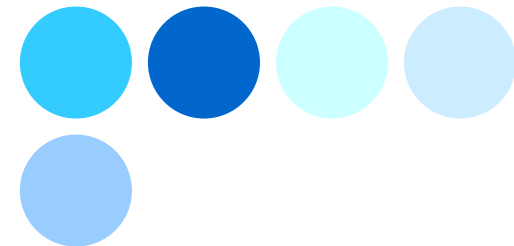


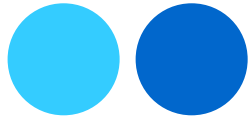


# **Financial Results for the 1<sup>st</sup> Half Ended September 30, 2005**

**November 1, 2005**

**OMRON Corporation**



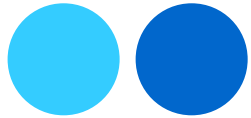


# Contents

- 1. Executive Summary**
- 2. Results for the Six Months Ended September 30, 2005**
- 3. Forecast for the Year Ending March 31, 2006**
- 4. Supplementary explanation**
- 5. Growth Strategy of Healthcare Business**

**Notes:**

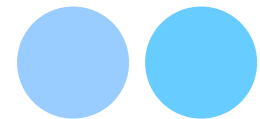
- 1. The financial statements are prepared in accordance with U.S. GAAP.**
- 2. Includes 142 consolidated subsidiaries and 16 affiliated companies accounted for by the equity method.**
- 3. Projections of results and future developments are based on information available to the Company at the present 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.**



# Main Business Areas

Business	Business Name	Abbrev.	Business Description
<b>Industrial Automation</b>	<b>Industrial Automation Business</b>	<b>IAB</b>	<b>Manufacture and sale of control systems , equipment and components for factory automation, etc.</b>
<b>Electronic Components</b>	<b>Electronic Components Business</b>	<b>ECB</b>	<b>Manufacture and sale of electronic components for home appliances, communications, mobile devices, etc.</b>
<b>Automotive Electronics</b>	<b>Automotive Electronic Components Business</b>	<b>AEC</b>	<b>Manufacture and sale of electronic components for automobiles</b>
<b>Social Systems</b>	<b>Social Systems Business</b>	<b>SSB</b>	<b>Manufacture, sale and services for public transportation (automated passenger gates, etc.) and traffic and road management systems</b>
<b>Healthcare Equipment</b>	<b>Healthcare Business</b>	<b>HCB</b>	<b>Manufacture and sale of medical devices (digital blood pressure monitors, etc.)</b>
<b>Others</b>	<b>Business Development Group/Others</b>	<b>Others</b>	<b>Exploration of new businesses, development businesses not included in above</b>

# 1. Executive Summary



The year ending March 31, 2006 is the 2<sup>nd</sup> year of Stage II (Apr. 2004 to March 2008) of Grand Design 2010 (GD2010)  
**“Achieving a robust profit structure” as a milestone toward the achievement of Stage II targets**

### 1<sup>st</sup> Half Results and Key Points

- Operating income/ Net income before tax (NIBT) both exceeded the original budget and same period previous year, Net sales basically as planned

Consolidated	Result	vs. original budget	vs. same period in prev. year
Net sales	¥285.4 billion	100.1%	94.4%
Operating income	¥ 31.3 billion	104.2%	100.2% (Operating margin 11.0%)
NIBT	¥ 31.8 billion	105.9%	109.5% (NIBT margin 11.1%)

- Main factor in net sales decrease was ATM business to Joint Venture (¥27.0 billion decrease)
- Despite of transfer of ATM business to Joint Venture ( ¥4.0 billion operating income decrease), operating income increased due to return of substitutional portion of pension fund
- Sales by segment had strong results except for Electronic Components Business (ECB)

### Full-Year Forecasts and Key Points

- Sales, income both forecast to be in line with the initial budget

#### Year ending March 31, 2006

Net sales	¥625.0 billion (102.7% vs. prev. year)
Operating income	¥ 65.0 billion (115.8% vs. prev. year) Operating margin 10.4%
NIBT	¥ 63.0 billion (119.9% vs. prev. year) NIBT margin 10.1%

Six Months ended  
Sep. 30, 2005

## **2. Results for the Six Months Ended September 30, 2005**



Six Months ended  
Sep. 30, 2005

## Consolidated Income Statements



**Net Sales ¥285.4B, Operating Margin 11.0%**  
**Consolidated net sales, operating income both exceeded the original budget**  
**Main factor in net sales decrease was SSB's transfer of ATM business to Joint Venture**

### Income Statement

(billion yen)

	6 months ended 9/2004  Actual(1)	6 months ended 9/2005  Actual(2)	Change from last year  (2)/(1)	6 months ended 9/2005 Original budget(3)	Change from Original budget  (2)/(3)
Net sales	302.3	285.4	* 94.4%	285.0	100.1%
Gross profit	127.3	117.2	92.1%	117.0	100.2%
SG&A expense	71.9	73.2	101.7%	71.0	103.1%
R&D expense	24.2	24.7	102.3%	25.0	98.8%
	---	11.9	---	9.0	132.4%
Operating income	31.2	31.3	100.2%	30.0	104.2%
NIBT	29.0	31.8	109.5%	30.0	105.9%
NIAT	16.4	16.7	101.8%	17.0	98.4%

### Currency Rate

(yen)

US\$	109.5	109.9	0.4	100.0	9.9
EUR	132.8	136.2	3.4	130.0	6.2

\* 103.7% including sales of ATM business transferred to Joint Venture in October 2004.

