

Summary Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2004

January 30, 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 number: 6645

1. Preparation of Summary of Quarterly Results

- (1) Standards used in preparation of financial statements: U.S. accounting standards ("U.S. GAAP")
- (2) Change in accounting methods: Yes (Segment classifications changed in business segment information)
- (3) Change in scope of consolidation and application of equity method: Yes
Consolidation: (New) 7 companies (Eliminated) 4 companies
Equity method: (New) 1 company (Eliminated) 1 company
- (4) Involvement of certified public accountant or audit corporation: No

2. Results for the Third Quarter of Fiscal 2003 (April 1, 2003 to December 31, 2003)

(1) Sales and Income

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

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Income (loss) before income taxes (¥ million)	Year-on-year change (%)
9 months ended 12/03	416,837	10.2	37,333	74.7	34,804	—
9 months ended 12/02	378,116	(0.8)	21,369	388.0	(2,655)	—
Year ended 3/03	535,073		32,313		4,732	

	Net income (loss) (¥ million)	Year-on-year change (%)	Earnings (loss) per share (basic) (¥)	Earnings per share (diluted) (¥)
9 months ended 12/03	17,108	—	70.45	68.61
9 months ended 12/02	(3,205)	—	(12.91)	—
Year ended 3/03	511		2.07	—

Note: Year-on-year change for net sales, operating income, income (loss) before income taxes and net income (loss) is based on the previous third quarter.

(2) Financial Position

	Total assets (¥ million)	Total shareholders' equity (¥ million)	Shareholders' equity ratio (%)	Shareholders' Equity per share (¥)
9 months ended 12/03	570,528	273,837	48.0	1,127.47
9 months ended 12/02	555,865	276,803	49.8	1,116.88
Year ended 3/03	567,399	251,610	44.3	1,036.01

(3) Cash Flows

	Net cash provided by operating activities (¥ million)	Net cash used in investing activities (¥ million)	Net cash provided by (used in) financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
9 months ended 12/03	43,529	(20,604)	(19,447)	81,401
9 months ended 12/02	17,848	(19,519)	20,231	87,417
Year ended 3/03	41,854	(30,633)	(1,996)	79,919

3. Projected Results for the Fiscal Year Ending March 31, 2004

	Net sales (¥ million)	Income before income taxes (¥ million)	Net income (¥ million)	Net income per share (basic)(¥)
Fiscal year ending 3/04	585,000	50,000	26,000	107.05

Note: Please see pages 2-3 of the attached materials regarding the above projected results.

1. Results of Operations and Financial Condition

Qualitative Information on Progress of Results of Operations (Consolidated)

The global economy recently has trended more strongly toward recovery, supported by the steady rebound of the U.S. economy. The Japanese economy has also continued in a cyclical recovery phase, led by capital investment and exports, primarily by large manufacturers.

In this economic environment, Omron's consolidated results for the third quarter (April 1 – December 31, 2003) showed a substantial increase in both net sales and income over the same period in the previous year. In net sales, Omron achieved double-digit growth. This was driven primarily by a recovery in capital investment backed by improving corporate earnings, as well as execution of efficient sales activities, higher demand related to portable and mobile equipment, growth in demand for healthcare equipment reflecting greater health consciousness, and demand related to new currency notes.

In income, although the cost of growth investment increased, Omron achieved income levels significantly higher than in the same period in the previous year as a result of the increase in net sales coupled with a large decrease in expenses related to structural reforms.

Qualitative Information on Changes in Financial Condition (Consolidated)

Total assets increased ¥3,129 million compared to the end of the previous fiscal year, to ¥570,528 million. Shareholders' equity increased ¥22,227 million compared to the end of the previous fiscal year, to ¥273,837 million. As a result, the ratio of shareholders' equity to total assets increased from 44.3 percent at March 31, 2003, to 48.0 percent.

