Summary of Consolidated Financial Results for the Interim Period of the Fiscal Year Ending March 31, 2007

OMRON Corporation (6645)

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U.S. GAAP accounting standard:	Adopted, except for segment information

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.

1. Preparation of Summary Interim Period Fiscal 2007 Results

Changes in consolidated accounting methods from the most recent fiscal year:	No	
Changes in scope of consolidation and application of equity method:	Yes	
Consolidation:	(New) 15 companies	(Eliminated) 0 companies
Equity Method:	(New) 6 companies	(Eliminated) 1 company

2. Consolidated Financial Results for the Interim Period of the Fiscal Year Ending March 31, 2007 (April 1, 2006 – September 30, 2006)

Note: All amounts are rounded to the nearest million yen.

(1) Sales and Income

Millions of Yen - Except Per Share Data and Percentages

	Six months ended September 30, 2006		Six months ended September 30, 2005		Year ended March 31, 2006
		Change		Change	
Net sales	329,847	15.6	285,362	(5.6)	626,782
Operating income	24,037	(23.1)	31,260	0.2	62,128
Income before income taxes	29,890	(5.9)	31,755	9.5	64,352
Net income	14,793	(11.6)	16,728	1.8	35,763
Net income per share (yen)	63.38		70.28		151.14
Net income per share, diluted (yen)	63.35		70.26		151.05

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

(2) Consolidated Financial Position

	Millions of Yen - Except Per Share Data and Percentages		
	As of September 30, 2006	As of September 30, 2005	As of March 31, 2006
Total assets	610,426	548,301	589,061
Net assets	357,277	354,135	362,937
Net worth ratio (percentage)	58.5	64.6	61.6
Net assets per share (yen)	1,550.02	1,487.74	1,548.07

(3) Consolidated Cash Flows

	Millions of Yen - Except Per Share Data and Percentages		
	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 2006
Net cash provided by operating activities	10,886	23,275	51,699
Net cash used in investing activities	(26,603)	(22,689)	(43,020)
Net cash provided by (used in) financing activities	8,971	(26,422)	(38,320)
Cash and cash equivalents at end of period	46,554	55,606	52,285

3. Projected Results for the Fiscal Year Ending March 31, 2007 (April 1, 2006 – March 31, 2007)

	Millions of Yen - Except per Share	
	Year ending March 31, 2007 (projected)	Year ended March 31, 2006 (actual)
Net sales	740,000	626,782
Income before income taxes	65,000	64,352
Net income	37,500	35,763
Net income per share (yen)	162.69	151.14

Note: Please see page 11 - 16 of the attached materials regarding assumptions of the results projected above and cautionary statements concerning the use of these projections.

(Attachment)

Summary of Consolidated Financial Results for the Interim Period of the Fiscal Year Ending March 31, 2007

1. Consolidated Results (U.S. GAAP)

(Millions of yen, %)

	Six months ended September 30, 2006	Six months ended September 30, 2005	Year-on-year change	Year ending March 31, 2007 (projected)	Year ended March 31, 2006	Year-on-year change
Net sales	329,847	285,362	15.6%	740,000	626,782	18.1%
Operating income [% of net sales]	24,037 [7.3%]	31,260 [11.0%]	(23.1%) [-3.7P]	63,000 [8.5%]	62,128 [9.9%]	1.4% [-1.4P]
Income before income taxes [% of net sales]	29,890 [9.1%]	31,755 [11.1%]	(5.9%) [-2.0P]	65,000 [8.8%]	64,352 [10.3%]	1.0% [-1.5P]
Net income	14,793	16,728	(11.6%)	37,500	35,763	4.9%
Net income per share (basic) (¥)	63.38	70.28	-6.90	162.69	151.14	+11.55
Net income per share (diluted) (¥)	63.35	70.26	-6.91		151.05	
Return on equity				10.1%	10.7%	(-0.6P)
Total assets	610,426	548,301	11.3%		589,061	
Net assets [Net worth ratio]	357,277 [58.5%]	354,135 [64.6%]	0.9% [-6.1P]		362,937 [61.6%]	
Net assets per share (¥)	1,550.02	1,487.74	+62.28		1,548.07	
Net cash provided by operating activities	10,886	23,275	(12,389)		51,699	
Net cash used in investing activities	(26,603)	(22,689)	(3,914)		(43,020)	
Net cash used in financing activities	8,971	(26,422)	35,393		(38,320)	
Cash and cash equivalents at end of period	46,554	55,606	(9,052)		52,285	

Notes:

1. Figures for the six months ended September 30, 2005 and the year ended March 31, 2006 include transfer of substitutional portion of employees' pension fund totaling ¥11,915 million.
2. The six months ended September 30, 2006 and the projected results for the year ending March 31, 2007 include a gain of ¥10,141 million on the establishment of an employee retirement benefit trust and a loss of ¥5,915 million on the sale of land and buildings at the Tokyo Head Office.

2. Non-consolidated Results

(Millions of yen, %)

	Six months ended September 30, 2006	Six months ended September 30, 2005	Year-on-year change	Year ending March 31, 2007 (projected)	Year ended March 31, 2006 (actual)	Year-on-year change
Net sales	152,947	139,319	9.8%	342,000	312,072	9.6%
Operating income [% of net sales]	4,540 [3.0%]	1,493 [1.1%]	204.1% [+1.9P]	13,000 [3.8%]	11,845 [3.8%]	9.8% [+0.0P]
Ordinary income [% of net sales]	19,702 [12.9%]	22,618 [16.2%]	(12.9%) [-3.3P]	28,000 [8.2%]	31,830 [10.2%]	(12.0%) [-2.0%]
Income before income taxes [% of net sales]	36,978 [24.2%]	31,836 [22.9%]	16.2% [+1.3P]	44,000 [12.9%]	39,089 [12.5%]	12.6% [+0.4P]
Net income	27,913	24,863	12.3%	33,000	28,632	15.3%
Net income per share (basic) (¥)	119.58	104.43	+15.15	143.14	120.39	+22.75
Net income per share (diluted) (¥)	119.50	104.40	+15.10		120.32	
Common stock	64,100	64,100	(100.0%)		64,100	
Number of shares issued (before deduction of treasury stock) (Thousands of shares)	249,121	249,121	(100.0%)		249,121	
Total assets	377,719	342,490	10.3%		372,770	
Net assets [Net worth ratio]	242,124 [64.1%]	238,651 [69.7%]	1.5% [-5.6P]		236,499 [63.4%]	
Net assets per share (¥)	1,050.16	1,002.39	+47.77		1,007.97	
Cash dividends per share	15.00	12.00	+3.00	30.00	30.00	±0.00

Notes:

1. Figures for the six months ended September 30, 2005 and the year ended March 31, 2006 include transfer of substitutional portion of employees' pension fund totaling ¥10,698 million.
2. The six months ended September 30, 2006 and the projected results for the year ending March 31, 2007 include a gain of ¥9,112 million on the establishment of an employee retirement benefit trust and a loss of ¥5,969 million on the sale of land and buildings at the Tokyo Head Office.

(Attachment)

Consolidated Performance

3. Net sales by Business Segment

(Billions of yen)

		Six months ended September 30, 2006	Six months ended September 30, 2005	Year-on-year change (%)
IAB	Domestic	68.8	65.2	5.5
	Overseas	78.1	65.1	20.1
	Total	146.9	130.3	12.8
ECB	Domestic	27.0	22.3	20.6
	Overseas	35.1	23.6	49.0
	Total	62.1	45.9	35.2
AEC	Domestic	13.1	13.0	0.3
	Overseas	29.7	22.1	34.3
	Total	42.8	35.1	21.7
SSB	Domestic	33.2	33.4	(0.6)
	Overseas	1.1	0.6	101.1
	Total	34.3	34.0	1.1
HCB	Domestic	16.0	14.3	12.3
	Overseas	14.6	13.3	9.9
	Total	30.6	27.6	11.2
Others	Domestic	13.0	12.4	6.0
	Overseas	0.1	0.1	(60.5)
	Total	13.1	12.5	5.2
Total	Domestic	171.1	160.6	6.5
	Overseas	158.7	124.8	27.2
	[% of total]	[48.1%]	[43.7%]	[+4.4P]
	Total	329.8	285.4	15.6

Note:

The following divisions are included in each business segment.

