Financial Results for the Nine Months
Ended December 31, 2005

January 31, 2006
OMRON Corporation
1. Executive Summary

2. Results for the Nine Months Ended December 31, 2005

3. Forecast for the Year Ending March 31, 2006

4. Supplementary explanation

Notes:
1. The financial statements are prepared in accordance with U.S. GAAP.
2. Includes 143 consolidated subsidiaries and 15 affiliated companies accounted for by the equity method.
3. 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.
### Main Business Areas

<table>
<thead>
<tr>
<th>Business</th>
<th>Business Name</th>
<th>Abbrev.</th>
<th>Business Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Automation</td>
<td>Industrial Automation Business</td>
<td>IAB</td>
<td>Manufacture and sale of control systems, equipment and components for factory automation, etc.</td>
</tr>
<tr>
<td>Electronic Components</td>
<td>Electronic Components Business</td>
<td>ECB</td>
<td>Manufacture and sale of electronic components for home appliances, communications, mobile devices, etc.</td>
</tr>
<tr>
<td>Automotive Electronics</td>
<td>Automotive Electronic Components Business</td>
<td>AEC</td>
<td>Manufacture and sale of electronic components for automobiles</td>
</tr>
<tr>
<td>Social Systems</td>
<td>Social Systems Business</td>
<td>SSB</td>
<td>Manufacture, sale and services for public transportation (automated passenger gates, etc.) and traffic and road management systems</td>
</tr>
<tr>
<td>Healthcare Equipment</td>
<td>Healthcare Business</td>
<td>HCB</td>
<td>Manufacture and sale of medical devices (digital blood pressure monitors, etc.)</td>
</tr>
<tr>
<td>Others</td>
<td>Business Development Group/Others</td>
<td>Others</td>
<td>Exploration of new businesses, development businesses not included in above</td>
</tr>
</tbody>
</table>
1. Executive Summary
The year ending March 31, 2006 is the 2nd year of Stage II (Apr. 2004 to March 2008) of Grand Design 2010 (GD2010)

“Achieving a robust profit structure” as a milestone toward the achievement of Stage II targets

### 9 months Results and Key Points

Net sales basically as planned, Operating income showed a slight decrease, NIBT/NIAT both exceeded the original budget and same period previous year

<table>
<thead>
<tr>
<th>Consolidated</th>
<th>Result</th>
<th>vs. same period in prev. year</th>
<th>vs. original budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥442.8 billion</td>
<td>98.5%</td>
<td>99.3%</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥44.0 billion</td>
<td>96.0%</td>
<td>97.8% (Operating margin 9.9%)</td>
</tr>
<tr>
<td>NIBT</td>
<td>¥47.1 billion</td>
<td>109.2%</td>
<td>107.0% (NIBT margin 10.6%)</td>
</tr>
<tr>
<td>NIAT</td>
<td>¥26.2 billion</td>
<td>105.4%</td>
<td>102.6%</td>
</tr>
</tbody>
</table>

(1)Net sales:  
Main factor in decrease 0.7% vs. original budget is due to decrease in Electronic Components Business (ECB)
Main factor in decrease 1.5% vs. same period previous year is transfer of ATM business to Joint Venture (¥27.0 billion decrease)

(2)Operating income:  
Main factor in decrease 2.2% vs. original budget is product mix (Refer to P.11)
Main factor in decrease 4.0% vs. same period previous year is increase in SG&A/R&D expenses for growth and response to hazardous chemical substance regulation (RoHS) (Refer to P.10)

(3)NIBT:  
Main factor in increase 7.0% vs. original budget due to gain on sales of marketable securities

(4)Business summary  
Sales by segment had strong results except for ECB. As for Operating income, ECB and Automotive Electronic Components Business (AEC) faced difficult conditions.

### Full-Year Forecasts and Key Points

Sales, income both forecast to be in line with the initial budget
Expect to achieve 4th consecutive year of sales and income growth. Expect to achieve new record of sales and 3rd consecutive year of new record of income.

