



**Consolidated Financial Results  
for the First Quarter of  
the Fiscal Year Ending March 31, 2006**

*Note: All financial information has been prepared in accordance with generally accepted accounting principles in Japan. This document has been translated from the Japanese original as a guide to non-Japanese investors and contains forward-looking statements that are based on managements' estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. Amounts shown in this financial statement have been rounded down to the nearest million yen.*

(Attachment)

## Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2006

### OMRON Corporation (6645)

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### 1. Preparation of Summary First Quarter Fiscal 2006 Results

Simplification of accounting methods:	Yes. Some simplified methods are applied in accounting standards for reserves and allowances.	
Changes in consolidated accounting methods from the most recent fiscal year:	Yes (Change in segment classification in geographical segment information)	
Changes in scope of consolidation and application of equity method:	Yes	
Consolidation:	(New) 5 companies	(Eliminated) 1 company
Equity Method:	(New) 1 company	(Eliminated) 0 companies

### 2. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2006

#### (1) Sales and Income

Millions of Yen - Except Per Share Data and Percentages

	Three months ended June 30, 2005		Three months ended June 30, 2004		Year ended March 31, 2005
		Change		Change	
Net sales	138,474	(6.4)	147,930	10.1	608,588
Operating income	9,099	(40.2)	15,206	53.8	56,111
Income before income taxes	8,576	(43.1)	15,084	51.3	52,548
Net income	5,147	(46.4)	9,605	58.3	30,176
Net income per share (yen)	21.63		40.15		126.52
Net income per share, diluted (yen)	21.62		38.55		124.75

Note: Percentages for net sales, operating income, income before income taxes, and net income represent changes compared with the previous fiscal year .

**(2) Consolidated Financial Position**

	Millions of Yen - Except Per Share Data and Percentages		
	As of June 30, 2005	As of June 30, 2004	As of March 31, 2005
Total assets .....	570,334	596,041	585,429
Shareholders' equity .....	310,408	291,443	305,810
Shareholders' equity ratio (percentage).....	54.4	48.9	52.2
Shareholders' equity per share (yen) .....	1,304.15	1,218.01	1,284.81

**(3) Consolidated Cash Flows**

	Millions of Yen - Except Per Share Data and Percentages		
	Three months ended June 30, 2005	Three months ended June 30, 2004	Year ended March 31, 2005
Net cash provided by operating activities.....	8,073	10,689	61,076
Net cash used in investing activities .....	(11,560)	(5,379)	(36,050)
Net cash used in financing activities .....	(3,155)	(3,528)	(40,684)
Cash and cash equivalents at end of period .....	70,175	96,962	80,619

**3. Projected Results for the Fiscal Year Ending March 31, 2006 (April 1, 2005 – March 31, 2006)**

	Millions of Yen - Except per Share	
	Six Months Ending Sept. 30, 2005	Full Year Ending March 31, 2006
Net sales .....	285,000	625,000
Income before income taxes .....	30,000	63,000
Net income .....	17,000	36,000
Net income per share (yen)	71.42	151.25

Note: Please see pages 7 of the attached materials regarding assumptions of the results projected above and cautionary statements concerning the use of these projections.

## Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2006

### Consolidated Results

(Millions of yen, %)

	Three months ended June 30, 2005	Three months ended June 30, 2004	Year-on-year change
Net sales	138,474	147,930	93.6%
Operating income	9,099	15,206	59.8%
[% of net sales]	[6.6%]	[10.3%]	[-3.7P]
Income before income taxes	8,576	15,084	56.9%
[% of net sales]	[6.2%]	[10.2%]	[-4.0P]
Net income	5,147	9,605	53.6%
Net income per share (basic) (¥)	21.63	40.15	-18.52

Notes:

1. Figures for first quarter results are not reviewed by independent auditors.
2. The consolidated financial statements are prepared in accordance with U.S. GAAP.
3. Includes 146 consolidated subsidiaries and 18 affiliated companies accounted for by the equity method.

(Attachment)

## **1. Results of Operations and Financial Condition**

### **General Overview**

Looking at economic conditions during the first quarter (April–June 2005) of the Omron Group's fiscal year, factors including high crude oil prices and the start of an adjustment phase in inventories of information technology (IT) and digital-related products led to slower growth in consumer spending and capital investment in North America and Europe. In greater China and Southeast Asia, production slowed, particularly in China, South Korea and Taiwan. As a result, the global economy overall continued in a decelerating trend. The Japanese economy also tended toward slower growth due to sluggish exports and corporate capital investment, which have been driving economic growth until now.