IAB: Industrial Automation Business Company
ECB: Electronic Components Business Company
AEC: Automotive Electronic Components Company
SSB: Social Systems Solutions and Service Business Company and others
HCB: Healthcare Business (Omron Healthcare Co., Ltd. and others)
Other: Business Development Group and others

Average currency exchange rate

(One unit of currency, in yen)

	Six months ended September 30, 2006	Six months ended September 30, 2005	Year-on-year change
USD	115.6	109.9	(+5.7)
EUR	146.2	136.2	(+10.0)

(Attachment)

4. Net sales by Business Segment (Forecast)

(Billions of yen)

		Year ending March 31, 2007 (Forecast)	Year ended March 31, 2006 (Actual)	Year-on-year change (%)
IAB	Domestic	137.0	136.2	0.6
	Overseas	166.5	136.5	22.0
	Total	303.5	272.7	11.3
ECB	Domestic	61.0	45.0	35.5
	Overseas	84.5	52.7	60.4
	Total	145.5	97.7	48.9
AEC	Domestic	28.0	27.2	2.8
	Overseas	64.5	50.4	28.2
	Total	92.5	77.6	19.2
SSB	Domestic	100.0	90.5	10.5
	Overseas	2.5	1.3	87.4
	Total	102.5	91.8	11.7
HCB	Domestic	33.5	30.3	10.4
	Overseas	33.5	30.8	8.9
	Total	67.0	61.1	9.7
Others	Domestic	28.5	25.7	11.2
	Overseas	0.5	0.2	59.2
	Total	29.0	25.9	11.8
Total	Domestic	388.0	354.9	9.3
	Overseas	352.0	271.9	29.4
	[% of total]	[47.6%]	[43.4%]	[+4.2P]
	Total	740.0	626.8	18.1

Note:

The following divisions are included in each business segment.

IAB: Industrial Automation Business Company
ECB: Electronic Components Business Company
AEC: Automotive Electronic Components Company
SSB: Social Systems Solutions and Service Business Company and others
HCB: Healthcare Business (Omron Healthcare Co., Ltd. and others)
Other: Business Development Group and others

Average currency exchange rate

(One unit of currency, in yen)

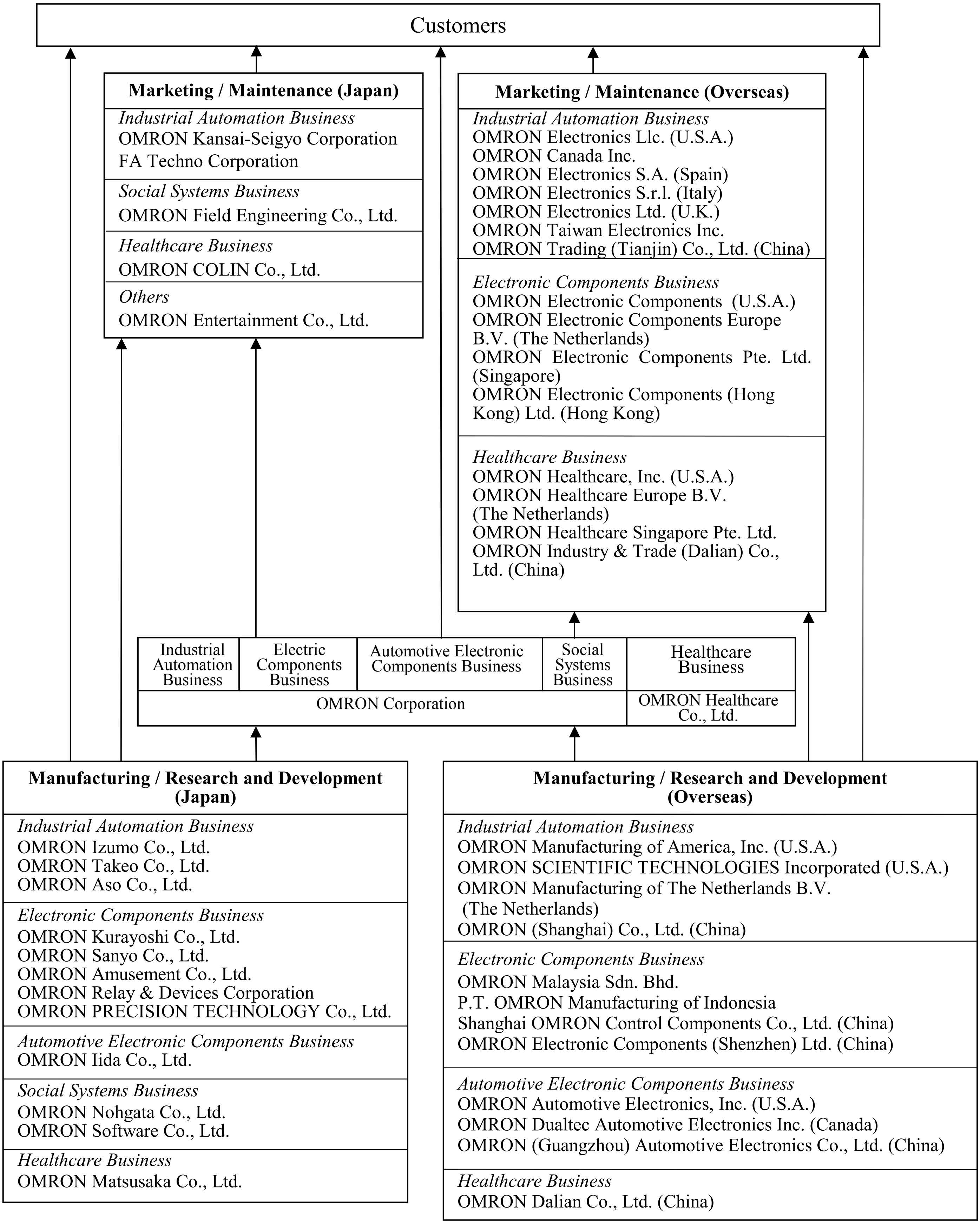
	Year ending March 31, 2007 (Forecast)	Year ended March 31, 2006 (Actual)	Year-on-year change
USD	115.3	113.4	(+1.9)
EUR	145.6	138.2	(+7.4)

(Attachment)

1. The Omron Group

The Omron Group consists of OMRON Corporation and 159 consolidated subsidiaries (46 in Japan, 113 overseas) and 22 affiliates (13 in Japan, 9 overseas). Under the internal company system used by the Group, business activities are carried out by the Industrial Automation Business, Electronic Components Business, Automotive Electronic Components Business, Social Systems Business, Healthcare Business and Others (Business Development Group, etc.).

The following chart shows the position of the main companies that make up the business groups.



Note: "Social Systems Business" includes the Social Systems Solutions and Service Business Company and others

2. Management Policies

(1) Basic Management Policy

In fiscal 2001 (ended March 31, 2002), Omron began implementing "Grand Design 2010" (GD2010), a vision that sets the basic policies for management of the Omron Group for the 10 years through fiscal 2010. In accordance with these basic policies, Omron aims to become a "21st century company" by maximizing its corporate value over the long term, based on its basic philosophy of "working for the benefit of society." Aiming to be "Small but Global," as a management objective Omron will work to be a profitable growth company that maximizes corporate value.

(2) Basic Policy for Distribution of Profits

Omron distributes profits to shareholders in accordance with the following basic policy.

1) In order to maximize corporate value, 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.

2) 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.

3) Omron will make every effort to maintain its dividend payout ratio in the 20% range, although this is subject to the level of internal capital resources necessary in each fiscal year. Omron's dividend policy is based on the consolidated fiscal year results. However, a minimum payout of ¥10 per share is guaranteed even during a weak financial year. This is done to effectively fulfill the expectations of long-term shareholders, and to demonstrate the determination of management to establish a solid base for future growth and effectively avoid unexpected deterioration in financial performance.

4) 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.

(3) Rationale and Policies Regarding Lowering the Stock-Trading Unit

With a view to raising the liquidity of the Company's stock in the market, facilitating investment and increasing the number of shareholders, Omron carefully considered the stock price level and minimum amount of investment in setting the minimum stock-trading unit at 100 shares.

(4) Targets for Management Indicators

In the second stage of GD2010, Omron has set the medium-term management target of "Doubling the Total Business Value of Fiscal 2003" to capture both growth and profitability. Also, Omron has set the target of consolidated return on invested capital (ROIC) of 10% or higher as a profitability target.

(5) Mid- to Long-Term Management Strategies

The goal of the first stage of GD2010, which covered the period from fiscal 2001 to fiscal 2004, was ROE of 10%. Omron achieved this goal in fiscal 2003, one year ahead of plan.

The second stage of GD2010 covers the four years from fiscal 2004 to fiscal 2007. In working to increase corporate value, during the second stage Omron will shift its focus to growth from its focus on creating a profit structure in the first stage. Specifically, as part of its "Business Domain Reform" aimed at identifying target growth markets and technologies to redefine its business domain, Omron will work toward expansion of business value through sales growth in China and creation of business value in new areas centered around core technologies.

