

Summary Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2005

July 29, 2004

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in the United States ("U.S. GAAP") except for Segment Information.

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Stock exchange listings: Tokyo, Osaka, Nagoya

Stock ticker number: 6645

1. Notes in Relation to the Preparation of Quarterly Results Summary

- (1) Standards used in preparation of financial statements: U.S. accounting standards ("U.S. GAAP")
- (2) Change in accounting methods: No
- (3) Change in scope of consolidation and application of equity method: Yes

Consolidation:	(New) 3 companies	(Eliminated) 2 companies
Equity method:	(New) 1 company	(Eliminated) None

2. Results for the First Quarter of Fiscal 2005 (April 1, 2004 to June 30, 2004)

(1) Sales and Income

Note: All amounts in these financial statements and the attachments thereto are rounded to the nearest million yen.

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Income before income taxes (¥ million)	Year-on-year change (%)
3 months ended 6/04	147,930	10.1	15,206	53.8	15,084	51.3
3 months ended 6/03	134,382	14.9	9,886	—	9,967	—
(Ref.) Year ended 3/04	584,889		51,403		47,984	

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (basic) (¥)	Earnings per share (diluted) (¥)
3 months ended 6/04	9,605	58.3	40.15	38.55
3 months ended 6/03	6,067	—	24.98	24.32
(Ref.) Year ended 3/04	26,811		110.66	107.53

Note: Year-on-year change for net sales, operating income, income before income taxes and net income is based on the previous first quarter.

(2) Financial Position

	Total assets (¥ million)	Total shareholders' equity (¥ million)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
3 months ended 6/04	596,041	291,443	48.9	1,218.01
3 months ended 6/03	567,792	260,927	46.0	1,074.41
(Ref.) Year ended 3/04	592,273	274,710	46.4	1,148.33

(3) Cash Flows

	Net cash provided by operating activities (¥ million)	Net cash used in investing activities (¥ million)	Net cash provided by (used in) financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
3 months ended 6/04	10,689	(5,379)	(3,528)	96,962
3 months ended 6/03	14,192	(6,059)	(3,403)	84,378
(Ref.) Year ended 3/04	80,687	(34,484)	(28,119)	95,059

3. Projected Results for the Fiscal Year Ending March 31, 2005

	Net sales (¥ million)	Income before income taxes (¥ million)	Net income (¥ million)	Net income per share (¥)
Interim period ending 9/04	300,000	27,000	16,000	66.87
Fiscal year ending 3/05	615,000	56,000	34,000	142.09

Note: Please see pages 5-6 of the attached materials regarding assumptions of the above projected results and cautionary statements concerning the use of these projections.

Summary of Results for the first quarter of Fiscal 2005 (April 1, 2004 – June 30, 2004)**1. Consolidated results**

(Millions of yen, %)

	Three months ended June 30, 2004	Three months ended June 30, 2003	Year-on-year change (%)
Net sales	147,930	134,382	110.1%
Operating income [% of net sales]	15,206 [10.3%]	9,886 [7.4 %]	153.8% [+2.9P]
Income before income taxes [% of net sales]	15,084 [10.2%]	9,967 [7.4%]	151.3% [+2.8P]
Net income	9,605	6,067	158.3%
Earnings per share (basic) (¥)	40.15	24.98	+15.17

Notes:

1. Financial figures for the quarterly period are not audited or reviewed by an audit corporation.
2. The financial statements are prepared in accordance with U.S. GAAP.
3. Includes 136 consolidated subsidiaries and 13 affiliated companies accounted for by the equity method.

1. Results of Operations and Financial Condition

General Overview

Looking at economic conditions during the first quarter (April-June 2004) of the Omron Group's fiscal year, although factors such as a sharp increase in crude oil prices and the prolonged turmoil in Iraq caused uncertainty, the global economy remained firm due to continued growth in the U.S. economy and the continuation of high growth in the economies of China and other Asian countries. In addition, the economic recovery in Japan gained sustainability, as the effects of a growth cycle generated by continuing healthy corporate exports and capital expenditures spread to the household sector, including personal consumption.

