



Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2018 (U.S. GAAP)

October 31, 2017

OMRON Corporation (6645)

Exchanges Listed:	Tokyo (first section)
URL:	http://www.omron.com
Representative:	Yoshihito Yamada, President and CEO
Contact:	Takayoshi Oue, Executive Officer, Senior General Manager, Global Finance and Accounting HQ
Telephone:	+81-75-344-7070
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Start of Distribution of Dividends (scheduled):	December 4, 2017
Preparation of Supplementary Materials for the Quarterly Financial Results:	Yes
Holding of Presentation of Quarterly Financial Results:	Yes (for investors)

Note: 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.

Note: Figures are rounded to the nearest million yen.

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 – September 30, 2017)

(1) Sales and Income (cumulative)

(Percentages represent changes compared with the same period of the previous fiscal year.)

	Millions of yen - except per share data and percentages			
	Six months ended September 30, 2017		Six months ended September 30, 2016	
		Change (%)		Change (%)
Net sales	410,527	+10.5	371,592	(10.1)
Operating income	43,353	+67.4	25,891	(21.5)
Income before income taxes	41,042	+73.6	23,646	(27.8)
Net income attributable to shareholders	30,304	+91.2	15,849	(35.2)
Net income per share attributable to shareholders, basic (JPY)	141.92		74.13	
Net income per share attributable to shareholders, diluted (JPY)	—		74.13	

Note: Comprehensive income (loss): Six months ended September 30, 2017: JPY 43,760 million (—% change);
Six months ended September 30, 2016: JPY (18,322) million (—% change)

(2) Consolidated Financial Position

	Millions of yen - except per share data and percentages	
	As of September 30, 2017	As of March 31, 2017
Total assets.....	726,615	697,701
Net assets	499,880	470,757
Shareholders' equity	498,053	469,029
Shareholders' equity ratio (%)	68.5	67.2

2. Dividends

		Year ended March 31, 2017	Year ending March 31, 2018	Year ending March 31, 2018 (projected)
Dividends per share	1st quarter dividend (JPY)	—	—	—
	Interim dividend (JPY)	34.00	38.00	—
	3rd quarter dividend (JPY)	—	—	—
	Year-end dividend (JPY)	34.00	—	38.00
	Total dividends for the year (JPY)	68.00	—	76.00

Notes: 1. Revisions since the most recently announced dividend forecast: Yes

2. See “OMRON Announces Fiscal 2017 Interim Dividend, Full-Year Total Dividend Forecast and Year-End Dividend Forecast” released today (October 31, 2017).

3. Projected Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages represent changes compared with the previous fiscal year.)

	Millions of yen	
	Full year ending March 31, 2018	Change (%)
Net sales	850,000	+7.0
Operating income	85,000	+25.8
Income before income taxes	79,500	+21.4
Net income attributable to shareholders	59,000	+28.3
Net income per share attributable to shareholders (JPY)	277.00	

Notes: 1. Revisions since the most recently announced performance forecast: Yes

2. See “OMRON Announces Revisions to Full-Year Consolidated Performance Forecast for Fiscal 2017” released today (October 31, 2017).

3. Net income per share attributable to shareholders as provided in our consolidated earnings forecast is calculated based on an estimated average number of shares during the period, adjusted for treasury stock as of October 20, 2017.

Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No

New: – companies (–) Excluded: – companies (–)

(2) Application of simplified accounting methods and/or special accounting methods: No

(3) Changes in accounting policy

(a) Changes in accounting policy accompanying revision of accounting standards, etc.: Yes

(b) Changes in accounting policy other than (a) above: No

Note: For more, see 2. Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Change in Accounting Policy) on P.12

(4) Number of shares issued and outstanding (common stock)

(a) Number of shares at end of period (including treasury stock): September 30, 2017: 213,958,172 shares; March 31, 2017: 213,958,172 shares

(b) Treasury stock at end of period: September 30, 2017: 1,338,658 shares; March 31, 2017: 152,836 shares

(c) Average number of shares during the period (cumulative quarterly period): Six months ended September 30, 2017: 213,525,277 shares; Six months ended September 30, 2016: 213,808,481 shares

Note: As of the end of the second quarter for the consolidated fiscal year ending March 2018, 770,100 shares in OMRON stock held for Board Incentive Plan and Employee Stock Ownership Plan purposes are included in period-end treasury stock. The average number of shares during the period includes treasury shares deducted in the calculation of net income per share attributable to shareholders.

This summary of consolidated results is exempt from the review procedures.