<table>
<thead>
<tr>
<th>Year ending March 31, 2006</th>
<th>vs. same period in prev. year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥625.0 billion</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥65.0 billion</td>
</tr>
<tr>
<td>NIBT</td>
<td>¥63.0 billion</td>
</tr>
<tr>
<td>NIAT</td>
<td>¥36.0 billion</td>
</tr>
</tbody>
</table>
2. Results for the Nine Months Ended December 31, 2005
**Consolidated Income Statements**

**Nine Months ended Dec. 31, 2005**

**Net Sales ¥442.8B, Operating Margin 9.9%**

Net sales basically as planned, Operating income showed a slight decrease, NIBT/NIAT both exceeded the original budget and same period previous year. Main factor in net sales decrease was SSB’s transfer of ATM business to Joint Venture.

### Income Statement

<table>
<thead>
<tr>
<th></th>
<th>9 months ended 12/2004 Actual(1)</th>
<th>9 months ended 12/2005 Actual(2)</th>
<th>Change from last year (2)/(1)</th>
<th>9 months ended 12/2005 Original budget(3)</th>
<th>Change from Original budget (2)/(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>449.6</td>
<td>442.8</td>
<td>*98.5%</td>
<td>446.0</td>
<td>99.3%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>186.0</td>
<td>179.4</td>
<td>96.5%</td>
<td>184.0</td>
<td>97.5%</td>
</tr>
<tr>
<td><strong>SG&amp;A expense</strong></td>
<td>105.6</td>
<td>111.0</td>
<td>105.1%</td>
<td>111.0</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>R&amp;D expense</strong></td>
<td>34.6</td>
<td>36.3</td>
<td>104.9%</td>
<td>37.0</td>
<td>98.1%</td>
</tr>
<tr>
<td><strong>Daikohenjyo'</strong></td>
<td>---</td>
<td>11.9</td>
<td>---</td>
<td>9.0</td>
<td>132.4%</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>45.8</td>
<td>44.0</td>
<td>96.0%</td>
<td>45.0</td>
<td>97.8%</td>
</tr>
<tr>
<td><strong>NIBT</strong></td>
<td>43.1</td>
<td>47.1</td>
<td>109.2%</td>
<td>44.0</td>
<td>107.0%</td>
</tr>
<tr>
<td><strong>NIAT</strong></td>
<td>24.8</td>
<td>26.2</td>
<td>105.4%</td>
<td>25.5</td>
<td>102.6%</td>
</tr>
</tbody>
</table>

### Currency Rate

<table>
<thead>
<tr>
<th></th>
<th>(yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$</td>
<td>107.9</td>
</tr>
<tr>
<td>EUR</td>
<td>134.2</td>
</tr>
</tbody>
</table>

* 104.8% including sales of ATM business transferred to Joint Venture in October 2004.
### Breakdown of Sales by Region and Business

#### By Region

<table>
<thead>
<tr>
<th>Region</th>
<th>9 months ended 12/2004 Actual(1)</th>
<th>9 months ended 12/2005 Actual(2)</th>
<th>Change from last year (2)/(1)</th>
<th>9 months ended 12/2005 Original budget(3)</th>
<th>Change from Original budget (2)/(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>269.5</td>
<td>248.2</td>
<td>92.1%</td>
<td>251.3</td>
<td>98.7%</td>
</tr>
<tr>
<td>Overseas**</td>
<td>180.1</td>
<td>194.6</td>
<td>108.1%</td>
<td>194.7</td>
<td>99.9%</td>
</tr>
<tr>
<td>Total</td>
<td>449.6</td>
<td>442.8</td>
<td>98.5%</td>
<td>446.0</td>
<td>99.3%</td>
</tr>
</tbody>
</table>