In this economic environment, the Omron Group's net sales for the first quarter surpassed the level of the same period of the previous year, totaling ¥147,930 million (an increase of 10.1 percent compared with the same period of the previous year), supported by brisk capital investment in Japan and overseas. Regarding income, while progressively building the foundation for future growth, the Group increased net sales and maintained a firmly established profit structure that resulted from the structural reforms implemented through the previous fiscal year. Operating income was ¥15,206 million (an increase of 53.8 percent compared with the same period of the previous year), income before income taxes was ¥15,084 million (an increase of 51.3 percent compared with the same period of the previous year) and net income for the quarter was ¥9,605 million (an increase of 58.3 percent compared with the same period of the previous year), each of which exceeded the level of the same period of the previous year.

Segment Information

Industrial Automation Business

In Japan, solid demand for machinery and equipment in manufacturing industries, including semiconductor manufacturing equipment and automobiles, substantially increased sales of control devices. Overseas, products for the semiconductor and flat panel display (FPD) industries performed well in greater China and Southeast Asia, where economic expansion continues. In addition, motion controllers and photoelectric sensors in North America and automated optical inspection system and motion controllers in Europe each performed well.

As a result, net sales in this segment for the first quarter were ¥63,979 million (an increase of 17.4 percent compared with the same period of the previous year).

Electronic Components Business

In Japan, in addition to solid sales of various embedded devices for the semiconductor industry, sales of connectors for the pachinko slot machine industry grew substantially. Overseas, sales of flexible printed circuit (FPC) connectors and LED light modules for cellular phones increased against a backdrop of favorable conditions in the global cellular phone market. Sales of various devices for the air conditioning industry in East Asia and the IT industry in Europe and China, which is rapidly setting up its communications infrastructure, were also strong.

As a result, net sales in this segment for the first quarter were ¥24,834 million (an increase of 11.2 percent compared with the same period of the previous year).

Automotive Electronic Components Business

In the automotive electronic components market, demand continued to expand against a backdrop of overall solid automobile sales volume worldwide, although conditions varied by country. However, continuing intense competition and price reductions, compounded by a slump in certain customer sectors, resulted in net sales in this segment of ¥14,913 million (an increase of 2.2 percent compared with the same period of the previous year).

Social Systems Business

In the electronic funds transfer systems business, a portion of sales for upgrades and conversions of automated teller machines (ATMs) and automated bill changers in response to the issuance of newly designed currency bills were shifted to the second quarter of the fiscal year due to the postponement of the issuance of the new bills. However, in the public transportation systems sector, railway companies moved upgrades of major equipment to improve customer service forward to the first quarter. As a result, total net sales in this segment were ¥26,474 million (an increase of 3.2 percent compared with the same period of the previous year).

(Attachment)

Healthcare Business

In Japan, body composition monitors and blood pressure monitors continued to perform well. In particular, sales of body composition analyzers increased substantially, supported by product advertisements. Overseas, blood pressure monitors and pedometers performed well in North America. Strong sales centered on blood pressure monitors continued, including solid demand for blood pressure monitors in Europe and, in Asia, expanded sales of blood pressure monitors in Vietnam and Indonesia. As a result, net sales in this segment for the first quarter were ¥12,376 million (an increase of 5.8 percent compared with the same period of the previous year).

Others

Difficult conditions continued in the others segment, with declining market prices in the computer peripherals business and intensifying competition for commercial game machines in the entertainment business. Net sales for the first quarter were ¥5,354 million (a decrease of 4.9 percent compared with the same period of the previous year).

Financial Condition

Total assets increased ¥3,768 million compared with the end of the previous fiscal year, to ¥596,041 million. Shareholders' equity increased ¥16,733 million compared to the end of the previous fiscal year, to ¥291,443 million. As a result, the ratio of shareholders' equity to total assets increased from 46.4 percent at March 31, 2004, to 48.9 percent.