Commentary Regarding Appropriate Use of Projections of Results and Other Matters

1. Projections of results and future developments are based on information available to the Company at the time of writing, as well as certain assumptions judged by the Company to be reasonable. Various risks, uncertainties and other factors could cause actual results to differ materially from these projections. For the assumptions that form the basis of the projected results, see “1. Qualitative Information on Quarterly Financial Results, (3) Description of Information on Outlook, Including Consolidated Performance Forecast” on page 6.
2. The Company applies the single step method for presentation of its Consolidated Financial Statements based on U.S. GAAP. However, to facilitate comparison with other companies, operating income on the Consolidated Income Statement is presented by subtracting selling, general and administrative expenses and research and development expenses from gross profit.
3. The Company plans to hold a presentation for investors on Tuesday, October 31, 2017. The Company also plans to post an overview and the (voice) content of its explanations, together with financial materials used at the presentation, promptly on its website.

Note: The following abbreviations of business segment names are used in the attached materials.

IAB: Industrial Automation Business

EMC: Electronic and Mechanical Components Business

AEC: Automotive Electronic Components Business

SSB: Social Systems, Solutions and Service Business

HCB: Healthcare Business

Other: Environmental Solutions Business, Electronic Systems & Equipment Division, Micro Devices, Backlight (Businesses under direct control of Headquarters)

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1. Qualitative Information on Quarterly Financial Results

(1) Description of Results of Operations

General Overview

The OMRON Group recorded significantly higher consolidated sales and profits for the cumulative second quarter of fiscal 2017 (April through September 2017) compared to the same period in the previous fiscal year. Our mainstay Industrial Automation Business reported sharply higher sales, driving overall growth. The OMRON way of working in close coordination with production, sales, and development groups helped the company achieve a company-wide gross profit ratio of 41.5%, a 2.5-point increase year on year. Even as we make the necessary investments as described in our new VG2.0 medium-term management plan announced in April, operating income marked an all-time high for any cumulative consolidated second quarter in the company's history.

Consolidated results for the first six months of fiscal 2017 were as follows.

Millions of yen, except exchange rate data and percentages			
	Six months ended September 30, 2016	Six months ended September 30, 2017	Change
Net sales	371,592	410,527	+10.5%
Gross profit	144,815	170,200	+17.5%
[% of net sales]	[39.0%]	[41.5%]	[+2.5P]
Operating income	25,891	43,353	+67.4%
[% of net sales]	[7.0%]	[10.6%]	[+3.6P]
Income before income taxes	23,646	41,042	+73.6%
Net income attributable to shareholders	15,849	30,304	+91.2%
Average USD exchange rate (JPY)	107.3 JPY	111.2 JPY	+3.9 JPY
Average EUR exchange rate (JPY)	120.1 JPY	125.6 JPY	+5.5 JPY

Results by Business Segment

IAB (Industrial Automation Business)

(Millions of yen, %)

		Six months ended September 30, 2016	Six months ended September 30, 2017	Change (%)
Sales to external customers	Japan	63,313	73,872	+16.7%
	Overseas	94,668	119,607	+26.3%
	Total	157,981	193,479	+22.5%
Segment profit		23,005	38,031	+65.3%

Sales in Japan

IAB segment sales for the consolidated second quarter rose significantly year on year as we captured higher investment demand for manufacturing equipment on the back of investment in the global semiconductor industry. Increased investment demand in the automotive industry was another positive factor driving favorable performance.

Overseas Sales

Demand was strong for investment in semiconductor-related markets in the Americas. Meanwhile a more settled political situation and gradual economic recovery in Europe, accompanied by strong machinery exports, led to greater demand in our focus industries. The digital industry in Greater China and Asia has increased the pace and scale of investments. We have added resources and proposed optimal solutions to our customers in response to the rapid growth in demand and investment in various regions, recording significant year-on-year growth in overseas net sales.

Segment Profit

IAB segment profit was substantially higher than the same period of the previous year. This was driven by higher sales, stemming from effective sales activities leveraging our broad product lineup and solutions.

EMC (Electronic and Mechanical Components Business)

(Millions of yen, %)

		Six months ended September 30, 2016	Six months ended September 30, 2017	Change (%)
Sales to external customers	Japan	11,895	12,607	+6.0%
	Overseas	35,356	39,370	+11.4%
	Total	47,251	51,977	+10.0%
Segment profit		4,957	7,192	+45.1%

Sales in Japan

Sales were higher year on year, supported by an increase in inquiries from automotive industry and strong sales of new vehicles by our customers. We also captured an increase the demand in the amusement industry.