In addition, as "Operational Structural Reform," Omron will continue to establish a profit structure appropriate for its businesses and promote reforms designed to realize a stronger profit structure. Omron has set milestones to be reached for each of fiscal 2005 (ended March 2006), fiscal 2006 (ending March 2007) and fiscal 2007 (ending March 2008), and is conducting business operations aimed at these milestones.

(6) Issues Facing the Company

In the second stage of GD2010, Omron has identified the profit structure and growth structure it intends to achieve in fiscal 2007. The Company has positioned the interim years of fiscal 2005 and fiscal 2006 as milestones toward realizing the fiscal 2007 targets, and is promoting ongoing structural reforms. In the midst of this, the Company achieved growth in sales and income for fiscal 2005, and cleared the milestones toward reaching the fiscal 2007 targets. In fiscal 2006, the Company has set “Accelerating growth while securing profit increase” as its fiscal year policy, with “advancing toward FY07 targets by front-loading growth” as the sub-heading. Assuming an increase in income, Omron will accelerate the growth of each business and make the necessary investments to ensure that the targets are reached in fiscal 2007, the final year of the second stage.

Growth in China is one strategy on which the entire company is focusing. China remains the world’s fastest-growing market, and in addition to the entry of companies from around the world, competition with local Chinese companies is intensifying, making China a microcosm of global competition. Under these conditions, Omron will not change its belief that the Chinese market is crucial to achieving the goals of the second stage of GD2010. China will continue to be a key area, and Omron will strive to increase fiscal 2007 sales there by ¥100 billion over fiscal 2003 figures by embracing new businesses and conducting strategic sales while making aggressive, proactive investments in a focused manner.

For technology-driven growth, to date Omron has set core technology and growth areas to strengthen at the corporate level, created a detailed map of technology and applications as a process for steadily developing technology, and moved toward the establishment of a growth structure. Omron will add energy, environment, security and safety as areas of focus, and has increased its fiscal 2007 target from “increasing net sales by ¥50 billion compared to fiscal 2003 to ¥68 billion” to “increasing net sales by ¥64 billion compared to fiscal 2003 to ¥82 billion.” Omron is steadily making the investments to achieve this target, and will accelerate growth with a view toward the third stage of GD2010, lasting until 2010.

With regard to revising the earnings structure of existing businesses, Omron will advance toward its fiscal 2007 earnings structure target by continuing to work for structural reform of selling, general and administrative expenses and production, despite factors such as lower selling prices and higher material prices. Starting from the second half of this fiscal year, the Manufacturing Reform Division and the Global Procurement & Purchasing Center have been newly established. The Manufacturing Reform Division will strengthen manufacturing with evaluation as the starting point, carry out overall supervision of quality and support the production technology and control technology of each business. The Global Procurement and Purchasing Center will conduct centralized management of information on the Omron Group’s purchased materials and suppliers, promote sharing of an optimal procurement and purchasing system on a global scale, and work to strengthen procurement and purchasing functions in the Omron Group.

(7) Parent Company Information

This item is not applicable because Omron has no parent company.

3. Results of Operations and Financial Condition

(a) Results of Operations

(1) Overview of the Interim Period

1) General Overview

Reviewing economic conditions during the six months ended September 30, 2006, the Japanese economy expanded steadily, with continued improvement in corporate earnings and expansion in capital investment against a backdrop of strong business performance, and consumer spending also grew steadily along with an improved employment and income environment. In the global economy, however, the outlook continued to warrant no optimism as the rise in raw material prices persisted, including a sharp rise in crude oil prices. Under these conditions, the U.S. economy remained firm, backed by robust capital investment, despite concerns about a possible slowdown. In the European economy, business confidence improved, while Asian economies continued their export-led expansion, with China in particular maintaining its high growth rate.

In markets related to the Omron Group, sales of factory automation control systems, the Omron Group's core business, remained strong, supported by robust capital investment. With the recovery in the electronic components industry, sales of consumer and commerce components for IT and digital-related products were also solid. Sales of automotive electronic components expanded against a backdrop of increasing needs for car electronics for automobile safety and environmental friendliness.

In this environment, due in part to the effects of the weaker yen and business acquisitions, Omron Group net sales increased by 15.6 percent from the previous interim period to ¥329,847 million.

As for income for the interim period, the increase in net sales and efficient management of selling, general and administrative (SG&A) expenses resulted in operating income of ¥24,037 million, a 23.1 percent decrease from the same period in the previous fiscal year. Income before income taxes was ¥29,890 million, a decrease of 5.9 percent from the same period in the previous fiscal year, due to factors including a ¥10,141 million gain on the establishment of a retirement benefit trust and a ¥5,915 million loss on the sales of land and buildings of the Tokyo Head Office (Minato-ku, Tokyo). Net income for the period was ¥14,793 million, a decrease of 11.6 percent from the same period in the previous fiscal year. All profit categories were below the level of the same period in the previous fiscal year because the Company recorded an ¥11,915 million gain on the transfer of the substitutional portion of the employees' pension fund in the previous fiscal year. Excluding this transfer gain, operating income increased 24.3 percent compared with the same period of the previous fiscal year.

2) Results by Business Segment

- **Industrial Automation Business**

In Japan, sales of the safety business, application business and other strategic growth businesses grew steadily, reflecting brisk investment in improvement of quality and safety in order to enhance the functions of existing equipment. In addition, sales of core factory automation control systems surpassed the level of the same period in the previous fiscal year as a result of continued solid capital investment in the liquid crystal display and semiconductor industries and digital home appliance industry. In overseas markets, sales in North America were solid, with particular expansion of sales of control related equipment to oil and gas-related companies. In Europe, sales grew strongly, centered on sale of inverters, servomotors and sensor devices and other products. In China, where high growth is projected, sales increased due to Omron's aggressive efforts in areas such as improvement of its sales infrastructure, expansion of production capacity, and introduction of new products.

As a result, segment sales for the interim period totaled ¥146,895 million, an increase of 12.8 percent compared with the same period in the previous fiscal year.

- **Electronic Components Business**

In Japan, conditions in the semiconductor and machinery and equipment industries were strong, and the electronic components industry also maintained the recovery and expansion trend that began in second half of the previous fiscal year. In this environment, sales were generally solid, including sales of printed circuit board relays, a core product of this segment. In addition, Omron strengthened the miniature backlight business by acquiring the shares of Pioneer Precision Machinery Corporation (now OMRON PRECISION TECHNOLOGY Co., Ltd.) from Pioneer Corporation in August

2006. Overseas, sales of consumer and commerce electronic components continued to increase steadily along with high GDP growth in China, where Omron also began OEM production of large backlights for LCD televisions. Sales also expanded overall in the United States against a backdrop of solid capital investment and robust consumer spending.

As a result, segment sales were ¥62,072 million, an increase of 35.2 percent compared with the previous fiscal year.

- **Automotive Electronic Components Business**

Global automobile production volume during the interim period was stable overall, and needs are increasing for car electronics for automobile safety and environmental friendliness. Against this backdrop, Omron's products continued to be adopted in new car models, contributing to strong sales in this segment. By area, sales in Japan were essentially unchanged from the same period in the previous fiscal year, but overseas sales were strong. In particular, sales in North America grew substantially as Omron launched new products such as wireless control devices.

As a result, segment sales for the interim period were ¥42,751 million, an increase of 21.7 percent compared with the same period in the previous fiscal year.

- **Social Systems Business**

In the public transportation systems business, sales for the interim period increased substantially compared to the same period in the previous fiscal year, reflecting favorable demand for equipment renewals and other projects related to the use of common IC cards among different railway companies, mainly in the Kanto area. In the traffic and road management solutions business, demand for urban roads decreased, and in the security solutions business, sales of products to security companies decreased, resulting in a significant decline sales for the interim period compared to the same period in the previous fiscal year.

As a result, sales in this segment for the interim period totaled ¥34,356 million, an increase of 1.1 percent compared to the same period in the previous fiscal year.

- **Healthcare Business**

In Japan, awareness of metabolic syndrome (a condition with multiple risk factors that can easily cause lifestyle diseases such as diabetes, hypertension, hyperlipidemia and obesity) is expanding, and sales of digital blood pressure monitors, pedometers and body composition monitors increased strongly. Overseas, sales of digital blood pressure monitors, a core product, were slow in the United States, reflecting weaker consumer spending, but sales in Europe remained strong overall, driven by the digital blood pressure monitor business in Russia and Eastern Europe. In China, prices of digital blood pressure monitors dropped more than expected in an increasingly competitive environment, and sales decreased compared to the same period in the previous fiscal year.

In addition to the above factors, Colin Medical Technology Corporation (now OMRON COLIN Co., Ltd.), a medical equipment manufacturer that became a consolidated subsidiary in June 2005, contributed to sales. As a result, segment sales for the interim period were ¥30,624 million, an increase of 11.2 percent compared with the same period in the previous fiscal year.

