



Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2007

July 27, 2006

Note: 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 (6645)

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U.S. GAAP accounting standard:	Adopted, except for segment information

1. Preparation of Summary of First Quarterly Results

Simplification of accounting methods:	Yes. Some simplified methods are applied in accounting standards for reserves, allowances, etc.	
Changes in consolidated accounting methods from the most recent fiscal year:	No	
Changes in scope of consolidation and application of equity method:	Yes	
Consolidation:	(New) 3 companies	(Eliminated) 0 companies
Equity Method:	(New) 0 companies	(Eliminated) 1 company

2. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2007 (April 1, 2006 – June 30, 2006)

Note: All amounts are rounded to the nearest million yen.

(1) Sales and Income

Millions of Yen - Except Per Share Data and Percentages

	Three months ended June 30, 2006		Three months ended June 30, 2005		Year ended March 31, 2006
		Change		Change	
Net sales	155,414	12.2	138,474	(6.4)	626,782
Operating income	9,519	4.6	9,099	(40.2)	62,128
Income before income taxes	13,612	58.7	8,576	(43.1)	64,352
Net income	6,858	33.2	5,147	(46.4)	35,763
Net income per share (yen)	29.24		21.63		151.14
Net income per share, diluted (yen)	29.22		21.62		151.05

Note: Percentages for net sales, operating income, income before income taxes, and net income represent changes compared with the previous fiscal year .

(2) Consolidated Financial Position

	Millions of Yen - Except Per Share Data and Percentages		
	As of June 30, 2006	As of June 30, 2005	As of March 31, 2006
Total assets	556,851	570,334	589,061
Shareholders' equity	360,580	310,408	362,937
Shareholders' equity ratio (percentage)	64.8	54.4	61.6
Shareholders' equity per share (yen).....	1,536.68	1,304.15	1,548.07

(3) Consolidated Cash Flows

	Millions of Yen - Except Per Share Data and Percentages		
	Three months ended June 30, 2006	Three months ended June 30, 2005	Year ended March 31, 2006
Net cash provided by operating activities	6,691	8,073	51,699
Net cash provided by (used in) investing activities.....	2,324	(11,560)	(43,020)
Net cash used in financing activities	(3,630)	(3,155)	(38,320)
Cash and cash equivalents at end of period	58,909	70,175	52,285

3. Projected Results for the Fiscal Year Ending March 31, 2007 (April 1, 2006 – March 31, 2007)

Projected results for the six months ending September 30, 2006 and the full year ending March 31, 2007 are unchanged from the projected results announced on April 26, 2006.

	Millions of Yen - Except per Share	
	Six Months Ending Sept. 30, 2006	Full Year Ending March 31, 2007
Net sales	320,000	700,000
Income before income taxes	22,000	65,000
Net income.....	12,500	37,500
Net income per share (yen)	53.27	159.81

Note: Please see page 7 of the attached materials regarding assumptions of the results projected above and cautionary statements concerning the use of these projections.

(Attachment)

Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2007

1. Consolidated Results (U.S. GAAP)

(Millions of yen, %)

	Three months ended June 30, 2006	Three months ended June 30, 2005	Year-on- year change	Year ending March 31, 2007 (projected)	Year ended March 31, 2006	Year-on- year change
Net sales	155,414	138,474	12.2%	700,000	626,782	11.7%
Operating income	9,519	9,099	4.6%	63,000	62,128	1.4%
[% of net sales]	[6.1%]	[6.6%]	[-0.5P]	[9.0%]	[9.9%]	[-0.9P]
Income before income taxes	13,612	8,576	58.7%	65,000	64,352	1.0%
[% of net sales]	[8.7%]	[6.2%]	[+2.5P]	[9.3%]	[10.3%]	[-1.0P]
Net income	6,858	5,147	33.2%	37,500	35,763	4.9%
Net income per share (basic) (¥)	29.24	21.63	+7.61	159.81	151.14	+8.67
Net income per share (diluted) (¥)	29.22	21.62	+7.60		151.05	
Return on equity				10.3%	10.7%	(-0.4P)
Total assets	556,851	570,334	(2.4)%		589,061	
Shareholders' equity	360,580	310,408	16.2%		362,937	
[Shareholders' equity ratio]	[64.8%]	[54.4%]	[+10.4P]		[61.6%]	
Shareholders' equity per share (¥)	1,536.68	1,304.15	+232.53		1,548.07	
Net cash provided by operating activities	6,691	8,073	(1,382)		51,699	
Net cash used in investing activities	2,324	(11,560)	13,884		(43,020)	
Net cash used in financing activities	(3,630)	(3,155)	(475)		(38,320)	
Cash and cash equivalents at end of period	58,909	70,175	(11,266)		52,285	