In regard to cash flow, net cash provided by operating activities included net income of ¥17,108 million, depreciation and amortization of ¥20,694 million. Investing activities included capital expenditures of ¥26,180 million, while in financing activities, interest-bearing liabilities decreased ¥16,605 million, reflecting repayment of long-term debt. As a result, cash and cash equivalents at December 31, 2003 increased ¥1,482 million compared to the end of the previous fiscal year, to ¥81,401 million.

Qualitative Information on Results Forecast

Looking ahead at the economic environment, the basic trend toward recovery of the global economy is expected to continue, led by the U.S. economy, and capital investment demand will be firm. However, factors such as the turmoil in Iraq, concerns about a possible new outbreak of SARS, and the strengthening of the yen will result in continued uncertainty in regard to the global economic situation.

Against the backdrop of solid capital investment demand, the Omron Group expects net sales in the core Industrial Automation Business to exceed the previously announced forecast. Income is expected to increase more than previously forecast due to a rise in sales volume, liquidation of cross-shareholdings, and other factors.

Business performance for this term is not expected to be influenced from the "Hitachi and Omron Agree to Establish Joint Venture in the Field of ATM's and Other Information Equipment" announcement on January 26, 2004.

The forecast for the full fiscal year is shown in the charts that follow.

By executing the Structural Reforms for Group Productivity, the Omron Group has achieved a recovery in results, and reached its goal of building a solid earnings foundation for the Group. As one result of this, Omron expects to achieve record earnings in the current fiscal year. Once again, Omron requests the understanding and support of its shareholders in carrying out its plans.

(Attachment)

[Revision of Projected Figures for Consolidated Results]

(Millions of yen; %)

	Net Sales	Income before Income Taxes	Net Income
Previous forecast (A) (Announced October 30, 2003)	580,000	46,000	24,000
Revised forecast (B)	585,000	50,000	26,000
Amount of change (B – A)	5,000	4,000	2,000
Percentage change	0.9	8.7	8.3
Results for prior fiscal year (ended March 31, 2003)	535,073	4,732	511

[Revision of Projected Figures for Non-Consolidated Results]

(Millions of yen; %)

	Net Sales	Ordinary Income	Net Income (Loss)
Previous forecast (A) (Announced October 30, 2003)	344,000	10,000	3,800
Revised forecast (B)	348,000	12,500	5,300
Amount of change (B – A)	4,000	2,500	1,500
Percentage change	1.2	25.0	39.5
Results for prior fiscal year (ended March 31, 2003)	350,459	6,815	(10,291)

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.

(Attachment)

2. Consolidated Third-Quarter Financial Statements

Consolidated Statements of Operations

(Millions of yen)

	Nine months ended December 31, 2003		Nine months ended December 31, 2002		Increase (Decrease)
Net sales	416,837	100.0%	378,116	100.0%	38,721
Cost of sales	244,230	58.6	231,185	61.1	13,045
Gross profit	172,607	41.4	146,931	38.9	25,676
Selling, general and administrative expenses	104,439	25.0	96,790	25.6	7,649
Research and development expenses	30,835	7.4	28,772	7.6	2,063
Operating income	37,333	9.0	21,369	5.7	15,964
Foreign exchange loss, net	958	0.2	1,323	0.3	(365)
Other expenses, net	1,571	0.5	22,701	6.1	(21,130)
Income (loss) before income taxes and minority interests	34,804	8.3	(2,655)	(0.7)	37,459
Income taxes	17,490	4.2	539	0.1	16,951
Minority interests	206	0.0	11	0.0	195
Net income (loss)	17,108	4.1	(3,205)	(0.8)	20,313

Comprehensive income (loss) in addition to other comprehensive income (loss) in net income (loss) is as follows:

Nine months ended December 31, 2003: ¥23,792 million

Nine months ended December 31, 2002: (¥19,952 million)

Other comprehensive income (loss) includes changes in foreign currency translation adjustments, minimum pension liability adjustments, unrealized gain on available-for-sale securities, and unrealized loss on derivatives.