- **Others**

The others segment consists 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.

Among existing businesses, sales of the entertainment business continued to expand briskly with strong sales of photo sticker machines, a core product, and a steady increase in membership of mobile sites related to these machines. In the computer peripheral business, sales of uninterruptible power supplies and other products increased substantially. Sales were also strong in the growth areas of radio frequency identification (RFID) equipment and insulation monitoring devices.

As a result, segment sales for the interim period were ¥13,149 million, an increase of 5.2 percent compared with the same period in the previous fiscal year.

3) Distribution of Profits

For the interim period, Omron will pay a dividend of ¥15.00 per share, in accordance with the "Basic Policy for Distribution of Profits" stated above.

(2) Outlook for the Fiscal Year Ending March 31, 2007

1) General Outlook

The outlook for the economic environment in the second half of the current fiscal year and thereafter continues to warrant little optimism, with a plateau in high crude oil prices, rising raw material prices, a slowdown in the U.S. economy and exchange rate fluctuations. However, firm consumer spending and robust corporate capital investment can be expected, and moderate growth is projected to continue.

In markets related to the Omron Group, the market for factory automation control devices in Japan and overseas is expected to gradually expand, supported by corporate capital investment, and the market for consumer and commerce electronic components for IT and digital products is also projected to continue on a recovery track. The market for automotive electronic components for automobile manufacturers is expected to remain favorable, supported by increasing needs for car electronics, despite elements of concern such as slumping business at the “Big Three” manufacturers in North America.

In this environment, Omron will continue to carry out its ongoing profit structure reforms, aiming to “Accelerate growth while securing profit increase,” its fiscal year policy.

The Omron Group’s sales during the first half surpassed the level of the same period in the previous fiscal year, and are expected to exceed initial projections for the second half and beyond because of the positive effect of the weaker yen and the contribution of sales of acquired subsidiaries. As for consolidated profits, although cost increases are expected due to higher prices for materials such as silver and copper, Omron expects to meet its initial projections based on increased sales, efficient management of SG&A expenses and an increased gain on establishment of a retirement benefit trust. However, non-consolidated profits are forecast to exceed the initial forecast due to factors including efficient management of SG&A expenses, an increased gain on establishment of a retirement benefit trust and the introduction of consolidated taxation.

Due to the factors above, in regard to the forecast for the fiscal year, Omron has revised the figures announced on April 26, 2006 according to the “Revision to Forecast for Fiscal 2006 Full-Year Financial Results” which is being announced simultaneously with this summary of consolidated financial results.

The assumed exchange rates are $US1 = ¥115 and 1 Euro = ¥145.

Revisions to the Consolidated Forecast of Financial Results for the Fiscal Year Ending March 31, 2007
(U.S. GAAP)

(Millions of Yen)

	Net Sales	Income before Income Taxes	Net Income
Initial Forecast (A)	700,000	65,000	37,500
Revised Forecast (B)	740,000	65,000	37,500
Change (B-A)	40,000	-	-
Percentage Change (%)	5.7%	- %	- %
(Reference) Results for Year Ended March 31, 2006	626,782	64,352	35,763

Revisions to the Non-consolidated Forecast of Financial Results for the Fiscal Year Ending March 31, 2007

(Millions of Yen)

	Net Sales	Ordinary Income	Net Income
Initial Forecast (A)	342,000	25,000	26,000
Revised Forecast (B)	342,000	28,000	33,000
Change (B-A)	-	3,000	7,000
Percentage Change (%)	- %	12.0%	26.9%
(Reference) Results for Year Ended March 31, 2006	312,072	31,830	28,632

2) Outlook by Business Segment

Industrial Automation Business

In the second half of the fiscal year, solid growth is forecast to continue for the industry overall, backed by robust corporate capital investment. In such an environment, in Japan, Omron will work to expand sales by reinforcing the sales strategies of existing businesses, including strategic growth businesses. Overseas, Omron will strengthen its sales operations in strategic growth businesses and emerging markets. In Europe, Omron expects to make a full-scale entry into the Russian market, and Omron expects to promote sales growth in China with the continued introduction of new products. In addition, the sales of Scientific Technologies Incorporated (now OMRON SCIENTIFIC TECHNOLOGIES Incorporated), a leading manufacturer of safety devices in North America that Omron acquired in September, are expected to contribute to the sales increase in this segment.

Electronic Components Business

Raw material prices have continued to hover at a high level since the beginning of the year, but no major slowdown is expected in the business environment in the second half of the fiscal year. In November, Omron will take over the optical communications components business for the FTTH ("Fiber To The Home," which refers to optical fiber-based data communications systems aimed at the consumer market) market from NHK Spring Co., Ltd., and will work to strengthen and expand this business. In addition, the sales of OMRON PRECISION TECHNOLOGY Co., Ltd. will contribute to results in the second half, and Omron anticipates expanded demand for flexible printed circuit (FPC) connectors, jog switches and hinge products for mobile devices, and the full-scale launch of the large-backlight business in the Chinese market. As a result, a large increase in sales is projected.

Automotive Electronic Components Business

In the second half of the fiscal year, slumping business among the Big Three auto manufacturers, which are major customers of Omron in North America, as well as the trend toward slower unit sales of automobiles and the burden of high crude oil prices worldwide are expected to gradually have an impact on automotive production. Despite this environment, strong demand for Omron's products and the release of new car models equipped with Omron products by customers in Japan, and increased demand in the second half from Korean auto manufacturers, which was relatively weak in the first half, among other factors overseas, are projected to result in continued healthy sales in the second half.

Social Systems Business

In the second half of the fiscal year, full-year sales of the public transportation systems business are projected to increase substantially compared to the previous fiscal year due to demand for renewal of equipment in connection with the use of common IC cards among different railway companies in the Kanto area and the shift from tickets to IC cards in the Kansai area. In the traffic and road management solutions business, there is demand for systems for the Ministry of Land, Infrastructure and Transport, but demand for urban roads is decreasing, while in the security solutions business, sales to major customers are not expected; full-year sales in both of these businesses are projected to decrease substantially year-on-year.

Healthcare Business

Despite elements of concern such as cooling consumer spending in the United States due to high gasoline prices and falling prices in China reflecting intensifying competition, the market is on an expansion course due to continued rising health consciousness in Japan and overseas and measures in various countries to reduce healthcare costs. In Japan, increased awareness of metabolic syndrome and structural reforms of the healthcare system are focusing attention on prevention of illness, and consequently, sales of biosensing devices such as digital blood pressure monitors, pedometers and body composition monitors are projected to be solid. In addition, the digital blood pressure monitor market in Europe and Russia is also expected to grow strongly.

Others

Among existing businesses, in the entertainment business, sales of photo sticker machines are projected to remain solid, and the effects of this, along with continued expansion of the mobile phone content delivery service, are expected to result in an overall year-on-year increase in sales. In the computer peripherals business, Omron will work to expand sales of uninterruptible power supplies. In growth businesses, Omron will aim to expand sales with new products using

UHF in the RFID business. Omron will also work to smoothly launch new businesses, including energy monitoring services such as electrical energy measurement and insulation monitoring devices.

3) Distribution of Profits

In regard to distribution of profits for the fiscal year, in accordance with the “Basic Policy for Distribution of Profits” stated above, Omron plans to pay an annual cash dividend of ¥30.00 per share (interim cash dividend per share: ¥15.00).

(b) Financial Condition

(1) Overview of the Interim Period Ended September 30, 2006

1) Financial Condition for the Interim Period Ended September 30, 2006

Total assets: ¥610,426 million (an increase of ¥21,365 million from the end of the previous fiscal year)
Net worth: ¥357,277 million (a decrease of ¥5,660 million from the end of the previous fiscal year)
Net worth ratio: 58.5% (a decrease of 3.1 percentage points from the end of the previous fiscal year)

Total assets increased ¥21,365 million compared with the end of the previous fiscal year. The main factor was a ¥25,131 million increase in inventories.

Net worth decreased ¥5,660 million compared with the end of the previous fiscal year, despite the increase from net income of ¥14,793 million, due to an ¥8,107 million decrease in net unrealized gains on securities (which decreases net worth) and a ¥10,656 million increase in treasury stock (which decreases net worth).

2) Summary of Cash Flows for the Fiscal Year Ended March 31, 2006

Net cash provided by operating activities was ¥10,886 million, a decrease of ¥12,389 million compared with the same period in the previous year, despite net income of ¥14,793 million, due to factors including a gain on establishment of a retirement benefit trust and the increase in inventories.

Net cash used in investing activities totaled ¥26,603 million, an increase of ¥3,914 million from the same period in the previous year. Despite a gain on the sale of land and buildings of the Tokyo Head Office, acquisition of business entities increased expenditures.

