7,437	Deposits received	819	1,099
Accounts receivable - purchasing	5,447	5,898	Reserve for directors' and auditors' bonuses	105	140
Deferred tax assets	8,808	8,280	Other current liabilities	680	1,502
Other current assets	1,890	812	Long-term liabilities:	26,292	26,533
Allowance for doubtful receivables	(32)	(121)	Termination and retirement benefits	23,775	24,239
Fixed Assets:	248,490	250,594	Deferred tax liabilities related to revaluation	1,800	1,573
Property and equipment:	46,139	48,230	Other	717	721
Buildings	23,595	24,887	NET ASSETS	236,016	241,733
Structures	1,865	2,040	Shareholders' Equity	235,479	234,450
Machinery and equipment	1,966	1,902	Common stock	64,100	64,100
Vehicles and delivery equipment	123	170	Capital surplus	88,771	88,794
Tools, furniture and fixtures	2,309	2,630	Additional paid-in capital	88,771	88,771
Land	14,556	14,916	Other capital surplus	—	23
Construction in progress	1,725	1,685	Retained earnings	124,057	124,907
Intangible fixed assets:	8,905	9,660	Legal reserve	6,774	6,774
Software	8,905	9,660	Other retained earnings:	117,283	118,133
Investments and other assets:	193,446	192,704	Reserve for dividends	3,400	3,400
Investment securities	34,301	44,713	Reserve for reduction of land assets	1,511	1,511
Investments in affiliated companies	122,835	113,370	Reserve for replacement of property	203	219
Investments in capital	12,823	12,281	Nonrestrictive reserve	98,500	80,500
Long-term advances to affiliates	50	50	Retained earnings carried forward	13,669	32,503
Long-term advances to affiliated companies	4,082	8,805	Treasury stock	(41,449)	(43,351)
Leasehold deposits	5,549	5,980	Valuation and Translation Adjustment	368	7,239
Deferred income assets	14,674	7,537	Net unrealized holding gains on securities	5,314	12,946
Other	2,896	3,738	Deferred hedge gain (loss)	318	(116)
Allowance for doubtful receivables	(3,764)	(3,770)	Revaluation of land	(5,264)	(5,591)
			New stock acquisition rights	169	44
Total Assets	382,260	389,247	Total Liabilities and Net Assets	382,260	389,247

Note: 1. The amounts above are rounded down to the nearest million JPY.

Non-consolidated Statement of Operations

(JPY millions)

Item	71st term (April 1, 2007 to March 31, 2008)	(Reference) 70th term (April 1, 2006 to March 31, 2007)
	Amount	Amount
Net sales	332,292	347,202
Cost of sales	208,207	219,173
Gross profit	124,085	128,029
Selling, general and administrative expenses	112,010	110,835
Operating income	12,075	17,194
Non-operating income:	31,165	18,657
Interest and dividends received	28,687	16,615
Other non-operating income	2,478	2,042
Non-operating expenses:	4,659	4,918
Interest paid	1,148	629
Discount on sales	979	1,168
Other non-operating expenses	2,532	3,121
Ordinary income	38,581	30,933
Extraordinary gains:	2,530	18,969
Gain on sales of property, plant and equipment	458	6,039
Gain on sales of investment securities	1,843	696
Gain on contribution of securities to retirement benefit trust	—	9,112
Other extraordinary gains	229	3,122
Extraordinary losses:	5,687	5,946
Loss on evaluation of investment securities	2,744	52
Loss on evaluation of stocks of affiliated companies	816	3,629
Other extraordinary losses	2,127	2,265
Income before income taxes:	35,424	43,956
Income, residential and enterprise taxes	6,297	2,686
Adjustment for income taxes	(2,436)	8,565
Net income	31,563	32,705

Note: The amounts above are rounded down to the nearest million JPY.