Overseas Sales

Sales were strong for the consumer industries in Greater China, supported by higher incomes and improving living standards in inland regions, leading to higher demand for air conditioners and other appliances. In Asia, greater use of OMRON products in consumer electronics and an increase in demand for motorcycles led to higher sales. As a result, overseas sales were significantly higher year on year.

Segment Profit

The segment reported profits significantly higher year on year, mainly due to increased sales in Japan and around the world, as well as higher internal sales.

AEC (Automotive Electronic Components Business)

(Millions of yen, %)

		Six months ended September 30, 2016	Six months ended September 30, 2017	Change (%)
Sales to external customers	Japan	8,598	8,484	-1.3%
	Overseas	54,756	55,660	+1.7%
	Total	63,354	64,144	+1.2%
Segment profit		2,494	2,621	+5.1%

Sales in Japan

Segment sales were flat year on year, mainly due to the termination of models using OMRON products, on the back of model changes.

Overseas Sales

Sales were lower year on year in the Americas as a result of lower automotive production volume in North America. In Asia, sales were higher in response to strong automotive production in India, rising sales of motorcycles in Thailand, and other factors. As a result, overseas sales for the segment were level with the same period in the prior fiscal year.

Segment Profit

The segment reported higher profit year on year, driven by wider gross profit margins resulting from cost structure improvements.

SSB (Social Systems, Solutions and Service Business)

(Millions of yen, %)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Change (%)
Sales to external customers	19,192	19,519	+1.7%
Segment profit (loss)	(3,112)	(2,818)	—

Note: OMRON revised the business classifications, reclassifying certain operations under SSB to the Other Businesses beginning with the fiscal year ending March 31, 2018. The company reclassified results for the fiscal year ended March 31, 2017 under this new categorization for presentation herein.

Sales in Japan

In our Public Transportation Business, demand for station equipment upgrades were flat year on year. In response to increasing demand for safety support measures, OMRON expanded sales of detection systems, which use sensing technologies to prevent accidents within stations. Despite weak replacement demand for road traffic terminals, by broadening our product lineup, our sales for Traffic and Road Management Systems Business were unchanged year on year. As a result, sales in Japan were flat year on year.

Segment Profit

Segment loss narrowed compared to the same period in the previous fiscal year stemming from an enhanced earnings ability achieved by moving design and production in-house.

HCB (Healthcare Business)

(Millions of yen, %)

		Six months ended September 30, 2016	Six months ended September 30, 2017	Change (%)
Sales to external customers	Japan	14,141	12,121	-14.3%
	Overseas	34,692	39,013	+12.5%
	Total	48,833	51,134	+4.7%
Segment profit		4,730	6,191	+30.9%

Sales in Japan

Home-use healthcare and medical device sales were strong for the period, supported by greater promotion of blood pressure monitors in online sales channels. However, sales for professional-use products decreased due to the transfer of shares of a medical equipment subsidiary in December 2016 (former Omron Colin Co., Ltd.). As a result, Japan sales were lower year on year.

Overseas Sales

Sales of blood pressure monitors in the Americas were strong, mainly due to promotional activity in online sales channels in the U.S. and an expansion of our store network in South America. Our business in Europe saw firm sales of blood pressure monitors in Russia. Greater China reported strong sales of blood pressure monitors and nebulizers through online channels. In Asia, sales were strong, driven by an expansion of our store network. As a result, overseas sales were significantly higher year on year.

Segment Profit

The HCB segment reported higher profit year on year, due to higher sales and improved productivity.

Other (Businesses under the Direct Control of Headquarters)

(Millions of yen, %)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Change (%)
Sales to external customers	32,496	28,386	-12.6%
Segment profit (loss)	(2,244)	(427)	—

Notes: 1. The Other segment includes new exploratory or incubation businesses as well as businesses being nurtured under the direct control of Headquarters.

2. OMRON revised the business classifications, reclassifying certain operations under SSB to the Other Businesses beginning with the fiscal year ending March 31, 2018. The company reclassified results for the fiscal year ended March 31, 2017 under this new categorization for presentation herein.

Environmental Business Sales

Sales were lower year on year, despite a larger share of the solar power-related market for panel manufacturers and an expanded product lineup for the storage battery market. These positive factors could not overcome the negative impact of delayed inspections related to revised feed-in tariff law.

Electronic Systems & Equipment Business Sales

Demand was strong for uninterruptible power supply units and contract services for development and production of electronic devices. Accordingly, sales increased compared with the same period of the previous fiscal year.

