

Summary Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2005

January 31, 2005

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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Code number: 6645

1. Preparation of Summary of Quarterly Results

- (1) Simplification in accounting methods: Yes

Some simplified methods are applied in accounting standards for reserves and allowances.

- (2) Change in accounting methods: No

- (3) Change in scope of consolidation and application of equity method: Yes

Consolidation: (New) 9 companies (Eliminated) 3 companies

Equity method: (New) 6 companies (Eliminated) 1 company

2. Results for the Third Quarter of Fiscal 2004 (April 1, 2004 to December 31, 2004)

- (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 before income taxes (¥ million)	Year-on-year change (%)
9 months ended 12/04	449,607	7.9	45,845	22.8	43,111	23.9
9 months ended 12/03	416,837	10.2	37,333	74.7	34,804	—
(Ref.) 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) (¥)
9 months ended 12/04	24,819	45.1	103.99	102.07
9 months ended 12/03	17,108	—	70.45	68.61
(Ref.) Year ended 3/04	26,811		110.66	107.53

Note: Year-on-year change for net sales, operating income, income before income taxes and net income 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 12/04	573,275	306,780	53.5	1,288.60
9 months ended 12/03	570,528	273,837	48.0	1,127.47
(Ref.) Year ended 3/04	592,273	274,710	46.4	1,148.33

- (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)
9 months ended 12/04	36,449	(27,548)	(35,991)	68,831
9 months ended 12/03	43,529	(20,604)	(19,447)	81,401
(Ref.) Year ended 3/04	80,687	(34,484)	(28,119)	95,059

3. Projected Results for the Fiscal Year Ending March 31, 2005

	Net sales (¥ million)	Income before income taxes (¥ million)	Net income (¥ million)	Net income per share (¥)
Fiscal year ending 3/05	610,000	53,500	31,000	130.21

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

Summary of Results for the third quarter of Fiscal 2005 (April 1, 2004 – December 31, 2004)**1. Consolidated results**

(Millions of yen)

	Nine months ended December 31, 2004	Nine months ended December 31, 2003	Year-on-year change (%)
Net sales	449,607	416,837	107.9%
Operating income [% of net sales]	45,845 [10.2%]	37,333 [9.0%]	122.8% [+1.2P]
Income before income taxes [% of net sales]	43,111 [9.6%]	34,804 [8.3%]	123.9% [+1.3P]
Net income	24,819	17,108	145.1%
Earnings per share (basic) (¥)	103.99	70.45	+33.54

Notes:

1. Financial figures for the quarterly period are not audited or reviewed by an audit corporation.
2. The financial statements are prepared in accordance with U.S. GAAP.
3. Includes 141 consolidated subsidiaries and 17 affiliated companies accounted for by the equity method.

1. Results of Operations and Financial Condition

General Overview

Reviewing economic conditions during the first three quarters (the nine months ended December 31, 2004) of the Omron Group's fiscal year, the global economy maintained a growth trend, and the Japanese economy also continued in a recovery phase, led by exports and capital investment. However, since the start of autumn, the Japanese economy has been decelerating as it faces an adjustment phase in IT and digital-related demand, with a sharp increase in crude oil prices and a stronger yen against the U.S. dollar.

In this economic environment, the Omron Group's net sales for the first three quarters totaled ¥449,607 million, (a 7.9 percent increase from the same period in the previous year), exceeding the level of the same period a year earlier. While building the foundation for future growth, Omron maintained a firm profit structure as a result of the increase in net sales and the structural reforms implemented up to the previous fiscal year, achieving income levels higher than in the same period in the previous year in each category. Operating income was ¥45,845 million (a 22.8 percent increase from the same period in the previous year), income before income taxes ¥43,111 million (a 23.9 percent increase from the same period in the previous year) and net income was ¥24,819 million (a 45.1 percent increase from the same period in the previous year).

Results by Business Segment

Industrial Automation Business

In Japan, demand from the semiconductor production equipment industry turned sharply downward in the second half of the fiscal year. However, demand for machinery and equipment in manufacturing industries, including automobiles, remained strong, and sales of control devices were firm. Overseas, sales of programmable logic controllers (PLCs) and general-purpose sensors to the semiconductor and flat panel display industries were favorable in Greater China, where high growth continued, and Southeast Asia, where exports are strong. Sales of PLCs and photoelectric sensors in North America and motion controllers and smart sensors in Europe were also steady.

As a result, segment sales for the first three quarters were ¥187,567 million, an 11.3 percent increase from the same period in the previous year.