**Basically in line with budget in Japan and overseas  
By segment, strong results except for ECB**

(billion yen)

By Region	6 months ended 9/2004 Actual(1)	6 months ended 9/2005 Actual(2)	Change from last year (2)/(1)	6 months ended 9/2005 Original budget(3)	Change from Original budget (2)/(3)
Japan	181.0	160.6	88.8%	159.0	101.0%
Overseas**	121.3	124.8	102.8%	126.0	99.0%
<b>Total</b>	<b>302.3</b>	<b>285.4</b>	<b>94.4%</b>	<b>285.0</b>	<b>100.1%</b>

\*\*Overseas includes direct exports

By Business	Actual(1)	Actual(2)	(2)/(1)	Original budget(3)	(2)/(3)
IAB	127.2	130.3	102.4%	131.0	99.4%
ECB	50.0	45.9	91.9%	51.0	90.0%
AEC	30.2	35.1	116.3%	34.0	103.3%
SSB	* 58.9	34.0	57.7%	32.0	106.2%
HCB	23.9	27.6	115.3%	26.0	106.0%
Ohters	12.1	12.5	103.0%	11.0	113.6%
<b>Total</b>	<b>302.3</b>	<b>285.4</b>	<b>94.4%</b>	<b>285.0</b>	<b>100.1%</b>

\*Results for the year ended 3/2005 include an actual performance of the ATM business



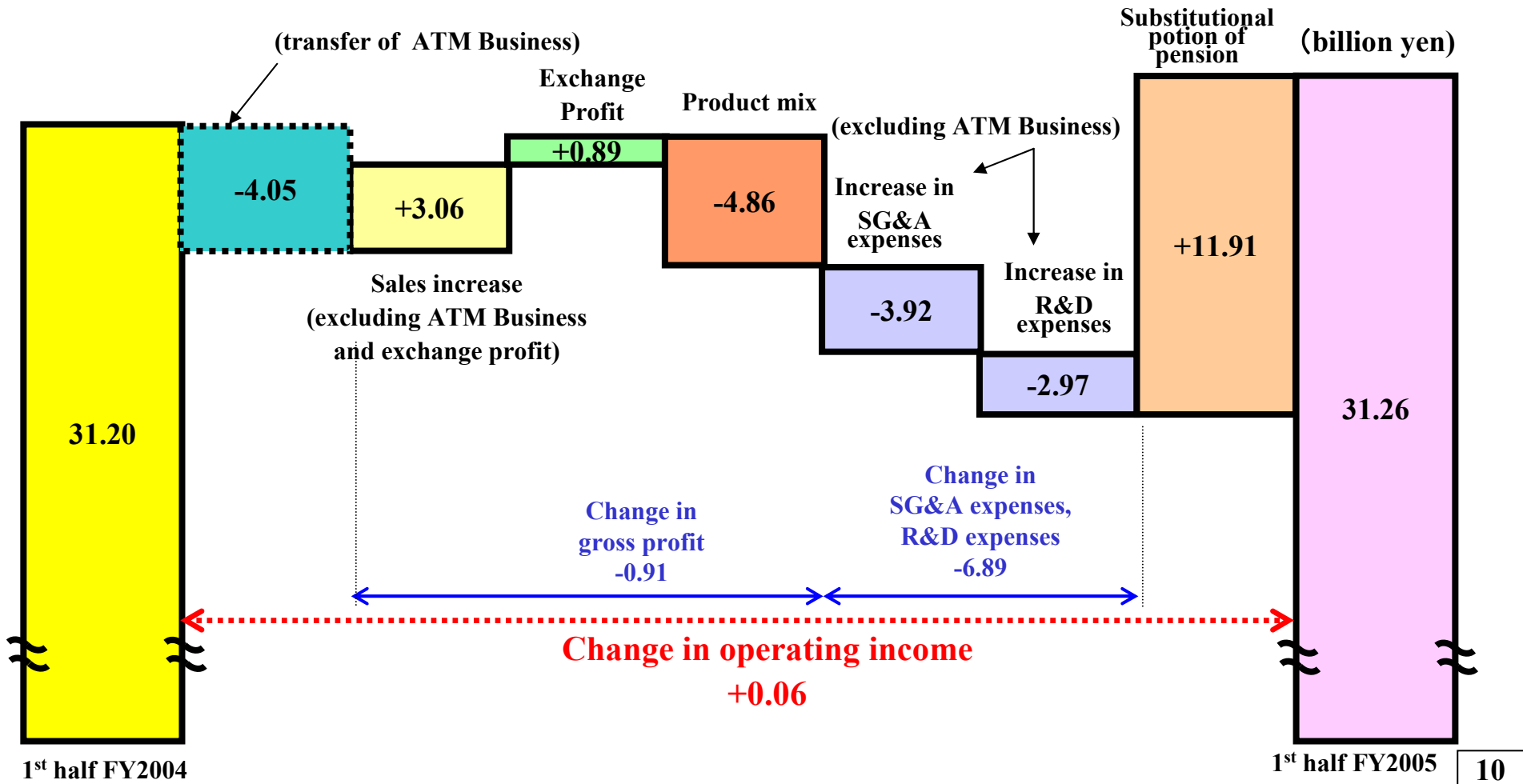
**IAB exceeded budget due to expense control  
ECB faced difficult conditions, AEC continued investments**

(billion yen)

By Business	6 months ended 9/2004 Actual(1)	6 months ended 9/2005 Actual(2)	Change from last year (2)/(1)	6 months ended 9/2005 Original budget(3)	Change from Original budget (2)/(3)
IAB	23.6	20.4	86.5%	19.0	107.6%
ECB	8.3	5.3	64.1%	6.5	82.3%
AEC	-0.7	-0.8	---	0.5	---
SSB	* 3.7	-2.4	---	-2.5	---
HCB	3.0	3.1	102.2%	3.5	87.6%
Others	2.0	1.3	67.2%	1.0	134.4%
HQ Cost/Elimination	-8.7	-7.5	86.8%	-7.0	109.2%
	---	11.9	---	9.0	132.4%
<b>Total</b>	<b>31.2</b>	<b>31.3</b>	<b>100.2%</b>	<b>30.0</b>	<b>104.2%</b>

\*Results for the year ended 3/2005 include an actual performance of ATM business

**Despite of transfer of ATM business to Joint Venture,  
Operating income increased due to return of a substitutional portion of pension**



Six Months ended  
Sep. 30, 2005

## Segment Information

### IAB (Industrial Automation Business)



**Manufacture and sale of control systems and equipment for factory automation and production machinery**

Sensing Devices (Photoelectric/Proximity Sensors, AOI, etc.)

Control Devices (Programmable Logic Controllers, Relays, Timers, etc.)

Safety Devices (Safety sensors, Safety switches, etc.)

