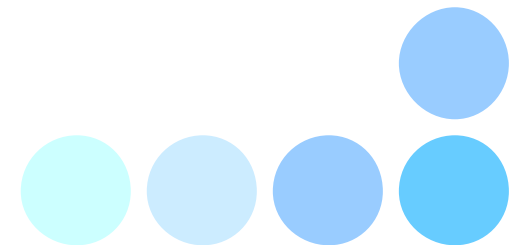




Financial Results for the Three Months Ended June 30, 2006

July 28, 2006

OMRON Corporation



Contents

Financial Results for the Three Months Ended June 30, 2006

1. Executive Summary
2. Results for the Three Months Ended June 30, 2006
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Forecast for the Full Year Ending March 31, 2007

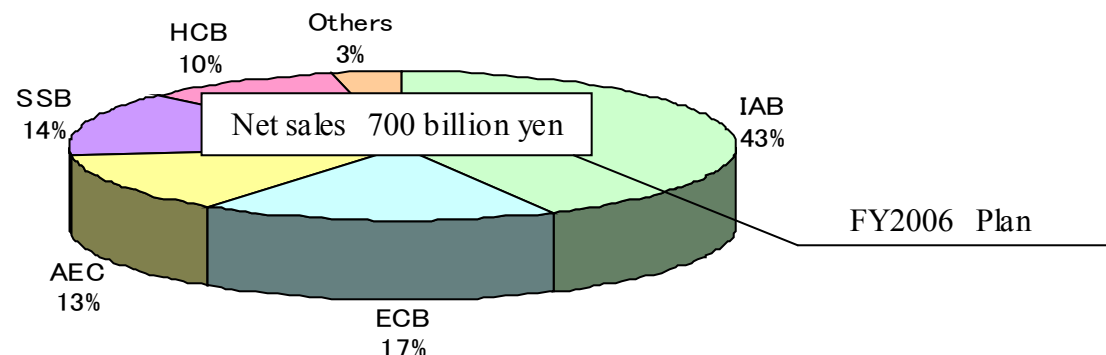
Notes:

1. Quarterly financial information is not audited or reviewed by an auditing corporation.
2. The financial statements are prepared in accordance with U.S. GAAP.
3. Includes 147 consolidated subsidiaries and 16 affiliated companies accounted for by the equity method.
4. 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

Industrial Automation	
IAB	: Sensing Devices, Control Devices, Safety Devices, Inspection Systems, etc.
Electronic components	
ECB	: Relays, Switches, Connectors, Micro Lens Arrays, Backlights for LCD, Optical Communications Devices, etc.
Automotive Electronics	
AEC	: Keyless Entry System, Power Window Switches, Automotive relays Components, Laser Radars, TPMS etc.
Social Systems	
SSB	: Passenger Gates, Ticket Vending Machines, Road Management System, Security Management Systems, Face Recognition Systems, etc.
Healthcare Equipment	
HCB	: Digital Blood Pressure Monitors, Body Composition Analyzers Nebulizer, etc.
Others	
Others	: Personal Computer Peripherals, RFID Systems, Commercial Game Machines, etc.



1. Executive Summary



Executive Summary

The Year ending March 2007 is the final milestone toward achieving 2nd phase objectives of Grand Design 2010
“Accelerating growth while securing profit increase advancing toward FY07 targets by front-loading growth”

1st Quarter Results and Key Points

■ Sales results were as planned ; Operating income exceeded original target due to SG&A and R&D expenses reduction

Consolidated	Result	vs. same period in prev. year	vs. original target
Net sales	¥155.4 billion	112.2%	100.3%
Operating income	¥9.5billion	104.6%	126.9% (Operating margin 6.1%)
NIBT	¥13.6 billion	158.7%	136.1% (NIBT margin 8.7%)
Net income	¥6.9billion	133.2%	114.3% (NI margin 4.4%)

- (1) Net sales : 12% increase over previous year due to strong performance by Electronic Components Business (ECB), Automotive Electronic Components Business (AEC), and Healthcare Business (HCB)
- (2) Operating income : Increase in gross profit due to increase of net sales was the main factor of 5% increase against the original target (Refer to P.10)
 27% increase over previous year due to SG&A and R&D expenses reduction (Refer to P.11)
- (3) NIBT: 59% increase over previous year due to factors including gain on the establishment of a retirement benefit trust and a loss on the sale of land and buildings of the Tokyo Head Office.
- (4) Business summary: Sales were strong. For Operating income, AEC faced difficult conditions

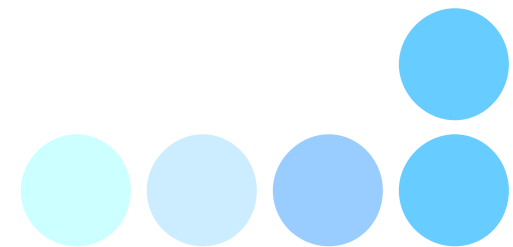
Full-Year Forecasts and Key Points

■ Sales & income both forecast to be in line with original target

Consolidated	Year ending March 31, 2007	vs. same period in prev. year
Net sales	¥700.0 billion	111.7%
Operating income	¥63.0 billion	101.4% (Operating margin 9.0%)
NIBT	¥65.0 billion	101.0% (NIBT margin 9.3%)
Net income	¥37.5 billion	104.9% (NI margin 5.4%)

*Assumption: The PL influence of the announced two M&A is not included.

