

# Consolidated Financial Statements for the Six Months Ended September 30, 2004

October 28, 2004

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in the United States ("U.S. GAAP") except for Segment Information.

## Omron Corporation

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Stock exchange listings: Tokyo, Osaka, Nagoya  
Stock Ticker Symbol: 6645

Board of Directors meeting: October 28, 2004  
U.S. accounting standards used: Yes

## 1. Results for the six months from April 1, 2004 to September 30, 2004

Note: All amounts in these financial statements and the attachments thereto are rounded to the nearest million yen.

### (1) Sales and Income

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Income before income taxes (¥ million)	Year-on-year change (%)
6 months ended 9/04	302,272	11.9	31,198	44.8	29,001	49.2
6 months ended 9/03	270,192	9.4	21,540	88.0	19,433	—
Year ended 3/04	584,889		51,403		47,984	

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (basic) (¥)	Earnings per share (diluted) (¥)
6 months ended 9/04	16,439	113.5	68.81	67.06
6 months ended 9/03	7,698	—	31.70	31.08
Year ended 3/04	26,811		110.66	107.53

Notes:

- Equity in earnings of affiliates: Six months ended Sept. 30, 2004: (¥ 38 million)  
Six months ended Sept. 30, 2003: ¥13 million      Year ended March 31, 2004: ¥ 92 million
- Average number of shares outstanding (consolidated): Six months ended Sept. 30, 2004: 238,915,781 shares  
Six months ended Sept. 30, 2003: 242,848,006 shares      Year ended March 31, 2004: 242,296,332 shares
- Changes in accounting methods: No
- Year-on-year change for net sales, operating income, income before income taxes and net income is based on the previous interim period.

### (2) Financial Position

	Total assets (¥ million)	Total shareholders' equity (¥ million)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
6 months ended 9/04	571,242	300,274	52.6	1,261.22
6 months ended 9/03	552,521	262,128	47.4	1,079.42
Year ended 3/04	592,273	274,710	46.4	1,148.33

Note: Number of shares outstanding at end of period (consolidated): Six months ended Sept. 30, 2004: 238,082,623 shares  
Six months ended Sept. 30, 2003: 242,840,845 shares      Year ended March 31, 2004: 239,224,823 shares

### (3) Cash Flows

	Net cash provided by operating activities (¥ million)	Net cash used in investing activities (¥ million)	Net cash used in financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
6 months ended 9/04	33,581	(16,485)	(37,265)	77,487
6 months ended 9/03	35,545	(15,551)	(17,941)	79,259
Year ended 3/04	80,687	(34,484)	(28,119)	95,059

### (4) Scope of consolidation and application of the equity method

Consolidated subsidiaries: 140 companies

Unconsolidated subsidiaries accounted for by the equity method: None

Affiliated companies accounted for by the equity method: 12 companies

### (5) Changes in scope of consolidation and application of the equity method

Consolidation: (New) 7 companies (Eliminated) 2 companies

Equity method: (New) 1 company (Eliminated) 1 company

## 2. Projected results for the year ending March 31, 2005 (April 1, 2004 to March 31, 2005)

	Net sales (¥ million)	Income before income taxes (¥ million)	Net income (¥ million)
Year ending 3/05	615,000	56,000	34,000

Reference: Estimated earnings per share (full year): ¥142.81

Note: Please see pages 9-12 of the attached materials regarding the above projected results.

## Summary of Results for the Six Months Ended September 30, 2004

### 1. Consolidated Results

(Millions of yen, %)

	Interim Period			Full Fiscal Year Forecast		
	Six months ended September 30, 2004	Six months ended September 30, 2003	Change from previous period	Year ending March 31, 2005 (projected)	Year ended March 31, 2004	Year-on- year change
Net sales	302,272	270,192	112%	615,000	584,889	105%
Income before income taxes	29,001	19,433	149%	56,000	47,984	117%
[% of net sales]	[9.6%]	[7.2%]	[+2.4P]	[9.1%]	[8.2%]	[+0.9P]
Net income	16,439	7,698	214%	34,000	26,811	127%
Earnings per share (basic) (¥)	68.81	31.70	+37.11	142.81	110.66	+32.15

Notes:

1. The financial statements are prepared in accordance with U.S. GAAP.
2. Includes 140 consolidated subsidiaries and 12 affiliated companies accounted for by the equity method.

### 2. Non-consolidated Results

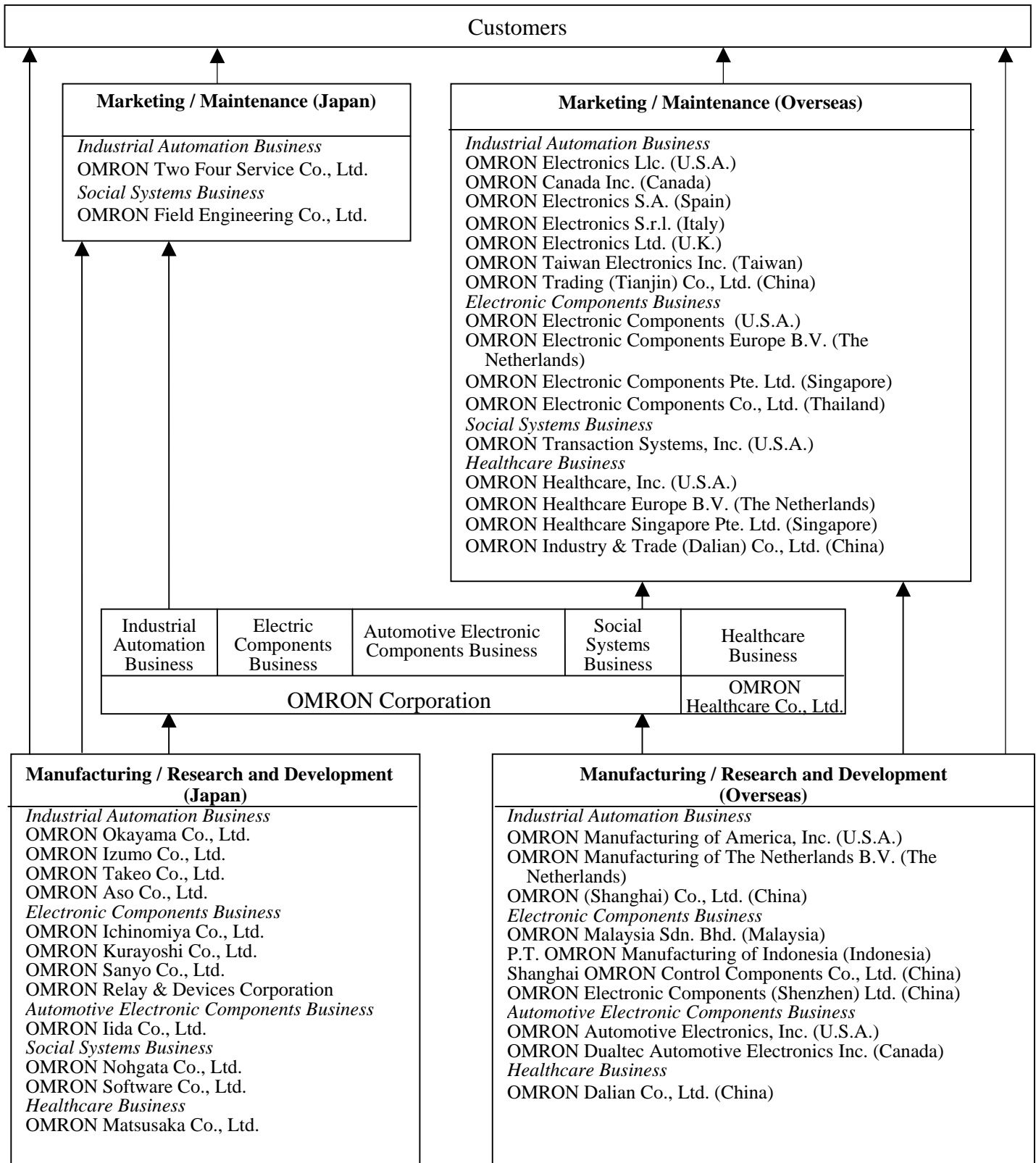
(Millions of yen, %)