**Overseas includes direct exports**

#### By Business

<table>
<thead>
<tr>
<th>Business</th>
<th>9 months ended 12/2004 Actual(1)</th>
<th>9 months ended 12/2005 Actual(2)</th>
<th>Change from last year (2)/(1)</th>
<th>Original budget(3)</th>
<th>Change from Original budget (2)/(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAB</td>
<td>187.6</td>
<td>119.0</td>
<td>106.1%</td>
<td>198.5</td>
<td>100.2%</td>
</tr>
<tr>
<td>ECB</td>
<td>76.1</td>
<td>72.0</td>
<td>94.7%</td>
<td>82.5</td>
<td>87.3%</td>
</tr>
<tr>
<td>AEC</td>
<td>47.2</td>
<td>55.6</td>
<td>117.8%</td>
<td>52.5</td>
<td>105.9%</td>
</tr>
<tr>
<td>SSB</td>
<td>* 80.0</td>
<td>52.2</td>
<td>65.3%</td>
<td>53.0</td>
<td>98.6%</td>
</tr>
<tr>
<td>HCB</td>
<td>38.6</td>
<td>44.9</td>
<td>116.3%</td>
<td>41.0</td>
<td>109.4%</td>
</tr>
<tr>
<td>Others</td>
<td>20.1</td>
<td>19.1</td>
<td>94.6%</td>
<td>18.5</td>
<td>103.1%</td>
</tr>
<tr>
<td>Total</td>
<td>449.6</td>
<td>442.8</td>
<td>98.5%</td>
<td>446.0</td>
<td>99.3%</td>
</tr>
</tbody>
</table>

**Results for the nine months ended 12/2004 include an actual performance of the ATM business**

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 basically in line with budget in Japan and overseas
By segment, strong results except for ECB

(billion yen)
### Breakdown of Operating Income By Segments

#### Nine Months ended Dec. 31, 2005

<table>
<thead>
<tr>
<th>By Business</th>
<th>9 months ended 12/2004 Actual(1)</th>
<th>9 months ended 12/2005 Actual(2)</th>
<th>Change from last year (2)/(1)</th>
<th>9 months ended 12/2005 Original budget(3)</th>
<th>Change from Original budget (2)/(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAB</td>
<td>32.2</td>
<td>31.2</td>
<td>96.8%</td>
<td>30.0</td>
<td>104.0%</td>
</tr>
<tr>
<td>ECB</td>
<td>12.2</td>
<td>8.4</td>
<td>68.6%</td>
<td>11.5</td>
<td>72.9%</td>
</tr>
<tr>
<td>AEC</td>
<td>-0.5</td>
<td>-1.1</td>
<td>--</td>
<td>1.5</td>
<td>--</td>
</tr>
<tr>
<td>SSB</td>
<td>* 5.0</td>
<td>-2.6</td>
<td>--</td>
<td>-2.5</td>
<td>--</td>
</tr>
<tr>
<td>HCB</td>
<td>5.9</td>
<td>6.4</td>
<td>108.5%</td>
<td>6.5</td>
<td>99.0%</td>
</tr>
<tr>
<td>Others</td>
<td>3.4</td>
<td>1.5</td>
<td>43.3%</td>
<td>1.5</td>
<td>98.0%</td>
</tr>
<tr>
<td>HQ Cost/Elimination</td>
<td>-12.4</td>
<td>-11.7</td>
<td>--</td>
<td>-12.5</td>
<td>--</td>
</tr>
<tr>
<td>Daikohenjyo</td>
<td>--</td>
<td>11.9</td>
<td>--</td>
<td>9.0</td>
<td>132.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45.8</strong></td>
<td><strong>44.0</strong></td>
<td><strong>96.0%</strong></td>
<td><strong>45.0</strong></td>
<td><strong>97.8%</strong></td>
</tr>
</tbody>
</table>

*Results for the year ended 12/2004 include an actual performance of ATM business

IAB exceeded budget due to expense control
ECB faced difficult conditions, AEC continued investments for North America
Breakdown of Changes in Operating Income (VS. same period previous year)

Operating income decreased due to increase in SG&A and R&D expenses for growth and response to RoSH regulation.

Sales increase (excluding ATM Business and exchange profit) +8.5
Exchange Profit +0.8
Product mix (excluding ATM Business) -6.7
Increase in SG&A expenses -8.2
Increase in R&D expenses -4.1
Substitutional potion of pension +11.9
Change in gross profit +2.6b
Change in SG&A expenses, R&D expenses -12.3
Change in operating income -1.8

Nine Months ended Dec. 31, 2005

12/2004 12/2005
Breakdown of Changes in Operating Income (VS. original budget)

In spite of return of substitutional portion of pension fund increasing, Operating income decreased due to decrease sales volume and price down.