Non-consolidated Statement of Changes in Shareholders' Equity

71st Term: April 1, 2007 — March 31, 2008

(JPY millions)

	Shareholders' equity											
	Common stock	Capital surplus			Retained earnings							Total retained earnings
		Additional paid-in capital	Other capital surpluses	Total capital surplus	Legal reserve	Other retained earnings						
						Reserve for dividends	Reserve for reduction of land assets	Reserve for replacement of property	Non-restrictive reserve	Retained earnings carried forward		
Balance at March 31, 2007	64,100	88,771	23	88,794	6,774	3,400	1,511	219	80,500	32,503	124,907	
Changes during the year ended March 31, 2008												
Dividends paid				—						(8,252)	(8,252)	
Net income				—						31,563	31,563	
Increase in non-restrictive reserve				—					18,000	(18,000)	—	
Drawdown of reserve for replacement of property				—				(16)		16	—	
Acquisition and disposal of treasury stock			(23)	(23)						(14)	(14)	
Retirement of treasury stock				—						(23,820)	(23,820)	
Drawdown of land revaluation difference				—						(327)	(327)	
Net change in items other than shareholders' equity during the year				—							—	
Total changes during the fiscal year	—	—	(23)	(23)	—	—	—	(16)	18,000	(18,834)	(850)	
Balance at March 31, 2008	64,100	88,771	—	88,771	6,774	3,400	1,511	203	98,500	13,669	124,057	

	Shareholders' equity		Valuation and translation adjustment				Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge gain (loss)	Revaluation of land	Total valuation and translation adjustment		
Balance at March 31, 2007	(43,351)	234,450	12,946	(116)	(5,591)	7,239	44	241,733
Changes during the year ended March 31, 2008								
Dividends paid		(8,252)				—		(8,252)
Net income		31,563				—		31,563
Increase in non-restrictive reserve		—				—		—
Drawdown of reserve for replacement of property		—				—		—
Acquisition and disposal of treasury stock	(21,918)	(21,955)				—		(21,955)
Retirement of treasury stock	23,820	—				—		—
Drawdown of land revaluation difference		(327)				—		(327)
Net change in items other than shareholders' equity during the year		—	(7,632)	434	327	(6,871)	125	(6,746)
Total changes during the fiscal year	1,902	1,029	(7,632)	434	327	(6,871)	125	(5,717)
Balance at March 31, 2008	(41,449)	235,479	5,314	318	(5,264)	368	169	236,016

(Reference)

70th Term: April 1, 2006 — March 31, 2007

(JPY millions)

	Shareholders' equity										
	Common stock	Capital surplus			Retained earnings						
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings					Total retained earnings
						Reserve for dividends	Reserve for replacement of land assets	Reserve for replacement of property	Non-restrictive reserve	Retained earnings carried forward	
Balance at March 31, 2006	64,100	88,771	—	88,771	6,774	3,400	1,511	312	60,500	34,533	107,030
Changes During the Fiscal Period											
Cash dividends from retained earnings				—						(7,680)	(7,680)
Directors' and statutory auditors' bonuses				—						(140)	(140)
Net income				—						32,705	32,705
Provision of special reserve				—					20,000	(20,000)	—
Transfer of reserve for devaluation of replacement assets				—				(93)		93	—
Acquisition and disposal of treasury stock			23	23							—
Transfer for adjustment due to revaluation of land				—						(7,008)	(7,008)
Net change in items other than shareholders' equity				—							—
Total Changes During the Fiscal Period	—	—	23	23	—	—	—	(93)	20,000	(2,030)	17,877
Balance at March 31, 2007	64,100	88,771	23	88,794	6,774	3,400	1,511	219	80,500	32,503	124,907

	Shareholders' equity		Valuation and translation adjustment				Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge gain (loss)	Revaluation of land	Total valuation and translation adjustment		
Balance at March 31, 2006	(32,721)	227,180	18,698	—	(9,379)	9,319	—	236,499
Changes During the Fiscal Period								
Cash dividends from retained earnings		(7,680)				—		(7,680)
Directors' and statutory auditors' bonuses		(140)				—		(140)
Net income		32,705				—		32,705
Provision of special reserve		—				—		—
Transfer of reserve for devaluation of replacement assets		—				—		—
Acquisition and disposal of treasury stock	(10,630)	(10,607)				—		(10,607)
Transfer for adjustment due to revaluation of land		(7,008)				—		(7,008)
Net change in items other than shareholders' equity		—	(5,752)	(116)	3,788	(2,080)	44	(2,036)
Total Changes During the Fiscal Period	(10,630)	7,270	(5,752)	(116)	3,788	(2,080)	44	5,234
Balance at March 31, 2007	(43,351)	234,450	12,946	(116)	(5,591)	7,239	44	241,733

Notes to Non-consolidated Financial Statements

Significant Accounting Policies

1. Valuation standards and method for securities

Common stock of subsidiaries and affiliates: Stated at cost using the moving-average method

Other marketable securities:

Securities to which market value applies: Stated at market value based on market prices, etc.
(Valuation gains and losses are fully capitalized, and selling prices are determined by the moving-average method.)