In this economic environment, the Omron Group's net sales for the first quarter were below the level of the same period of the previous year, totaling ¥138,474 million (a decrease of 6.4 percent compared with the same period of the previous year). The transfer of the ATM and other information equipment business to an equity affiliate had a substantial impact on sales. However, although domestic and overseas sales of consumer and commerce components for IT and digital-related products were weak, sales of electronic components for automobiles and control devices for factory automation, two key products of the Omron Group, were solid. As a result, net sales for the first quarter, excluding the transferred information equipment business, surpassed net sales for the same period of the previous year. While conducting aggressive investment for future growth, the Omron Group made continuous structural reforms to promote lasting efficiency improvements aimed at realizing a solid profit structure. However, the decrease in net sales due to the transfer of the information equipment business and increases in sales, general and administrative expenses and research and development expenses resulted in operating income of ¥9,099 million (a decrease of 40.2 percent compared with the same period of the previous year) income before income taxes of ¥8,576 million (a decrease of 43.1 percent compared with the same period of the previous year) and net income for the quarter of ¥5,147 million (a decrease of 46.4 percent compared with the same period of the previous year). Each of these figures was below that for the same period of the previous year.

### **Segment Information**

#### **Industrial Automation Business**

In Japan, investment to improve quality and safety was firm, and businesses such as the safety business and quality solutions business, which are positioned as strategic growth businesses, achieved steady expansion in sales. However, sales of existing products for the semiconductor and digital home appliance industries, which are in an adjustment phase, were lackluster, and overall sales in Japan were below the level of the same period of the previous year.

Overseas, sales in North America were solid, particularly sales of products for the automobile industry. In Europe, sales were also firm due to favorable growth in sales of inverters, servomotors and other products. Also in greater China, Omron Group performed strongly as a result of aggressive investment in enhancing productivity and boosting sales through measures such as upgrading sales channels.

As a result, segment sales for the first quarter were ¥64,642 million, an increase of 1.0 percent compared with the same period in the previous year.

### **Electronic Components Business**

In Japan, sales were down from the same period of the previous year due to factors including weakness in the air conditioning market and continued production adjustments by customers that reflected delays in approval of new machines in the pachinko slot machine industry. Overseas sales were sluggish overall. Sales of signal relays in Europe declined as demand from the telecommunications industry remained weak, and sales of backlights in greater China dropped substantially due to increased competition, customer inventory adjustments and other factors.

As a result, segment sales for the first quarter were ¥22,589 million, a decrease of 9.0 percent compared with the same period of the previous year.

### **Automotive Electronic Components Business**

Although performance in each country varied, overall automobile sales volume worldwide showed stable growth, and sales of this segment also grew steadily. First-quarter sales were higher than in the same period of the previous year in the United States, Europe and Japan, and sales in South Korea increased substantially.

As a result, segment sales were ¥17,474 million, an increase of 17.2 percent compared with the same period of the previous year.

### **Social Systems Business**

In the station management and settlement system business, despite a decrease in sales in reaction to strong demand in the first quarter of the previous year for the renewal and upgrade of ticket machines and other equipment in order to accommodate newly designed currency bills, sales were favorable due to increased demand for IC card-compatible settlement equipment to prevent counterfeiting. In addition, the security solutions business achieved strong sales growth, centered on security system packages.

However, sales in the same period of the previous year included sales of the ATM and other information systems business, which was transferred to an equity affiliate established through a joint venture and corporate separation. Due in part to the absence of sales from this business, segment sales for the first quarter were ¥15,579 million, a decrease of 41.2 percent compared with the same period of the previous year.

### **Healthcare Business**

In Japan, electronic blood pressure monitors and body composition monitors continued to perform well. Overseas, sales in North America declined compared with the same period of the previous year, due in part to a slower growth rate in the key electronic blood pressure monitor market, but demand for electronic blood pressure monitors was firm in Europe. In greater China and Southeast Asia, sales of blood pressure monitors and nebulizers, which are core products, declined from the same period of the previous year due to increased competition in China. However, sales continued to expand in Southeast Asia.