<table>
<thead>
<tr>
<th>Description</th>
<th>12/2005 (original budget)</th>
<th>12/2005 (results)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in gross profit</td>
<td>-4.6b</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange Profit</td>
<td>+2.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product mix</td>
<td>-5.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in SG&amp;A expenses</td>
<td>-0.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in R&amp;D expenses</td>
<td>+0.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales decrease</td>
<td>-1.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in operating income</td>
<td>-1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Substitutional potion of pension</td>
<td>+2.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*(billion yen)*
## Segment Information
### IAB (Industrial Automation Business)

**Manufacture and sale of control systems and equipment for factory automation and production machinery**
- Sensing Devices (Photoelectric/Proximity Sensors, AOI, etc.)
- Control Devices (Programmable Logic Controllers, Relays, Timers, etc.)
- Safety Devices (Safety sensors, Safety switches, etc.)

### Smart Sensor

- Programmable Logic Controller

### AOI (Automated Optical Inspection System)

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**Nine Months ended Dec. 31, 2005**

**Net sales: ¥199.0b; Operating margin: 15.7%**

- Basically in line with budget in Japan, U.S. remained strong,
- Greater China is on a gradual recovery trend

<table>
<thead>
<tr>
<th></th>
<th>IAB</th>
<th>9 months ended 12/2004</th>
<th>9 months ended 12/2005</th>
<th>Change from last year</th>
<th>9 months ended 12/2005 Original budget</th>
<th>Change from Original budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td></td>
<td>Actual(1)</td>
<td>Actual(2)</td>
<td></td>
<td>Original budget(3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>97.3</td>
<td>99.6</td>
<td>102.3%</td>
<td>100.5</td>
<td>99.1%</td>
<td></td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td></td>
<td>90.2</td>
<td>99.4</td>
<td>110.2%</td>
<td>98.0</td>
<td>101.4%</td>
</tr>
<tr>
<td>North America</td>
<td></td>
<td>15.2</td>
<td>18.1</td>
<td>118.7%</td>
<td>15.6</td>
<td>115.8%</td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td>48.5</td>
<td>50.4</td>
<td>103.9%</td>
<td>51.8</td>
<td>97.3%</td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td>7.6</td>
<td>9.1</td>
<td>119.0%</td>
<td>8.7</td>
<td>104.7%</td>
</tr>
<tr>
<td>China</td>
<td></td>
<td>15.8</td>
<td>18.2</td>
<td>115.5%</td>
<td>18.7</td>
<td>97.3%</td>
</tr>
<tr>
<td>Exports</td>
<td></td>
<td>3.1</td>
<td>3.6</td>
<td>116.9%</td>
<td>3.2</td>
<td>113.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>187.6</td>
<td>199.0</td>
<td>106.1%</td>
<td>198.5</td>
<td>100.2%</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td>32.2</td>
<td>31.2</td>
<td>96.8%</td>
<td>30.0</td>
<td>104.0%</td>
</tr>
</tbody>
</table>
### Segment Information

**ECB (Electronic Components Business)**

Manufacture and sale of electronic components for home appliances, communications, mobile phones, amusement components, OA Relays, Switches, Connectors, Sensors, Micro Lens Arrays, Customized ICs, IC Coins, Optical Communications Devices, etc.

#### Net sales: ¥72.0 billion; Operating margin: 11.6%
Japan and overseas business were weakened; LCD Backlight and Amusement business faced difficult conditions

<table>
<thead>
<tr>
<th>Segment</th>
<th>9 months ended 12/2004 Actual(1)</th>
<th>9 months ended 12/2005 Actual(2)</th>
<th>Change from last year (2)/(1)</th>
<th>9 months ended 12/2005 Original budget(3)</th>
<th>Change from Original budget (2)/(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>39.5</td>
<td>34.9</td>
<td>88.4%</td>
<td>40.5</td>
<td>86.2%</td>
</tr>
<tr>
<td>Overseas</td>
<td>36.5</td>
<td>37.1</td>
<td>101.5%</td>
<td>42.0</td>
<td>88.3%</td>
</tr>
<tr>
<td>North America</td>
<td>7.3</td>
<td>7.2</td>
<td>97.9%</td>
<td>7.4</td>
<td>97.2%</td>
</tr>
<tr>
<td>Europe</td>
<td>8.8</td>
<td>9.1</td>
<td>103.2%</td>
<td>9.7</td>
<td>93.7%</td>
</tr>
<tr>
<td>Asia</td>
<td>4.2</td>
<td>4.5</td>
<td>108.5%</td>
<td>4.7</td>
<td>96.3%</td>
</tr>
<tr>
<td>China</td>
<td>8.6</td>
<td>10.2</td>
<td>117.8%</td>
<td>12.3</td>
<td>82.8%</td>
</tr>
<tr>
<td>Exports</td>
<td>7.6</td>
<td>6.1</td>
<td>80.7%</td>
<td>7.9</td>
<td>77.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>76.1</td>
<td>72.0</td>
<td>94.7%</td>
<td>82.5</td>
<td>87.3%</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>12.2</td>
<td>8.4</td>
<td>68.6%</td>
<td>11.5</td>
<td>72.9%</td>
</tr>
</tbody>
</table>
## Segment Information