	Interim Period			Full Fiscal Year Forecast		
	Six months ended September 30, 2004	Six months ended September 30, 2003	Change from previous period	Year ending March 31, 2005 (projected)	Year ended March 31, 2004	Year-on- year change
Net sales	178,281	163,218	109%	337,000	351,075	96%
Ordinary income	24,322	7,180	339%	23,500	13,065	180%
[% of net sales]	[13.6%]	[4.4%]	[+9.2P]	[7.0%]	[3.7%]	[+3.3P]
Net income	15,293	4,137	370%	13,500	6,273	215%
Earnings per share (¥)	64.01	17.03	+46.98	56.70	25.46	+31.24
Cash dividends per share (¥)	10.00	6.50	+3.50	20.00	20.00	±0

# 1. The Omron Group

The Omron Group consists of Omron Corporation and 140 consolidated subsidiaries (45 in Japan, 95 overseas) and 12 affiliates (8 in Japan, 4 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: 1. "Social Systems Business" includes the Social Systems Solutions and Service Business Company, the Financial Systems Business Company and others

2. OMRON Ichinomiya Co., Ltd. has changed its company name to OMRON Amusement Co., Ltd. as of October 1, 2004.

## **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 has set the management objectives of maximizing on the Company’s corporate value over the long term, based on its mission of contributing to the advancement of society, with the aim of becoming a “21st century company.”

### **(2) Basic Policy for Distribution of Profits**

Omron views the distribution of profits to shareholders as one of the most important elements of its dividend policy, and as such will apply the following new basic rules starting from the dividend payment for fiscal 2004.

- 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) Although subject to the level of internal capital resources, Omron plans to achieve a payout ratio in the 20% range. Omron’s dividend policy is based on the consolidated fiscal year results. However, a minimum payout of ¥10 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) Policies on Lowering the Stock Trading Unit**

With a view to increasing the liquidity of the Company’s stock and the number of shareholders, Omron has set the minimum stock-trading unit at 100 shares.

### **(4) Targets for Management Indicators**

In the aforementioned GD2010, Omron identified return on equity (ROE) as a management indicator. For fiscal 2004, the Company aims to maintain ROE at the 10% level, further enhancing performance while balancing growth and profitability. The Company is now formulating a new set of targets and implementation plans for the second phase of GD2010 through fiscal 2007, in order to maximize corporate value over the long term.

### **(5) Long-Term Management Strategies**

To ensure the achievement of the mid-term targets established in GD2010 and to crystallize the resources for achieving growth, Omron starting from fiscal 2004 will undertake the policy of “Maintaining ROE of 10% and Establishing a Structure for Growth”. In addition to the above-mentioned policy, a sub-policy, “Continuing Structural Reform Program: Maintaining a Balance between Growth and Profitability” will be established. This will be supported by two structural reforms, one “Structural Reform of Business Domains”, which is aimed to identify new potential markets and technology to effectively redefine the business domain, and two “Operational Structural Reform” targeted to identify an optimal earning structure to continuously enhance profitability.

Based on these management strategies, Omron’s goal for the second stage of GD2010 is to double its total value of the businesses (compared with fiscal 2003) by fiscal 2007. For existing businesses, Omron plans to undertake a review of profit structure, as well as increase its business value in the Chinese market through growing sales. For new businesses, Omron intends to create new value by utilizing its core technologies.

### **(6) Issues Facing the Company**

In order to achieve the new mid-term targets, Omron plans to address the following four issues by balancing growth and profit:

- (1) Omron will work to accelerate business in China. Omron plans to compete in the globally competitive Chinese market by engaging in new business opportunities and making proactive investments. In addition to strengthening the local management capabilities, Omron intends to conduct local strategic meetings. These meetings will be presided over by the president of the Company, so that localized decisions and implementations can be made swiftly and effectively.
- 2) Omron will focus on growth based on technologies. While the Company will endeavor to achieve growth by strengthening the profit structure of existing businesses, it also intends to focus on growth from new businesses, particularly in technology. In order to accomplish this, the Company will determine the core areas of technology

and growth and will promote sophistication of technology and application map to enhance innovative technological development.

- 3) Omron will implement structural reform of SG&A (selling, general and administrative) expenses and production. Omron plans to improve operating income mainly by focusing on restructuring of existing businesses' profit structure.
- 4) Omron will undertake effective management of cash flows. By assessing the value of various businesses within the group and determining its underlying cash generating abilities, Omron aims to effectively manage the Group's operations. Through the introduction of an individual fund allocation system, each internal company will be able to make financial plans and investment decisions more independently.

## **(7) Fundamental Corporate Governance Stance and Policies**

### **1) Fundamental Corporate Governance Stance**

Omron's corporate philosophy emphasizes a commitment to fulfilling public responsibilities, and strives to contribute to society through its operations, as well as its corporate citizenship activities. The management principles underpinning this commitment are: "Maximization of customer satisfaction," "Relentless pursuit of challenges," "Treasure the trust of shareholders," "Respect for individuals," "Commitment to corporate citizenship" and "Highest ethical standard for corporate activities." Recognizing that the pursuit of efficient management produces the best returns for all stakeholders, management places importance on sound corporate governance that brings together the interests of shareholders, customers, employees and others.