Net cash provided by financing activities was ¥8,971 million (an increase of ¥35,393 million from the same period in the previous year due to the effect from the repayments of debt in the same period of the previous year), mainly because of an increase in proceeds from short-term bank loans.

As a result, cash and cash equivalents at the end of the interim period were ¥46,554 million, a decrease of ¥5,731 million from the end of the previous fiscal year.

(2) Outlook for the Year Ending March 31, 2007

For the second half of the year ending March 31, 2007, Omron projects an increase in net income in addition to an increase in income from the sale of land and buildings of the Tokyo Head Office. However, the Company projects that the effect of payments for acquisition of businesses and ongoing aggressive investments in growth, including investment in the Company’s infrastructure in China and in product development as part of the Company’s growth strategy, will result in a decrease in free cash flow — calculated as net cash provided by operating activities less net cash used in investing activities — compared with the previous fiscal year.

In financing activities, despite these capital requirements, Omron will flexibly manage sources and uses of capital, taking financial conditions into consideration while efficiently deploying capital and maintaining appropriate capital levels throughout the Group.

Considering the above cash flow projections, Omron believes that the balance of cash and cash equivalents of ¥46,554 million as of September 30, 2006 is more than sufficient for business operations in the present economic conditions.

(3) Cash Flow Indicators and Trends

Consolidated cash flow indicators and trends for the three most recent interim periods and the two most recent fiscal years are as follows.

	Interim period ended Sept. 30, 2004	Interim period ended Sept. 30, 2005	Interim period ended Sept. 30, 2006	Year ended March 31, 2005	Year ended March 31, 2006
Net worth ratio (%)	52.3	64.6	58.5	52.2	61.6
Net worth ratio on market value basis (%)	101.5	120.0	109.5	95.1	134.5
Debt repayment period (years)	--	--	--	0.4	0.1
Interest coverage ratio (times)	49.7	50.2	21.7	55.6	57.6

Notes:

Net worth ratio: Net worth/Total assets
Net worth ratio on market value basis: Total market value of stock/Total assets
Debt repayment period: Interest-bearing liabilities/Net cash provided by operating activities (not stated for interim periods)
Interest coverage ratio: Net cash provided by operating activities/Interest expense

1. All indicators are calculated on a consolidated basis.
2. Total market value of stock is calculated by multiplying the closing share price at the end of the period by the total number of shares outstanding at the end of the period (excluding treasury stock).
3. Net cash provided by operating activities is as reported in the consolidated statement of cash flows. Interest-bearing liabilities are liabilities stated on the consolidated balance sheets on which interest is paid. Interest expense is as stated in the notes to the consolidated statements of cash flows.

(c) Business and Other Risks

The following risks may influence the Omron Group's management results and financial condition (including share price), and Omron believes that these items may substantially affect investor decisions.

Note that items referring to the future reflect the Omron Group's forecasts and assumptions as of October 30, 2006, the date of publication of these materials.

1. Economic Conditions

The primary business of the Omron Group is consumer and commerce electronic components used in the manufacture of control system equipment and other electrical and electronic equipment by the manufacturing sector and in capital investment related areas. Accordingly, demand for Omron Group products is affected by economic conditions in these markets. Also, the Omron Group procures raw materials and semi-finished products in a wide variety of forms, and rapid increases in demand could result in supply shortages and/or sudden increases in prices that could halt production and/or cause sudden increases in costs.

Both in Japan and overseas, therefore, market forces affecting suppliers to, and purchasers from, the Omron Group can result in the contraction of demand for our products, thereby possibly having a negative impact on the Group's operating results and financial condition.

2. Risks Accompanying Overseas Business Activities

The Omron Group actively conducts business activities such as production and sales in overseas markets. The Group may be subject to operating difficulties in overseas countries related to possible social unrest due to factors including differences in culture or religion, political turmoil and uncertainty in economic trends, differences in business customs in areas such as the structure of relationships with local businesses and collection of receivables, specific legal systems and investment regulations, changes in tax systems, labor shortages and problems in the labor-management relationship, epidemics, and terrorism, wars, and other political circumstances.

These various risks associated with overseas operations may have a negative impact on the Omron Group's operating results and financial condition.

3. Exchange Rate Fluctuation

The Omron Group has 122 overseas affiliated companies and continues to reinforce its business operations in overseas markets, such as China for which major market growth is anticipated in the future. The percentage of consolidated net sales accounted for by overseas sales during the interim period ended September 30, 2006 was 48.1 percent, and Omron expects further increases in the overseas operations ratio due to factors such as production shifts.

The Omron Group seeks to hedge against exchange rate risk in such ways as balancing imports and exports denominated in foreign currencies. Exchange rate fluctuations, however, could have a negative impact on the Omron Group's operating results and financial condition.

4. Product Defects

The Omron Group states maximizing customer satisfaction as one of its management commitments under its basic philosophy of "working for the benefit of society," and seeks to provide the best quality products and services based on the principal of "quality first." In particular, the Group has established strict quality control standards and built a quality control system, and develops and manufactures its products accordingly. The Corporate General Affairs Division of the parent company conducts quality audits, and a Group-wide quality check system is in place for the ongoing improvement of the quality of the Group's entire line of products and services. Nevertheless, there is no assurance that all of the Group's products are without defects, and that recalls will not occur in the future. Large-scale recalls and/or product defects resulting in liability-related damages could impose huge costs, could severely influence evaluations of the Omron Group, and could result in reduced sales. Such events could exert a negative impact on the Group's operating results and financial condition.

In addition, to respond to an EU directive banning the use of lead, cadmium and certain other chemical substances in electric and electronic products in the European Union from July 2006, the Omron Group, in cooperation with its suppliers, is in the process of investigating the status of regulated chemical substances in all of the components and materials the Group uses, and is accelerating efforts to switch to substitute components and materials that do not contain regulated chemical substances in order to completely eliminate regulated substances from all the Group's products throughout the world and make them "environmentally warranted products."

However, delays in the switchover beyond customer deadlines due to late response by some suppliers in providing substitute components and other factors could result in liability-related damages or a violation of the EU directive, which could have a negative impact on the Omron Group's operating results and financial condition.

5. Research and Development Activities

Based on a policy of securing a balance between growth and income, the Omron Group invests aggressively in R&D as part of its technology-centered business operations. As a result, the R&D expense ratio is approximately 8 percent.

The Omron Group strives to increase the new product contribution ratio by reflecting such considerations as market needs in its R&D themes and goals. However, factors such as delays in R&D or insufficient technological capabilities that result in a decrease in the R&D new product contribution ratio could have a negative impact on the Omron Group's operating results and financial condition.

6. Information Leakage

The Omron Group acquires information, including personal information of customers and confidential information of suppliers and other entities through its business processes and important information in the course of business. The Omron Group is strengthening security to prevent external entry into its internal information systems and misappropriation by third parties, and a special committee has been established centering on the Corporate General Affairs Division. Steps are being taken to reinforce control over the information the Group handles, and to further improve employees' information literacy.

Unanticipated leakage of internal information, however, due for example to invasion of internal information systems using technology exceeding implemented security levels, could exert a negative impact on the Omron Group's operating results and financial condition.

7. Risks Associated with Patent Rights and Other Intellectual Property Rights

The Omron Group has accumulated technology and expertise allowing it to differentiate its products from those of its competitors. However, it is impossible to completely protect all of the Group's intellectual property consisting of proprietary technology and expertise, due to legal restrictions in specific regions, including China, and conditions that allow only limited protection. At present, the Omron Group is working on intellectual property protection against imitation products, through such measures as the placement of full-time personnel (including local staff) in Shanghai. However, it is possible that the Group will not be able to completely prevent third parties from using its intellectual property in the manufacture of imitation products.

In China, skills in the methods needed to manufacture and sell imitations of the Omron Group’s products improve each year, and organizations that manufacture and market counterfeit products have become extremely troublesome. The circulation of low-quality counterfeits that fraudulently use the Omron Group brand in Asia, including China, could damage trust in the Omron Group’s products and the Group’s brand image, and could exert a negative impact on the Omron Group’s operating results and financial condition.

Omron has always focused on managing its brands. Recently, however, it has discovered that several overseas businesses and organizations are using domain names similar to Omron’s. Omron has identified some of these and is responding with measures including issuing warning notices.

However, it is difficult to identify and deal with all businesses and organizations using similar domain names, and there is a danger that unethical business practices by such entities will damage the Group’s reputation.

For its R&D and design, the Omron Group uses a dedicated system to conduct surveys of technologies in the public domain and those of other companies. However, because Group products cover a diverse range of fields in which there are many patents and other intellectual property rights, and in which the number of new patents and intellectual property rights is constantly growing, the possibility exists that a third party could make a claim again the Group with respect to a specific product or part. The Omron Group is working to improve employee morale through measures such as revising its employee invention compensation policy in line with revisions to Japan’s Patent Law and introducing a new award system. However, disputes could arise with respect to the value of an invention with inventors who have retired from the Group.