### AEC (Automotive Electronic Components Business)

**Manufacture and sale of automotive electronic components**

**Automotive Relays, Sensors, Laser Radars, Power Window Switches, Keyless Entry Systems, ECU, etc.**

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### Net sales: ¥55.6b; 6.0% increase vs. original budget, but Operating income was negative due to increasing cost for production process improvement in North America

<table>
<thead>
<tr>
<th></th>
<th>9 months ended 12/2004 Actual(1)</th>
<th>9 months ended 12/2005 Actual(2)</th>
<th>Change from last year (2)/(1)</th>
<th>9 months ended 12/2005 Original budget(3)</th>
<th>Change from Original budget (2)/(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>19.4</td>
<td>20.1</td>
<td>103.4%</td>
<td>20.5</td>
<td>97.8%</td>
</tr>
<tr>
<td>Overseas</td>
<td>27.8</td>
<td>35.5</td>
<td>127.8%</td>
<td>32.0</td>
<td>111.0%</td>
</tr>
<tr>
<td>North America</td>
<td>15.3</td>
<td>20.2</td>
<td>132.0%</td>
<td>17.6</td>
<td>114.6%</td>
</tr>
<tr>
<td>Europe</td>
<td>3.8</td>
<td>4.5</td>
<td>119.8%</td>
<td>4.8</td>
<td>93.6%</td>
</tr>
<tr>
<td>Asia</td>
<td>8.6</td>
<td>10.9</td>
<td>126.0%</td>
<td>9.6</td>
<td>113.1%</td>
</tr>
<tr>
<td>China</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0%</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Exports</td>
<td>0.1</td>
<td>0.0</td>
<td>0.0%</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>47.2</strong></td>
<td><strong>55.6</strong></td>
<td><strong>117.8%</strong></td>
<td><strong>52.5</strong></td>
<td><strong>105.9%</strong></td>
</tr>
</tbody>
</table>

Operating income: -0.5 / -1.1 / --
### Segment Information

**SSB (Social Systems Business)**

Manufacture and sale of equipment/modules, and provision of solutions and services in the fields of public transportation and traffic/road management

**Public Transportation**:
- Passenger Gates, Ticket Vending machines, etc.

**Traffic/Road Management**:
- Signal Controllers, Road Management Systems, etc.

### Net sales: ¥52.2b

**Net sales/Operating income basically as planned**

<table>
<thead>
<tr>
<th>Segment</th>
<th>9 months ended 12/2004 Actual(1)</th>
<th>9 months ended 12/2005 Actual(2)</th>
<th>Change from last year (2)/(1)</th>
<th>Change from Original budget (2)/(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>75.2</td>
<td>51.5</td>
<td>68.5%</td>
<td>51.3</td>
</tr>
<tr>
<td>Overseas</td>
<td>4.8</td>
<td>0.7</td>
<td>14.9%</td>
<td>1.7</td>
</tr>
<tr>
<td>North America</td>
<td>0.1</td>
<td>0.1</td>
<td>71.4%</td>
<td>0.8</td>
</tr>
<tr>
<td>Europe</td>
<td>0.4</td>
<td>0.0</td>
<td>0.0%</td>
<td>0.0</td>
</tr>
<tr>
<td>Asia</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0%</td>
<td>0.0</td>
</tr>
<tr>
<td>China</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0%</td>
<td>0.0</td>
</tr>
<tr>
<td>Exports</td>
<td>4.3</td>
<td>0.6</td>
<td>13.6%</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>80.0</td>
<td>52.2</td>
<td>65.3%</td>
<td>53.0</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td><strong>5.0</strong></td>
<td><strong>-2.6</strong></td>
<td><strong>-</strong></td>
<td><strong>-2.5</strong></td>
</tr>
</tbody>
</table>