Omron reinforces management-monitoring functions (the main role of Board of Directors) and promotes more transparent management practices through timely and appropriate information disclosure. Also by establishing the Managing Officers System and the Internal Company System, and by separating the role of corporate management and business operations, Omron aims to maintain effective corporate governance that effectively meets the changes in the operating environment more flexibly and swiftly.

### **2) Actions Taken toward Corporate Governance**

Omron has always been proactive in separating the roles of directors and managing officers. The Company continues to improve its corporate governance by optimal use of its existing management structure and systems as well as auditor system.

### **Organizational Structure and Policy**

Omron has adopted the auditor system, whereby the Board of Directors and the Board of Corporate Auditors supervise and monitor its business execution. Although Omron believes that the current auditor system is effective, it will continue to study the feasibility of the Company with Committees System.

The Board of Directors consists of a relatively small number of directors totaling seven, including two outside directors. The Board determines important executive business decisions such as management goals and strategies. They also monitor the Representative Director (the President). The Chairman of the Board does not engage in day-to-day business execution, but acts as the representative of the stakeholders, monitoring business activities.

The Board of Corporate Auditors consists of four auditors, including three outside auditors. They supervise corporate governance and monitor business management on a daily basis. They also monitor the activities of all directors.

The Personnel Advisory Committee and the Compensation Advisory Committee have been established as special committees in the Board of Directors. Both Committees are chaired by outside directors, and discuss and make decisions on management personnel and other matters.

In order to separate the responsibility for management and execution, Omron has introduced the Managing Officer System. In addition, under the Internal Company System, decision-making authority is delegated to a great extent to the presidents of each internal company. This system facilitates swift decision-making and enhanced productivity. Furthermore, the commitment of management enables clear allocation of responsibility and promotes salary incentives.

In terms of internal audit function, the Corporate Auditing Division under the President regularly conducts internal audits of the Company and its subsidiaries. In addition, the Corporate Auditing Division also provides concrete advice for improvement of monitoring and operations.

### **Improvements to the Risk Management Structure**

Omron has improved its risk management system as it believes that all risk arising from business operations must be accurately assessed and controlled in order to appropriately manage operations, continue stable growth and secure the required level of management resources. Omron is therefore working to optimize and promote the risk management system, and to assess and monitor risks, for the Group overall.

In order to integrate and strengthen risk management and compliance, the Corporate Ethics & Business Conduct Committee, headed by the President, was established. In addition to reporting on compliance status and current risk analysis, the Committee defines short- to medium-term issues, and examines and implements solutions.

As part of the activities of the above committee, Omron has also established special committees on legal compliance, countermeasures in the event of an earthquake, and information risk to plan and enforce comprehensive measures.

Personnel, Business and Equity Relationship of Outside Directors and Auditors with Omron

Omron and its outside directors have no non-routine business relationships in which the outside directors have a direct interest. Omron has no business relationships with its external auditors.

### **3) Efforts Made in the Past Year to Enhance Corporate Governance at Omron**

- To create a compensation system that better reflects results and performance during the terms of directors and officers, the retirement bonus system for directors and auditors was abolished.
- The responsibilities of outside directors were lightened to make it easier to invite them onto the board and eliminate unnecessary risks in their role of scrutinizing management with an outside perspective.
- To meet stakeholders' needs and expectations toward corporate social responsibility (CSR), the CSR Office was established directly under the President.
- Instead of the Environmental Report it had issued previously, Omron issued a Sustainability Report that widened the scope to from environmental aspects to social responsibility in general.
- Three special committees, the Compliance Special Committee, Earthquake Risk Special Committee and Information Risk Special Committee, were established under the "Corporate Ethics and Conduct Committee.
- The Compliance Special Committee checked the conditions of compliance and established corporate ethics and conduct guidelines as a code of conduct for employees in Europe and the United States, besides Japan, where such guidelines were already in place.
- The Earthquake Risk Special Committee studied measures to respond to earthquakes, assuming an earthquake on the magnitude of the Tokai Earthquake.
- The Information Risk Special Committee is sorting out personal information based on the Personal Information Protection Law that will take effect beginning next year.
- To encourage early detection and take preventive steps, an internal emergency hotline "Whistleblower Helpline" was established in the Corporate General Affairs Division to report suspected unethical conduct or legal violations.

### 3. Results of Operations and Financial Condition

#### (a) Results of Operations

##### (1) Overview of the Interim Period

###### 1) General Overview

During the six months ended September 30, 2004, the Japanese economy overall continued moving toward a recovery centered on exports and capital investment, although it began to show signs of a mild decline due to uncertainties about future prospects through the second half of the period. Overseas, strong growth continued in the U.S. economy as healthy consumer spending fueled increases in production and employment. European economies continued on a moderate recovery footing led by a rebound in external demand reflecting the strength of the U.S. economy. In Asian economies, high growth continued as China maintained a high level of capital investment due to stable growth in consumer spending and expansion of manufacturing. Robust growth also continued in other Asian countries as a result of recovery and expansion in both domestic and external demand.

In markets related to the Omron Group, capital investment demand continued to expand, primarily in the manufacturing sector, which supported solid demand for Omron's control system equipment and consumer and commerce components. As a result, net sales for the Omron Group totaled ¥302,272 million, an increase of 11.9 percent over the same period in the previous year.

As for income, while Omron built the foundations for future growth, the increase in sales and the continuation of the profit structure established through structural reforms up to the previous year resulted in operating income of ¥31,198 million, an increase of 44.8 percent from the same period in the previous year. Income before income taxes was ¥29,001 million, an increase of 49.2 percent, and net income was ¥16,439 million, an increase of 113.5 percent compared with same period in the previous year.

###### 2) Results by Business Segment

###### ● Industrial Automation Business

Economic expansion in the two economic powerhouses of the United States and China contributed to favorable conditions in the global economy. In Japan, a growth trend continued in capital investment in machinery and equipment, particularly among manufacturers of semiconductor manufacturing equipment and automobiles, and sales of control devices increased strongly. Overseas, sales of all types of programmable logic controllers (PLCs) and general-purpose sensors increased in Greater China, where high growth continued, and Southeast Asia, where exports were firm. Sales of PLCs and photoelectric sensors in North America, and motion controllers and smart sensors in Europe, also increased.

As a result, segment sales for the interim period were ¥127,209 million, an increase of 15.0 percent from the same period in the previous year.

###### ● Electronic Components Business

In Japan, firm conditions in semiconductor-related industries and increased production of air conditioners and higher demand for electricity due to a hot summer supported solid demand for relays, switches and connectors for consumer and commerce components. Overseas, sales of LED light modules and flexible printed circuit (FPC) connectors for cellular phones increased against the backdrop of a strong worldwide market for cellular phones. Sales were also favorable for components for the IT industry in Europe and China, where rapid construction of communications infrastructure is taking place, and for air conditioner manufacturers in Southeast Asia.