8. Natural Disasters

Because of the possibility of reduction of production capability, temporary disruption of distribution and sales routes, or other consequences of a natural disaster, fire or other calamity, including a large-scale earthquake in areas such as Tokai and Tonankai or directly below the Tokyo area, the Omron Group has identified the assumed risks and implemented the necessary safety measures and measures for continuation and early recovery of its businesses.

However, the Omron Group’s operating bases are located in Japan and around the world, and it is impossible to avoid all risks due to a natural disaster, fire or other calamity. As a result, a natural disaster, fire or other calamity could exert a negative impact on the Omron Group’s operating results and financial condition.

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 affecting 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)

4. Interim Consolidated Financial Statements

Interim Consolidated Statements of Operations
(With transfer of substitutional portion of employees' pension fund stated separately)

(Millions of yen)

	Six months ended September 30, 2006		Six months ended September 30, 2005		Year ended March 31, 2006	
Net sales	329,847	100.0%	285,362	100.0%	626,782	100.0%
Cost of sales	201,745	61.2	168,120	58.9	373,393	59.6
Gross profit	128,102	38.8	117,242	41.1	253,389	40.4
Selling, general and administrative expenses	79,983	24.2	73,185	25.6	152,675	24.3
Research and development expenses	24,082	7.3	24,712	8.7	50,501	8.1
Transfer of substitutional portion of employees' pension fund	—	—	(11,915)	(4.2)	(11,915)	(1.9)
Operating income	24,037	7.3	31,260	11.0	62,128	9.9
Interest expense (income), net	(406)	(0.1)	(297)	(0.0)	(609)	(0.1)
Foreign exchange loss, net	654	0.2	570	0.2	1,306	0.2
Other expenses (income), net	(6,101)	(1.9)	(768)	(0.3)	(2,921)	(0.5)
Income before income taxes and minority interests and cumulative effect of accounting change	29,890	9.1	31,755	11.1	64,352	10.3
Income taxes:	12,735	3.9	13,806	4.8	27,238	4.4
Current	9,737		9,671		23,276	
Deferred	2,998		4,135		3,962	
Minority interests	76	0.0	20	0.0	150	0.0
Equity in net losses of affiliates	2,286	0.7	—	—	—	—
Net income before adjustment for cumulative effect of accounting change	14,793	4.5	17,929	6.3	36,964	5.9
Cumulative effect of accounting change (after tax effect considerations)	—	—	1,201	0.4	1,201	0.2
Net income	14,793	4.5	16,728	5.9	35,763	5.7

Notes:

1. Gain and loss recognized in connection with the return of the substitutional portion of the employees' pension fund (excluding the difference on return of liabilities) during the six months ended September 30, 2005 and the year ended March 31, 2006 are included in selling, general and administrative expenses and research and development expenses under U.S. GAAP. To facilitate comparison with the current fiscal year, the statement above displays this gain and loss together with the difference on return of liabilities separately as "Return of substitutional portion of employees' pension fund." If this gain or loss (excluding the difference on return of liabilities) were included in selling, general and administrative expenses and research and development expenses, and the difference on return of liabilities were stated separately, in accordance with U.S. GAAP, the statement would be as shown on the next page.
2. From the six months ended September 30, 2005 and the year ended March 31, 2006, the measurement date of projected benefit obligation and pension plan assets for pension accounting has been changed. As a result of the change, the Company recorded ¥1,201 million as cumulative effect of accounting change (after tax effect considerations).

(Attachment)

Interim Consolidated Statements of Operations

(Millions of yen)

	Six months ended September 30, 2006		Six months ended September 30, 2005		Year ended March 31, 2006	
Net sales	329,847	100.0%	285,362	100.0%	626,782	100.0%
Cost of sales	201,745	61.2	184,095	64.5	389,368	62.1
Gross profit	128,102	38.8	101,267	35.5	237,414	37.9
Selling, general and administrative expenses	79,983	24.2	81,820	28.7	161,310	25.8
Research and development expenses	24,082	7.3	29,526	10.3	55,315	8.8
Loss from transfer of obligation with transfer of substitutional portion of employees' pension fund	—	—	(41,339)	(14.5)	(41,339)	(6.6)
Operating income	24,037	7.3	31,260	11.0	62,128	9.9
Interest expense (income), net	(406)	(0.1)	(297)	(0.0)	(609)	(0.1)
Foreign exchange loss, net	654	0.2	570	0.2	1,306	0.2
Other expenses (income), net	(6,101)	(1.9)	(768)	(0.3)	(2,921)	(0.5)
Income before income taxes and minority interests and cumulative effect of accounting change	29,890	9.1	31,755	11.1	64,352	10.3
Income taxes:	12,735	3.9	13,806	4.8	27,238	4.4
Current	9,737		9,671		23,276	
Deferred	2,998		4,135		3,962	
Minority interests	76	0.0	20	0.0	150	0.0
Equity in net losses of affiliates	2,286	0.7	—	—	—	—
Income before adjustment for cumulative effect of accounting change	14,793	4.5	17,929	6.3	36,964	5.9
Cumulative effect of accounting change (after tax effect considerations)	—	—	1,201	0.4	1,201	0.2
Net income	14,793	4.5	16,728	5.9	35,763	5.7

Notes:

1. Gain and loss recognized in connection with the return of the substitutional portion of the employees' pension fund (excluding the difference from transfer of obligation) during the six months ended September 30, 2005 and the year ended March 31, 2006 are included in selling, general and administrative expenses and research and development expenses under U.S. GAAP. The difference of ¥41,339 million between the accrued benefit obligation and related pension plan assets is stated as "Loss from transfer of obligation with transfer of substitutional portion of employees' pension fund." The difference of ¥8,870 million between the projected benefit obligation and accrued benefit obligation, which is the previously accrued salary progression related to the substitutional portion, was recognized as a return of net periodic pension cost, and the one-time amortization of the unrecognized actuarial balance corresponding to the substitutional portion, which totaled ¥38,294 million, was recognized as a settlement loss. Of the return of the previously accrued salary progression and the settlement loss totaling ¥29,424 million, ¥15,975 million is accounted for in cost of sales, ¥8,635 million in selling, general and administrative expenses, and ¥4,814 million in research and development expenses.
2. For the six months ended September 30, 2005 and the year ended March 31, 2006, the measurement date of projected benefit obligation and pension plan assets for pension accounting has been changed. As a result of the change, the Company recorded ¥1,201 million as cumulative effect of accounting change (after tax effect considerations).

(Attachment)

Interim Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2006		As of September 30, 2005		As of March 31, 2006	
ASSETS						
Current Assets:	325,270	53.3%	265,765	48.5%	292,313	49.6%
Cash and cash equivalents	46,554		55,606		52,285	
Notes and accounts receivable － trade	149,555		108,873		139,001	
Allowance for doubtful receivables	(2,454)		(2,614)		(2,653)	
Inventories	100,089		77,673		74,958	
Deferred income taxes	18,629		17,015		18,571	
Other current assets	12,897		9,212		10,151	
Property, Plant and Equipment:	158,812	26.0	159,208	29.0	167,617	28.5
Land	28,192		44,122		46,571	
Buildings	123,458		114,753		117,414	
Machinery and equipment	172,861		151,350		159,254	
Construction in progress	6,947		5,926		8,180	
Accumulated depreciation	(172,646)		(156,943)		(163,802)	
Investments and Other Assets:	126,344	20.7	123,328	22.5	129,131	21.9
Investments in and advances to associates	15,286		16,569		16,135	
Investment securities	43,595		56,513		62,477	
Leasehold deposits	8,657		8,622		8,553	
Deferred income taxes	21,027		17,315		15,892	
Other	37,779		24,309		26,074	
Total Assets	610,426	100.0%	548,301	100.0%	589,061	100.0%

(Attachment)

(Millions of yen)