*Results for the 9 months ended 12/2004 include an actual performance of the ATM business. Net sales: ¥27b  Operating income: ¥4b  98% YOY excluding ATM business in previous year
## Segment Information
### HCB (Healthcare Business)

Manufacture and sale of home and professional healthcare equipment
Digital Blood Pressure Monitors, Digital Thermometers, Pedometers, Body Composition Analyzers (Body-fat Analyzers), Electronic Pulse Massagers, Massage Chairs, etc.

<table>
<thead>
<tr>
<th>HCB</th>
<th>9 months ended 12/2004</th>
<th>9 months ended 12/2005</th>
<th>Change from last year</th>
<th>9 months ended 12/2005 Original budget</th>
<th>Change from Original budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual(1)</td>
<td>Actual(2)</td>
<td>(2)/(1)</td>
<td>Original budget(3)</td>
<td>(2)/(3)</td>
</tr>
<tr>
<td>Japan</td>
<td>18.3</td>
<td>23.2</td>
<td>127.2%</td>
<td>20.0</td>
<td>116.2%</td>
</tr>
<tr>
<td>Overseas</td>
<td>20.3</td>
<td>21.6</td>
<td>106.4%</td>
<td>21.0</td>
<td>103.0%</td>
</tr>
<tr>
<td>North America</td>
<td>11.1</td>
<td>11.0</td>
<td>98.8%</td>
<td>11.0</td>
<td>99.8%</td>
</tr>
<tr>
<td>Europe</td>
<td>6.2</td>
<td>7.2</td>
<td>115.2%</td>
<td>6.3</td>
<td>113.8%</td>
</tr>
<tr>
<td>Asia</td>
<td>1.1</td>
<td>1.2</td>
<td>116.5%</td>
<td>1.1</td>
<td>112.8%</td>
</tr>
<tr>
<td>China</td>
<td>1.9</td>
<td>2.1</td>
<td>112.1%</td>
<td>2.4</td>
<td>87.3%</td>
</tr>
<tr>
<td>Exports</td>
<td>0.1</td>
<td>0.1</td>
<td>241.7%</td>
<td>0.2</td>
<td>72.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>38.6</strong></td>
<td><strong>44.9</strong></td>
<td><strong>116.3%</strong></td>
<td><strong>41.0</strong></td>
<td><strong>109.4%</strong></td>
</tr>
<tr>
<td>Operating income</td>
<td>5.9</td>
<td>6.4</td>
<td>108.5%</td>
<td>6.5</td>
<td>99.0%</td>
</tr>
</tbody>
</table>
## Nine Months ended Dec. 31, 2005

### Consolidated Balance Sheet

<table>
<thead>
<tr>
<th>Consolidated B/S</th>
<th>As of 12/31/2004</th>
<th>As of 3/31/2005</th>
<th>As of 12/31/2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Assets</strong></td>
<td>573.3</td>
<td>585.4</td>
<td>557.1</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>68.8</td>
<td>80.6</td>
<td>49.7</td>
</tr>
<tr>
<td>Notes and accounts receivable, trade</td>
<td>111.3</td>
<td>121.7</td>
<td>112.8</td>
</tr>
<tr>
<td>Inventories</td>
<td>78.6</td>
<td>68.6</td>
<td>81.8</td>
</tr>
<tr>
<td>Other current assets</td>
<td>24.8</td>
<td>25.1</td>
<td>23.8</td>
</tr>
<tr>
<td>Other assets</td>
<td>289.8</td>
<td>289.4</td>
<td>289.0</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>266.5</td>
<td>279.6</td>
<td>194.2</td>
</tr>
<tr>
<td>Bank Loans / Current portion of L/T debt</td>
<td>29.3</td>
<td>24.8</td>
<td>16.2</td>
</tr>
<tr>
<td>Notes and accounts payable, trade</td>
<td>73.2</td>
<td>75.9</td>
<td>69.3</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>164.0</td>
<td>178.9</td>
<td>108.7</td>
</tr>
<tr>
<td><strong>Shareholders' Equity</strong></td>
<td>306.8</td>
<td>305.8</td>
<td>362.9</td>
</tr>
</tbody>
</table>