In the business of backlights for cellular phones, price competition grew increasingly severe, but Omron was able to steadily increase sales.

As a result, segment sales for the interim period were ¥49,956 million, an increase of 14.7 percent from same period in the previous year.

###### ● Automotive Electronic Components Business

During the interim period, automobile production volume was relatively stable in the Japanese and European markets, and increased strongly in China and Southeast Asia. In these conditions, sales in Omron's automotive electronic components business decreased in Japan because of the weak performance of some customers and in North America due to increasing competition. However, as a result of increased sales in Europe and brisk sales for new car models in Korea, sales of this segment totaled ¥30,213 million, an increase of 7.0 percent from the same period in the previous year.

###### ● Social Systems Business

In the electronic fund transfer systems business, prior to the issue of newly designed currency bills in November in the domestic market, demand increased strongly for renewal of ATMs and automated bill changers, as well as conversion of existing machines to handle the new bills. In overseas markets, demand surged in Taiwan for financial equipment that can handle IC cards.

In public transportation-related markets, conversion demand related to the issue of the new currency bills, along with the trend of accelerated capital investment by some customers, resulted in a substantial increase in sales compared with the same period in the previous year.



As a result, segment sales totaled ¥58,872 million, an increase of 9.7 percent from the same period in the previous year.

- **Healthcare Business**

In both Japan and overseas, factors such as growing healthcare needs associated with a rise in the number of hypertension patients and the obese population, as well as government measures to contain medical expenses, resulted in continued solid expansion of the markets relevant to this segment during the interim period. In these conditions, sales of blood pressure monitors, a core product in this segment, remained firm worldwide from the previous year. In addition, sales of body composition monitors increased in Japan, supported by the effect of television commercials, and pedometers also sold well during the interim period.

As a result, segment sales were ¥23,896 million, an increase of 4.8 percent from the same period in the previous year.

- **Others**

The Others segment mainly consists of the Business Development Group, which is responsible for exploring and nurturing new businesses and developing and strengthening businesses that are not formally internal companies. Among existing businesses, in the entertainment business, sales of mainstay photo-sticker vending machines and other commercial game machines were down slightly from the same period in the previous year due to intensified competition, but the launch of businesses such as content distribution for cellular phones resulted in an overall increase in sales over the same period in the previous year. In the computer peripheral business, sales were essentially unchanged from the same period in the previous year. As for new growth themes, the Carmoni series of anti-theft devices for automobiles had a strong market launch, and in the radio frequency identification (RFID) business, Omron developed a critical document management system and an IC tag for individual management of pork products.

As a result, segment sales totaled ¥12,126 million, an increase of 6.8 percent from the same period in the previous year.

### **3) Distribution of Profits**

In accordance with the “Basic Policy for Distribution of Profits” stated above, Omron will increase its interim cash dividend by ¥3.50 per share to ¥10.00 per share. (In the previous fiscal year, the interim dividend was ¥6.50 per share.)

## **(2) Outlook for the Fiscal Year Ending March 31, 2005**

### **1) General Outlook**

Looking toward the economic environment in the second half of the fiscal year ending March 31, 2005, the Japanese economy will still be in a recovery phase, but a deceleration trend is becoming clearer, as seen in the industrial production index and private-sector machinery orders. However, although there are uncertainties in the outlook, including the direction of crude oil prices and exchange rates, the firm growth of the U.S. economy and high growth in Asian economies centered on China should lead to a continuation of the overall recovery trend in the global economy.

Based on this economic outlook, the Omron Group is managing its operations with attention on two objectives: full-scale growth in mainland China and the shift of resources to maximizing the strength of its technology platform and business areas of focus.

The results forecast for the fiscal year is unchanged from the previous announcement on July 29, 2004. This forecast assumes exchange rates of US\$=110 and 1 Euro=¥130 in and after the third quarter.

### **2) Outlook by Business Segment**

#### **Industrial Automation Business**

In the second half and thereafter, despite certain concerns such as the sharp rise in crude oil prices and efforts to curb overheating investment in the Chinese economy, Omron will strengthen its domestic sales agent system and work to develop new customers in Japan. Overseas, Omron plans to increase sales by strengthening marketing in key markets, expanding its business in Eastern Europe, building its sales network in Greater China and generating product development in China.

As a result, sales in this segment are projected to increase 10.2 percent year-on-year to ¥253.0 billion.

#### **Electronic Components Business**

From the second half, amid a growing sense of uncertainty regarding semiconductor-related industries, overall sales should continue to be firm, centered on backlights and hinges for mobile devices. As for the large-scale backlight business, which Omron entered during the interim period, aggressive business development in Taiwan is planned for the second half. As a result, sales in this segment are projected to increase 19.7 percent year-on-year to ¥106.5 billion.

#### **Automotive Electronic Components Business**

Weak automobile production volume among major customers in North America is expected. However, in Japan, Europe and Asia, automobile production volume is projected to increase and Omron will work to strengthen approaches to new model introductions of major customers. As a result, sales in this segment are projected to increase 5.4 percent year-on-year to ¥62.0 billion.

#### **Social Systems Business**

In public transportation-related markets, sales for this fiscal year are projected to rise sharply over the previous fiscal year. In addition to demand for conversion of ticket vending machines associated with the planned issue of new currency bills in November, renewal demand will get fully under way in anticipation of the introduction of multi-purpose IC cards.

In the traffic and road management systems sector, sales are projected to decrease year-on-year. While the market for security systems is in an expansion trend, this will not fully compensate for the absence of sales of large-scale management systems recorded in the previous year.

As a result, sales in this segment are projected to decrease 14.7 percent year-on-year to ¥116.0 billion.

Because the electronic fund transfer systems business was separated from Omron into a newly established joint venture company with Hitachi, Ltd. on October 1, 2004, the projected segment sales do not include sales of this business after the separation.

### **Healthcare Business**

Market conditions for the healthcare equipment business are forecast to remain favorable in the second half. Sales of blood pressure monitors, a core product, and body composition monitors, which are selling well in the domestic market, are expected to continue growing. As a result, sales in this segment are projected to increase 8.6 percent year-on-year to ¥51.0 billion.

### **Others**

In the entertainment business, while fierce competition will continue for commercial game machines, Omron will launch new businesses including a content business for cellular phones. The computer peripheral business is expected to remain at the level of the previous year, and Omron will focus on expanding sales in new growth areas.

As a result, sales in this segment are projected to increase 8.3 percent to ¥26.5 billion.

### **3) Distribution of Profits**

In accordance with the “Basic Policy for Distribution of Profits” stated above, Omron plans to pay a year-end cash dividend of ¥10.00 per share, which is ¥3.50 higher per share compared to the previous year.