	As of September 30, 2006		As of September 30, 2005		As of March 31, 2006	
LIABILITIES						
Current Liabilities:	194,624	31.9%	130,377	23.8%	155,660	26.4%
Bank loans	29,869		1,675		2,468	
Notes and accounts payable －trade	100,084		69,526		85,224	
Accrued expenses	29,678		25,700		28,683	
Income taxes payable	8,466		8,067		12,288	
Deferred income taxes	116		76		105	
Other current liabilities	26,082		25,043		26,596	
Current portion of long-term debt	329		290		296	
Long-Term Debt	1,837	0.3	1,237	0.2	1,049	0.2
Deferred Income Taxes	131	0.0	1,428	0.3	673	0.1
Termination and Retirement Benefits	54,839	9.0	59,268	10.8	67,046	11.4
Other Long-Term Liabilities	477	0.1	313	0.0	571	0.1
Minority Interests in Subsidiaries	1,241	0.2	1,543	0.3	1,125	0.2
Total Liabilities	253,149	41.5	194,166	35.4	226,124	38.4
SHAREHOLDERS’ EQUITY						
Common stock	64,100	10.5	64,100	11.7	64,100	10.9
Additional paid-in capital	98,777	16.2	98,726	18.0	98,724	16.7
Legal reserve	8,245	1.3	7,913	1.4	8,082	1.4
Retained earnings	238,962	39.1	213,158	38.9	227,791	38.7
Accumulated other comprehensive income (loss)	(9,362)	(1.5)	(6,585)	(1.2)	(2,971)	(0.5)
Foreign currency translation adjustments	2,693		(6,887)		(1,353)	
Minimum pension liability adjustments	(23,456)		(15,791)		(21,183)	
Net unrealized gains on securities	11,564		16,209		19,671	
Net gains (losses) on derivative instruments	(163)		(116)		(106)	
Treasury stock	(43,445)	(7.1)	(23,177)	(4.2)	(32,789)	(5.6)
Total Shareholders’ Equity	357,277	58.5	354,135	64.6	362,937	61.6
Total Liabilities and Shareholders’ Equity	610,426	100.0%	548,301	100.0%	589,061	100.0%

(Attachment)

Consolidated Statements of Shareholders' Equity

Six months ended September 30, 2006 (Millions of yen)

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other compre-hensive income (loss)	Treasury stock
Balance, March 31, 2006	64,100	98,724	8,082	227,791	(2,971)	(32,789)
Net income				14,793		
Cash dividends				(3,458)		
Transfer to legal reserve			163	(163)		
Foreign currency translation adjustments					4,046	
Minimum pension liability adjustments					(2,273)	
Unrealized losses on available-for-sale securities					(8,107)	
Net losses on derivative instruments					(57)	
Acquisition of treasury stock						(11,154)
Disposal of treasury stock		1				2
Exercise of stock options		10		(1)		496
Grant of stock options		42				
Balance, September 30, 2006	64,100	98,777	8,245	238,962	(9,362)	(43,445)

Six months ended September 30, 2005 (Millions of yen)

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other compre-hensive income (loss)	Treasury stock
Balance, March 31, 2005	64,100	98,726	7,649	199,551	(41,009)	(23,207)
Net income				16,728		
Cash dividends				(2,857)		
Transfer to legal reserve			264	(264)		
Foreign currency translation adjustments					3,667	
Minimum pension liability adjustments					25,332	
Unrealized gains on available-for-sale securities					5,300	
Net gains on derivative instruments					125	
Acquisition of treasury stock						(33)
Disposal of treasury stock		0				1
Exercise of stock options		(0)				62
Balance, September 30, 2005	64,100	98,726	7,913	213,158	(6,585)	(23,177)

Year ended March 31, 2006 (Millions of yen)

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other compre-hensive income (loss)	Treasury stock
Balance, March 31, 2005	64,100	98,726	7,649	199,551	(41,009)	(23,207)
Net income				35,763		
Cash dividends				(7,078)		
Transfer to legal reserve			433	(433)		
Foreign currency translation adjustments					9,201	
Minimum pension liability adjustments					19,940	
Unrealized gains on available-for-sale securities					8,762	
Net gains on derivative instruments					135	
Acquisition of treasury stock						(10,075)
Disposal of treasury stock		1				2
Exercise of stock options		(3)		(12)		491
Balance, March 31, 2006	64,100	98,724	8,082	227,791	(2,971)	(32,789)

(Attachment)

Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 2006
Operating Activities:			
Net income	14,793	16,728	35,763
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	16,457	14,673	30,825
Net loss (gain) on sales and disposals of property, plant and equipment	6,340	(374)	42
Net gain on sales of short-term investments and investment securities	(464)	(1,044)	(4,302)
Loss on impairment of investment securities and other assets	82	692	757
Loss from transfer of obligation with transfer of substitutional portion of employees' pension fund	—	(41,339)	(41,339)
Gain on establishment of retirement benefit trust	(10,141)	—	—
Termination and retirement benefits	(800)	29,514	29,254
Deferred income taxes	2,998	4,135	3,962
Minority interests	76	20	150
Equity in earnings of affiliates	2,286	472	493
Net gain on sales of business entities	—	—	(194)
Cumulative effect of accounting change	—	1,201	1,201
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable — trade, net	4,661	18,416	(9,629)
Increase in inventories	(21,563)	(6,851)	(2,098)
Decrease (increase) in other assets	670	(941)	(560)
Increase (decrease) in notes and accounts payable — trade	2,474	(6,583)	7,079
Decrease in income taxes payable	(5,168)	(4,820)	(685)
Increase (decrease) in accrued expenses and other current liabilities	(2,004)	(498)	1,411
Other, net	189	(126)	(431)
Total adjustments	(3,907)	6,547	15,936
Net cash provided by operating activities	10,886	23,275	51,699
Investing Activities:			
Proceeds from sales or maturities of short-term investments and investment securities	505	3,222	6,830
Purchase of short-term investments and investment securities	(381)	(769)	(1,294)
Capital expenditures	(20,908)	(18,803)	(40,560)
Decrease (increase) in leasehold deposits	(27)	84	161
Proceeds from sales of property, plant and equipment	12,752	1,677	1,981
Acquisition of minority interests	(15)	(1)	(200)
Decrease (increase) in investment in and loans to affiliates	(988)	542	251
Proceeds from sale of business entities, net	—	—	(544)
Payment for acquisition of business entities, net	(17,541)	(8,641)	(9,645)
Net cash used in investing activities	(26,603)	(22,689)	(43,020)
Financing Activities:			
Net proceeds (repayments) of short-term bank loans	23,858	(12,488)	(11,813)
Proceeds from issuance of long-term debt	221	53	318
Repayments of long-term debt	(232)	(10,657)	(11,012)
Dividends paid by the Company	(4,221)	(3,332)	(6,190)
Dividends paid to minority interests	(9)	(28)	(28)
Acquisition of treasury stock	(11,154)	(33)	(10,075)
Disposal of treasury stock	3	1	3
Exercise of stock options	505	62	477
Net cash provided by (used in) financing activities	8,971	(26,422)	(38,320)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,015	823	1,307
Net Increase (Decrease) in Cash and Cash Equivalents	(5,731)	(25,013)	(28,334)
Cash and Cash Equivalents at Beginning of the Period	52,285	80,619	80,619
Cash and Cash Equivalents at End of the Period	46,554	55,606	52,285
Notes to cash flows from operating activities:			
Interest paid	501	464	898
Taxes paid	14,796	14,504	23,843
Note to investing and financing activities not involving cash flow:			
Debt related to capital expenditures	3,302	1,760	3,220
Transfer of assets and liabilities to affiliate created through joint venture	16,019	—	—

(Attachment)

Preparation of the Consolidated Financial Statements

1. Scope of Consolidation and Application of the Equity Method
(1) Number of consolidated subsidiaries and companies accounted for by the equity method

	Six months ended September 30, 2006	Year ended March 31, 2006	Increase (decrease)
Consolidated subsidiaries	159	144	+15
Unconsolidated subsidiaries accounted for by the equity method	—	—	—
Affiliates accounted for by the equity method	22	17	+5
Total	181	161	+20

(2) Names of principal subsidiaries and affiliates
Consolidated subsidiaries: OMRON Relay & Devices Corporation, OMRON Europe B.V.
Companies accounted for by the equity method: Hitachi-Omron Terminal Solutions, Corp.

(3) Changes in scope of consolidation and application of the equity method:
Consolidated subsidiaries
(New) 15 companies (OMRON PRECISION TECHNOLOGY Co., Ltd., OMRON SCIENTIFIC TECHNOLOGIES INCORPORATED and 13 others)
(Eliminated) 0 companies
Affiliates accounted for by the equity method:
(New) 6 companies
(Eliminated) 1 company

2. Comprehensive Income
Comprehensive income in addition to other comprehensive income in net income is as follows:
Six months ended September 30, 2006: ¥8,402 million
Six months ended September 30, 2005: ¥51,152 million
Year ended March 31, 2006: ¥73,801 million

Other comprehensive income includes changes in foreign currency translation adjustments, minimum pension liability adjustments, unrealized gains or losses on available-for-sale securities and net gains or losses on derivative instruments.