Securities to which market value does not apply: Stated at cost using the moving-average method

2. Derivatives are stated at fair value.

3. Inventories are stated at cost, using the first-in, first-out method.

4. Fixed assets are depreciated by the following methods:

Property, plant and equipment: Declining balance method (Useful lives of buildings are generally 15-50 years)

Intangible fixed assets: Straight-line method (Estimated useful life of software is 3-5 years)

New Accounting Standards

Effective the year ending March 31, 2008, pursuant to an amendment to the Corporation Tax Law, the Company and its domestic consolidated subsidiaries have adopted the method of depreciation for property, plant and equipment, except for buildings, acquired on or after April 1, 2007 specified in the amended Corporation Tax Law. This change had the effect of reducing operating income, income before income taxes, and net income by ¥110 million, respectively.

The company and its consolidated subsidiaries had used the straight-line method for buildings, but have changed to the use of the 250 percent declining-balance method for buildings acquired on or after April 1, 2007. The effect of this change on the income statement was not material.

Additional Information

Effective the year ended March 31, 2008, property plant and equipment acquired on or before March 31, 2007 are depreciated using the straight-line method over five years beginning the year following the fiscal year in which such assets reach their depreciable limit. This change had the effect of reducing operating income, income before income taxes, and net income by ¥121 million, respectively.

5. Deferred charges are charged to income in their full amount when they are paid or incurred.

6. The allowance for doubtful receivables is established based on the Company's past credit loss experience for ordinary receivables, and evaluation of financial condition for receivables at risk of default and receivables from customers in bankruptcy.

7. The reserve for directors' and auditors' bonuses is provided based on the projected amount required to be paid at the end of the term to cover payment of bonuses to directors and auditors.

8. The allowance for retirement benefits is provided based on the projected amount of pension plan assets and retirement benefit obligations at the end of the term. Prior service cost is expensed using the straight-line method over fifteen years, based on the average remaining length of service of employees at the time the cost is incurred. Actuarial gains or losses are expensed using the straight-line method over fifteen years, starting from the year after the occurrence of each proportionally divided amount, based on the average remaining length of service of employees at the time the gain or loss is incurred.

9. Foreign-currency denominated credits and debts are translated to JPY according to spot exchange rates on the balance sheet date. Translation gains or losses are credited or charged to income.

10. Finance leases that are not deemed to transfer to the lessee are treated as ordinary operating leases.

11. The Company uses deferred hedge accounting as its hedge accounting method.
12. Consumption taxes are not included in the Company's financial statements.
13. The Company applies the consolidated taxation system.

Notes to Non-consolidated Balance Sheet

1. Accumulated depreciation for property, plant and equipment	JPY 50,500 million
2. Guarantees	
Guaranteed parties	
Employees	JPY 10 million
Kyoto Environmental Preservation Public Corporation	JPY 469 million*
Fm-Kyoto Inc.	JPY 390 million
Total	<u>JPY 869 million</u>

* Full amount jointly and severally guaranteed by seven companies including the Company. Under the letter of intent among the seven companies, the amount of obligation is to be divided equally among the seven companies.

3. Financial Claims and Obligations with Regard to Affiliates	
Short-term credits due from affiliated companies	JPY 48,864 million
Long-term credits due from affiliated companies	JPY 5,336 million
Short-term liabilities due to affiliated companies	JPY 64,855 million

4. Revaluation of Land

The Company revalued land used for business operations on the basis prescribed by the Law Concerning Revaluation of Land (Cabinet Order No. 34, March 31, 1998) and the Revised Law Concerning Revaluation of Land (Cabinet Order No. 94, June 29, 2001). The resulting revaluation difference is stated in net assets as “Adjustment due to revaluation of land,” net of deferred tax assets and liabilities related to the revaluation.

Revaluation method:

The revaluation was based on calculations made with appropriate adjustments to prices registered in the land tax register, pursuant to Article 2, item 3 of Cabinet Order No. 119 (March 31, 1998) of the Law Concerning Revaluation of Land, and on appraisal values given by property appraisers, as provided in Article 2, item 5 of the same cabinet order.