## **(b) Financial Condition**

### **(1) Overview of the Six Months Ended September 30, 2004**

#### **1) Financial Condition for the Six Months Ended September 30, 2004**

Total assets: ¥571,242 million (decrease of ¥21,031 million from the end of the previous fiscal year)

Shareholders' equity: ¥300,274 million (increase of ¥25,564 million from the end of the previous fiscal year)

Shareholders' equity/Total assets: 52.6 percent (increase of 6.2 percentage points from the end of the previous fiscal year)

Total assets decreased ¥21,031 million compared with end of the previous fiscal year. The main factor was a ¥17,572 million decrease in cash and cash equivalents primarily due to the redemption of unsecured convertible bonds.

Shareholders' equity increased ¥25,564 million compared with the end of the previous fiscal year. This was due to the increase from net income of ¥16,439 million and a ¥9,906 million decrease in minimum pension liability adjustments (which increases shareholders' equity) in connection with the change of the retirement pension system.

#### **2) Summary of Cash Flows for the Six Months Ended September 30, 2004**

Net cash provided by operating activities was ¥33,581 million, a decrease of ¥1,964 million compared with the same period in the previous year. This was due to an increase in inventories and other factors, which offset the large increase in net income.

Net cash used in investing activities totaled ¥16,485 million, an increase of ¥934 million from the same period in the previous year, mainly due to ongoing investments to strengthen the foundation for future growth.

Net cash used in financing activities was ¥37,265 million, an increase of ¥19,324 million from the same period in the previous year. Principal uses of cash were repayment of convertible bonds and other long-term debt (¥29,912 million), payment of cash dividends including a commemorative dividend (¥3,230 million) and acquisition of treasury stock (¥2,908 million).

As a result, cash and cash equivalents at the end of the interim period were ¥77,487 million, a decrease of ¥17,572 million from the end of the previous fiscal year.

### **(2) Outlook for the Year Ending March 31, 2005**

From the second half of the fiscal year onward, Omron will make growth investments aimed at full-scale growth in China and maximizing the strength of its technology platform. As part of its strategy for growth, Omron will also invest in new product development. Although these investments will increase expenses, operating income is expected to increase over previous fiscal year, so cash flow from operations is expected to be near the level of the previous fiscal year.

Net cash used in investing activities is projected to increase over the previous fiscal year because of the focused investments described above.

In financing activities, Omron will work to ensure an efficient allocation and level of capital throughout the Omron Group, while continuing to flexibly procure funds and repay debt.

Considering the above cash flow projections, Omron believes that the balance of cash and cash equivalents of ¥77,487 million as of September 30, 2004 is more than sufficient for business operations in the present economic conditions.

### (3) Cash Flow Indicators and Trends

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

	Three most recent interim periods			Two most recent fiscal years	
	Six months ended 9/30/2002	Six months ended 9/30/2003	Six months ended 9/30/2004	Year ended 3/31/2003	Year ended 3/31/2004
Shareholders' equity ratio (%)	50.3	47.4	52.6	44.3	46.4
Shareholders' equity ratio on market value basis (%)	70.7	100.6	101.5	81.1	105.6
Debt repayment period (years)	—	—	—	1.7	0.7
Interest coverage ratio (times)	20.9	57.2	49.7	29.2	66.3

Notes:

Shareholders equity ratio: Shareholders' equity/Total assets

Shareholders' equity ratio on market value basis: Total market value of stock/Total assets

Debt repayment period: Interest-bearing liabilities/Net cash provided by operations (not presented for interim periods)

Interest coverage ratio: Net cash provided by operations/Interest expense

1. All indicators are calculated on a consolidated basis.
2. Total market value of stock is calculated by multiplying the total number of shares outstanding at the end of the period (excluding treasury stock) by the closing share price at the end of the period.
3. Net cash provided by operations 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.

Projections of results and future developments are based on information available to the Company at the present time, as well as certain assumptions judged by the Company to be reasonable. Various factors could cause actual results to differ materially from these projections. Major factors influencing Omron's actual results include, but are not limited to, (i) the economic conditions surrounding the Company's businesses in Japan and overseas, (ii) demand trends for the Company's products and services, (iii) the ability of the Omron Group to develop new technologies and new products, (iv) major changes in the fund-raising environment, (v) tie-ups or cooperative relationships with other companies, and (vi) movements in currency exchange rates and stock markets.

#### 4. Interim Consolidated Financial Statements

##### Interim Consolidated Statements of Operations

(Millions of yen)

	Six months ended September 30, 2004		Six months ended September 30, 2003		Year ended March 31, 2004	
Net sales	302,272	100.0%	270,192	100.0%	584,889	100.0%
Cost of sales	174,984	57.9	157,199	58.2	344,835	59.0
Gross profit	127,288	42.1	112,993	41.8	240,054	41.0
Selling, general and administrative expenses	71,928	23.8	70,983	26.2	142,157	24.3
Research and development expenses	24,162	8.0	20,470	7.6	46,494	7.9
Operating income	31,198	10.3	21,540	8.0	51,403	8.8
Interest expense (income), net	(6)	(0.0)	131	0.0	317	0.1
Foreign exchange loss, net	(362)	(0.1)	786	0.3	1,254	0.2
Other expenses, net	2,565	0.8	1,190	0.5	1,848	0.3
Income before income taxes and minority interests and cumulative effect accounting change	29,001	9.6	19,433	7.2	47,984	8.2
Income taxes:	12,369	4.1	11,573	4.3	20,762	3.5
Current	10,781		6,495		13,527	
Deferred	1,588		5,078		7,235	
Minority interests	193	0.1	162	0.1	411	0.1
Net income	16,439	5.4	7,698	2.8	26,811	4.6

### Interim Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2004		As of September 30, 2003		As of March 31, 2004	
<b>ASSETS</b>						
Current Assets:	300,493	52.6%	277,706	50.3%	316,226	53.4%
Cash and cash equivalents	77,487		79,259		95,059	
Notes and accounts receivable - trade	116,696		100,258		124,891	
Allowance for doubtful receivables	(2,829)		(2,847)		(2,823)	
Inventories	82,340		77,098		70,341	
Deferred income taxes	17,453		15,458		18,458	
Other current assets	9,346		8,480		10,300	
Property, Plant and Equipment:	151,633	26.5	150,442	27.2	150,723	25.4
Land	44,725		46,594		45,583	
Buildings	109,326		110,562		107,852	
Machinery and equipment	148,837		139,863		141,932	
Construction in progress	5,780		2,790		3,760	
Accumulated depreciation	(157,035)		(149,367)		(148,404)	
Investments and Other Assets:	119,116	20.9	124,373	22.5	125,324	21.2
Investments in and advances to associates	2,490		1,228		1,245	
Investment securities	48,346		38,931		50,331	
Leasehold deposits	8,711		8,846		8,777	
Deferred income taxes	40,833		57,313		47,301	
Other	18,736		18,055		17,670	
<b>Total Assets</b>	<b>571,242</b>	<b>100.0%</b>	<b>552,521</b>	<b>100.0%</b>	<b>592,273</b>	<b>100.0%</b>