**Net sales: ¥130.3b; Operating margin: 15.7%**

**U.S., Asia remained strong,**

**Greater China is on a gradual recovery trend**

Smart Sensor



Programmable Logic Controller



(billion yen)

IAB	6 months ended 9/2004 Actual(1)	6 months ended 9/2005 Actual(2)	Change from last year (2)/(1)	6 months ended 9/2005 Original budget(3)	Change from Original budget (2)/(3)
Japan	65.7	65.2	99.3%	66.3	98.3%
Overseas	61.5	65.1	105.8%	64.7	100.6%
North America	10.1	11.4	112.5%	10.3	110.8%
Europe	32.4	33.2	102.5%	34.5	96.2%
Asia	5.6	6.2	109.6%	5.8	106.2%
China	11.3	12.1	106.9%	12.0	100.6%
Exports	2.1	2.2	106.9%	2.1	106.9%
<b>Total</b>	<b>127.2</b>	<b>130.3</b>	<b>102.4%</b>	<b>131.0</b>	<b>99.4%</b>
<b>Operating income</b>	<b>23.6</b>	<b>20.4</b>	<b>86.5%</b>	<b>19.0</b>	<b>107.6%</b>

AOI (Automated Optical Inspection System)



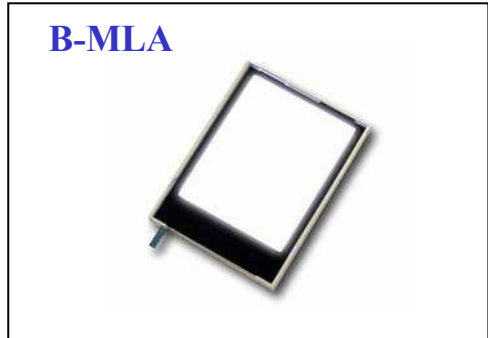
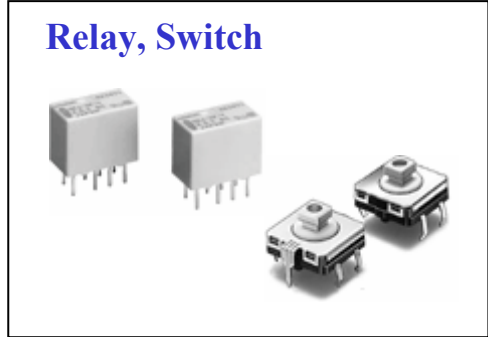
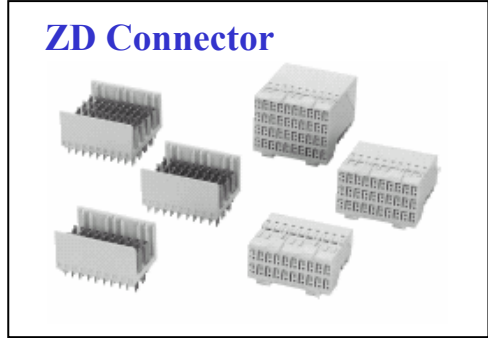
Six Months ended  
Sep. 30, 2005

## Segment Information

### ECB (Electronic Components Business)

Manufacture and sale of electronic components for home appliances, communications, mobile phones, amusement components, OA Relays, Switches, Connectors, Sensors, Micro Lens Arrays, Customized ICs, IC Coins, Optical Communications Devices, etc.

**Net sales: ¥45.9b; Operating margin: 11.6%**  
**Japan and overseas weak;**  
**LCD Backlight faced difficult conditions**



<b>ECB</b>	(billion yen)				
	6 months ended 9/2004 Actual(1)	6 months ended 9/2005 Actual(2)	Change from last year (2)/(1)	6 months ended 9/2005 Original budget(3)	Change from Original budget (2)/(3)
<b>Japan</b>	25.2	22.3	88.6%	24.5	91.2%
<b>Overseas</b>	24.8	23.6	95.3%	26.5	88.9%
North America	5.2	4.7	90.3%	4.9	95.7%
Europe	5.9	6.1	103.2%	6.5	93.1%
Asia	2.8	2.9	103.7%	3.0	96.5%
China	5.7	6.1	106.5%	7.1	86.1%
Exports	5.2	3.8	74.1%	5.0	76.4%
<b>Total</b>	50.0	45.9	91.9%	51.0	90.0%
<b>Operating income</b>	8.3	5.3	64.1%	6.5	82.3%

Six Months ended  
Sep. 30, 2005

## Segment Information

**OMRON**

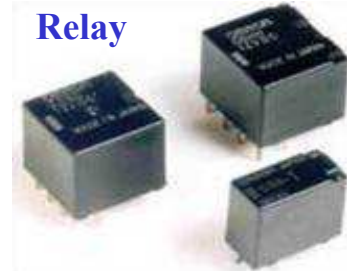
# AEC (Automotive Electronic Components Business) *Sensing tomorrow™*

**Manufacture and sale of automotive electronic components**

Automotive Relays, Sensors, Laser Radars, Power Window Switches, Keyless Entry Systems, ECU, etc.

**Net sales: ¥35.1b; Operating income was negative due to increasing cost for production process improvement**

**Automotive Relay**



**Keyless Entry System**



**Automotive Laser Radar**



AEC	(billion yen)				
	6 months ended 9/2004 Actual(1)	6 months ended 9/2005 Actual(2)	Change from last year (2)/(1)	6 months ended 9/2005 Original budget(3)	Change from Original budget (2)/(3)
Japan	12.6	13.0	103.4%	13.5	96.5%
Overseas	17.6	22.1	125.5%	20.5	107.8%
North America	10.1	12.5	123.8%	11.2	111.4%
Europe	2.1	3.0	143.0%	3.2	94.8%
Asia	5.3	6.6	124.4%	6.1	107.8%
China	0.0	0.0	0.0%	0.0	-
Exports	0.1	0.0	16.4%	0.0	-
<b>Total</b>	<b>30.2</b>	<b>35.1</b>	<b>116.3%</b>	<b>34.0</b>	<b>103.3%</b>
<b>Operating income</b>	<b>-0.7</b>	<b>-0.8</b>	<b>-</b>	<b>0.5</b>	<b>-</b>

Six Months ended  
Sep. 30, 2005

## Segment Information

### SSB (Social Systems Business)



**Manufacture and sale of equipment/modules, and provision of solutions and services in the fields of public transportation and traffic/road management**  
**Public Transportation : Passenger Gates, Ticket Vending machines, etc.**  
**Traffic/Road Management, Signal Controllers, Road Management Systems, etc.**

**Net sales : ¥34.0b**  
**Net sales exceeded original budget,**  
**Operating income in line with budget**



(billion yen)