Micro Devices Business Sales

Sales increased significantly year on year, owing to an increase in demand for smartphone microphones.

Backlight Business Sales

Sales in this business fell year on year by a wide margin, on the back of business optimization initiatives.

Segment Profit

Despite lower sales, segment profit improved owing to restructured operations.

(2) Description of Financial Condition

Under VG2.0, we intend to continue to conduct ROIC management focused on capital efficiency, while actively investing in sustainable corporate value improvements.

Total assets as of the end of the consolidated second quarter increased JPY28,914 million compared to the end of the prior fiscal year to JPY726,615 million. This increase was mainly due to higher inventories and increased cash and cash equivalents for the period. Total liabilities decreased JPY209 million compared with the end of the previous fiscal year, down to JPY226,735 million. This result was mainly due to decreases in notes and accounts payable – trade and accrued expenses. Net assets increased JPY29,123 million compared to the end of the previous fiscal year to JPY499,880 million, owing to increases in net income attributable to shareholders and other factors. Shareholders' equity ratio rose to 68.5%, compared to 67.2% as of the end of the prior consolidated fiscal year.

Net cash provided by operating activities for the cumulative consolidated second quarter was JPY32,521 million, an increase of JPY5,172 million in net cash provided over the same period in the previous fiscal year. This result was mainly due to the recording of net income, depreciation and amortization and a decrease in notes and accounts receivable– trade. Net cash used in investing activities was JPY16,068 million, representing an increase in net cash used of JPY11,519 million compared to the same period in the previous fiscal year. This result was mainly due to equity investments and business acquisitions. Net cash used in financing activities was JPY13,248 million, which was an increase in net cash used of JPY5,173 million compared to the same period in the previous fiscal year. This result was mainly due to dividends paid and stock buybacks. As a result, the balance of cash and cash equivalents at the end of the consolidated second quarter was JPY130,829 million, an increase of JPY4,803 million compared to the end of the previous fiscal year.

(3) Description of Information on Outlook, Including Consolidated Performance Forecast

Performance for the cumulative consolidated second quarter was strong for the company as a whole, driven mainly by our core Industrial Automation Business. We expect the business environment to remain positive throughout the third quarter, and accordingly, we have made the following upward revisions to our full-year earnings forecast. The OMRON Group has changed its exchange rate assumptions for the third quarter and beyond to USD 1 = JPY 110 and EUR 1 = JPY 128.

Performance forecasts and other forward-looking statements are based on information available at the time, as well as on certain assumptions deemed reasonable by OMRON Group management. Actual results may vary materially depending on a variety of factors.

(Millions of yen / % / JPY)

	Net sales	Operating income	Income before income taxes	Net income attributable to shareholders	Net income per share attributable to shareholders (JPY)
Previous forecast (A)	810,000	68,000	65,500	48,500	226.84
New forecast (B)	850,000	85,000	79,500	59,000	277.00
Change (B-A)	40,000	17,000	14,000	10,500	—
Change (%)	4.9%	25.0%	21.4%	21.6%	—
(Reference) Actual results for the previous fiscal year (ended March 31, 2017)	794,201	67,566	65,492	45,987	215.09

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017		As of September 30, 2017	
		%		%
ASSETS				
Current assets:	435,904	62.5	437,896	60.3
Cash and cash equivalents	126,026		130,829	
Notes and accounts receivable — trade	169,210		159,886	
Allowance for doubtful receivables	(1,320)		(1,362)	
Inventories	109,404		128,407	
Deferred income taxes	19,123		—	
Other current assets	13,461		20,136	
Property, plant and equipment:	127,615	18.3	130,440	17.9
Land	25,550		25,664	
Buildings	141,527		144,977	
Machinery and equipment	189,286		199,018	
Construction in progress	6,104		7,161	
Accumulated depreciation	(234,852)		(246,380)	
Investments and other assets:	134,182	19.2	158,279	21.8
Goodwill	30,385		30,470	
Investments in and advances to affiliates	25,303		25,919	
Investment securities	27,006		29,706	
Leasehold deposits	6,907		7,201	
Deferred income taxes	21,101		40,338	
Other assets	23,480		24,645	
Total assets	697,701	100.0	726,615	100.0

(Millions of yen)