2. Results for the Three Months Ended June 30, 2006



Sales: ¥155.4b ; Operating margin : 6.1%

Net Sales matched the original target ; Operating income was 27% increase YoY change due to SG&A and R&D expense reduction

(billion yen)

	FY2005 Q1 Actual(1)	FY2006 Q1 Actual(2)	Change From last year (2)/(1)	FY2006 Q1 Original target(3)	Change From Original target (2)/(3)
Net sales	138.5	155.4	112.2%	155.0	100.3%
Gross profit	55.9	61.0	109.0%	62.0	98.3%
SG&A expense	35.3	39.9	113.1%	41.0	97.4%
R&D expense	11.5	11.5	99.9%	13.5	85.3%
Operating income	9.1	9.5	104.6%	7.5	126.9%
NIBT	8.6	13.6	158.7%	10.0	136.1%
NIAT	5.1	6.9	133.2%	6.0	114.3%

(yen)

USD	108.1	114.8	6.7	110.0	4.8
EUR	136.2	144.1	7.9	135.0	9.1

**Sales results were as planned in Japan and overseas
By segment, sales of ECB, AEC and HCB remained strong**

(billion yen)

Japan/Overseas	FY2005 Q1 Actual(1)	FY2006 Q1 Actual(2)	Change From last year (2)/(1)	FY2006 Q1 Original target(3)	Change From Original target (2)/(3)
Japan	77.3	79.3	102.7%	81.2	97.7%
Overseas*	61.2	76.1	124.3%	73.8	103.1%
Total	138.5	155.4	112.2%	155.0	100.3%

* Overseas includes direct exports

By business	(1)	(2)	(2)/(1)	Original target(3)	(2)/(3)
IAB	64.6	71.8	111.1%	73.5	97.7%
ECB	22.6	26.9	119.3%	25.5	105.7%
AEC	17.5	21.5	122.9%	21.0	102.3%
SSB	15.6	13.9	89.4%	15.0	92.9%
HCB	12.4	15.1	121.5%	15.0	100.4%
Others	5.8	6.2	106.8%	5.0	123.7%
Total	138.5	155.4	112.2%	155.0	100.3%

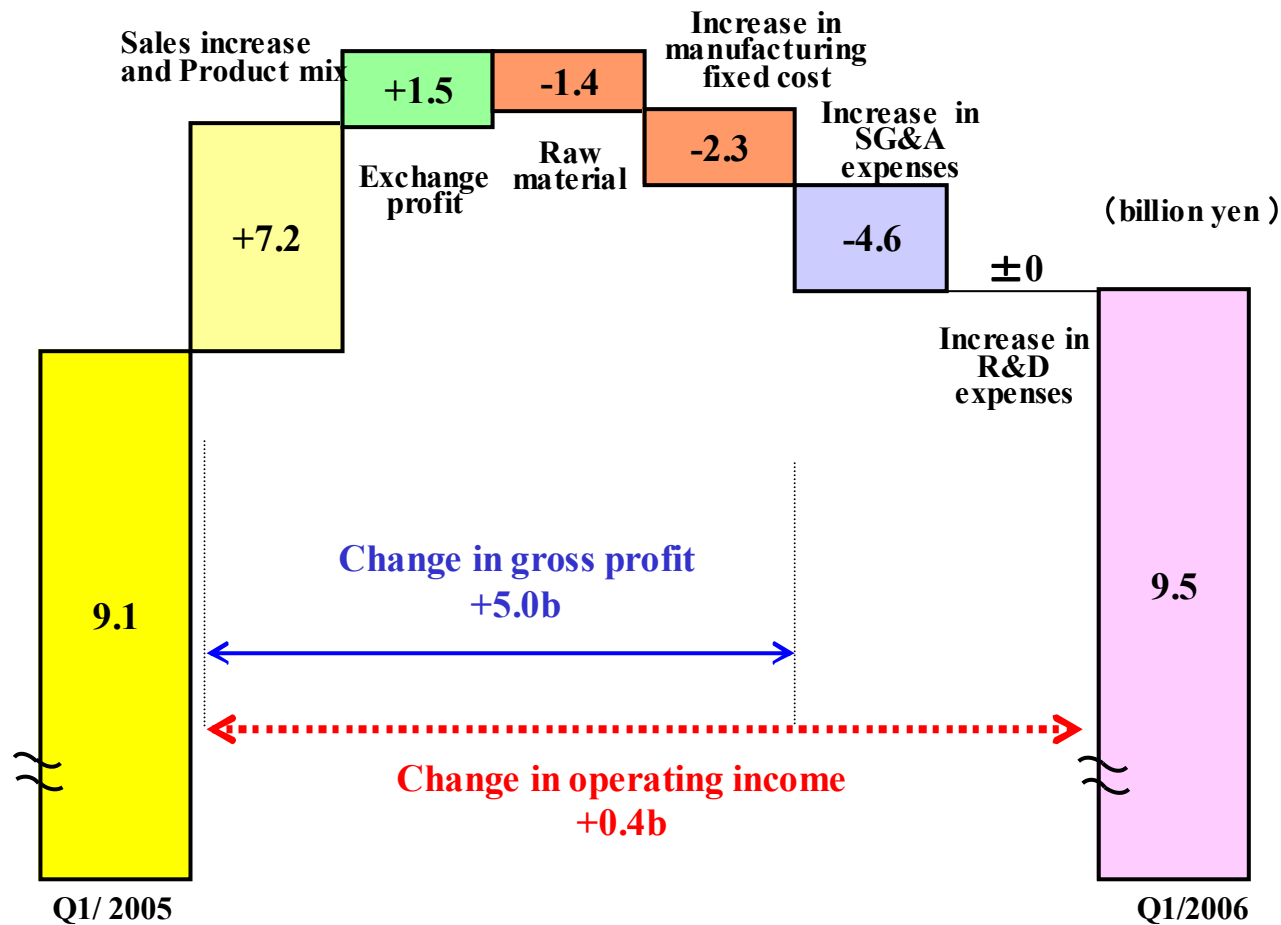
IAB exceeded original target due to exchange rate and cost cutting
ECB and HCB remained strong, AEC was negative against original target