SSB	6 months ended 9/2004 Actual(1)	6 months ended 9/2005 Actual(2)	Change from last year (2)/(1)	6 months ended 9/2005 Original budget(3)	Change from Original budget (2)/(3)
Japan	54.2	33.4	61.7%	30.9	108.2%
Overseas	4.7	0.6	11.8%	1.1	50.5%
North America	0.1	0.1	63.7%	0.6	15.5%
Europe	0.4	0.0	-	0.0	-
Asia	0.0	0.0	-	0.0	-
China	0.0	0.0	40.0%	0.0	-
Exports	4.3	0.5	10.8%	0.5	92.2%
<b>Total</b>	<b>58.9</b>	<b>34.0</b>	<b>57.7%</b>	<b>32.0</b>	<b>106.2%</b>
<b>Operating income</b>	<b>3.7</b>	<b>-2.4</b>	<b>-</b>	<b>-2.5</b>	<b>-</b>

\*Results for the year ended 3/2005 include an actual performance of the ATM business. Net sales: ¥27b Operating income: ¥4b  
 107% YOY excluding ATM business in previous year

Six Months ended  
Sep. 30, 2005

## Segment Information HCB (Healthcare Business)

**OMRON**  
Sensing tomorrow™

**Manufacture and sale of home and professional healthcare equipment**

Digital Blood Pressure Monitors, Digital Thermometers, Pedometers, Body Composition Analyzers (Body-fat Analyzers), Electronic Pulse Massagers, Massage Chairs, etc.

**Net sales: ¥27.6b; Operating margin: 11.2%**  
Including sales of CMT(COLIN Medical Technologies) since this July

(billion yen)

HCB	6 months ended 9/2004 Actual(1)	6 months ended 9/2005 Actual(2)	Change from last year (2)/(1)	6 months ended 9/2005 Original budget(3)	Change from Original budget (2)/(3)
Japan	11.4	14.3	125.3%	12.8	111.4%
Overseas	12.5	13.3	106.2%	13.2	100.7%
North America	6.8	6.8	98.9%	7.1	95.1%
Europe	3.6	4.2	114.7%	3.7	113.2%
Asia	0.7	0.8	116.7%	0.8	105.8%
China	1.3	1.4	113.0%	1.5	94.1%
Exports	0.1	0.1	158.3%	0.1	95.0%
<b>Total</b>	<b>23.9</b>	<b>27.6</b>	<b>115.3%</b>	<b>26.0</b>	<b>106.0%</b>
<b>Operating income</b>	<b>3.0</b>	<b>3.1</b>	<b>102.2%</b>	<b>3.5</b>	<b>87.6%</b>

Blood Pressure Monitor



Body Composition Analyzer



Portable Electrocardiograph



Six Months ended  
Sep. 30, 2005

## Consolidated Balance Sheet



**Return of a substitutional portion of pension fund resulted in substantial decrease in accrued retirement benefit for employees and increase in Shareholders' equity  
Capital ratio (Shareholders' equity / Total assets) : 52.2% to 64.6%**

(billion yen)

Consolidated B/S	As of 9/30/2004	As of 3/31/2005	As of 9/30/2005
<b>Total Assets</b>	571.2	585.4	548.3
Cash and cash equivalents	77.5	80.6	55.6
Notes and accounts receivable - trade	113.9	121.7	106.3
Inventories	82.3	68.6	77.7
Other current assets	26.8	25.0	26.2
Other assets	270.7	289.5	282.5
<b>Total Liabilities</b>	270.9	279.6	194.2
Bank Loans / Current portion of L/T debt	24.8	22.9	2.0
Long-term debt	0.8	1.8	1.2
Accrued retirement benefit for employees	104.2	112.0	59.3
Other liabilities	141.1	142.9	131.7
<b>Shareholders' Equity</b>	300.3	305.8	354.1



Six Months ended  
Sep. 30, 2005

## Consolidated Statements of Cash Flows



**Increased cash-out by ¥6.2b for the 1<sup>st</sup> half vs. same period in prev. year due to investment for future growth and acquisitions**

(billion yen)

Consolidated Statements of C/F	6 months ended 9/2004	6 months ended 9/2005	Year ended 3/2005
Net cash provided by operating activities	33.6	23.3	61.1
Net cash used in investing activities	-16.5	-22.7	-36.1
Free cash flow	17.1	0.6	25.0
Net cash used in financing activities	-37.3	-26.4	-40.7
Effect of exchange rate changes	2.6	0.8	1.3
Net increase (decrease)	-17.6	-25.0	-14.4
Cash and cash equivalents at end of the period	77.5	55.6	80.6

### **3. Forecast for the year Ending March 31, 2006**



Year Ending  
March 31, 2006

# Full-year Forecast of Consolidated Statements of Operations

**OMRON**  
Sensing tomorrow™

**Original forecast of Sales and Profit is not revised**

## Statements of Income

(billion yen)

	Year ended 3/2005  Actual(1)	Year ending 3/2006  Forecasts(2)	Change from last year  (2)/(1)	Year ending 3/2006 Original budget(3)	Change from Original budget  (2)/(3)
Net Sales	608.6	625.0	102.7%	625.0	100.0%
Gross Profit	249.8	256.0	102.5%	256.0	100.0%
SG&A expenses	144.2	150.0	104.0%	150.0	100.0%
R&D expenses	49.4	50.0	101.1%	50.0	100.0%
Operating income	56.1	65.0	115.8%	65.0	100.0%
NIBT	52.5	63.0	119.9%	63.0	100.0%
NIAT	30.2	36.0	119.3%	36.0	100.0%