(Attachment)

Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2003		As of December 31, 2002		As of March 31, 2003		Increase (Decrease)
ASSETS							
Current Assets:	299,406	52.5%	297,909	53.6%	295,113	52.0%	4,293
Cash and cash equivalents	81,401		87,417		79,919		1,482
Notes and accounts receivable - trade	111,215		92,864		110,111		1,104
Inventories	80,626		89,140		75,446		5,180
Other current assets	26,164		28,488		29,637		(3,473)
Property, Plant and Equipment	146,337	25.6	143,950	25.9	149,045	26.3	(2,708)
Investments and Other Assets:	124,785	21.9	114,006	20.5	123,241	21.7	1,544
Investments in and advances to associates	1,219		1,368		1,187		32
Investment securities	43,501		36,084		30,861		12,640
Other	80,065		76,554		91,193		(11,128)
Total Assets	570,528	100.0%	555,865	100.0%	567,399	100.0%	3,129

(Millions of yen)

	As of December 31, 2003		As of December 31, 2002		As of March 31, 2003		Increase (Decrease)
LIABILITIES							
Current Liabilities:	163,601	28.7%	146,970	26.4%	151,577	26.7	12,024
Bank loans and current portion of long-term debt	45,702		43,067		30,945		14,757
Notes and accounts payable - trade	66,139		56,671		67,773		(1,634)
Other current liabilities	51,760		47,232		52,859		(1,099)
Long-Term Debt	11,355	2.0	40,584	7.3	40,315	7.1	(28,960)
Other Long-Term Liabilities	120,018	21.0	89,197	16.1	121,425	21.5	(1,407)
Minority Interests in Subsidiaries	1,717	0.3	2,311	0.4	2,472	0.4	(755)
Total Liabilities	296,691	52.0	279,062	50.2	315,789	55.7	(19,098)
SHAREHOLDERS' EQUITY							
Common stock	64,082	11.2	64,082	11.5	64,082	11.3	—
Additional paid-in capital	98,705	17.3	98,705	17.7	98,705	17.4	—
Legal reserve	7,709	1.4	7,638	1.4	7,619	1.3	90
Retained earnings	168,568	29.5	150,614	27.1	153,134	27.0	15,434
Accumulated other comprehensive loss	(53,225)	(9.3)	(42,110)	(7.5)	(59,909)	(10.6)	6,684
Treasury stock	(12,002)	(2.1)	(2,126)	(0.4)	(12,021)	(2.1)	19
Total Shareholders' Equity	273,837	48.0	276,803	49.8	251,610	44.3	22,227
Total Liabilities and Shareholders' Equity	570,528	100.0%	555,865	100.0%	567,399	100.0%	3,129

Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2003	Nine months ended December 31, 2002	Increase (Decrease)
Operating Activities:			
Net income (loss)	17,108	(3,205)	20,313
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	20,694	21,528	
Loss on impairment of property, plant and equipment	—	4,231	
Loss on impairment of investment securities and other assets	1,926	1,515	
Notes and accounts receivable — trade, net	36	18,369	
Inventories	(5,528)	(15,793)	
Notes and accounts payable — trade	(2,382)	(1,314)	
Net gain on sales of business entities	—	(1,550)	
Other, net	11,675	(5,933)	
Total adjustments	26,421	21,053	5,368
Net cash provided by operating activities	43,529	17,848	25,681
Investing Activities:			
Capital expenditures	(26,180)	(22,248)	(3,932)
Net proceeds from sales and acquisition of business entities	512	1,040	(528)
Other, net	5,064	1,689	3,375
Net cash used in investing activities	(20,604)	(19,519)	(1,085)
Financing Activities:			
Increase (decrease) in interest-bearing liabilities	(16,605)	23,632	(40,237)
Dividends paid by the company	(2,854)	(3,078)	224
Treasury stock	(111)	(323)	212
Exercise of stock options	123	—	123
Net cash provided by (used in) financing activities	(19,447)	20,231	(39,678)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,996)	(1,922)	(74)
Net Increase in Cash and Cash Equivalents	1,482	16,638	(15,156)
Cash and Cash Equivalents at Beginning of the Period	79,919	70,779	9,140
Cash and Cash Equivalents at End of the Period	81,401	87,417	(6,016)