As a result, segment sales for the first quarter were ¥12,396 million, an increase of 0.2 percent compared with the same period of the previous year.

### **Others**

The Others segment primarily consists of the Business Development Group, which seeks out and develops new businesses and nurtures and strengthens businesses not covered by internal companies.

Among existing businesses, sales were solid in the computer peripheral business, centered on

corporate demand, despite a continued drop in market prices due to intensified competition. In the entertainment business, while difficult conditions continued due to factors including increased competition for commercial game machines, the mobile phone content distribution business, a new area, performed well. Among new growth themes, sales were solid in the radio frequency identification (RFID) business.

Segment sales for the first quarter were ¥5,794 million, an increase of 8.2 percent compared with the same period of the previous year.

### **Financial Condition**

Total assets decreased ¥15,095 million compared with the end of the previous fiscal year, to ¥570,334 million. Shareholders' equity increased ¥4,598 million compared with the end of the previous fiscal year, to ¥310,408 million. As a result, the ratio of shareholders' equity to total assets increased from 52.2 percent at March 31, 2005, to 54.4 percent.

Net cash provided by operating activities was ¥8,073 million, a decrease of ¥2,616 million compared with the same period in the previous year, due to the decrease in net income, an increase in income taxes payable and other factors. Net cash used in investing activities totaled ¥11,560 million, an increase of ¥6,181 million from the same period in the previous year. As in the same period of the previous fiscal year, Omron made investments for the future and also acquired businesses. Net cash used in financing activities was ¥3,155 million, a decrease of ¥373 million from the same period in the previous year. The principal use of cash was payment of cash dividends.

As a result, cash and cash equivalents at the end of the first quarter totaled ¥70,175 million, a decrease of ¥10,444 million from the end of the previous fiscal year.

### **Outlook for the Year Ending March 31, 2006**

In the second quarter and beyond, Omron assumes that on the whole, the economic recovery trend will continue. Although elements of uncertainty will remain, including high crude oil prices, inventory adjustments for IT and digital-related products are generally running their course, and consumer spending and corporate capital investment are expected to be firm..

In these conditions, the Omron Group's net sales for the first quarter, although lower than in the same period of the previous year, were in line with the initial forecast, and sales are expected to continue according to the initial forecast in the second quarter and beyond. Income is also expected to be in line with the initial forecast, as the Omron Group will continue working to promote continuous structural reforms to advance toward a strong profit structure while aggressively investing in future growth.

No changes have been made to the projections of results for the interim period and full fiscal year announced on April 27, 2005. The projected results for the interim period and the full fiscal year assume exchange rates of ¥110 to US\$1 and ¥135 to 1 euro during the second quarter, and ¥100 to US\$1 and ¥130 to 1 euro in the third quarter and thereafter.

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 market.

(Attachment)

## 2. Consolidated Financial Statements

### Consolidated Statements of Operations

(Millions of yen)

	Three months ended June 30, 2005		Three months ended June 30, 2004		Increase (decrease)
Net sales	138,474	100.0%	147,930	100.0%	(9,456)
Cost of sales	82,538	59.6	86,821	58.7	(4,283)
Gross profit	55,936	40.4	61,109	41.3	(5,173)
Selling, general and administrative expenses	35,312	25.5	34,802	23.5	510
Research and development expenses	11,525	8.3	11,101	7.5	424
Operating income	9,099	6.6	15,206	10.3	(6,107)
Foreign exchange gain (loss), net	285	0.2	(335)	(0.2)	620
Other expenses, net	238	0.2	457	0.3	(219)
Income before income taxes and minority interests and cumulative effect of accounting change	8,576	6.2	15,084	10.2	(6,508)
Income taxes	3,446	2.5	5,431	3.7	(1,985)
Minority interests	(17)	(0.0)	48	0.0	(65)
Net income	5,147	3.7	9,605	6.5	(4,458)

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

Three months ended June 30, 2005: ¥4,606 million

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

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



(Attachment)

**Consolidated Balance Sheets**

(Millions of yen)