(billion yen)

By Business	FY2005 Q1 Actual(1)	FY2006 Q1 Actual(2)	Change From last year (2)/(1)	FY2006 Q1 Original target(3)	Change From Original target (2)/(3)
IAB	10.7	11.3	105.6%	11.1	101.8%
ECB	2.3	2.6	114.8%	2.1	125.9%
AEC	0.1	-0.8	-	0.1	-
SSB	-1.9	-1.8	-	-3.0	-
HCB	1.5	1.8	115.9%	1.1	163.0%
Others	0.6	0.3	55.3%	0.1	308.0%
HQ Cost/Elimination	-4.2	-3.9	-	-4.0	-
Total	9.1	9.5	104.6%	7.5	126.9%

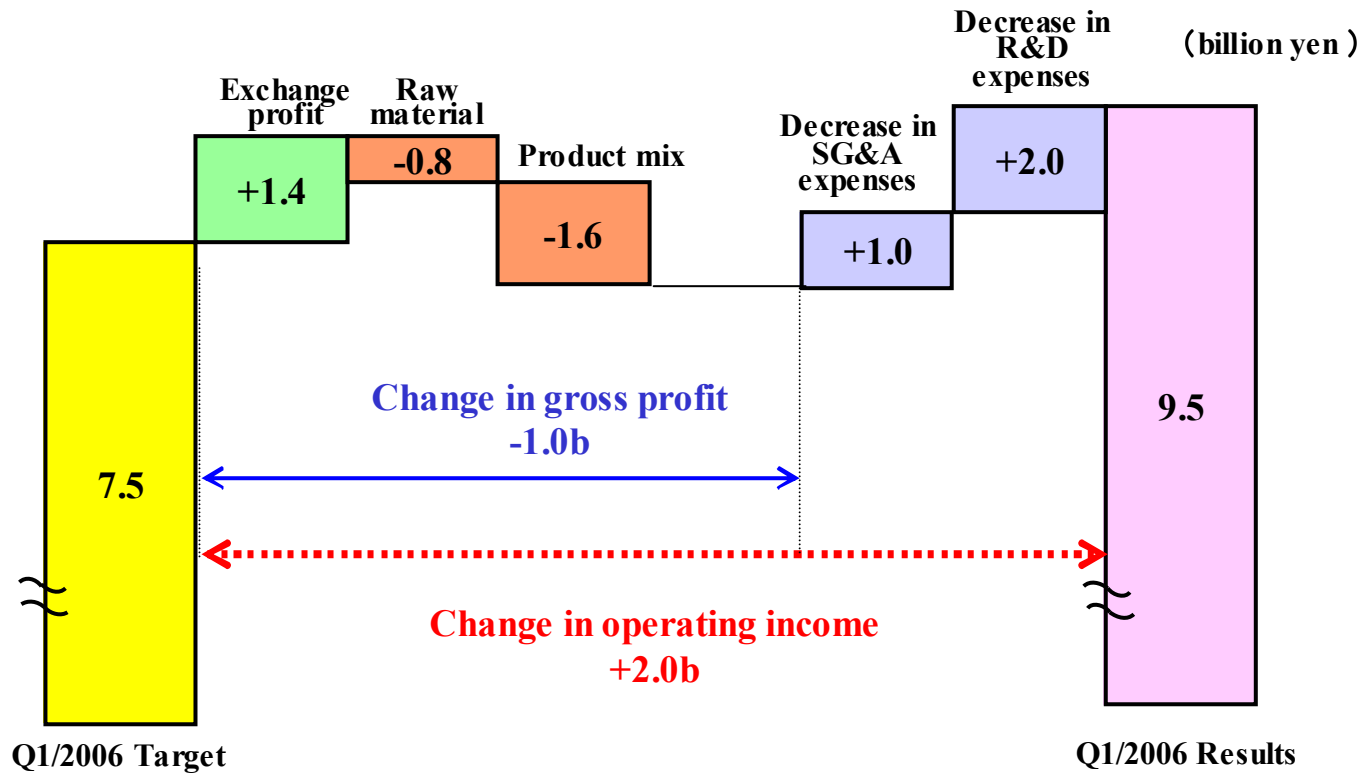
Breakdown of Changes in Operating Income (comparison to previous year)

Operating income increased from previous year due to net increase of sales and exchange rate gains despite investments for SG&A expenses for growth



Breakdown of Changes in Operating Income (comparison to original target)

Operating income exceeded original target due to SG&A and R&D expenses reduction and exchange profit covered increase of raw material price