In regard to cash flow, while net income for the first quarter increased, inventories increased compared with the same period of the previous year, resulting in a net inflow of ¥10,689 million in cash flow from operating activities (a decrease in inflow of ¥3,503 million compared with the same period of the previous year). Investing activities resulted in a net outflow of ¥5,379 million (a decrease in outflow of ¥680 million compared with the same period of the previous year), reflecting lower capital expenditures and payments for the establishment of the Keihanna R&D Center in the same period of the previous year. In financing activities, an increase in dividends paid by the company due to a commemorative dividend was partially compensated for by a decrease in repayment of borrowings compared with the same period of the previous year. As a result, cash flows from financing activities were an outflow of ¥3,528 million (an increase in outflow of ¥125 million compared with the same period of the previous year), basically in line with the same period of the previous year.

Cash and cash equivalents at the end of the first quarter increased ¥1,903 million compared to the end of the previous fiscal year, to ¥96,962 million.

Outlook for the Year Ending March 31, 2005

The economic environment in the second quarter and thereafter is forecast to continue favorably overall, with a gradual improvement in employment, rising stock prices and improved consumer sentiment. However, concern remains that factors such as the prolonged turmoil in Iraq and uncertainty about international terrorism may have a negative effect on personal consumption. In addition the likelihood has increased that the economies of the U.S. and China may gradually slow from the summer onward.

In these conditions, despite a lingering sense of uncertainty about the second half of the fiscal year, based on favorable first-quarter performance and other factors, we forecast that net sales of the Omron Group for both the interim period and the full fiscal year will exceed our previous forecasts announced at the beginning of the fiscal year. Although we will aggressively make further investments for growth, we forecast an increase in income from the initial projections in tandem with the increase in net sales. Accordingly, we have revised upward our projections of results for the interim period and the full fiscal year as shown below. The projected results for the interim period and the full fiscal year assume exchange rates of ¥105 to US\$1 and ¥130 to 1 euro.

[Revision of Projected Figures for Consolidated Results for the Interim Period]

(Millions of yen; %)

	Net Sales	Income before Income Taxes	Net Income
Previous forecast (A) (Announced May 6, 2004)	289,000	21,000	12,000
Revised forecast (B)	300,000	27,000	16,000
Amount of change (B – A)	11,000	6,000	4,000
Percentage change	3.8	28.6	33.3
Results for prior interim period (ended September 30, 2003)	270,192	19,433	7,698

[Revision of Projected Figures for Non-Consolidated Results for the Interim Period]

(Millions of yen; %)

	Net Sales	Income before Income Taxes	Net Income
Previous forecast (A) (Announced May 6, 2004)	168,000	16,000	10,000
Revised forecast (B)	177,000	21,000	12,000
Amount of change (B – A)	9,000	5,000	2,000
Percentage change	5.4	31.3	20.0
Results for prior interim period (ended September 30, 2003)	163,218	7,180	4,137

(Attachment)

[Revision of Projected Figures for Consolidated Results for the Fiscal Year]

(Millions of yen; %)

	Net Sales	Income before Income Taxes	Net Income
Previous forecast (A) (Announced May 6, 2004)	610,000	50,000	29,000
Revised forecast (B)	615,000	56,000	34,000
Amount of change (B – A)	5,000	6,000	5,000
Percentage change	0.8	12.0	17.2
Results for prior fiscal year (ended March 31, 2004)	584,889	47,984	26,811

[Revision of Projected Figures for Non-Consolidated Results for the Fiscal Year]

(Millions of yen; %)

	Net Sales	Income before Income Taxes	Net Income
Previous forecast (A) (Announced May 6, 2004)	339,000	17,000	11,000
Revised forecast (B)	337,000	23,500	13,500
Amount of change (B – A)	(2,000)	6,500	2,500
Percentage change	(0.6)	38.2	22.7
Results for prior fiscal year (ended March 31, 2004)	351,075	13,065	6,273

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 surrounding 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.