	As of June 30, 2005		As of June 30, 2004		As of March 31, 2005		Change (June 30, 2005 – March 31, 2005)
<b>ASSETS</b>							
Current Assets:	277,915	48.8%	316,264	53.1%	295,940	50.6%	(18,025)
Cash and cash equivalents	70,175		96,962		80,619		(10,444)
Notes and accounts receivable - trade	106,891		113,390		121,652		(14,761)
Inventories	70,311		79,238		68,585		1,726
Other current assets	30,538		26,674		25,084		5,454
Property, plant and equipment:	155,291	27.2	147,775	24.8	154,689	26.4	602
Investments and Other Assets:	137,128	24.0	132,002	22.1	134,800	23.0	2,328
Investments in and advances to associates	16,201		2,505		17,343		(1,142)
Investment securities	48,573		56,074		49,764		(1,191)
Other	72,354		73,423		67,693		4,661
<b>Total Assets</b>	<b>570,334</b>	<b>100.0%</b>	<b>596,041</b>	<b>100.0%</b>	<b>585,429</b>	<b>100.0%</b>	<b>(15,095)</b>

	As of June 30, 2005		As of June 30, 2004		As of March 31, 2005		Change (June 30, 2005 – March 31, 2005)
<b>LIABILITIES</b>							
Current Liabilities:	146,429	25.7	172,607	29.0	162,988	27.8	(16,559)
Bank loans and current portion of long-term debt	24,485		44,983		22,927		1,558
Notes and accounts payable - trade	66,325		75,422		75,866		(9,541)
Other current liabilities	55,619		52,202		64,195		(8,576)
Long-Term Debt	2,120	0.4	11,390	1.9	1,832	0.3	288
Other Long-Term Liabilities	109,893	19.2	119,050	19.9	113,250	19.3	(3,357)
Minority Interests in Subsidiaries	1,484	0.3	1,551	0.3	1,549	0.4	(65)
<b>Total Liabilities</b>	<b>259,926</b>	<b>45.6</b>	<b>304,598</b>	<b>51.1</b>	<b>279,619</b>	<b>47.8</b>	<b>(19,693)</b>
<b>SHAREHOLDERS' EQUITY</b>							
Common stock	64,100	11.2	64,099	10.8	64,100	10.9	—
Additional paid-in capital	98,726	17.3	98,723	16.6	98,726	16.9	0
Legal reserve	7,854	1.4	7,566	1.3	7,649	1.3	205
Retained earnings	204,492	35.9	184,775	31.0	199,551	34.1	4,941
Accumulated other comprehensive loss	(41,550)	(7.3)	(43,538)	(7.4)	(41,009)	(7.0)	(541)
Treasury stock	(23,214)	(4.1)	(20,182)	(3.4)	(23,207)	(4.0)	(7)
<b>Total Shareholders' Equity</b>	<b>310,408</b>	<b>54.4</b>	<b>291,443</b>	<b>48.9</b>	<b>305,810</b>	<b>52.2</b>	<b>4,598</b>
<b>Total Liabilities and   Shareholders' Equity</b>	<b>570,334</b>	<b>100.0%</b>	<b>596,041</b>	<b>100.0%</b>	<b>585,429</b>	<b>100.0%</b>	<b>(15,095)</b>

(Attachment)

## Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2005	Three months ended June 30, 2004	Increase (Decrease)
<b>I Operating Activities:</b>			
1. Net income	5,147	9,605	(4,458)
2. Adjustments to reconcile net income to net cash provided by operating activities:			
(1) Depreciation and amortization	7,461	7,192	
(2) Loss on impairment of investment securities and other assets	201	18	
(3) Decrease in notes and accounts receivable — trade	16,849	10,790	
(4) Increase in inventories	(416)	(7,714)	
(5) Decrease in notes and accounts payable — trade	(10,643)	(6,673)	
(6) Other, net	(10,526)	(2,529)	
Total adjustments	2,926	1,084	1,842
Net cash provided by operating activities	8,073	10,689	(2,616)
<b>II Investing Activities:</b>			
1. Capital expenditures	(5,906)	(5,738)	(168)
2. Net proceeds from sales and acquisition of business entities	(8,451)	115	(8,566)
3. Other, net	2,797	244	2,553
Net cash used in investing activities	(11,560)	(5,379)	(6,181)
<b>III Financing Activities:</b>			
1. Increase (decrease) in interest-bearing liabilities	213	(358)	571
2. Dividends paid by the company	(3,361)	(3,243)	(118)
3. Acquisition of treasury stock	(8)	(12)	4
4. Disposal of treasury stock	1	—	1
5. Exercise of stock options	—	85	(85)
Net cash used in financing activities	(3,155)	(3,528)	373
<b>IV Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>			
	(3,802)	121	(3,923)
Net Increase (Decrease) in Cash and Cash Equivalents	(10,444)	1,903	(12,347)
Cash and Cash Equivalents at Beginning of the Period	80,619	95,059	(14,440)
Cash and Cash Equivalents at End of the Period	70,175	96,962	(26,787)