	As of March 31, 2017		As of September 30, 2017	
		%		%
LIABILITIES				
Current liabilities	172,081	24.7	171,372	23.6
Notes and accounts payable — trade	89,362		88,782	
Accrued expenses	39,354		39,492	
Income taxes payable	6,994		6,890	
Other current liabilities	36,371		36,208	
Deferred income taxes	763	0.1	824	0.1
Termination and retirement benefits	43,708	6.2	43,834	6.0
Other long-term liabilities	10,392	1.5	10,705	1.5
Total liabilities	226,944	32.5	226,735	31.2
NET ASSETS				
Shareholders' equity	469,029	67.2	498,053	68.5
Common stock	64,100	9.2	64,100	8.8
Capital surplus	99,138	14.2	99,248	13.7
Legal reserve	17,813	2.5	18,846	2.6
Retained earnings	346,000	49.6	367,192	50.5
Accumulated other comprehensive income (loss)	(57,363)	(8.2)	(44,144)	(6.1)
Foreign currency translation adjustments	(6,327)		4,074	
Pension liability adjustments	(56,571)		(55,396)	
Unrealized gains (losses) on available-for-sale securities	5,765		7,517	
Net gains (losses) on derivative instruments	(230)		(339)	
Treasury stock	(659)	(0.1)	(7,189)	(1.0)
Noncontrolling interests	1,728	0.3	1,827	0.3
Total net assets	470,757	67.5	499,880	68.8
Total liabilities and shareholders' equity	697,701	100.0	726,615	100.0

(2) Quarterly Consolidated Statements of Operations and Quarterly Consolidated Statements of Comprehensive Income (Loss)

(Quarterly Consolidated Statements of Operations)

(Six months ended September 30, 2017)

(Millions of yen)

	Six months ended September 30, 2016		Six months ended September 30, 2017	
		%		%
Net sales	371,592	100.0	410,527	100.0
Cost of sales	226,777	61.0	240,327	58.5
Gross profit	144,815	39.0	170,200	41.5
Selling, general and administrative expenses	93,835	25.2	99,422	24.2
Research and development expenses	25,089	6.8	27,425	6.7
Operating income	25,891	7.0	43,353	10.6
Other expenses, net	2,245	0.6	2,311	0.6
Income before income taxes and equity in loss (earnings) of affiliates	23,646	6.4	41,042	10.0
Income taxes	7,094	2.0	11,081	2.7
Equity in loss (earnings) of affiliates	496	0.1	(547)	(0.1)
Net income	16,056	4.3	30,508	7.4
Net income attributable to noncontrolling interests	207	0.0	204	0.0
Net income attributable to OMRON shareholders	15,849	4.3	30,304	7.4

(Quarterly Consolidated Statements of Comprehensive Income (Loss))
(Six months ended September 30, 2017)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net income	16,056	30,508
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	(31,475)	10,434
Pension liability adjustments	1,438	1,175
Unrealized gains (losses) on available-for-sale securities	(4,655)	1,752
Net gains (losses) on derivative instruments	314	(109)
Other comprehensive income (loss)	(34,378)	13,252
Comprehensive income (loss)	(18,322)	43,760
(Breakdown)		
Comprehensive income (loss) attributable to noncontrolling interests	(59)	237
Comprehensive income (loss) attributable to OMRON shareholders	(18,263)	43,523