Notes:

1. The numerical figures in the quarterly financial results have not been reviewed by auditors.
2. The number of consolidated subsidiaries is 147, and the number of companies accounted for by the equity method is 16.
3. Figures for the year ended March 31, 2006 include transfer of substitutional portion of employees' pension fund totaling ¥11,915 million.
4. The three months ended June 30, 2006 and the projected results for the year ending March 31, 2007 include a gain of ¥10,141 million on the establishment of an employee retirement benefit trust and a loss of ¥5,915 million on the sale of land and buildings at the Tokyo Head Office.

(Attachment)

1. Results of Operations and Financial Condition

General Overview

Looking at economic conditions during the first quarter (April–June 2006) of the Omron Group's fiscal year, the direction of the global economy remained difficult to predict, with continued high crude oil prices. However, the U.S. economy continued to be firm against the backdrop of solid capital investment. The European economy continued to improve, and export-led expansion also continued in the economies of Asia. In the Japanese economy, a steady recovery continued overall, due to factors including improved corporate earnings reflecting strong corporate performance, while improved employment and income conditions supported steady consumer spending.

In this economic environment, the Omron Group's net sales for the first quarter were ¥155,414 million (an increase of 12.2 percent compared with the same period of the previous year). Supported by brisk corporate capital investment, the Omron Group's factory automation control devices, consumer and commerce components for IT and digital-related products, and automotive electronic components performed well. As a result, net sales for the first quarter were higher than in the same period a year earlier. While making aggressive investments for future growth, the Omron Group proceeded with ongoing structure reforms to strengthen the profit structure of existing businesses, resulting in operating income of ¥9,519 million (an increase of 4.6 percent compared with the same period of the previous year). Income before income taxes was ¥13,612 million (an increase of 58.7 percent compared with the same period of the previous year) due to factors including a ¥10,141 million gain on the establishment of a retirement benefit trust and a ¥5,915 million loss on the sale of land and buildings of the Tokyo Head Office (Minato-ku, Tokyo). Net income for the first quarter was ¥6,858 million (an increase of 33.2 percent compared with the same period of the previous year).

Segment Information

Industrial Automation Business

In Japan, investment to improve quality and safety for the purpose of upgrading the functions of existing equipment was firm, and businesses such as the safety business, quality solutions business and application business, which are positioned as strategic growth businesses, achieved steady expansion in sales. In addition, sales of control devices for factory automation, the main product of this segment, surpassed the level of the first quarter of the previous year as solid capital investment

related to semiconductors and digital home appliances continued. Overseas, sales in North America were solid, with particular growth in oil- and gas-related businesses, In Europe, sales increased strongly, mainly due to growth in sales of inverters, servomotors, sensor devices and other products. In China, where high growth is expected, sales were firm as the Omron Group aggressively made investments such as strengthening its sales force and production capacity and introducing new products.

As a result, segment sales for the first quarter were ¥71,813 million (an increase of 11.1 percent compared with the same period of the previous year).

Electronic Components Business

In Japan, the semiconductor market was in a recovery trend, and sales related to FPD production equipment also expanded. As a result, the electronic components market was strong, and sales exceeded the level of the same period in the previous year. Overseas, amid improvement in general economic trends in the United States and Europe, sales of communications relays were firm, as investment in communication infrastructures expanded. Sales in Asia were solid as the mobile market and electronic components market continued to expand. Particularly in China, sales increased strongly with the launch of the large backlight business.

As a result, segment sales for the first quarter were ¥26,941 million (an increase of 19.3 percent compared with the same period of the previous year).