## 4. Supplementary explanation

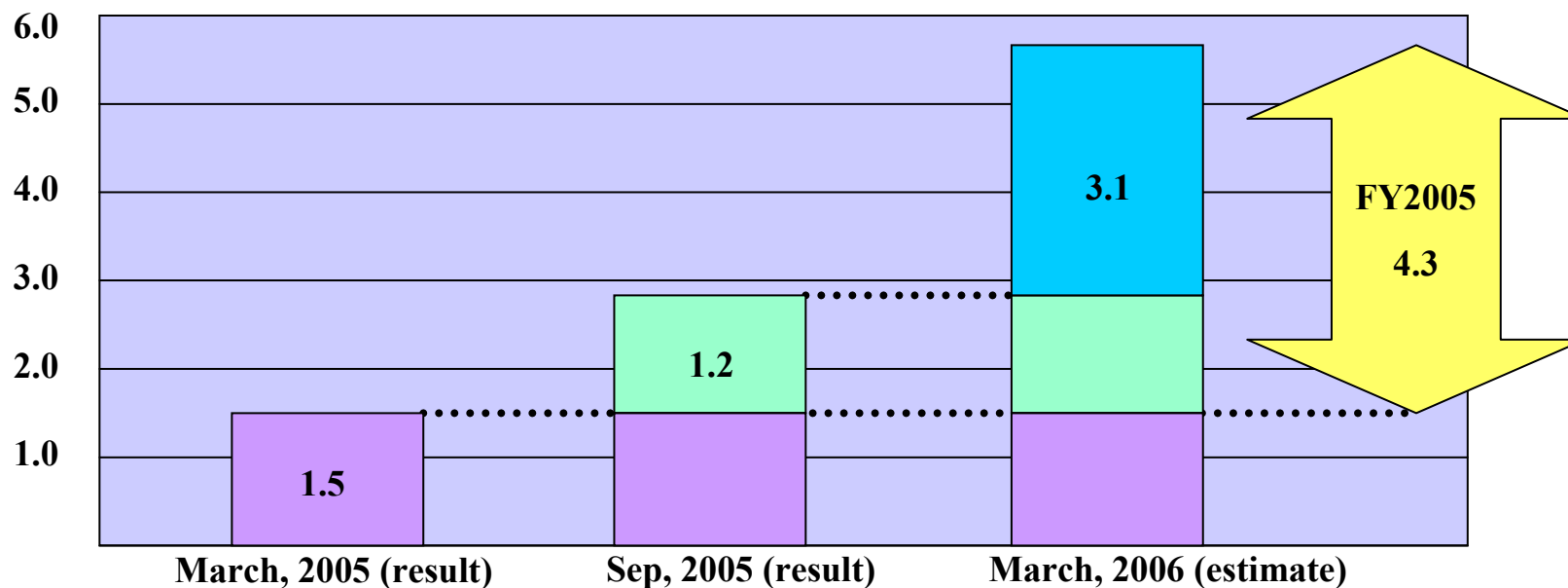


Response to hazardous chemical substance regulations (RoHS) will be completed by the end of March, 2006. Progress on RoHS is in line with our plan of the 1<sup>st</sup> half of FY 2005.

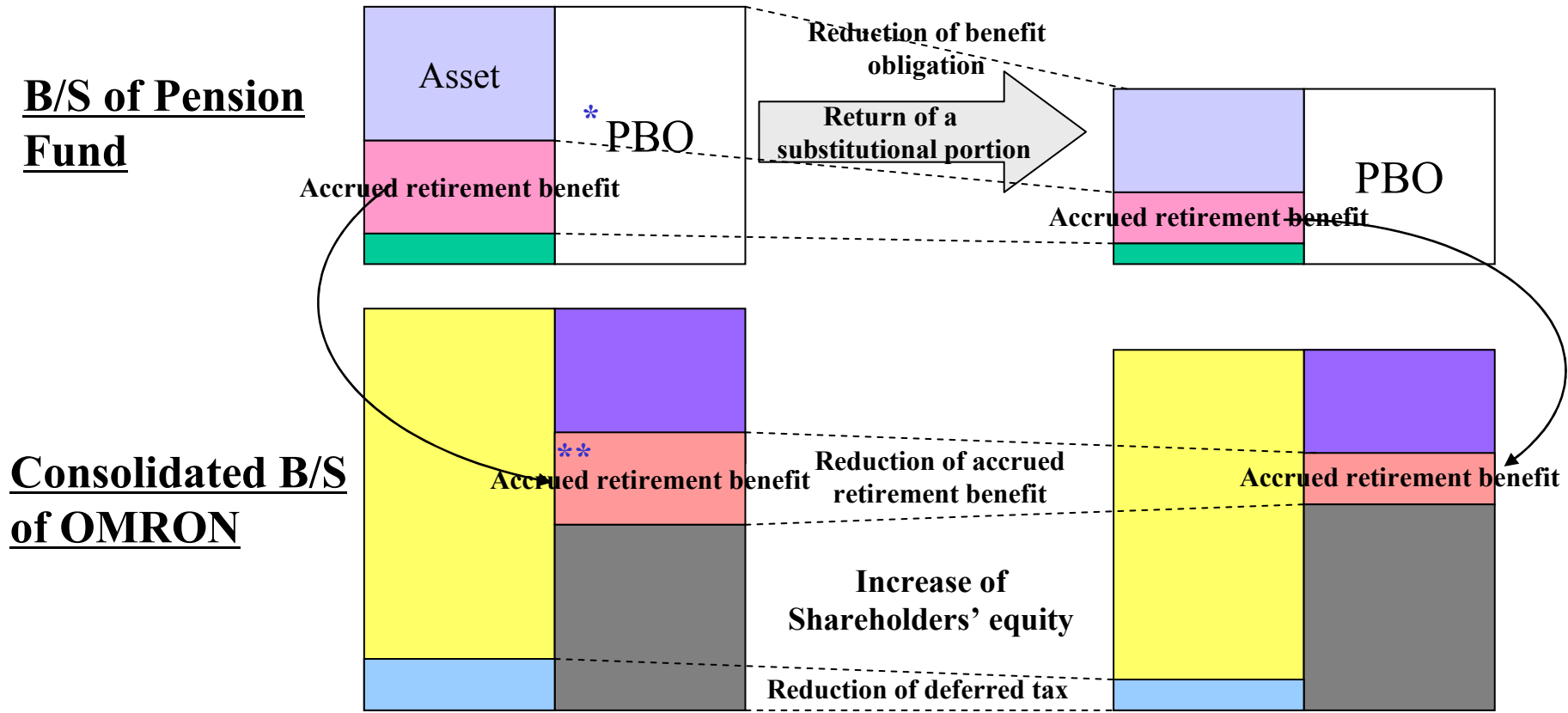
Cost of response to regulated chemicals

**FY2004 ¥1.5 billion** → **FY2005 (Forecast) ¥4.3 billion**

(billion yen)



¥11.9b gained and PBO reduced due to return of a substitutional portion of pension fund. Accrued retirement benefit reduced and Shareholders' equity increased on OMRON's consolidated B/S