3. Major Components of Other Expenses (Income), Net
The major components of "Other expenses (income), net" are as follows:

Six months ended September 30, 2006	Gain on establishment of retirement benefit trust	¥(10,141) million
	Loss on sales and disposals of property, plant and equipment	¥6,340 million
Six months ended September 30, 2005	Net gain on sales of investment securities	¥(1,044) million
	Loss on impairment of investment securities and other assets	¥692 million
Year ended March 31, 2006	Net gain on sales of investment securities	¥(4,302) million
	Loss on impairment of investment securities and other assets	¥757 million

4. Change in Method of Presentation
"Equity in net losses of affiliates," which was previously included in "Other expenses (income), net," is presented immediately after "Minority interests" from the six months ended September 30, 2006.
Equity in net losses of affiliates included in "Other expenses (income), net" for the six months ended September 30, 2005 and the year ended March 31, 2006 was ¥472 million and ¥493 million, respectively.

(Attachment)

5. Segment Information

1. Business Segment Information

Six months ended September 30, 2006 (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	146,895	62,072	42,751	34,356	30,624	13,149	329,847	—	329,847
(2) Intersegment sales and transfers	4,389	11,446	1,130	4,715	103	22,823	44,606	(44,606)	—
Total	151,284	73,518	43,881	39,071	30,727	35,972	374,453	(44,606)	329,847
Operating expenses	128,777	66,803	45,888	39,961	27,024	34,438	342,891	(37,081)	305,810
Operating income	22,507	6,715	(2,007)	(890)	3,703	1,534	31,562	(7,525)	24,037

Notes: 1. "Social Systems Business" includes the Social Systems Solutions and Service Business Company and others.
2. "Others" includes the Business Development Group and other divisions.

Six months ended September 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	130,272	45,924	35,130	33,991	27,550	12,495	285,362	—	285,362
(2) Intersegment sales and transfers	4,524	10,340	1,598	3,982	95	22,126	42,665	(42,665)	—
Total	134,796	56,264	36,728	37,973	27,645	34,621	328,027	(42,665)	285,362
Operating expenses	114,357	50,915	37,502	40,408	24,579	33,277	301,038	(35,021)	266,017
Operating income	20,439	5,349	(774)	(2,435)	3,066	1,344	26,989	(7,644)	19,345

Year ended March 31, 2006 (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	272,657	97,699	77,593	91,804	61,090	25,939	626,782	—	626,782
(2) Intersegment sales and transfers	8,897	21,081	2,982	8,675	237	44,869	86,741	(86,741)	—
Total	281,554	118,780	80,575	100,479	61,327	70,808	713,523	(86,741)	626,782
Operating expenses	239,620	107,590	82,538	96,046	52,675	69,136	647,605	(71,036)	576,569
Operating income	41,934	11,190	(1,963)	4,433	8,652	1,672	65,918	(15,705)	50,213

Notes: 1. "Social Systems Business" includes the Social Systems Solutions and Service Business Company and others.
2. "Others" includes the Business Development Group and other divisions.
3. This segment information was prepared in accordance with rules for interim consolidated financial statements. Therefore, all profit and loss from the transfer of the substitutional portion of the employees' pension fund is not included in "Operating expenses" for the six months ended September 30, 2005 and the year ended March 31, 2006.

(Attachment)

2. Geographical Segment Information

Six months ended September 30, 2006 (Millions of yen)

	Japan	North America	Europe	Greater China	South-east Asia	Total	Eliminations & Corporate	Consolidated
Net sales:								
(1) Sales to outside customers	182,642	45,519	54,232	28,846	18,608	329,847	—	329,847
(2) Intersegment sales and transfers	59,495	419	685	18,684	4,943	84,226	(84,226)	—
Total	242,137	45,938	54,917	47,530	23,551	414,073	(84,226)	329,847
Operating expenses	215,545	46,361	50,266	47,485	21,508	381,165	(75,355)	305,810
Operating income	26,592	(423)	4,651	45	2,043	32,908	(8,871)	24,037

Six months ended September 30, 2005 (Millions of yen)

	Japan	North America	Europe	Greater China	South-east Asia	Total	Eliminations & Corporate	Consolidated
Net sales:								
(1) Sales to outside customers	167,309	35,431	46,448	19,696	16,478	285,362	—	285,362
(2) Intersegment sales and transfers	46,985	173	549	14,325	4,019	66,051	(66,051)	—
Total	214,294	35,604	46,997	34,021	20,497	351,413	(66,051)	285,362
Operating expenses	194,378	35,090	43,392	33,275	18,528	324,663	(58,646)	266,017
Operating income	19,916	514	3,605	746	1,969	26,750	(7,405)	19,345

Year ended March 31, 2006 (Millions of yen)

	Japan	North America	Europe	Greater China	South-east Asia	Total	Eliminations & Corporate	Consolidated
Net sales:								
(1) Sales to outside customers	370,666	79,686	98,957	41,728	35,745	626,782	—	626,782
(2) Intersegment sales and transfers	100,358	435	1,148	29,961	8,578	140,480	(140,480)	—
Total	471,024	80,121	100,105	71,689	44,323	767,262	(140,480)	626,782
Operating expenses	418,101	79,670	92,777	70,658	40,593	701,799	(125,230)	576,569
Operating income	52,923	451	7,328	1,031	3,730	65,463	(15,250)	50,213

Note: This segment information was prepared in accordance with rules for interim consolidated financial statements. Therefore, all profit and loss from the transfer of the substitutional portion of the employees' pension fund is not included in "Operating expenses" for the six months ended September 30, 2005 and the year ended March 31, 2006.

3. Overseas Sales

(Millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 200
North America	45,867	35,663	79,920
(% of total sales)	13.9%	12.5%	12.7%
Europe	54,277	46,471	99,024
(% of total sales)	16.4%	16.3%	15.8%
Greater China	32,555	20,298	44,234
(% of total sales)	9.9%	7.1%	7.1%
South-east Asia	26,032	22,320	48,770
(% of total sales)	7.9%	7.8%	7.8%
Total	158,731	124,752	271,948
(% of total sales)	48.1%	43.7%	43.4%

(Attachment)

6. Securities

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities," among marketable securities held by the Company and its subsidiaries, available-for-sale securities are stated at fair value reflecting unrealized gains and losses.

Investment securities include debt securities and equity securities. For marketable securities included among these, the acquisition cost or amortized cost, unrealized gain and loss, and fair value are as follows.

As of September 30, 2006
Available-for-sale securities (Millions of yen)

	Cost*	Gross unrealized gain	Gross unrealized loss	Fair value
Debt securities	1,060	213	—	1,273
Equity securities	16,256	20,609	(87)	36,778
Total investment securities	17,316	20,822	(87)	38,051

As of September 30, 2005
Available-for-sale securities (Millions of yen)

	Cost*	Gross unrealized gain	Gross unrealized loss	Fair value
Debt securities	1,064	195	—	1,259
Equity securities	22,039	28,110	(8)	50,141
Total investment securities	23,103	28,305	(8)	51,400

As of March 31, 2006
Available-for-sale securities (Millions of yen)

	Cost*	Gross unrealized gain	Gross unrealized loss	Fair value
Debt securities	1,067	413	—	1,480
Equity securities	22,302	33,770	—	56,072
Total investment securities	23,369	34,183	—	57,552

*Indicates amortized cost for debt securities and acquisition cost for equity securities.

(Attachment)

7. Breakdown of Sales

Net sales by consolidated business segment

(Millions of yen)

	Six months ended September 30, 2006		Six months ended September 30, 2005		Increase (decrease)
Industrial Automation Business	146,895	44.5%	130,272	45.6%	12.8%
Electronic Components Business	62,072	18.8	45,924	16.1	35.2
Automotive Electronic Components Business	42,751	13.0	35,130	12.3	21.7
Social Systems Business	34,356	10.4	33,991	11.9	1.1
Healthcare Business	30,624	9.3	27,550	9.7	11.2
Other	13,149	4.0	12,495	4.4	5.2
Total	329,847	100.0	285,362	100.0	15.6

Notes: 1. "Social Systems Business" includes the Social Systems Solutions and Service Business Company and others.
2. "Others" includes the Business Development Group and other divisions.

Projected net sales by consolidated business segment

(Millions of yen)

	Year ending March31, 2007		Year ended March31, 2006		Increase (decrease)
Industrial Automation Business	303,500	41.0%	272,657	43.5%	11.3%
Electronic Components Business	145,500	19.7	97,699	15.6	48.9
Automotive Electronic Components Business	92,500	12.5	77,593	12.4	19.2
Social Systems Business	102,500	13.8	91,804	14.6	11.7
Healthcare Business	67,000	9.1	61,090	9.7	9.7
Other	29,000	3.9	25,939	4.2	11.8
Total	740,000	100.0	626,782	100.0	18.1

Notes: 1. "Social Systems Business" includes the Social Systems Solutions and Service Business Company and others.
2. "Others" includes the Business Development Group and other divisions.