



Remote Monitoring Equipment

A terminal for measuring energy consumption at business facilities that can be installed easily without requiring any wiring work with the adoption of a mobile communication network and specified low-power consumption radio transmission. The terminal can provide detailed measurement data at low cost.

BUSINESS DEVELOPMENT GROUP AND OTHER BUSINESSES RESULTS AND PLANS

Billions of yen

Fiscal Year	2007 Plan	2006	YoY	2005	2004	2003
Net sales*	16.5	27.8	106.9%	25.9	26.8	24.5
Domestic	16.0	27.7	107.8%	25.7	26.4	24.0
Overseas	0.5	0.1	35.0%	0.2	0.4	0.5
Operating income*	(0.6)	2.4	144.8%	1.7	3.8	3.8
Operating income margin*	—	8.7%	+2.3%pt.	6.4%	14.2%	15.5%
R&D expenses	9.5	9.7	95.1%	10.2	10.6	9.8
Depreciation and amortization*		1.3	125.4%	1.0	5.1	1.3
Capital expenditures	7.1	3.6	51.7%	7.0	5.8	9.5

* Projections for FY2007 are based on exchange rates of ¥115/US\$ and ¥150/Euro.

* The sales figures given indicate sales to external customers and exclude inter-segment transactions. Operating income indicates income including internal income prior to the deduction of amounts such as inter-segment transactions and headquarters expenses that are not apportionable.

* Projections for depreciation and amortization are not publically released.

BUSINESS DEVELOPMENT GROUP AND OTHER BUSINESSES

Seeking Out and Fostering New Business Opportunities



Kazunobu Amemiya, Executive Officer

Senior General Manager, Business Development Group

The Business Development Group is contributing to the building of a basis for the Omron Group's growth by seeking out and fostering new business opportunities and also supporting technological development and product commercialization. In particular, we are focusing on the steadily-growing energy management and RFID businesses and stepping up efforts toward their further growth.

MARKET ENVIRONMENT AND KEY STRATEGY

✓ Placing High Expectations on the RFID System and Energy Monitoring Businesses

We have our eyes on people's growing awareness of environmental protection and energy-saving. Accordingly, we are accelerating efforts to identify the potential of the commercialization of energy monitoring equipment and related services, which should not only support corporate clients' promotion of energy-saving efforts but also contribute to their cost-cutting efforts. We will also take advantage of the full-scale growth in demand for RFID*-related equipment to provide the global marketplace with products suitable for UHF and HF radio bands. Further, we will seek to create new businesses in the fields of safety, security, environment and health by making full use of the Omron Group's core competence.

* RFID: Radio Frequency Identification

BUSINESS RESULTS AND FISCAL 2007 OUTLOOK

✓ Photo Sticker Machines, Energy Monitoring Business Turn in Strong Performance

In fiscal 2006, we saw net sales of ¥27.8 billion (up 6.9% year on year) and operating income of ¥2.4 billion (up 44.8%). Among existing businesses, the mainstay photo sticker machines performed strongly in the entertainment business, with the membership of the mobile site linked to these machines also growing smoothly. In the computer peripherals business, sales increased for uninterruptible power supply equipment. Among businesses with particular

emphasis for growth, we started shipments of UHF-band RFID equipment to the Asian market, following the U.S. and Japanese markets, and sales of the newly launched energy monitoring business also grew steadily.

In fiscal 2007, however, despite an expected expansion of the RFID and energy monitoring businesses, we are forecasting an operating loss of ¥0.6 billion on net sales of ¥16.5 billion (down 40.5% year on year), as the sale of the entertainment business will lead to a corresponding decline in both sales and operating income and as we continue to invest in the search for new business opportunities.

MEASURES FOR ACCELERATING GROWTH

✓ Expansion of the Energy Monitoring Business

We are putting extra effort into the energy monitoring business as a new business area. In this business, we utilize wireless technology to measure energy consumption of air-conditioning and other equipment, as well as room temperature and humidity, at manufacturing plants and distribution centers, process the measurement results into data useful in energy-saving efforts and feed these data into personal computers of client companies or into mobile phones of individuals. We launched the business in fiscal 2006 to provide both equipment and services to corporate clients who can expect both energy-saving and cost-cutting benefits. We will seek to double fiscal 2007 sales for the business from the fiscal 2006 level, and at the same time expand the scope of energy measurement and enhance the range of data services provided.