\*PBO: Projected Benefit Obligation, 2.0% as discount rate

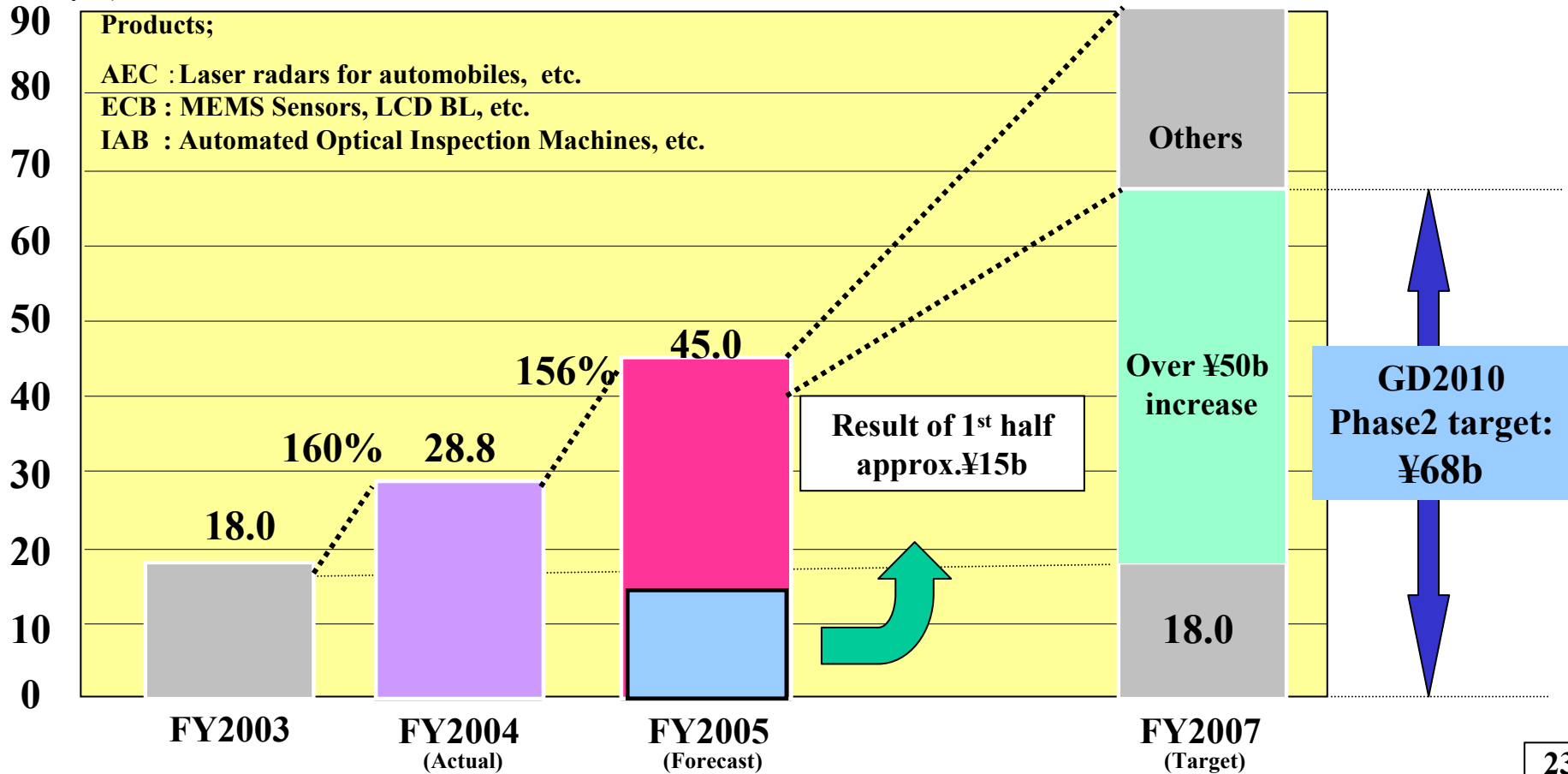
\*\*Including accrued retirement benefit of non-OMRON Pension Fund

# Progress of Key Strategic Themes

## (1) Sales Growth in New Tech Fields

Sales performance in new tech fields is approx. ¥15b in the 1<sup>st</sup> half of FY2005  
Accelerate our efforts toward the original plan in the 2<sup>nd</sup> half of FY2005

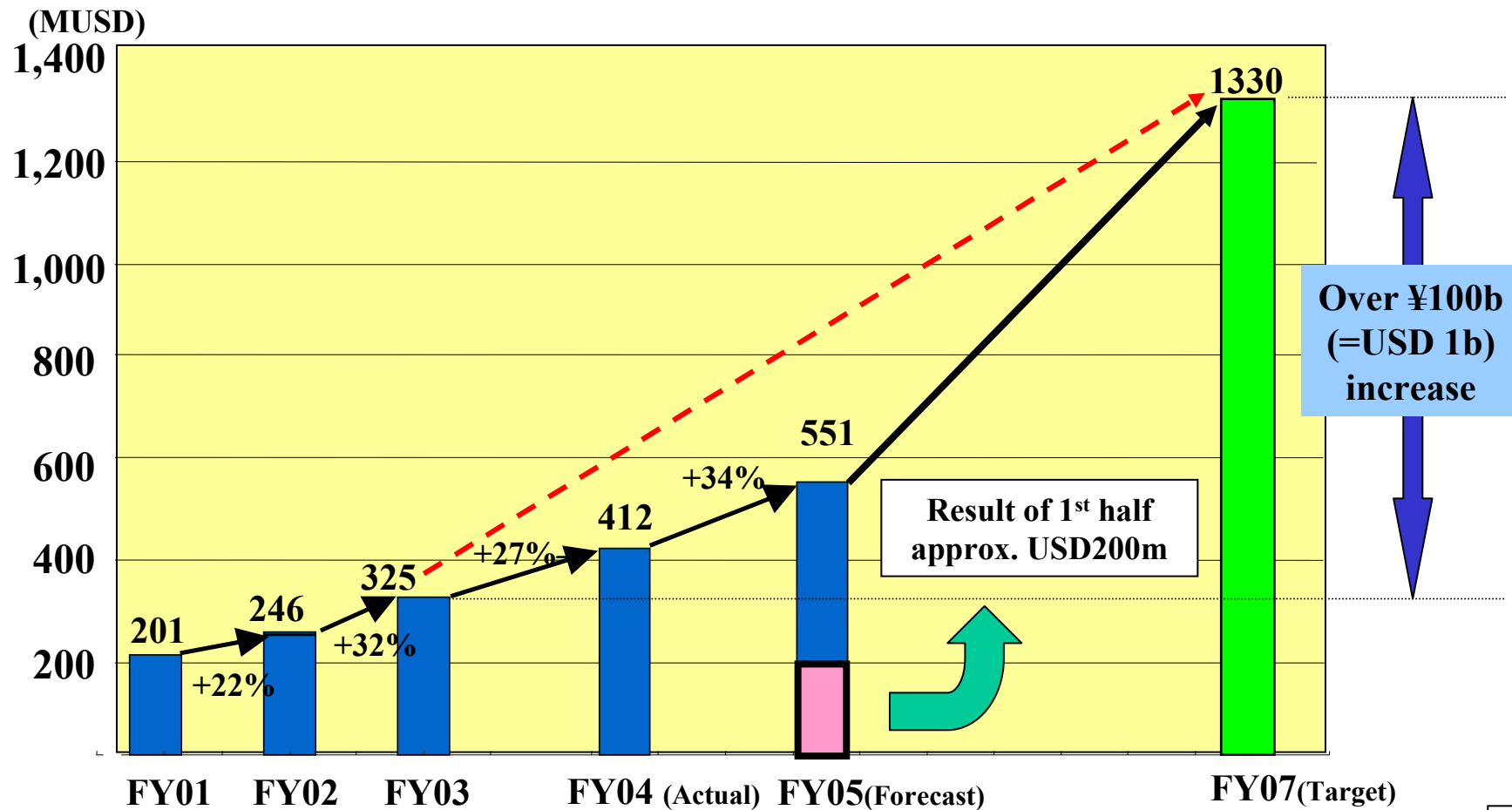
(billion yen)