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
I. Operating Activities:		
1. Net income	16,056	30,508
2. Adjustments to reconcile net income to net cash provided by operating activities:		
(1) Depreciation and amortization	14,535	13,786
(2) Net loss on sales and disposals of property, plant and equipment	167	115
(3) Loss on impairment of long-lived assets and assets held for sale	11,860	28
(4) Net gain on sale of investment securities	(88)	(251)
(5) Loss (gain) on sale of business	(3,530)	14
(6) Loss on impairment of investment securities	310	21
(7) Gain on contribution of securities to retirement benefit trust	(6,161)	—
(8) Termination and retirement benefits	1,814	1,663
(9) Deferred income taxes	(1,018)	(1,670)
(10) Equity in loss (earnings) of affiliates	496	(547)
(11) Changes in assets and liabilities:		
(i) Decrease in notes and accounts receivable — trade	7,926	12,630
(ii) Decrease (increase) in inventories	(11,697)	(15,182)
(iii) Decrease (increase) in other assets	758	(4,867)
(iv) Increase (decrease) in notes and accounts payable — trade	(2,582)	(920)
(v) Increase (decrease) in income taxes payable	(3,487)	(208)
(vi) Increase (decrease) in accrued expenses and other current liabilities	1,409	(2,059)
(12) Other, net	581	(540)
Total adjustments	11,293	2,013
Net cash provided by operating activities	27,349	32,521
II. Investing Activities:		
1. Proceeds from sale of investment securities	191	649
2. Purchase of investment securities	(274)	(348)
3. Capital expenditures	(10,861)	(13,277)
4. Decrease (increase) in leasehold deposits, net	158	(291)
5. Proceeds from sale of property, plant and equipment	784	221
6. Decrease (increase) in investment in and loans to affiliates	30	—
7. Proceeds from sale of business, net of cash paid	5,381	(427)
8. Payment for acquisition of business, net of cash acquired	—	(2,641)
9. Other, net	42	46
Net cash used in investing activities	(4,549)	(16,068)
III. Financing Activities:		
1. Net increase in short-term debt	112	639
2. Dividends paid by the Company	(7,269)	(7,269)
3. Dividends paid to noncontrolling interests	(262)	(138)
4. Acquisition of treasury stock	(3)	(6,530)
5. Payments for equity transactions with noncontrolling interests	(470)	—
6. Other, net	(183)	50
Net cash used in financing activities	(8,075)	(13,248)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(8,691)	1,598
Net Increase (Decrease) in Cash and Cash Equivalents	6,034	4,803
Cash and Cash Equivalents at Beginning of the Period	82,910	126,026
Cash and Cash Equivalents at End of the Period	88,944	130,829
Notes to cash flows from operating activities:		
1. Interest paid	71	57
2. Taxes paid	12,568	12,855
Notes to investing and financing activities not involving cash flow:		
1. Debt related to capital expenditures	513	986
2. Fair value of contribution of securities to retirement benefit trust	8,487	—

(4) Notes Regarding Consolidated Financial Statements

(Notes Regarding Assumptions of Continuing Operations)

None applicable

(Notes in the Event of Significant Changes in Shareholders' Equity)

None applicable

(Changes in Accounting Policy)

Beginning with the current period, OMRON has applied Balance Sheet Classification of Deferred Taxes (U.S. Financial Accounting Standards Board Accounting Standards Update No. 2015-17). Under this standards update, deferred tax assets and deferred tax liabilities are required to be classified as non-current items. The company has not made any retroactive revisions with respect to this standards update. Further, deferred tax assets and deferred tax liabilities classified as current as of March 31, 2017 are JPY19,123 million and JPY32 million.

(Segment Information)**Business Segment Information**

Six months ended September 30, 2016 (April 1, 2016 – September 30, 2016)

(Millions of yen)

	IAB	EMC	AEC	SSB	HCB	Other	Total	Eliminations & Corporate	Consolidated
Net sales									
(1) Sales to external customers	157,981	47,251	63,354	19,192	48,833	32,496	369,107	2,485	371,592
(2) Intersegment sales	2,546	22,801	233	1,991	164	4,615	32,350	(32,350)	—
Total	160,527	70,052	63,587	21,183	48,997	37,111	401,457	(29,865)	371,592
Operating expenses	137,522	65,095	61,093	24,295	44,267	39,355	371,627	(25,926)	345,701
Segment profit (loss)	23,005	4,957	2,494	(3,112)	4,730	(2,244)	29,830	(3,939)	25,891

Note: OMRON revised the business classifications, reclassifying certain operations under SSB to the Other Businesses beginning with the fiscal year ending March 31, 2018. The company has reclassified results for the fiscal year ended March 31, 2017 under this new categorization for presentation herein.

Six months ended September 30, 2017 (April 1, 2017 – September 30, 2017)

(Millions of yen)

	IAB	EMC	AEC	SSB	HCB	Other	Total	Eliminations & Corporate	Consolidated
Net sales									
(1) Sales to external customers	193,479	51,977	64,144	19,519	51,134	28,386	408,639	1,888	410,527
(2) Intersegment sales	3,154	27,841	863	2,013	130	4,824	38,825	(38,825)	—
Total	196,633	79,818	65,007	21,532	51,264	33,210	447,464	(36,937)	410,527
Operating expenses	158,602	72,626	62,386	24,350	45,073	33,637	396,674	(29,500)	367,174
Segment profit (loss)	38,031	7,192	2,621	(2,818)	6,191	(427)	50,790	(7,437)	43,353

Geographical Segment Information

Six months ended September 30, 2016 (April 1, 2016 – September 30, 2016)

(Millions of yen)