Return of a substitutional portion of pension fund resulted in substantial decrease in accrued retirement benefit for employees and increase in Shareholders’ equity. Capital ratio (Shareholders’ equity / Total assets) : 52.2% to 65.1%
### Increased cash-out by ¥3.8b for the 9 months vs. same period in prev. year due to investment for future growth and acquisitions

<table>
<thead>
<tr>
<th>Consolidated Statements of C/F</th>
<th>9 months ended 12/2004</th>
<th>9 months ended 12/2005</th>
<th>(reference) Year ended 3/2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>36.4</td>
<td>24.8</td>
<td>61.1</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>-27.5</td>
<td>-31.3</td>
<td>-36.1</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>8.9</td>
<td>-6.5</td>
<td>25.0</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>-36.0</td>
<td>-26.3</td>
<td>-40.7</td>
</tr>
<tr>
<td>Effect of exchange rate changes</td>
<td>0.9</td>
<td>1.9</td>
<td>1.2</td>
</tr>
<tr>
<td>Net increase (decrease)</td>
<td>-26.2</td>
<td>-30.9</td>
<td>-14.4</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of the period</td>
<td>68.8</td>
<td>49.7</td>
<td>80.6</td>
</tr>
</tbody>
</table>
3. Forecast for the year Ending March 31, 2006
Full-year Forecast of Consolidated Statements of Operations

Original forecast of Sales and Profit is not revised

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>608.6</td>
<td>625.0</td>
<td>102.7%</td>
<td>625.0</td>
<td>100.0%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>249.8</td>
<td>256.0</td>
<td>102.5%</td>
<td>256.0</td>
<td>100.0%</td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>144.2</td>
<td>150.0</td>
<td>104.0%</td>
<td>150.0</td>
<td>100.0%</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>49.4</td>
<td>50.0</td>
<td>101.1%</td>
<td>50.0</td>
<td>100.0%</td>
</tr>
<tr>
<td>Operating income</td>
<td>56.1</td>
<td>65.0</td>
<td>115.8%</td>
<td>65.0</td>
<td>100.0%</td>
</tr>
<tr>
<td>NIBT</td>
<td>52.5</td>
<td>63.0</td>
<td>119.9%</td>
<td>63.0</td>
<td>100.0%</td>
</tr>
<tr>
<td>NIAT</td>
<td>30.2</td>
<td>36.0</td>
<td>119.3%</td>
<td>36.0</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
4. Supplementary explanation
Specific Factors influencing Operating Income
Response to Regulated Chemicals

RoHS will be completed by the end of March, 2006. Progress on RoHS is in line with our plan of the 9 months of FY 2005.

Cost of response to regulated chemicals

**FY2004**  ¥1.5 billion  ➔  **FY2005** (Forecast)  ¥4.3 billion

(billion yen)

<table>
<thead>
<tr>
<th></th>
<th>March, 2005 (result)</th>
<th>Dec., 2005</th>
<th>March, 2006 (estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2004</td>
<td>¥1.5 billion</td>
<td>2.4</td>
<td>4.3</td>
</tr>
</tbody>
</table>
Sales performance in new tech fields is approx. ¥24b in the 9 months of FY2005. Although accelerate our efforts toward the original plan of FY2005, it would be difficult to achieve the original plan of FY2005.

<table>
<thead>
<tr>
<th>(billion yen)</th>
<th>Products;</th>
<th>FY2003</th>
<th>FY2004 (Actual)</th>
<th>FY2005 (Forecast)</th>
<th>Over ¥50b increase</th>
<th>FY2007 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEC: Laser radars for automobiles, etc.</td>
<td>18.0</td>
<td>28.8</td>
<td>45.0</td>
<td>Result for 9 months approx. ¥24b</td>
<td>160%</td>
<td>156%</td>
</tr>
<tr>
<td>ECB: MEMS Sensors, LCD Backlight, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IAB: Automated Optical Inspection Machines, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Supplementary explanation:
GD2010 Phase2 target: ¥68b
Sales performance in Greater China is approx. USD300m in 9 months of FY2005. Continued to be in a difficult situation to achieve the original plan of FY2005.