# Progress of Key Strategic Themes

## (2) Sales Growth in Greater China

Sales performance in Greater China is approx. USD200m in the 1<sup>st</sup> half of FY2005  
Accelerate our efforts toward the original plan in the 2<sup>nd</sup> half of FY2005



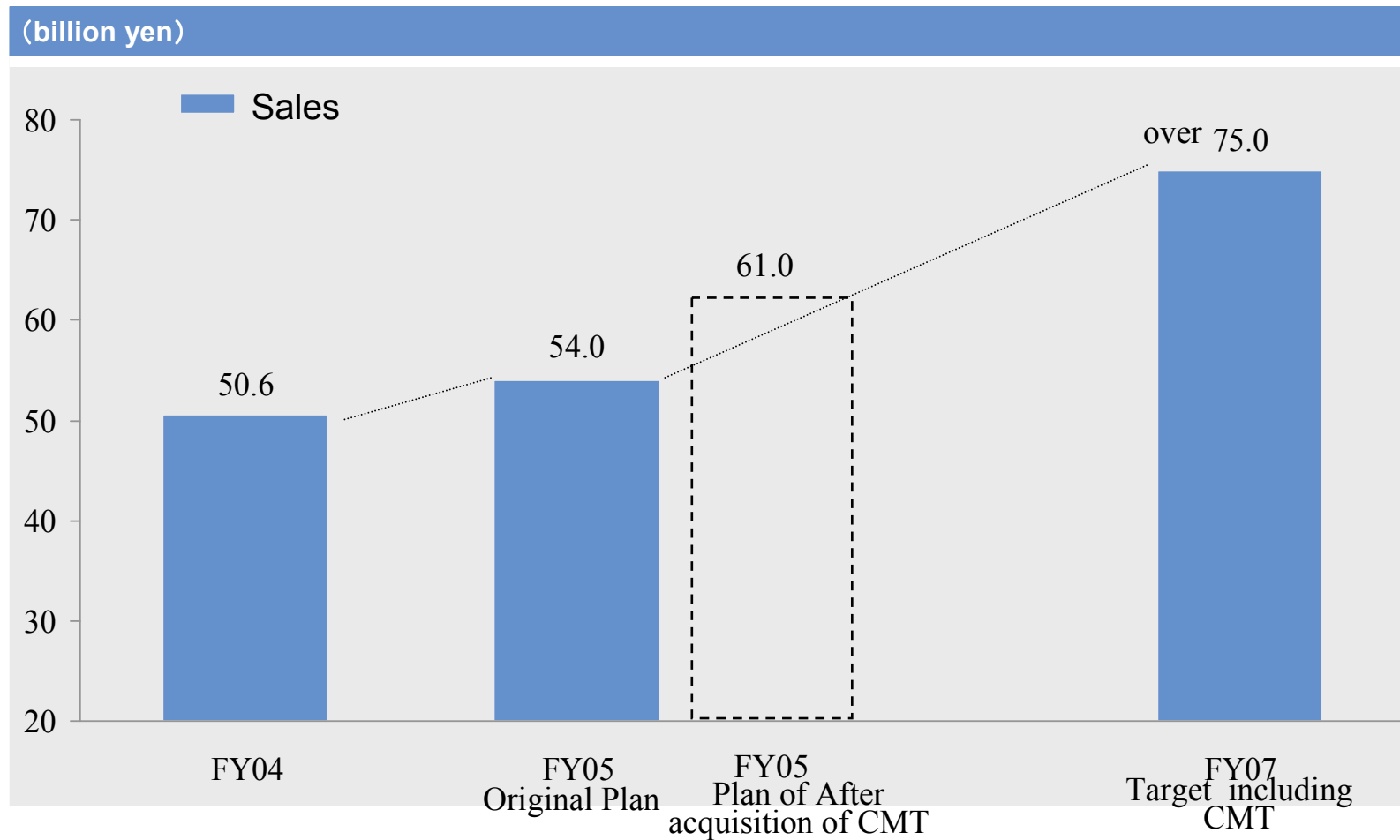


## **5. Growth Strategy of Healthcare Business**

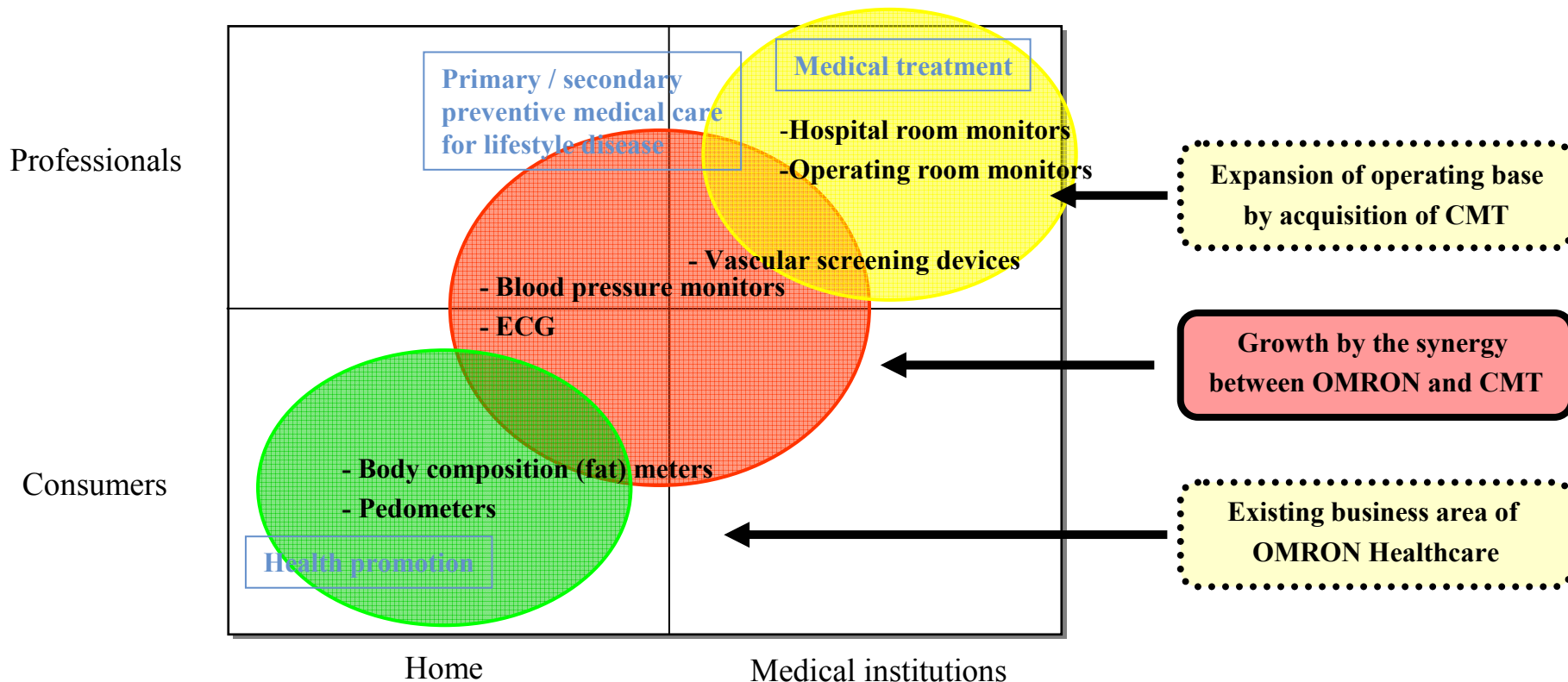
**Background on the acquisition of CMT (COLIN Medical Technology)**



Aiming for the realization of continued growth toward achieving goals of GD2010 second stage



## Focus on “primary / secondary preventive medical care for lifestyle disease”

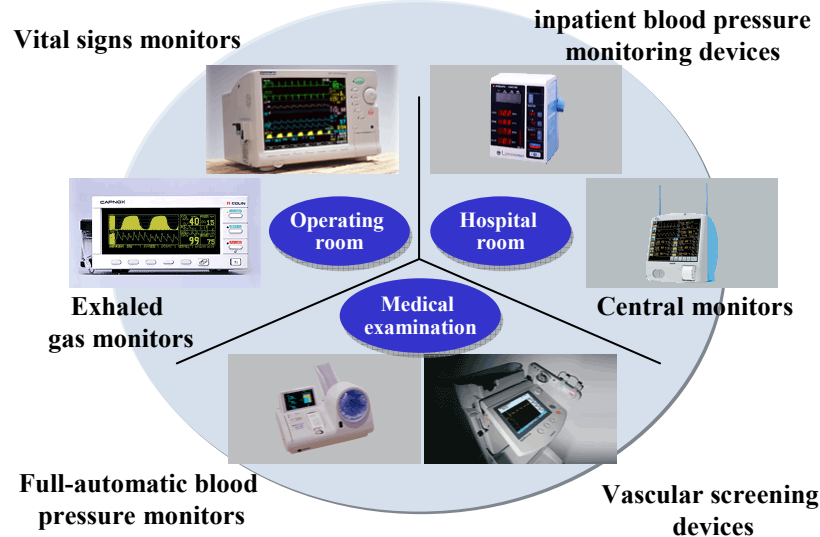


Create a new market by

- (1) Developing “easy-to-use” consumer medical devices based on long-term clinical data
- (2) Expanding networks with medical institutions and nurture “trust”
- (3) Developing a new business model to efficiently implement preventive medical care