Electronic Components Business

Semiconductor-related industries and the IT industry in Japan and overseas showed a slowdown entering the second half, but in the first half in Japan firm conditions in semiconductor-related industries and increased demand for electricity due to a hot summer supported solid demand for relays, switches and connectors for consumer and commerce (C&C) components. Overseas, sales of backlights 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 conditioning manufacturers in East Asia.

As a result, segment sales for the first three quarters were ¥76,054 million, a 13.7 percent increase from the same period in the previous year.

Automotive Electronic Components Business

During the first three quarters, automobile production volume was relatively stable in Japan and Europe, and increased substantially in Southeast Asia, resulting in generally firm worldwide conditions overall, despite differences from country to country. Amid these conditions, while competition intensified and there was weak performance among certain customers, Omron increased sales in the European and South Korean markets, and the addition of a joint venture company (a consolidated subsidiary) established in October 2004 in the automotive relay business in Italy also contributed to sales. As a result, sales in this segment totaled ¥47,195 million, a 9.2 percent increase from the same period in the previous year.

Social Systems Business

In the electronic fund transfer systems business, demand increased substantially during the first half for renewal or conversion of ATMs and automated bill changers in the domestic market in response to the issuance of newly designed currency bills. In overseas markets, demand surged in Taiwan for financial equipment that can handle IC cards. This business was transferred to a new company (Hitachi-Omron Terminal Solutions, Corp.) established jointly with Hitachi, Ltd. in October 2004 by a corporate separation. Therefore, figures for this business after the transfer are not included in sales figures after October 1, 2004.

In the public transportation systems business, factors including conversion demand for ticket venders related to the issue of the new currency bills increased sales significantly compared with the same period in the previous year.

(Attachment)

As a result, segment sales were ¥80,042 million, a 5.2 percent decrease from the same period in the previous year.

Healthcare Business

The markets relevant to this segment continued to expand due to factors including growing health needs in Japan and overseas and governmental measures to contain medical expenses. In these conditions, sales of blood pressure monitors, a core product in this segment, were firm worldwide, and sales of body composition monitors increased in Japan, supported by the effect of television commercials.

As a result, segment sales were ¥38,592 million, a 6.8 percent increase 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, modems and routers in the computer peripheral business performed well, as did the prize business and cellular phone content distribution, both new businesses in the entertainment business. As for new growth themes, the Carmoni series of anti-theft devices for automobiles and the radio frequency identification (RFID) business posted solid results.

As a result, segment sales were ¥20,157 million, a 14.6 percent increase from the same period in the previous year.

Financial Condition

Total assets were ¥573,275 million, a decrease of ¥18,998 million from the end of the previous fiscal year. Shareholders' equity was ¥306,780 million, an increase of ¥32,070 million from the end of the previous fiscal year. As a result, the ratio of shareholders' equity to total assets increased to 53.5 percent from 46.4 percent at the end of the previous fiscal year.

As for cash flow, net cash provided by operating activities was ¥36,449 million, a decrease of ¥7,080 million from the same period in the previous year, as a result of the increase in net income and an increase in inventories compared with the end of the previous fiscal year. Net cash used in investing activities was ¥27,548 million, an increase of ¥6,944 million compared with the same period in the previous year, as Omron aggressively made investments for future growth. Net cash used in financing activities was ¥35,991 million, an increase of ¥16,544 million from the same period in the previous year. Principal factors were a decrease in interest-bearing debt due to the redemption of unsecured convertible bonds and other long-term debt (¥27,496 million), an increase in cash dividends including a commemorative dividend (¥5,670 million) and acquisition of treasury stock (¥2,937 million).

As a result, cash and cash equivalents at the end of the period were ¥68,831 million, a decrease of ¥26,228 million from the end of the previous fiscal year.

Outlook for the Year Ending March 31, 2005

In the fourth quarter (the three months from January through March 2005), the slowdown in the Japanese economy that began in autumn is expected to continue, with an ongoing adjustment phase in IT and digital-related demand.

Amid these conditions, sales of the Omron Group's core Industrial Automation Business and Electronic Components Business are expected to be lower than previously announced on October 28, 2004, reflecting the effects of restrained capital investment due to the economic slowdown.

On a consolidated basis, Omron projects net sales of ¥610.0 billion (a year-on-year increase of 4.3 percent), income before income taxes of ¥53.5 billion (a year-on-year increase of 11.5 percent) and net income of ¥31.0 billion (a year-on-year increase of 15.6 percent).

In non-consolidated results, net sales are projected to be generally in line with the previous announcement on October 28, 2004. However, ordinary income and net income are projected to be higher than the previous announcement because of factors including increased dividends from overseas subsidiaries. Omron projects non-consolidated net sales of ¥337.0 billion (a year-on-year decrease of 4.0 percent), ordinary income of ¥26.3 billion (a year-on-year increase of 101.3 percent) and net income of ¥15.5 billion (a year-on-year increase of 147.1 percent).