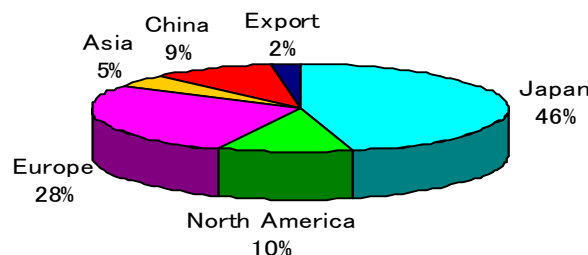
Sales : ¥71.8b ; Operating margin : 15.7%

Sales in Japan were negative against original target due to fall in reaction to strong demand at the end of the previous year . Overseas sales were basically in line with original target

(billion yen)

IAB	FY2005	FY2006	Change From last year (2)/(1)	FY2006	Change From Original target (2)/(3)
	Q1 Actual(1)	Q1 Actual(2)		Q1 Original target(3)	
Japan	32.0	33.0	103.1%	35.0	94.1%
Overseas	32.7	38.9	118.9%	38.5	100.9%
North America	5.4	7.5	140.7%	7.0	107.7%
Europe	17.5	19.8	113.2%	18.0	109.8%
Asia	3.0	3.2	108.6%	3.5	92.7%
China	5.7	6.7	117.5%	8.5	78.4%
Export	1.2	1.7	136.0%	1.5	110.6%
Total	64.6	71.8	111.1%	73.5	97.7%
Operating income	10.7	11.3	105.6%	11.1	101.8%
Operating income ratio	16.6%	15.7%		15.1%	

Sales by region

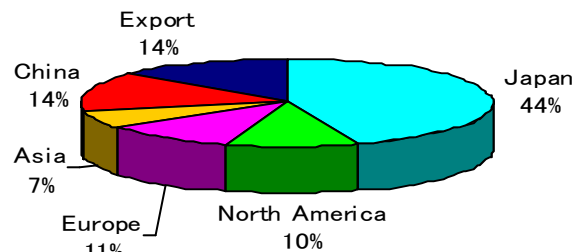


Sales : ¥26.9b ; Operating margin : 9.8%
Large size LCD Back light Business started full-scale operations

(billion yen)

ECB	FY2005 Q1	FY2006 Q1	Change From last year	FY2006 Q1 Original target(3)	Change From Original target
	Actual(1)	Actual(2)	(2)/(1)	(2)/(3)	(2)/(3)
Japan	11.5	12.0	104.8%	12.3	97.5%
Overseas	11.1	14.9	134.2%	13.2	113.2%
North America	2.2	2.7	123.4%	2.8	97.9%
Europe	3.1	2.8	91.8%	2.6	108.9%
Asia	1.3	1.8	135.8%	1.6	114.3%
China	2.9	3.7	127.2%	4.2	88.6%
Export	1.6	3.8	245.1%	2.0	191.2%
Total	22.6	26.9	119.3%	25.5	105.7%
Operating income	2.3	2.6	114.8%	2.1	125.9%
Operating income ratio	10.2%	9.8%		8.2%	

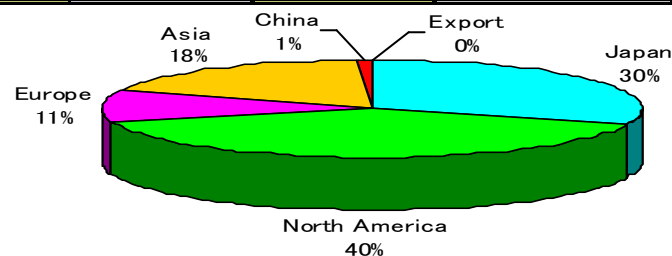
Sales by region



Sales : ¥21.5b ; Operating income was negative due to increasing cost for raw materials and delays in productivity improvement for some products

AEC	(billion yen)				
	FY2005 Q1	FY2006 Q1	Change From last year	FY2006 Q1 Original target(3)	Change From Original target
	Actual(1)	Actual(2)	(2)/(1)	target(3)	(2)/(3)
Japan	6.5	6.5	99.7%	6.5	100.1%
Overseas	10.9	15.0	136.8%	14.5	103.3%
North America	5.8	8.7	149.3%	8.2	105.8%
Europe	1.6	2.3	140.6%	2.2	104.0%
Asia	3.5	3.8	108.8%	4.0	95.6%
China	0.0	0.2	-	0.1	193.0%
Export	0.0	0.0	-	0.0	-
Total	17.5	21.5	122.9%	21.0	102.3%
Operating income	0.1	-0.8	-	0.1	-
Operating income ratio	0.4%	-	-	0.5%	-

Sales by region

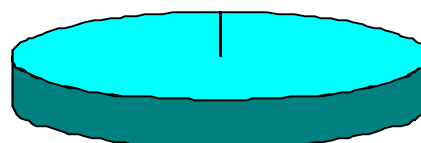


Sales : ¥13.9b ; Operating income improved due to cost reduction

(billion yen)