**Acquisition of CMT:  
Strengthen professional medical device business**

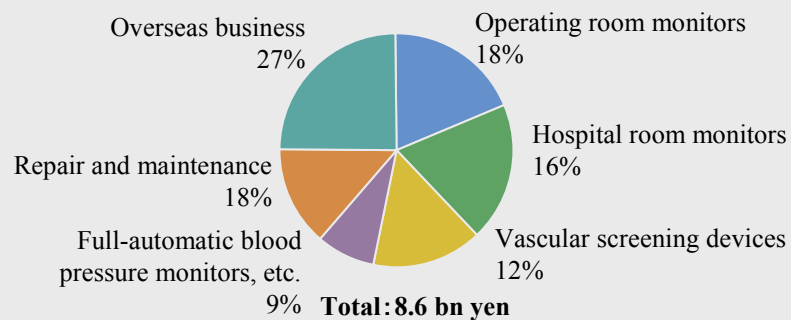
**Main product lines**



**Market share (Japan)**

	Market size	Market share <sup>1</sup>		
		1	2	3
Hospital room monitors	10.1 bn yen	Nihon Kodon (54%)	Fukuda Denshi (28%)	<b>CMT (13%)</b>
Operating room monitors	3.8 bn yen	<b>CMT (31%)</b>	Philips (31%)	Nihon Kodon (13%)
Vascular screening devices	1.9 bn yen	<b>CMT (55%)</b>	Fukuda Denshi (44%)	Nihon Kodon (1%)
Full-automatic blood pressure monitors	1.5 bn yen	<b>CMT (34%)</b>	elk (33%)	A&D (10%)

**Sales breakdown by business segment (FY04)**



<sup>1</sup> Based on 2004 sales figures

Colin Medical Technology (CMT), a leader of professional medical devices in Japan

OMRON Healthcare acquired technologies and products to measure / monitor blood pressure and arteriosclerosis in hospitals