(Attachment)

### 3. Segment Information

#### 1. Business Segment Information

Three months ended June 30, 2005

(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	64,642	22,589	17,474	15,579	12,396	5,794	138,474	—	138,474
(2) Intersegment sales and transfers	2,210	4,976	629	2,564	18	9,144	19,541	(19,541)	—
Total	66,852	27,565	18,103	18,143	12,414	14,938	158,015	(19,541)	138,474
Operating expenses	56,153	25,262	18,036	20,002	10,867	14,381	144,701	(15,326)	129,375
Operating income (loss)	10,699	2,303	67	(1,859)	1,547	557	13,314	(4,215)	9,099

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. For the three months ended June 30, 2005, the “Social Systems Business” includes the Social Systems Solutions and Service Business Company and others.  
2. For the three months ended June 30, 2004, the “Social Systems Business” includes the Social Systems Solutions and Service Business Company and the Financial Systems Business Company and others.  
3. “Others” includes the Business Development Group and other divisions.

(Attachment)

## 2. Geographical Segment Information

Three months ended June 30, 2005

(Millions of yen)

	Japan	North America	Europe	Greater China	South-east Asia and others	Total	Eliminations & Corporate	Consolidated
Net sales:								
(1) Sales to outside customers	80,407	16,296	24,124	9,308	8,339	138,474	—	138,474
(2) Intersegment sales and transfers	20,529	40	242	6,869	1,893	29,573	(29,573)	—
Total	100,936	16,336	24,366	16,177	10,232	168,047	(29,573)	138,474
Operating expenses	91,528	16,094	22,332	15,887	9,343	155,184	(25,809)	129,375
Operating income	9,408	242	2,034	290	889	12,863	(3,764)	9,099

Three months ended June 30, 2004

(Millions of yen)

	Japan	North America	Europe	Greater China	South-east Asia and others	Total	Eliminations & Corporate	Consolidated
Net sales:								
(1) Sales to outside customers	92,217	16,100	22,772	9,633	7,208	147,930	—	147,930
(2) Intersegment sales and transfers	21,429	172	131	7,192	5,426	34,350	(34,350)	—
Total	113,646	16,272	22,903	16,825	12,634	182,280	(34,350)	147,930
Operating expenses	100,313	15,395	20,633	15,574	11,619	163,534	(30,810)	132,724
Operating income	13,333	877	2,270	1,251	1,015	18,746	(3,540)	15,206

Note: The segment previously classified as “Asia” was divided into “Greater China” and “Southeast Asia and others” as of April 2005. Figures for the three months ended June 30, 2004 have been restated to conform to the new classification. “Greater China” includes China, Hong Kong and Taiwan.

(Attachment)

#### 4. Breakdown of Sales

Net sales by consolidated business segment

(Millions of yen)

	Three months ended June 30, 2005		Three months ended June 30, 2004		Year-on- year change (%)
Industrial Automation Business	64,642	46.7%	63,979	43.2%	1.0%
Electronic Components Business	22,589	16.3	24,834	16.8	(9.0)
Automotive Electronic Components Business	17,474	12.6	14,913	10.1	17.2
Social Systems Business	15,579	11.2	26,474	17.9	(41.2)*
Healthcare Business	12,396	9.0	12,376	8.4	0.2
Other	5,794	4.2	5,354	3.6	8.2
Total	138,474	100.0%	147,930	100.0%	(6.4)%

Notes:

1. For the three months ended June 30, 2004, the "Social Systems Business" includes the Social Systems Solutions and Service Business Company, the Financial Systems Business Company and others.
2. For the three months ended June 30, 2005, the "Social Systems Business" includes the Social Systems Solutions and Service Business Company and others.

\*The ATM and other information equipment business, which had been part of the Social Systems Business, was transferred to an equity affiliate on October 1, 2004.