SSB	FY2005 Q1	FY2006 Q1	Change From last year	FY2006 Q1 Original target(3)	Change From Original target
	Actual(1)	Actual(2)	(2)/(1)	(2)/(3)	(2)/(3)
Japan	15.2	13.9	91.1%	14.4	96.4%
Overs eas	0.3	0.0	14.5%	0.6	8.2%
North Americ	0.0	0.0	104.3%	0.1	49.0%
Europe	0.0	0.0	—	0.0	—
Asia	0.0	0.0	—	0.0	—
China	0.0	0.0	—	0.0	—
Export	0.3	0.0	0.1%	0.5	0.0%
Total	15.6	13.9	89.4%	15.0	92.9%
Operating income	-1.9	-1.8	—	-3.0	—
Operating income ratio	-	-	—	-	—

Sales by region

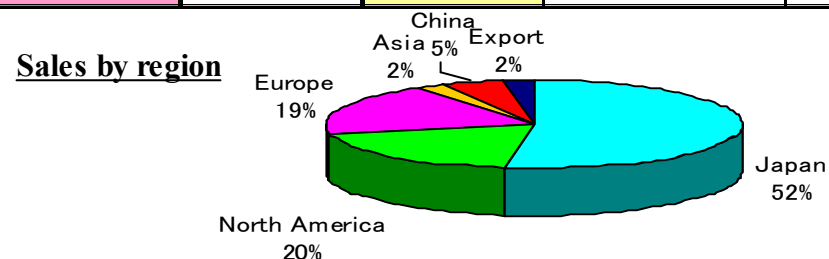


Japan
100%

Sales : ¥15.1b ; Operating margin : 11.9%
Japan sales were basically in line with budget. Overseas sales remained strong due to sales growth in Europe

(billion yen)

HCB	FY2005 Q1 Actual(1)	FY2006 Q1 Actual(2)	Change From last year (2)/(1)	FY2006 Q1 Original target(3)	Change From Original target (2)/(3)
Japan	6.3	7.8	124.1%	8.0	98.1%
Overseas	6.1	7.2	118.7%	7.0	103.0%
North America	2.9	3.0	104.2%	3.5	85.3%
Europe	2.0	2.8	143.8%	2.2	127.8%
Asia	0.5	0.3	67.9%	0.3	111.3%
China	0.7	0.7	101.7%	0.9	80.2%
Export	0.1	0.4	714.0%	0.1	357.0%
Total	12.4	15.1	121.5%	15.0	100.4%
Operating income	1.5	1.8	115.9%	1.1	163.0%
Operating income ratio	12.5%	11.9%		7.3%	



Due to reduction in total assets, shareholders' equity ratio increased from 61.6% at previous year-end to 64.8%

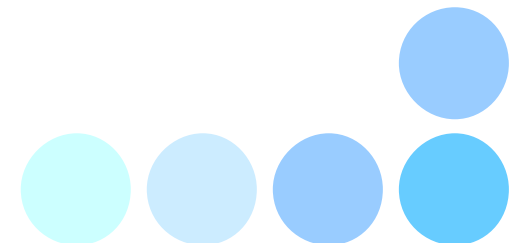
(billion yen)

	June 2005	March 2006	June 2006
Total Assets	570.3	589.1	556.9
Cash and cash equivalents	70.2	52.3	58.9
Notes and accounts receivable - trade	106.9	136.3	117.0
Inventories	70.3	75.0	87.4
Other current assets	30.5	28.8	29.5
Net Property, Plant and Equipment	155.3	167.6	150.8
Investments and Other Assets	137.1	129.1	113.3
Total Liabilities	259.9	226.2	196.3
Bank Loans / Current portion of L/T debt	24.5	2.8	2.9
Long-term debt	2.1	1.0	1.2
Other liabilities	233.3	222.4	192.2
Shareholders' Equity	310.4	362.9	360.6

**Net cash provided by investing activities totaled ¥2.3b.
While Omron made investments for the future, it sold the land and buildings of
the Tokyo Head Office.**

	FY2005 1Q	FY2006 1Q	(billion yen) FY2005
Net cash provided by operating activities	8.1	6.7	51.7
Net cash provided by (used in) investing activities	-11.6	2.3	-43.0
Free cash flow	-3.5	9.0	8.7
Net cash used in financing activities	-3.2	-3.6	-38.3
Effect of exchange rate changes	-3.8	1.2	1.3
Net increase (decrease)	-10.4	6.6	-28.3
Cash and cash equivalents at end of the period	70.2	58.9	52.3

**3. Forecast for the Six Months
Ending Sept. 30, 2006
And
Forecast for the Full Year
Ending March 31, 2007**



No change from initial budget

(billion yen)

	FY2005 1H Actual	FY2006 1H Forecasts	YOY Change %	FY2006 1H Target	Change from Original target %
Net sales	285.4	320.0	112.1%	320.0	100.0%
Gross profit	117.2	129.5	110.5%	129.5	100.0%
SG&A	73.2	81.5	111.4%	81.5	100.0%
R&D	24.7	28.0	113.3%	28.0	100.0%
'Daiko henjyo' *	11.9	-	-	-	-
Operating income	31.3	20.0	64.0%	20.0	100.0%
NIBT	31.8	22.0	69.3%	22.0	100.0%
NIAT	16.7	12.5	74.7%	12.5	100.0%

<Currency Rate>

(yen)

USD	109.9	112.8	2.9	110.0	2.8
EUR	136.2	140.2	4.0	135.0	5.2

*'Daiko henjyo is return of substitutional portion of pension fund

*Assumption: The PL influence of the announced two M&A are not included.