(Millions of yen)

	As of September 30, 2004		As of September 30, 2003		As of March 31, 2004	
<b>LIABILITIES</b>						
Current Liabilities:	163,633	28.6	156,943	28.4%	184,548	31.2%
Bank loans	14,553		15,681		15,444	
Notes and accounts payable - trade	79,188		63,899		79,345	
Accrued expenses	26,573		22,028		26,146	
Income taxes payable	9,336		5,957		10,114	
Deferred income taxes	88		86		144	
Other current liabilities	23,686		19,286		23,319	
Current portion of long-term debt	10,209		30,006		30,036	
Long-Term Debt	828	0.1	11,448	2.1	11,207	1.9
Deferred Income Taxes	459	0.1	236	0.1	483	0.1
Termination and Retirement Benefits	104,233	18.2	119,341	21.6	119,738	20.2
Other Long-Term Liabilities	128	0.1	31	0.0	140	0.0
Minority Interests in Subsidiaries	1,687	0.3	2,394	0.4	1,447	0.2
Total Liabilities	270,968	47.4	290,393	52.6	317,563	53.6
<b>SHAREHOLDERS' EQUITY</b>						
Common stock	64,100	11.2	64,082	11.6	64,082	10.8
Additional paid-in capital	98,725	17.3	98,705	17.9	98,705	16.7
Legal reserve	7,619	1.3	7,709	1.4	7,450	1.3
Retained earnings	189,176	33.1	159,161	28.8	175,296	29.6
Accumulated other comprehensive income (loss)	(36,291)	(6.3)	(55,455)	(10.1)	(50,559)	(8.6)
Foreign currency translation adjustments	(9,787)		(13,157)		(15,625)	
Minimum pension liability adjustments	(35,332)		(46,177)		(45,238)	
Net unrealized gains on securities	8,946		3,738		10,087	
Net gains (losses) on derivative instruments	(118)		141		217	
Treasury stock	(23,055)	(4.0)	(12,074)	(2.2)	(20,264)	(3.4)
Total Shareholders' Equity	300,274	52.6	262,128	47.4	274,710	46.4
Total Liabilities and Shareholders' Equity	571,242	100.0%	552,521	100.0%	592,273	100.0%

## Interim Consolidated Statements of Shareholders' Equity

Six months ended September 30, 2004

(Millions of yen)

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock
Balance, March 31, 2004	64,082	98,705	7,450	175,296	(50,559)	(20,264)
Net income				16,439		
Cash dividends				(2,381)		
Transfer to legal reserve			169	(169)		
Foreign currency translation adjustments					5,838	
Minimum pension liability adjustments					9,906	
Unrealized losses on available-for-sale securities					(1,141)	
Net losses on derivative instruments					(335)	
Acquisition of treasury stock						(2,908)
Disposal of treasury stock		2				11
Conversion of convertible bonds	18	19				1
Exercise of stock options		(1)		(9)		105
Balance, September 30, 2004	64,100	98,725	7,619	189,176	(36,291)	(23,055)

Six months ended September 30, 2003

(Millions of yen)

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock
Balance, March 31, 2003	64,082	98,705	7,619	153,134	(59,909)	(12,021)
Net income				7,698		
Cash dividends				(1,578)		
Transfer to legal reserve			90	(90)		
Foreign currency translation adjustments					(3,750)	
Minimum pension liability adjustments					2,531	
Unrealized gains on available-for-sale securities					5,454	
Net gains on derivative instruments					219	
Acquisition of treasury stock						(103)
Exercise of stock options				(3)		50
Balance, September 30, 2003	64,082	98,705	7,709	159,161	(55,455)	(12,074)

Year ended March 31, 2003

(Millions of yen)

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock
Balance, March 31, 2003	64,082	98,705	7,619	153,134	(59,909)	(12,021)
Net income				26,811		
Cash dividends				(4,808)		
Drawdown on legal reserve			(169)	169		
Foreign currency translation adjustments					(6,218)	
Minimum pension liability adjustments					3,470	
Unrealized gains on available-for-sale securities					11,803	
Net gains on derivative instruments					295	
Acquisition of treasury stock						(8,411)
Exercise of stock options				(10)		168
Balance, March 31, 2004	64,082	98,705	7,450	175,296	(50,559)	(20,264)



## Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2004	Six months ended September 30, 2003	Year ended March 31, 2004
<b>Operating Activities:</b>			
Net income	16,439	7,698	26,811
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	14,337	13,783	27,662
Net loss on sales and disposals of property, plant and equipment	311	59	479
Loss on impairment of property, plant and equipment	33	—	41
Net gain on sales of short-term investments and investment securities	(254)	(237)	(1,039)
Loss on impairment of investment securities and other assets	220	1,877	2,413
Termination and retirement benefits	1,124	2,860	5,016
Deferred income taxes	1,588	5,078	7,235
Minority interests	193	162	411
Net loss on sales of business entities	—	—	494
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable — trade, net	10,724	14,379	(10,853)
Decrease (increase) in inventories	(11,146)	(1,419)	4,105
Decrease in other assets	1,030	2,176	891
Increase (decrease) in notes and accounts payable — trade	(1,096)	(5,355)	10,976
Increase (decrease) in income taxes payable	(843)	1,829	6,015
Increase (decrease) in accrued expenses and other current liabilities	825	(7,169)	(52)
Other, net	96	(176)	82
Total adjustments	17,142	27,847	53,876
Net cash provided by operating activities	33,581	35,545	80,687
<b>Investing Activities:</b>			
Proceeds from sales or maturities of short-term investments and investment securities	305	694	1,894
Purchase of short-term investments and investment securities	(255)	(291)	(1,617)
Capital expenditures	(17,962)	(19,103)	(38,115)
Decrease in leasehold deposits	98	366	312
Proceeds from sales of property, plant and equipment	2,490	2,289	4,808
Acquisition of minority interests	—	(18)	(1,738)
Increase in investment in and loans to affiliates	(1,276)	—	—
Proceeds from sale of business entities, net	115	175	(365)
Payment for acquisition of business entities, net	—	337	337
Net cash used in investing activities	(16,485)	(15,551)	(34,484)
<b>Financing Activities:</b>			
Net repayments of short-term bank loans	(1,666)	(4,734)	(4,842)
Proceeds from issuance of long-term debt	400	953	1,011
Repayments of long-term debt	(29,912)	(12,829)	(13,093)
Dividends paid by the Company	(3,230)	(1,214)	(2,792)
Dividends paid to minority interests	(57)	(61)	(150)
Acquisition of treasury stock	(2,908)	(103)	(8,411)
Disposal of treasury stock	13	—	—
Exercise of stock options	95	47	158
Net cash used in financing activities	(37,265)	(17,941)	(28,119)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	2,597	(2,713)	(2,944)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(17,572)	(660)	15,140
<b>Cash and Cash Equivalents at Beginning of the Period</b>	95,059	79,919	79,919
<b>Cash and Cash Equivalents at End of the Period</b>	77,487	79,259	95,059
Notes to cash flows from operating activities:			
Interest paid	676	621	1,217
Taxes paid	11,494	4,632	7,508
Note to investing and financing activities not involving cash flow:			
Debt related to capital expenditures	2,102	2,711	3,848
Stock issued due to conversion of bonds	38	—	—