(Attachment)

2. Consolidated First-Quarter Financial Statements

Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2004		Three months ended June 30, 2003		Increase (decrease)
Net sales	147,930	100.0%	134,382	100.0%	13,548
Cost of sales	86,821	58.7	81,186	60.4	5,635
Gross profit	61,109	41.3	53,196	39.6	7,913
Selling, general and administrative expenses	34,802	23.5	33,665	25.0	1,137
Research and development expenses	11,101	7.5	9,645	7.2	1,456
Operating income	15,206	10.3	9,886	7.4	5,320
Foreign exchange loss, net	(335)	(0.2)	373	0.3	(708)
Other expenses, net	457	0.3	(454)	(0.3)	911
Income before income taxes and minority interests and cumulative effect of accounting change	15,084	10.2	9,967	7.4	5,117
Income taxes	5,431	3.7	3,887	2.9	1,544
Minority interests	48	0.0	13	0.0	35
Net income	9,605	6.5	6,067	4.5	3,538

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

Three months ended June 30, 2004: ¥16,626 million

Three months ended June 30, 2003: ¥9,333 million

Other comprehensive income (loss) includes changes in foreign currency translation adjustments, minimum pension liability adjustments, unrealized gain on available-for-sale securities, and unrealized loss on derivatives.

Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2004		As of June 30, 2003		As of March 31, 2004		Change (March 31, 2004- June 30, 2004)
ASSETS							
Current Assets:	316,264	53.1%	284,988	50.2%	316,226	53.4	38
Cash and cash equivalents	96,962		84,378		95,059		1,903
Notes and accounts receivable - trade	113,390		99,744		122,068		(8,678)
Inventories	79,238		77,872		70,341		8,897
Other current assets	26,674		22,994		28,758		(2,084)
Investments and Other Assets:	147,775	24.8	150,961	26.6	150,723	25.4	(2,948)
Investments in and advances to associates	132,002	22.1	131,843	23.2	125,324	21.2	6,678
Investment securities	2,505		1,093		1,245		1,260
Other	56,074		34,477		50,331		5,743
Other	73,423		96,273		73,748		(325)
Total Assets	596,041	100.0%	567,792	100.0%	592,273	100.0%	3,768

	As of June 30, 2004		As of June 30, 2003		As of March 31, 2004		Change (March 31, 2004- June 30, 2004)
LIABILITIES							
Current Liabilities:	172,607	29.0	140,264	24.7	184,548	31.2	(11,941)
Bank loans and current portion of long-term debt	44,983		30,942		45,480		(497)
Notes and accounts payable - trade	75,422		62,828		79,345		(3,923)
Other current liabilities	52,202		46,494		59,723		(7,521)
Long-Term Debt	11,390	1.9	40,713	7.2	11,207	1.9	183
Other Long-Term Liabilities	119,050	19.9	123,420	21.7	120,361	20.3	(1,311)
Minority Interests in Subsidiaries	1,551	0.3	2,468	0.4	1,447	0.2	104
Total Liabilities	304,598	51.1	306,865	54.0	317,563	53.6	(12,965)
SHAREHOLDERS' EQUITY							
Common stock	64,099	10.8	64,082	11.3	64,082	10.8	17
Additional paid-in capital	98,723	16.6	98,705	17.4	98,705	16.7	18
Legal reserve	7,566	1.3	7,553	1.3	7,450	1.3	116
Retained earnings	184,775	31.0	159,267	28.1	175,296	29.6	9,479
Accumulated other comprehensive loss	(43,538)	(7.4)	(56,643)	(10.0)	(50,559)	(8.6)	7,021
Treasury stock	(20,182)	(3.4)	(12,037)	(2.1)	(20,264)	(3.4)	82
Total Shareholders' Equity	291,443	48.9	260,927	46.0	274,710	46.4	16,733
Total Liabilities and Shareholders' Equity	596,041	100.0%	567,792	100.0%	592,273	100.0%	3,768

Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2004	Three months ended June 30, 2003	Increase (Decrease)
I Operating Activities:			
1. Net income	9,605	6,067	3,538
2. Adjustments to reconcile net income to net cash provided by operating activities:			
(1) Depreciation and amortization	7,192	6,693	
(2) Loss on impairment of investment securities and other assets	18	98	
(3) Notes and accounts receivable — trade, net	10,790	12,505	
(4) Inventories	(7,714)	(1,770)	
(5) Notes and accounts payable — trade	(6,673)	(5,953)	
(6) Other, net	(2,529)	(3,448)	
Total adjustments	1,084	8,125	(7,041)
Net cash provided by operating activities	10,689	14,192	(3,503)
II Investing Activities:			
1. Capital expenditures	(5,738)	(8,239)	2,501
2. Net proceeds from sales and acquisition of business entities	115	512	(397)
3. Other, net	244	1,668	(1,424)
Net cash used in investing activities	(5,379)	(6,059)	680
III Financing Activities:			
1. Decrease in interest-bearing liabilities	(358)	(2,158)	1,800
2. Dividends paid by the company	(3,243)	(1,229)	(2,014)
3. Treasury stock	(12)	(16)	4
4. Exercise of stock options	85	—	85
Net cash provided by (used in) financing activities	(3,528)	(3,403)	(125)
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	121	(271)	392
Net Increase in Cash and Cash Equivalents	1,903	4,459	(2,556)
Cash and Cash Equivalents at Beginning of the Period	95,059	79,919	15,140
Cash and Cash Equivalents at End of the Period	96,962	84,378	12,584

(Attachment)

3. Segment Information

1. Business Segment Information

Three months ended June 30, 2004

(Millions of yen)

	Industrial Automation Business	Electronic Components Business	Automotive Electronic Components Business	Social Systems Business	Healthcare Business	Others	Total	Eliminations & Corporate	Consolidated
Net sales:									
(1) Sales to outside customers	63,979	24,834	14,913	26,474	12,376	5,354	147,930	—	147,930
(2) Intersegment sales and transfers	1,469	6,048	753	2,895	37	9,966	21,168	(21,168)	—
Total	65,448	30,882	15,666	29,369	12,413	15,320	169,098	(21,168)	147,930
Operating expenses	52,727	26,584	15,944	29,246	10,090	14,784	149,375	(16,651)	132,724
Operating income (loss)	12,721	4,298	(278)	123	2,323	536	19,723	(4,517)	15,206

Notes: 1. "Social Systems Business" includes the Social Systems Solutions and Service Business Company and the Financial Systems Business Company.

2. "Others" includes the Business Development Group and other divisions.

Three months ended June 30, 2003

(Millions of yen)

	Industrial Automation Business	Electronic Components Business	Automotive Electronic Components Business	Social Systems Business	Healthcare Business	Others	Total	Eliminations & Corporate	Consolidated
Net sales:									
(1) Sales to outside customers	54,477	22,341	14,593	25,648	11,693	5,630	134,382	—	134,382
(2) Intersegment sales and transfers	1,714	5,219	210	2,028	6	12,849	22,026	(22,026)	—
Total	56,191	27,560	14,803	27,676	11,699	18,479	156,408	(22,026)	134,382
Operating expenses	48,093	23,444	14,447	28,362	9,781	18,540	142,667	(18,171)	124,496
Operating income (loss)	8,098	4,116	356	(686)	1,918	(61)	13,741	(3,855)	9,886

Notes: 1. "Social Systems Business" includes the Social Systems Solutions and Service Business Company and the Advanced Module Business Company.

2. "Others" includes the Business Development Group and other divisions.