(Attachment)

3. Segment Information

1. Business Segment Information

Nine months ended December 31, 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	168,539	66,902	43,219	84,453	36,140	17,584	416,837	—	416,837
(2) Intersegment sales and transfers	5,072	15,620	1,920	5,535	202	38,083	66,432	(66,432)	—
Total	173,611	82,522	45,139	89,988	36,342	55,667	483,269	(66,432)	416,837
Operating expenses	148,526	71,125	44,602	85,127	29,583	52,766	431,729	(52,225)	379,504
Operating income (loss)	25,085	11,397	537	4,861	6,759	2,901	51,540	(14,207)	37,333

Nine months ended December 31, 2002

(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	149,223	58,707	43,649	67,412	31,941	27,184	378,116	—	378,116
(2) Intersegment sales and transfers	3,958	14,380	462	4,710	89	31,935	55,534	(55,534)	—
Total	153,181	73,087	44,111	72,122	32,030	59,119	433,650	(55,534)	378,116
Operating expenses	132,978	64,530	40,550	77,004	28,495	56,540	400,097	(43,350)	356,747
Operating income (loss)	20,203	8,557	3,561	(4,882)	3,535	2,579	33,553	(12,184)	21,369

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.

2. Area Segment Information

Nine months ended December 31, 2003

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales:							
(1) Sales to outside customers	261,301	49,097	61,254	45,185	416,837	—	416,837
(2) Intersegment sales and transfers	59,677	329	467	28,948	89,421	(89,421)	—
Total	320,978	49,426	61,721	74,133	506,258	(89,421)	416,837
Operating expenses	284,462	45,814	56,370	69,839	456,485	(76,981)	379,504
Operating income	36,516	3,612	5,351	4,294	49,773	(12,440)	37,333

Nine months ended December 31, 2002

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales:							
(1) Sales to outside customers	233,882	51,580	52,976	39,678	378,116	—	378,116
(2) Intersegment sales and transfers	55,326	221	391	21,002	76,940	(76,940)	—
Total	289,208	51,801	53,367	60,680	455,056	(76,940)	378,116
Operating expenses	269,404	46,864	50,403	56,930	423,601	(66,854)	356,747
Operating income	19,804	4,937	2,964	3,750	31,455	(10,086)	21,369

(Attachment)

4. Breakdown of Sales

Net sales by consolidated business segment

(Millions of yen)

	Nine months ended December 31, 2003		Nine months ended December 31, 2002		Increase (decrease)
Industrial Automation Business	168,539	40.4%	149,223	39.5%	12.9%
Electronic Components Business	66,902	16.0	58,707	15.5	14.0
Automotive Electronic Components Business	43,219	10.4	43,649	11.5	(1.0)
Social Systems Business	84,453	20.3	67,412	17.8	25.3
Healthcare Business	36,140	8.7	31,941	8.4	13.1
Other	17,584	4.2	27,184	7.3	(35.3)
Total	416,837	100.0%	378,116	100.0%	10.2%

Note: "Social Systems Business" includes the Social Systems Solutions and Service Business Company and the Advanced Module Business Company.

Projected net sales for the fiscal year ending March 31, 2004 by consolidated business segment

(Millions of yen)

	Year ending March 31, 2004 (est.)		Year ended March 31, 2003		Increase (decrease)
Industrial Automation Business	228,000	39.0%	202,518	37.8%	12.6%
Electronic Components Business	89,500	15.3	79,365	14.8	12.8
Automotive Electronic Components Business	59,000	10.1	59,480	11.1	(0.8)
Social Systems Business	137,500	23.5	116,652	21.8	17.9
Healthcare Business	48,000	8.2	42,331	7.9	13.4
Other	23,000	3.9	34,727	6.6	(33.8)
Total	585,000	100.0%	535,073	100.0%	9.3

Note: "Social Systems Business" includes the Social Systems Solutions and Service Business Company and the Advanced Module Business Company.