No change from initial budget

(billion yen)

	FY2005 Actual	FY2006 Forecasts	YOY Change %	FY2006 Original target	Change from Original target %
Net sales	626.8	700.0	111.7%	700.0	100.0%
Gross profit	253.4	282.0	111.3%	282.0	100.0%
SG&A	152.7	163.5	107.1%	163.5	100.0%
R&D	50.5	55.5	109.9%	55.5	100.0%
'Daikohenjyo'	11.9	-	-	-	
Operating income	62.1	63.0	101.4%	63.0	100.0%
NIBT	64.4	65.0	100.9%	65.0	100.0%
NIAT	35.8	37.5	104.9%	37.5	100.0%

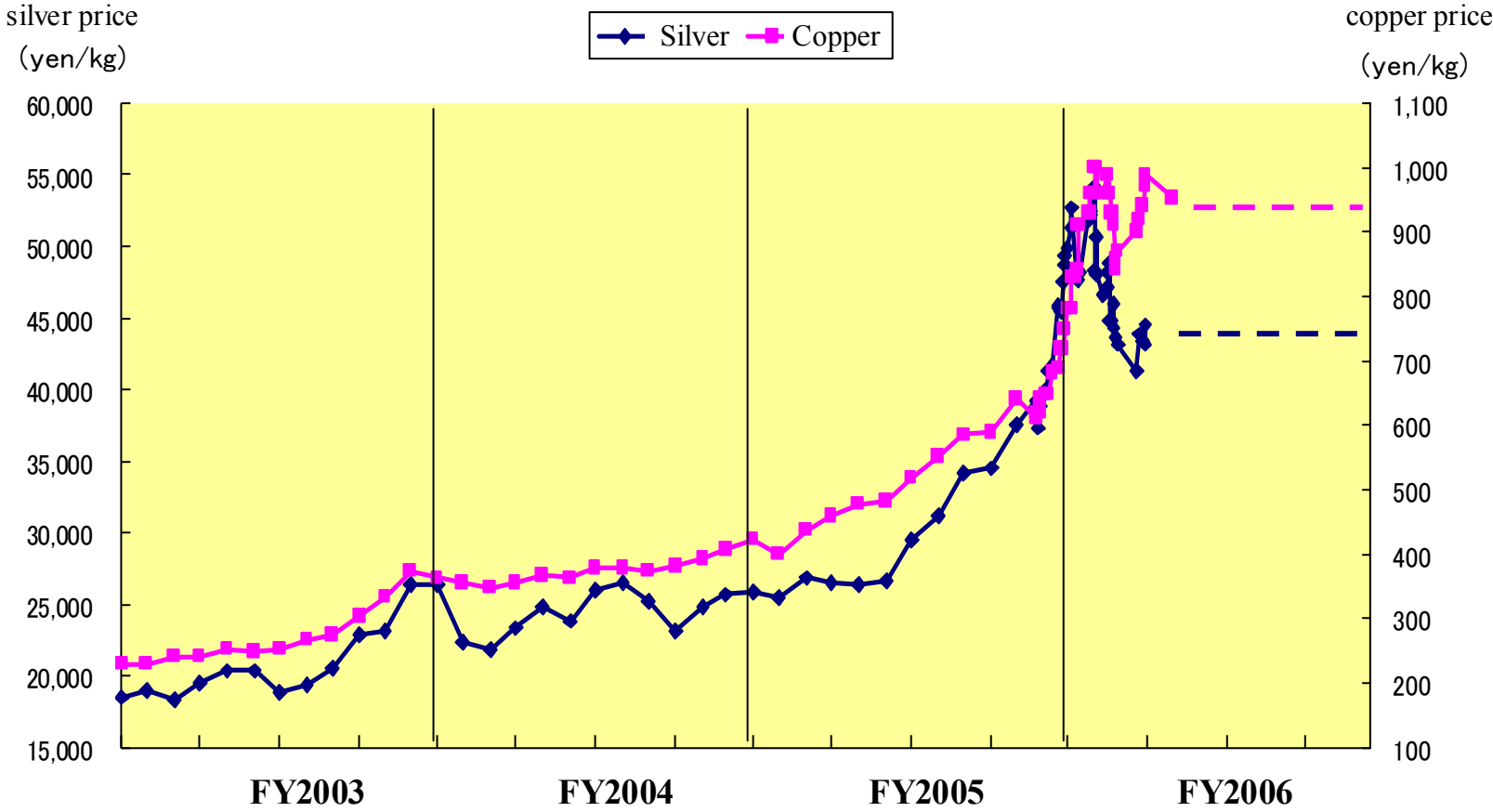
<Currency Rate>

(yen)

USD	113.4	111.5	-1.9	110.0	1.5
EUR	138.2	137.8	-0.4	135.0	2.8

*Assumption: The PL influence of the announced two M&A are not included.

Sharp increase in the price of copper and silver from the end of March to May, 2006. Although the price dropped back in June, showing an upward tendency again





(Reference)

M&A



Creating a global market leader in safety products for factory automation
Acquisition of the leader of the North American safety devices

Consolidate in Q2

Background

Changes in society and customer needs: With social trend toward strengthening CSR on a global base, manufacturing industry needs are rapidly rising for safety as well as higher productivity

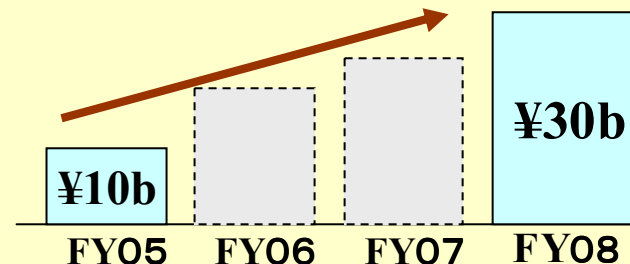
Expansion of safety components market: Annual global growth of 15%. Will reach ¥170b in FY2008.
 Necessary to combine diverse products for equipment safety.