	Japan	Americas	Europe	Greater China	Southeast Asia and Others	Total	Eliminations & Corporate	Consolidated
Net sales								
(1) Sales to external customers	152,595	55,460	49,631	71,444	42,462	371,592	—	371,592
(2) Intersegment sales	82,060	2,891	842	46,529	12,714	145,036	(145,036)	—
Total	234,655	58,351	50,473	117,973	55,176	516,628	(145,036)	371,592
Operating expenses	224,868	57,373	48,470	107,996	51,017	489,724	(144,023)	345,701
Segment profit (loss)	9,787	978	2,003	9,977	4,159	26,904	(1,013)	25,891

Six months ended September 30, 2017 (April 1, 2017 – September 30, 2017)

(Millions of yen)

	Japan	Americas	Europe	Greater China	Southeast Asia and Others	Total	Eliminations & Corporate	Consolidated
Net sales								
(1) Sales to external customers	157,292	56,424	56,080	86,018	54,713	410,527	—	410,527
(2) Intersegment sales	102,271	4,295	1,021	44,089	14,310	165,986	(165,986)	—
Total	259,563	60,719	57,101	130,107	69,023	576,513	(165,986)	410,527
Operating expenses	234,584	60,229	54,082	116,525	63,782	529,202	(162,028)	367,174
Segment profit (loss)	24,979	490	3,019	13,582	5,241	47,311	(3,958)	43,353

Notes: Major countries or regions belonging to segments other than Japan are as follows:

- (1) Americas: United States of America, Canada, Brazil
- (2) Europe: Netherlands, Great Britain, Germany, France, Italy, Spain
- (3) Greater China: China, Hong Kong, Taiwan
- (4) Southeast Asia and Others: Singapore, Republic of Korea, India, Australia

Overseas Sales

Six months ended September 30, 2016 (April 1, 2016 – September 30, 2016)

(Millions of yen)

	Americas	Europe	Greater China	Southeast Asia and Others	Total
I Overseas sales	56,764	52,159	71,749	42,676	223,348
II Consolidated net sales					371,592
III Overseas sales as a percentage of consolidated net sales (%)	15.3	14.0	19.3	11.5	60.1

Six months ended September 30, 2017 (April 1, 2017 – September 30, 2017)

(Millions of yen)

	Americas	Europe	Greater China	Southeast Asia and Others	Total
I Overseas sales	57,486	58,760	86,916	55,456	258,618
II Consolidated net sales					410,527
III Overseas sales as a percentage of consolidated net sales (%)	14.0	14.3	21.2	13.5	63.0

Notes: Major countries or regions belonging to segments other than Japan are as follows:

- (1) Americas: United States of America, Canada, Brazil
- (2) Europe: Netherlands, Great Britain, Germany, France, Italy, Spain
- (3) Greater China: China, Hong Kong, Taiwan
- (4) Southeast Asia and Others: Singapore, Republic of Korea, India, Australia

4. Supplementary Information

(1) Summary of Consolidated Financial Results (U.S. GAAP)

(Millions of yen, %)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Year-on- year change	Year ended March 31, 2017	Year ending March 31, 2018 (projected)	Year-on- year change
Net sales	371,592	410,527	+10.5%	794,201	850,000	+7.0%
Operating income	25,891	43,353	+67.4%	67,566	85,000	+25.8%
[% of net sales]	[7.0%]	[10.6%]	[+3.6P]	[8.5%]	[10.0%]	[+1.5P]
Income before income taxes	23,646	41,042	+73.6%	65,492	79,500	+21.4%
[% of net sales]	[6.4%]	[10.0%]	[+3.6P]	[8.2%]	[9.4%]	[+1.2P]
Net income attributable to shareholders	15,849	30,304	+91.2%	45,987	59,000	+28.3%
Net income per share attributable to shareholders (basic) (¥)	74.13	141.92	+67.79	215.09	277.00	+61.91
Net income per share attributable to shareholders (diluted) (¥)	74.13	—	—	215.09		
Total assets	632,893	726,615	+14.8%	697,701		
Shareholders' equity	419,220	498,053	+18.8%	469,029		
[Shareholders' equity ratio (%)]	[66.2%]	[68.5%]	[+2.3P]	[67.2%]		
Shareholders' equity per share (¥)	1,960.73	2,342.46	+381.73	2,193.72		
Net cash provided by operating activities	27,349	32,521	+5,172	77,875		
Net cash used in investing activities	(4,549)	(16,068)	-11,519	(15,041)		
Net cash used in financing activities	(8,075)	(13,248)	-5,173	(15,012)		
Cash and cash equivalents at end of period	88,944	130,829	+41,885	126,026		

Notes: The number of consolidated subsidiaries is 169, and the number of companies accounted for by the equity method is 17.