Date of revaluation: March 31, 2002

The difference between the total market value at March 31, 2002, of land used for business operations that was revalued pursuant to Article 10 of the above law, and the total book value of such land after revaluation (the amount of market value less than book value) is JPY 4,033 million.

Notes to Non-consolidated Statement of Operations

1. Transactions with affiliated companies:			
Sales to subsidiaries:	JPY 129,688 million	Purchases from subsidiaries:	JPY 133,112 million
Other transactions:	JPY 27,371 million	Non-operating transactions:	JPY 30,812 million

Notes to Non-consolidated Statement of Changes in Shareholders' Equity

1. Number of shares issued and outstanding as of March 31, 2008:

Common stock 239,121,372 shares

2. Number of shares of treasury stock as of March 31, 2008:

Common stock 17,392,924 shares

3. Dividends

(1) Dividends paid

Resolution	Total amount paid (JPY millions)	Dividend per share (JPY)	Record date	Effective date
June 21, 2007 General Meeting of Shareholders	4,381	19.00	March 31, 2007	June 22, 2007
October 30, 2007 Board of Directors	3,871	17.00	September 30, 2007	December 6, 2007

(2) Dividends applicable to this fiscal year with an effective date in the following fiscal year

Scheduled resolution	Total amount paid (JPY millions)	Dividend per share (JPY)	Record date	Effective date
June 24, 2008 General Meeting of Shareholders	5,543	25.00	March 31, 2008	June 25, 2008

4. Number of shares issued for stock acquisition rights in the fiscal year ended March 31, 2008 (excluding those for which the exercise period has not yet begun):

Common stock 504,000 shares

Notes on Tax-Effect Accounting

Principal components of deferred tax assets and deferred tax liabilities are shown below.

Deferred tax assets

Allowance for doubtful receivables	JPY 1,367 million
Inventories	JPY 2,882 million
Investment securities	JPY 3,143 million
Stock of subsidiaries and affiliates	JPY 5,135 million
Accrued bonuses	JPY 2,818 million
Termination and retirement benefits	JPY 9,748 million
Retirement benefit trust	JPY 2,895 million
Unspecified debt	JPY 1,080 million
Others	<u>JPY 3,629 million</u>
Deferred tax assets, Subtotal	JPY 32,697 million
Valuation Reserve	<u>(JPY 4,070 million)</u>
Deferred tax assets, Total	JPY 28,627 million

Deferred tax liabilities

Reserve for reduction of fixed asset value	JPY 1,191 million
Other securities valuation differential	JPY 3,693 million
Others	<u>JPY 261 million</u>
Deferred tax assets, net	JPY 5,145 million

Net tax assets carried over JPY 23,482 million

Leased Property and Equipment

1. Acquisition cost as of March 31, 2008:	¥15,401 million
2. Accumulated depreciation as of March 31, 2008:	¥9,611 million
3. Prepaid lease expenses as of March 31, 2008:	¥ 8,380 million

Transactions with Related Parties

1. Subsidiaries, affiliates and other related parties

Type	Name	Voting Rights Held by Company (%)	Relationship	Transactions	Value of Transactions (Millions of JPY)	Accounts	Year-end Balance (Millions of JPY)
Subsidiary	OMRON Iida Co., Ltd.	Direct ownership, 100%	Product purchasing Concurrent of directors	Purchase of automotive electronic components ³	33,630	Accounts payable	4,030
Subsidiary	OMRON Finance Co., Ltd.	Direct ownership, 100%	Loans Equipment rental Concurrent of directors	Loans ^{1,2} Interest payments ¹	19,859 260	Affiliate short-term loan Accrued expenses	15,981 25
Subsidiary	OMRON EUROPE B.V.	Direct ownership, 100%	Product sales Loans Concurrent of directors	Sales of control equipment ³ Loans ¹ Interest payments ¹	19,712 18,762 723	Accounts receivable Affiliate short-term loan Accrued expenses	4,851 18,762 2
Subsidiary	OMRON (CHINA) CO., LTD.	Direct ownership, 100%	Product sales Concurrent of directors	Lending ¹ Receipt of interest ¹	8,115 489	Short-term loan Other accounts receivable	8,115 177

Transaction Terms and Relevant Policies

Note: 1. Loan interest is determined on the basis of market interest rates.

2. Value of transactions is the average month-end amount.

3. Product selling and purchase prices are determined by referring to market prices and other factors.

Per Share Information

1. Net assets per share

JPY 1,063.68

2. Net income per share

JPY 138.40