Objective

- 1) Enhancing product lineup and expanding business fields : Strengthening safety components and raising total solutions capability
- 2) Accelerating new product creation by strengthening development capability : Obtain optical application technology and robust response know-how to combine with sensing and control technology

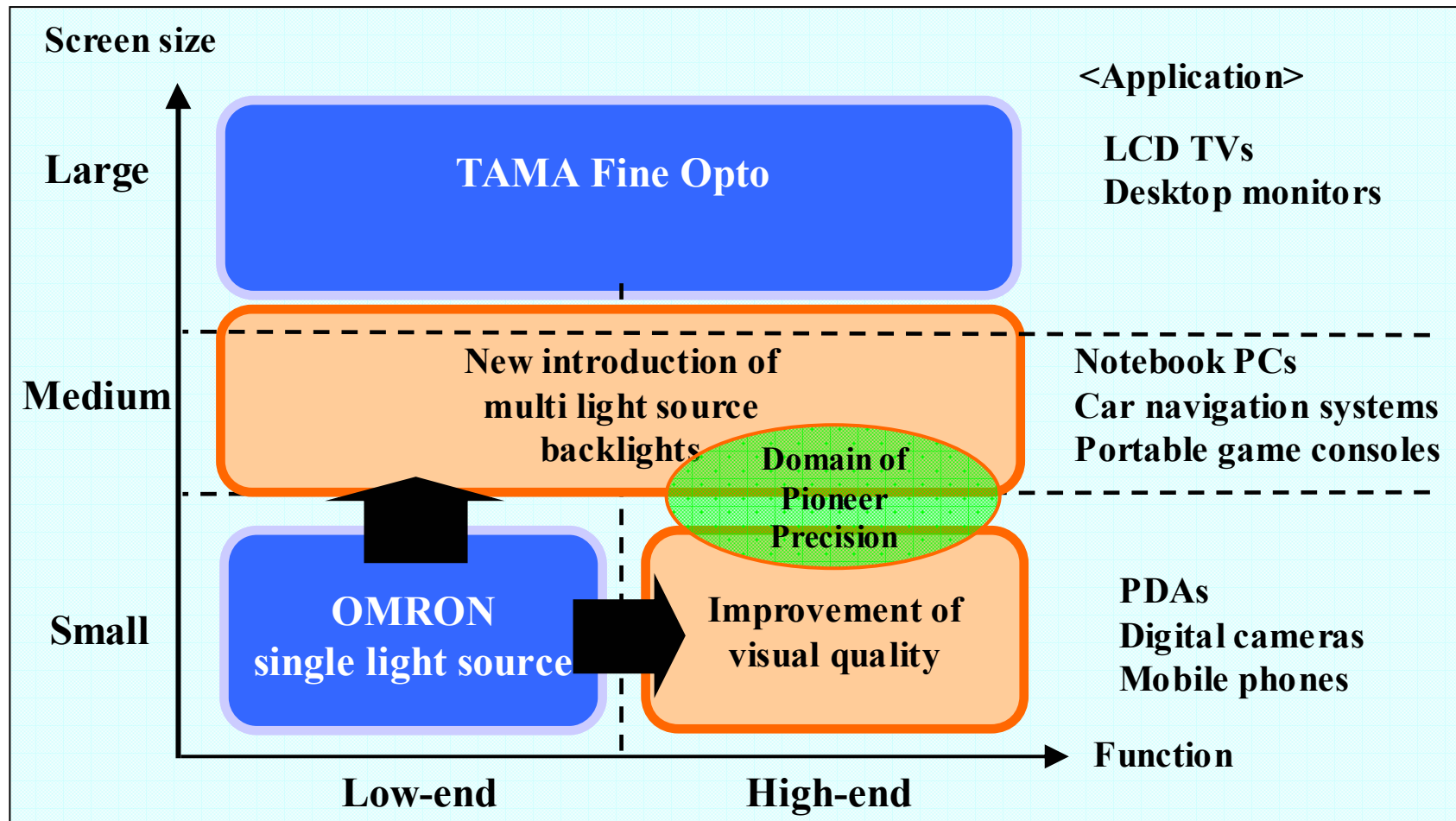
Target

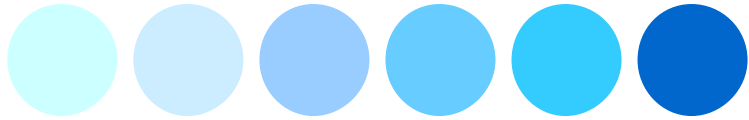
Aim for top global share with sales of ¥30b in FY2008



Aim to become the world's top LCD backlight manufacturer by supplementing our strengths with a full small/medium/large-scale lineup