The revision of consolidated and non-consolidated results was disclosed today (January 31, 2005) in the release entitled "Revisions to Full-Year Forecast."

The assumed exchange rates for the fourth quarter are US\$1 = 100 yen and 1 euro = 135 yen.

(Attachment)

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 Income

(Millions of yen)

	Nine months ended December 31, 2004		Nine months ended December 31, 2003		Increase (Decrease)
Net sales	449,607	100.0%	416,837	100.0%	32,770
Cost of sales	263,593	58.6	244,230	58.6	19,363
Gross profit	186,014	41.4	172,607	41.4	13,407
Selling, general and administrative expenses	105,540	23.5	104,439	25.0	1,101
Research and development expenses	34,629	7.7	30,835	7.4	3,794
Operating income	45,845	10.2	37,333	9.0	8,512
Foreign exchange loss, net	(212)	(0.0)	958	0.2	(1,170)
Other expenses, net	2,946	0.6	1,571	0.5	1,375
Income before income taxes and minority interests and cumulative effect of accounting change	43,111	9.6	34,804	8.3	8,307
Income taxes	18,112	4.1	17,490	4.2	622
Minority interests	180	0.0	206	0.0	(26)
Net income	24,819	5.5	17,108	4.1	7,711

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

Nine months ended December 31, 2004: ¥37,238 million

Nine months ended December 31, 2003: ¥23,792 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		As of		As of		Increase (Decrease)
	December 31, 2004		December 31, 2003		March 31, 2004		
ASSETS							
Current Assets:	283,492	49.5%	299,406	52.5%	316,226	53.4%	(32,734)
Cash and cash equivalents	68,831		81,401		95,059		(26,228)
Notes and accounts receivable - trade	111,316		111,215		122,068		(10,752)
Inventories	78,592		80,626		70,341		8,251
Other current assets	24,753		26,164		28,758		(4,005)
Property, Plant and Equipment	150,143	26.2	146,337	25.6	150,723	25.4	(580)
Investments and Other Assets:	139,640	24.3	124,785	21.9	125,324	21.2	14,316
Investments in and advances to associates	18,191		1,219		1,245		16,946
Investment securities	48,085		43,501		50,331		(2,246)
Other	73,364		80,065		73,748		(384)
Total Assets	573,275	100.0%	570,528	100.0%	592,273	100.0%	(18,998)

(Millions of yen)

	As of		As of		As of		Increase (Decrease)
	December 31, 2004		December 31, 2003		March 31, 2004		
LIABILITIES							
Current Liabilities:	161,550	28.2%	163,601	28.7%	184,548	31.2	(22,998)
Bank loans and current portion of long-term debt	28,197		45,702		45,480		(17,283)
Notes and accounts payable - trade	73,245		66,139		79,345		(6,100)
Other current liabilities	60,108		51,760		59,723		385
Long-Term Debt	1,077	0.2	11,355	2.0	11,207	1.9	(10,130)
Other Long-Term Liabilities	102,444	17.9	120,018	21.0	120,361	20.3	(17,917)
Minority Interests in Subsidiaries	1,424	0.2	1,717	0.3	1,447	0.2	(23)
Total Liabilities	266,495	46.5	296,691	52.0	317,563	53.6	(51,068)
SHAREHOLDERS' EQUITY							
Common stock	64,100	11.2	64,082	11.2	64,082	10.8	18
Additional paid-in capital	98,726	17.2	98,705	17.3	98,705	16.7	21
Legal reserve	7,510	1.3	7,709	1.4	7,450	1.3	60
Retained earnings	197,665	34.5	168,568	29.5	175,296	29.6	22,369
Accumulated other comprehensive loss	(38,140)	(6.7)	(53,225)	(9.3)	(50,559)	(8.6)	12,419
Treasury stock	(23,081)	(4.0)	(12,002)	(2.1)	(20,264)	(3.4)	(2,817)
Total Shareholders' Equity	306,780	53.5	273,837	48.0	274,710	46.4	32,070
Total Liabilities and Shareholders' Equity	573,275	100.0%	570,528	100.0%	592,273	100.0%	(18,998)

Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2004	Nine months ended December 31, 2003	Increase (Decrease)
I Operating Activities:			
1. Net income	24,819	17,108	7,711
2. Adjustments to reconcile net income to net cash provided by operating activities:			
(1) Depreciation and amortization	21,527	20,694	
(2) Loss on impairment of property, plant and equipment	33	—	
(3) Loss on impairment of investment securities and other assets	228	1,926	
(4) Decrease in notes and accounts receivable — trade	6,574	36	
(5) Increase in inventories	(12,019)	(5,528)	
(6) Decrease in notes and accounts payable — trade	(7,007)	(2,382)	
(7) Other, net	2,294	11,675	
Total adjustments	11,630	26,421	(14,791)
Net cash provided by operating activities	36,449	43,529	(7,080)
II Investing Activities:			
1. Capital expenditures	(27,907)	(26,180)	(1,727)
2. Net proceeds from sales and acquisition of business entities	(1,489)	512	(2,001)
3. Other, net	1,848	5,064	(3,216)
Net cash used in investing activities	(27,548)	(20,604)	(6,944)
III Financing Activities:			
1. Decrease in interest-bearing liabilities	(27,496)	(16,605)	(10,891)
2. Dividends paid by the company	(5,670)	(2,854)	(2,816)
3. Repurchase of treasury stock	(2,937)	(111)	(2,826)
4. Exercise of stock options	95	123	(28)
5. Sale of treasury stock	17	—	17
Net cash used in financing activities	(35,991)	(19,447)	(16,544)
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	862	(1,996)	2,858
Net Increase (Decrease) in Cash and Cash Equivalents	(26,228)	1,482	(27,710)
Cash and Cash Equivalents at Beginning of the Period	95,059	79,919	15,140
Cash and Cash Equivalents at End of the Period	68,831	81,401	(12,570)

(Attachment)

3. Segment Information

1. Business Segment Information

Nine months ended December 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	187,567	76,054	47,195	80,042	38,592	20,157	449,607	—	449,607
(2) Intersegment sales and transfers	4,810	15,575	1,957	5,123	411	41,669	69,545	(69,545)	—
Total	192,377	91,629	49,152	85,165	39,003	61,826	519,152	(69,545)	449,607
Operating expenses	160,150	79,397	49,613	80,206	33,070	58,431	460,867	(57,105)	403,762
Operating income (loss)	32,227	12,232	(461)	4,959	5,933	3,395	58,285	(12,440)	45,845

Notes: 1. "Social Systems Business" includes the Social Systems Solutions and Service Business Company and the Financial Systems Business Company.

2. "Others" includes the Business Development Group and other divisions.

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	25,085	11,397	537	4,861	6,759	2,901	51,540	(14,207)	37,333

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, 2004

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales:							
(1) Sales to outside customers	284,641	49,092	67,511	48,363	449,607	—	449,607
(2) Intersegment sales and transfers	63,385	332	527	30,808	95,052	(95,052)	—
Total	348,026	49,424	68,038	79,171	544,659	(95,052)	449,607
Operating expenses	301,143	47,476	61,974	74,491	485,084	(81,322)	403,762
Operating income	46,883	1,948	6,064	4,680	59,575	(13,730)	45,845

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

(Attachment)

4. Breakdown of Sales

Net sales by consolidated business segment

(Millions of yen)

	Nine months ended December 31, 2004		Nine months ended December 31, 2003		Increase (decrease)
Industrial Automation Business	187,567	41.7%	168,539	40.4%	11.3%
Electronic Components Business	76,054	16.9	66,902	16.0	13.7
Automotive Electronic Components Business	47,195	10.5	43,219	10.4	9.2
Social Systems Business	80,042	17.8	84,453	20.3	(5.2)
Healthcare Business	38,592	8.6	36,140	8.7	6.8
Other	20,157	4.5	17,584	4.2	14.6
Total	449,607	100.0%	416,837	100.0%	7.9%

Notes: 1. For the third quarter of the fiscal year ended March 31, 2004, results of "Social Systems Business" include the results of Social Systems Solutions and Service Business Company and the Advanced Module Business Company.

2. For the third quarter of the fiscal year ending March 31, 2005, results of "Social Systems Business" include the results of the Social Systems Solutions and Service Business Company and the Financial Systems Business Company.

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	249,000	40.8%	229,638	39.3%	8.4%
Electronic Components Business	103,000	16.9	88,988	15.2	15.7
Automotive Electronic Components Business	63,500	10.4	58,824	10.1	7.9
Social Systems Business	116,500	19.1	135,997	23.3	(14.3)
Healthcare Business	51,000	8.4	46,962	8.0	8.6
Other	27,000	4.4	24,480	4.1	10.3
Total	610,000	100.0%	584,889	100.0%	4.3

Notes: 1. For the third quarter of the fiscal year ended March 31, 2004, results of "Social Systems Business" include the results of Social Systems Solutions and Service Business Company and the Advanced Module Business Company.

2. For the third quarter of the fiscal year ending March 31, 2005, results of "Social Systems Business" include the results of the Social Systems Solutions and Service Business Company and the Financial Systems Business Company.