## Preparation of the Interim 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, 2004	Year ended March 31, 2004	Increase (decrease)
Consolidated subsidiaries	140	135	5
Unconsolidated subsidiaries accounted for by the equity method	—	—	—
Affiliates accounted for by the equity method	12	12	0
Total	152	147	5

#### (2) Names of principal subsidiaries and affiliates

Consolidated subsidiaries: OMRON Relay & Devices Corporation, OMRON Europe B.V.

Companies accounted for by the equity method: Sanko Industrial Automation Co., Ltd.

#### (3) Changes in scope of consolidation and application of the equity method:

Consolidated subsidiaries

(New) 7 companies (Tama FineOpt Co., Ltd. and six others)

(Eliminated) 2 companies

Affiliates accounted for by the equity method:

(New) 1 company

(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, 2004: ¥30,707 million

Six months ended September 30, 2003: ¥12,152 million

Year ended March 31, 2004: ¥36,161 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, Net

The major components of "Other expenses, net" are as follows:

		(Millions of yen)
Six months ended September 30, 2004	Business structure reform expenses	¥1,767
Six months ended September 30, 2003	Loss on impairment of investment securities and other assets	¥1,877
Year ended March 31, 2004	Loss on impairment of investment securities and other assets	¥2,413
	Loss on sales of marketable securities (net)	(1,039)

## 5. Segment Information

### 1. Business Segment Information

Six months ended September 30, 2004

(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	127,209	49,956	30,213	58,872	23,896	12,126	302,272	—	302,272
(2) Intersegment sales and transfers	3,762	10,235	1,461	3,632	210	25,231	44,531	(44,531)	—
Total	130,971	60,191	31,674	62,504	24,106	37,357	346,803	(44,531)	302,272
Operating expenses	107,346	51,843	32,383	58,766	21,106	35,356	306,800	(35,726)	271,074
Operating income	23,625	8,348	(709)	3,738	3,000	2,001	40,003	(8,805)	31,198

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

Six months ended September 30, 2003

(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	110,605	43,542	28,224	53,658	22,812	11,351	270,192	—	270,192
(2) Intersegment sales and transfers	3,683	10,638	1,384	3,766	143	25,419	45,033	(45,033)	—
Total	114,288	54,180	29,608	57,424	22,955	36,770	315,225	(45,033)	270,192
Operating expenses	97,956	46,672	29,241	56,552	19,143	34,910	284,474	(35,822)	248,652
Operating income	16,332	7,508	367	872	3,812	1,860	30,751	(9,211)	21,540

Year ended March 31, 2004

(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	229,638	88,988	58,824	135,997	46,962	24,480	584,889	—	584,889
(2) Intersegment sales and transfers	7,465	21,857	2,583	7,782	357	51,204	91,248	(91,248)	—
Total	237,103	110,845	61,407	143,779	47,319	75,684	676,137	(91,248)	584,889
Operating expenses	202,922	96,250	60,406	133,410	40,140	71,881	605,009	(71,523)	533,486
Operating income	34,181	14,595	1,001	10,369	7,179	3,803	71,128	(19,725)	51,403

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

## 2. Geographical Segment Information

Six months ended September 30, 2004 (Millions of yen)

	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales:							
(1) Sales to outside customers	192,690	32,295	44,374	32,913	302,272	—	302,272
(2) Intersegment sales and transfers	46,018	254	278	19,595	66,145	(66,145)	—
Total	238,708	32,549	44,652	52,508	368,417	(66,145)	302,272
Operating expenses	208,223	31,176	40,844	48,489	328,732	(57,658)	271,074
Operating income	30,485	1,373	3,808	4,019	39,685	(8,487)	31,198

Six months ended September 30, 2003 (Millions of yen)

	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales:							
(1) Sales to outside customers	167,214	33,207	40,517	29,254	270,192	—	270,192
(2) Intersegment sales and transfers	42,383	141	374	18,890	61,788	(61,788)	—
Total	209,597	33,348	40,891	48,144	331,980	(61,788)	270,192
Operating expenses	187,503	30,774	37,098	45,331	300,706	(52,054)	248,652
Operating income	22,094	2,574	3,793	2,813	31,274	(9,734)	21,540

Year ended March 31, 2004 (Millions of yen)

	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales:							
(1) Sales to outside customers	376,349	64,613	84,286	59,641	584,889	—	584,889
(2) Intersegment sales and transfers	83,529	537	649	35,371	120,086	(120,086)	—
Total	459,878	65,150	84,935	95,012	704,975	(120,086)	584,889
Operating expenses	408,198	60,868	77,762	89,533	636,361	(102,875)	533,486
Operating income	51,680	4,282	7,173	5,479	68,614	(17,211)	51,403

## 3. Overseas Sales

(Millions of yen)

	Six months ended September 30, 2004	Six months ended September 30, 2003	Year ended March 31, 2004
North America (Percentage of total sales)	32,378 10.7%	33,320 12.3%	64,832 11.1%
Europe (Percentage of total sales)	45,228 15.0%	41,583 15.4%	86,117 14.7%
Asia (Percentage of total sales)	43,741 14.4%	35,727 13.2%	72,888 12.5%
Total (Percentage of total sales)	121,347 40.1%	110,630 40.9%	223,837 38.3%

## 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, 2004

Available-for-sale securities

(Millions of yen)

	Cost*	Gross unrealized gain	Gross unrealized loss	Fair value
Debt securities	1,062	213	—	1,275
Equity securities	26,856	17,097	(410)	43,543
Total investment securities	27,918	17,310	(410)	44,818

As of September 30, 2003

Available-for-sale securities

(Millions of yen)

	Cost*	Gross unrealized gain	Gross unrealized loss	Fair value
Debt securities	57	—	—	57
Equity securities	26,907	8,179	(107)	34,979
Total investment securities	26,964	8,179	(107)	35,036

As of March 31, 2004

Available-for-sale securities

(Millions of yen)