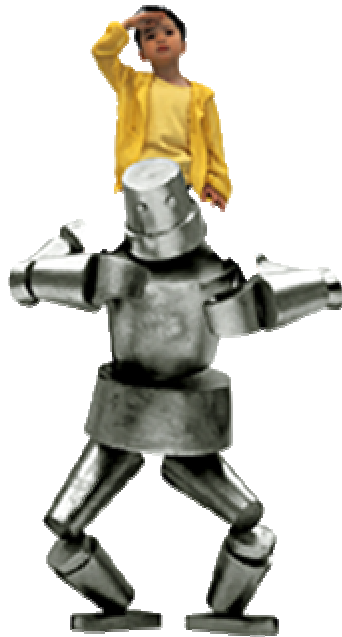
Consolidate in Q2





Aiming for the Best Matching of Machines to Human Beings

OMRON Corporation



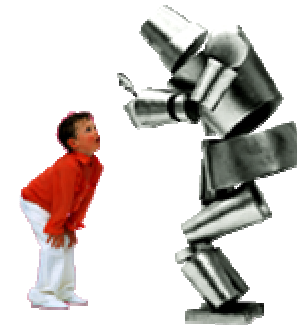
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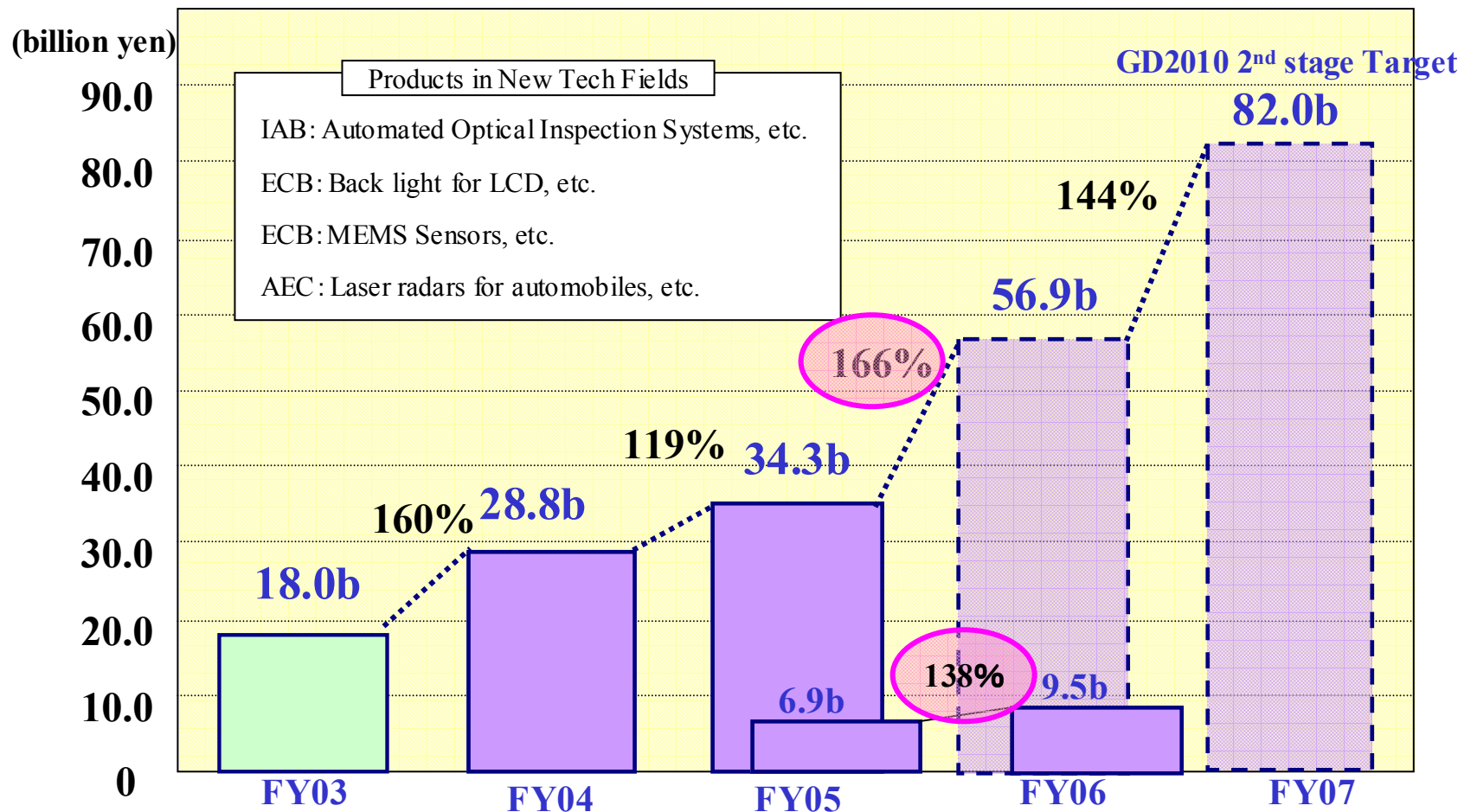


Q1/2006

Progress of Key Strategic Themes (1) Sales Growth in New Tech Fields



**Raised March 2008 target to ¥82.0b from initial ¥68.0b.
Aiming for 166% growth, which is ¥56.9b in March 2007.**



Q1/2006

Progress of Key Strategic Themes (2) Sales Growth in Greater China



27% increase YoY Change, but sales were below the original plan in Q1, FY2006

(MUSD)