(2) Consolidated Net Sales by Business Segment

(Billions of yen)

		Six months ended September 30, 2016	Six months ended September 30, 2017	Year-on-year change (%)
IAB	Japan	63.3	73.9	+16.7%
	Overseas	94.7	119.6	+26.3%
	Total	158.0	193.5	+22.5%
EMC	Japan	11.9	12.6	+6.0%
	Overseas	35.4	39.4	+11.4%
	Total	47.3	52.0	+10.0%
AEC	Japan	8.6	8.5	-1.3%
	Overseas	54.8	55.7	+1.7%
	Total	63.4	64.1	+1.2%
SSB	Japan	19.1	19.2	+1.1%
	Overseas	0.1	0.3	+63.6%
	Total	19.2	19.5	+1.7%
HCB	Japan	14.1	12.1	-14.3%
	Overseas	34.7	39.0	+12.5%
	Total	48.8	51.1	+4.7%
Other	Japan	28.8	23.7	-17.6%
	Overseas	3.7	4.7	+25.6%
	Total	32.5	28.4	-12.6%
Eliminations & Corporate	Japan	2.4	1.9	-24.0%
	Overseas	0.0	0.0	—
	Total	2.4	1.9	-24.0%
Total	Japan	148.3	151.9	+2.5%
	Overseas	223.3	258.6	+15.8%
	[% of total]	[60.1%]	[63.0%]	[+2.9P]
	Total	371.6	410.5	+10.5%

Note: OMRON revised the business classifications, reclassifying certain operations under SSB to the Other Businesses beginning with the fiscal year ending March 31, 2018. The company has reclassified results for the fiscal year ended March 31, 2017 under this new categorization for presentation herein.

(3) Consolidated Operating Income (Loss) by Business Segment

(Billions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Year-on-year change (%)
IAB	23.0	38.0	+65.3%
EMC	5.0	7.2	+45.1%
AEC	2.5	2.6	+5.1%
SSB	(3.1)	(2.8)	—
HCB	4.7	6.2	+30.9%
Other	(2.2)	(0.4)	—
Eliminations & Corporate	(3.9)	(7.4)	—
Total	25.9	43.4	+67.4%

Note: OMRON revised the business classifications, reclassifying certain operations under SSB to the Other Businesses beginning with the fiscal year ending March 31, 2018. The company has reclassified results for the fiscal year ended March 31, 2017 under this new categorization for presentation herein.

(4) Average Currency Exchange Rate

(One unit of currency, in yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Year-on-year change
USD	107.3	111.2	+3.9
EUR	120.1	125.6	+5.5

(5) Projected Consolidated Net Sales by Business Segment

(Billions of yen)

	Year ended March 31, 2017	Year ending March 31, 2018 (est.)	Year-on-year change (%)
IAB	331.0	388.0	+17.2%
EMC	93.9	99.5	+5.9%
AEC	132.1	129.5	-1.9%
SSB	61.9	63.5	+2.6%
HCB	101.3	108.5	+7.1%
Other	68.5	57.0	-16.8%
Eliminations & Corporate	5.5	4.0	-28.0%
Total	794.2	850.0	+7.0%

Note: OMRON revised the business classifications, reclassifying certain operations under SSB to the Other Businesses beginning with the fiscal year ending March 31, 2018. The company has reclassified results for the fiscal year ended March 31, 2017 under this new categorization for presentation herein.

(6) Projected Consolidated Operating Income (Loss) by Business Segment

(Billions of yen)

	Year ended March 31, 2017	Year ending March 31, 2018 (est.)	Year-on-year change (%)
IAB	52.0	71.5	+37.5%
EMC	9.4	12.0	+27.3%
AEC	7.1	6.5	-8.8%
SSB	3.7	4.0	+8.5%
HCB	8.5	10.5	+23.0%
Other	(1.8)	(1.5)	—
Eliminations & Corporate	(11.3)	(18.0)	—
Total	67.6	85.0	+25.8%

Note: OMRON revised the business classifications, reclassifying certain operations under SSB to the Other Businesses beginning with the fiscal year ending March 31, 2018. The company has reclassified results for the fiscal year ended March 31, 2017 under this new categorization for presentation herein.

(7) Projected Average Currency Exchange Rate

(One unit of currency, in yen)

	Year ended March 31, 2017	Year ending March 31, 2018 (est.)	Year-on-year change
USD	108.9	110.6	+1.7
EUR	119.4	126.8	+7.4

Note: The assumed exchange rates used in the performance forecasts for the third quarter onward are USD 1 = JPY 110 and EUR 1 = JPY 128.