	Cost*	Gross unrealized gain	Gross unrealized loss	Fair value
Debt securities	62	—	—	62
Equity securities	26,949	18,915	(81)	45,783
Total investment securities	27,011	18,915	(81)	45,845

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

## 7. Breakdown of Sales

Net sales by consolidated business segment

(Millions of yen)

	Six months ended September 30, 2004		Six months ended September 30, 2003		Increase (decrease )
Industrial Automation Business	127,209	42.1%	110,605	40.9%	15.0%
Electronic Components Business	49,956	16.5	43,542	16.1	14.7
Automotive Electronic Components Business	30,213	10.0	28,224	10.4	7.0
Social Systems Business	58,872	19.5	53,658	19.9	9.7
Healthcare Business	23,896	7.9	22,812	8.4	4.8
Other	12,126	4.0	11,351	4.3	6.8
<b>Total</b>	<b>302,272</b>	<b>100.0</b>	<b>270,192</b>	<b>100.0</b>	<b>11.9</b>

Notes:

1. For the six months ended September 30, 2003, "Social Systems Business" includes the Social Systems Solutions and Service Business Company and the Advanced Module Business Company.
2. For the six months ended September 30, 2004, "Social Systems Business" includes the Social Systems Solutions and Service Business Company, the Financial Systems Business Company and others.

Projected net sales for the fiscal year ending March 31, 2005 by consolidated business segment

(Millions of yen)

	Year ending March 31, 2005 (est.)		Year ended March 31, 2004		Increase (decrease )
Industrial Automation Business	253,000	41.1%	229,638	39.3%	10.2%
Electronic Components Business	106,500	17.3	88,988	15.2	19.7
Automotive Electronic Components Business	62,500	10.1	58,824	10.1	5.4
Social Systems Business	116,000	18.9	135,997	23.3	(14.7)
Healthcare Business	51,000	8.3	46,962	8.0	8.6
Other	26,500	4.3	24,480	4.1	8.3
<b>Total</b>	<b>615,000</b>	<b>100.0</b>	<b>584,889</b>	<b>100.0</b>	<b>5.1</b>

Notes:

1. For the year ended March 31, 2004, "Social Systems Business" includes the Social Systems Solutions and Service Business Company and the Advanced Module Business Company.
2. For the projections for the year ending March 31, 2005, "Social Systems Business" includes the Social Systems Solutions and Service Business Company, the Financial Systems Business Company and others.



## Results for the Six Months Ended September 30, 2004: Supplemental Materials

### Consolidated Performance

Net sales by business segment

(Billions of yen)

		Six months ended September 30, 2004	Six months ended September 30, 2003	Year-on-year change (%)
IAB	Domestic	65.7	54.5	20.4
	Overseas	61.5	56.1	9.8
	Total	127.2	110.6	15.0
ECB	Domestic	25.2	23.5	7.0
	Overseas	24.8	20.0	23.9
	Total	50.0	43.5	14.7
AEC	Domestic	12.6	11.7	8.1
	Overseas	17.6	16.5	6.3
	Total	30.2	28.2	7.0
SSB	Domestic	54.2	48.3	12.0
	Overseas	4.7	5.4	(11.1)
	Total	58.9	53.7	9.7
HCB	Domestic	11.4	10.4	9.5
	Overseas	12.5	12.4	0.7
	Total	23.9	22.8	4.8
Others	Domestic	11.9	11.2	7.7
	Overseas	0.2	0.2	(25.1)
	Total	12.1	11.4	6.8
Total	Domestic	181.0	159.6	13.4
	Overseas	121.3	110.6	9.7
	[% of total]	[40.1%]	[40.9%]	[-0.8P]
	Total	302.3	270.2	11.9

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: (For the six months ended September 30, 2003) Social Systems Solutions and Service Business Company and Advanced Module Business Company

(For the six months ended September 30, 2004) Social Systems Solutions and Service Business Company, Financial Systems Business Company and others

HCB: Healthcare Business Company

Other: Business Development Group and others

### Geographical segment sales

Domestic	Omron	133.4	114.1	16.8%
	Subsidiaries	47.6	45.5	4.7
Total domestic sales		181.0	159.6	13.4
Direct exports		11.7	7.7	53.8
Overseas subsidiaries	North America	32.3	33.2	(2.7)
	Europe	44.4	40.5	9.5
	Asia and Others	32.9	29.2	12.5
Total overseas sales		121.3	110.6	9.7

Average currency exchange rate  
in yen)

(One unit of currency,

USD	109.5	118.1	(-8.6)
EUR	132.8	133.3	(-0.5)



## Projected Results for the Fiscal Year Ending March 31, 2005

### Consolidated Performance

Net sales by business segment

(Billions of yen)

		Year ending March 31, 2005 (est.)	Year ended March 31, 2004	Year-on-year change (%)
IAB	Domestic	130.0	117.1	11.0
	Overseas	123.0	112.5	9.3
	Total	253.0	229.6	10.2
ECB	Domestic	53.5	47.5	12.8
	Overseas	53.0	41.5	27.5
	Total	106.5	89.0	19.7
AEC	Domestic	26.0	24.8	4.6
	Overseas	36.0	34.0	6.0
	Total	62.0	58.8	5.4
SSB	Domestic	111.0	126.4	(12.2)
	Overseas	5.0	9.6	(47.9)
	Total	116.0	136.0	(14.7)
HCB	Domestic	23.0	21.3	8.0
	Overseas	28.0	25.7	9.1
	Total	51.0	47.0	8.6
Others	Domestic	26.0	24.0	8.6
	Overseas	0.5	0.5	(7.2)
	Total	26.5	24.5	8.3
Total	Domestic	369.5	361.1	2.3
	Overseas	245.5	223.8	9.7
	[% of total]	[39.9%]	[38.3%]	[+1.6P]
	Total	615.0	584.9	5.1

Net sales by overseas geographical segment

Direct exports		22.5	15.3	47.1%
Overseas subsidiaries	North America	67.5	64.6	4.5
	Europe	90.0	84.3	6.8
	Asia and Others	65.5	59.6	9.8
Total overseas sales		245.5	223.8	9.7

Income and loss

Net sales	615.0	584.9	5.1%
Operating income	60.0	51.4	16.7
Income before income taxes	56.0	48.0	16.7
Net income	34.0	26.8	26.8

Return on equity

	11.5%	10.2%	(+1.3P)
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Capital expenditures / Depreciation / R&D expenses

Capital expenditures	39.0	38.0	2.6%
Depreciation	30.0	27.7	8.5
R&D expenses	49.0	46.5	5.4

Average currency exchange rate

(One unit of currency, in yen)

USD	109.8	113.4	(-3.6)
EUR	131.5	132.4	(-0.9)