2. Area Segment Information

Three months ended June 30, 2004

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales:							
(1) Sales to outside customers	92,217	16,100	22,772	16,841	147,930	—	147,930
(2) Intersegment sales and transfers	21,429	172	131	12,385	34,117	(34,117)	—
Total	113,646	16,272	22,903	29,226	182,047	(34,117)	147,930
Operating expenses	100,313	15,395	20,633	26,960	163,301	(30,577)	132,724
Operating income	13,333	877	2,270	2,266	18,746	(3,540)	15,206

Three months ended June 30, 2003

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales:							
(1) Sales to outside customers	81,556	17,116	20,786	14,924	134,382	—	134,382
(2) Intersegment sales and transfers	19,762	55	185	9,653	29,655	(29,655)	—
Total	101,318	17,171	20,971	24,577	164,037	(29,655)	134,382
Operating expenses	91,718	15,815	19,226	22,856	149,615	(25,119)	124,496
Operating income	9,600	1,356	1,745	1,721	14,422	(4,536)	9,886

(Attachment)

4. Breakdown of Sales

Net sales by consolidated business segment

(Millions of yen)

	Three months ended June 30, 2004		Three months ended June 30, 2003		Increase (decrease)
Industrial Automation Business	63,979	43.2%	54,477	40.5%	17.4%
Electronic Components Business	24,834	16.8	22,341	16.6	11.2
Automotive Electronic Components Business	14,913	10.1	14,593	10.9	2.2
Social Systems Business	26,474	17.9	25,648	19.1	3.2
Healthcare Business	12,376	8.4	11,693	8.7	5.8
Other	5,354	3.6	5,630	4.2	(4.9)
Total	147,930	100.0%	134,382	100.0%	10.1%

Note: 1. Results of the First Quarter of Fiscal Year Ending March 2004, "Social Systems Business" includes the results of Social Systems Solutions and Service Business Company and Advanced Module Business Company.

2. Results of the First Quarter of Fiscal Year Ending March 2005, "Social Systems Business" includes the results of Social Systems Solutions and Service Business Company and Financial Systems Business Company.

Projected net sales for the six months ending September 31, 2004 by consolidated business segment

(Millions of yen)

	Six months ending September 30, 2004 (est.)		Six months ending September 30, 2003		Increase (decrease)
Industrial Automation Business	125,500	41.8%	110,605	40.9%	13.5%
Electronic Components Business	50,000	16.7	43,542	16.1	14.8
Automotive Electronic Components Business	30,000	10.0	28,224	10.4	6.3
Social Systems Business	58,500	19.5	53,658	19.9	9.0
Healthcare Business	24,500	8.2	22,812	8.4	7.4
Other	11,500	3.8	11,351	4.3	1.3
Total	300,000	100.0%	270,192	100.0%	11.0%

Note: 1. Results of the First Half of Fiscal Year Ending March 2004, "Social Systems Business" includes the results of Social Systems Solutions and Service Business Company and Advanced Module Business Company.

2. Forecasts of the First Half of Fiscal Year Ending March 2005, "Social Systems Business" includes the results of Social Systems Solutions and Service Business Company and Financial Systems Business Company.

Projected net sales for the fiscal year ending March 31, 2005 by consolidated business segment

(Millions of yen)

	Year ending March 31, 2005 (est.)		Year ended March 31, 2004		Increase (decrease)
Industrial Automation Business	249,500	40.6%	229,638	39.3%	8.6%
Electronic Components Business	108,500	17.6	88,988	15.2	21.9
Automotive Electronic Components Business	62,000	10.1	58,824	10.1	5.4
Social Systems Business	115,000	18.7	135,997	23.3	(15.4)
Healthcare Business	51,500	8.4	46,962	8.0	9.7
Other	28,500	4.6	24,480	4.1	16.4
Total	615,000	100.0%	584,889	100.0%	5.1%

Note: 1. Results of the Fiscal Year Ending March 2004, "Social Systems Business" includes the results of Social Systems Solutions and Service Business Company and Advanced Module Business Company.

2. Forecasts of the Fiscal Year Ending March 2005, "Social Systems Business" includes the results of Social Systems Solutions and Service Business Company and Financial Systems Business Company.