Automotive Electronic Components Business

Global automobile production volume was stable overall, while needs continued to increase for car electronics for automobile safety and environmental friendliness, and sales in this segment were firm. By geographic region, sales in Japan were near the same level as in the previous year, but increased strongly in the United States, and expanded steadily in Asia.

As a result, segment sales for the first quarter totaled ¥21,482 million (an increase of 22.9 percent compared with the same period of the previous year).

Social Systems Business

In the station management systems business, full-scale delivery in response to strong demand, including demand for equipment renewal and conversions to accommodate IC cards, is expected to begin in the second quarter, and sales in the first-quarter therefore declined in comparison to the same period in the previous year. In the public transportation systems and modules, traffic and road

management systems business, sales were also down from the first quarter of the previous year, due to factors including reduction of budgets for traffic safety facilities support projects. However, sales in the maintenance and services business increased compared with the same period of the previous year due to strong performance in the personal computer and server maintenance business.

As a result, segment sales for the first quarter were ¥13,932 million (a decrease of 10.6 percent compared with the same period of the previous year).

Healthcare Business

In Japan, blood pressure monitors, body composition monitors and digital pedometers performed well as health consciousness continued to rise around the world. Overseas, sales of blood pressure monitors, a core product, were weak in North America, but demand in Europe expanded, primarily for electronic blood pressure monitors, driven by the growth of emerging markets such as Russia and Eastern Europe. In Asia, sales declined in China due to intensifying competition, but sales grew steadily in Southeast Asia.

In addition to the above, the net sales of Colin Medical Technology Corporation (current name OMRON Colin Co., Ltd.), which became a consolidated subsidiary in June 2005, contributed to sales. As a result, segment sales for the first quarter were ¥15,057 million (an increase of 21.5 percent compared with the same period of the previous year).

Others

The Others segment primarily consists of the Business Development Group, which seeks out and develops new businesses and nurtures and strengthens businesses not covered by internal companies.

Among existing businesses, sales were robust in the computer peripheral business, centered on power sources. In the entertainment business, sales were solid due to a steady increase in the number of subscribers to mobile sites linked to photo-sticker vending machines. In growth businesses, sales of insulation monitoring devices sold well in the wireless sensing business, and demand increased for radio frequency identification (RFID) equipment, primarily in Japan.

Segment sales for the first quarter were ¥6,189 million (an increase of 6.8 percent compared with the same period of the previous year).

Financial Condition

Total assets decreased ¥32,210 million compared with the end of the previous fiscal year, to ¥556,851 million. Shareholders' equity decreased ¥2,357 million compared with the end of the previous fiscal year, to ¥360,580 million. As a result, the ratio of shareholders' equity to total assets increased from 61.6 percent at March 31, 2006 to 64.8 percent.

Net cash provided by operating activities was ¥6,691 million (a decrease of ¥1,382 million compared with the same period of the previous year), due to factors including the reporting of a gain on the establishment of a retirement benefit trust and an increase in inventories, despite the increase in net income. Net cash provided by investing activities totaled ¥2,324 million (an increase of ¥13,884 million from the same period of the previous year), reflecting the effect of business acquisitions in the previous fiscal year. While Omron made investments for the future, it sold the land and buildings of the Tokyo Head Office. Net cash used in financing activities was ¥3,630 million (an increase of ¥475 million from the same period of the previous year). The principal use of cash was payment of cash dividends.

As a result, cash and cash equivalents at the end of the first quarter totaled ¥58,909 million, an increase of ¥6,624 million from the end of the previous fiscal year.

Outlook for the Year Ending March 31, 2007

In the second quarter and beyond, Omron assumes that moderate economic growth will continue. Although the economic outlook continues to provide no reason for optimism regarding high crude oil prices, rising raw material prices, currency exchange fluctuations and other factors, steady consumer spending and solid corporate capital investment can be expected.

In these conditions, the Omron Group's net sales for the first quarter were higher than in the same period of the previous year, in line with the initial forecast, and sales are expected to continue according to the initial forecast in the second quarter and beyond. Income is also expected to be in line with the initial forecast, as the Omron Group will continue working to promote ongoing structural reforms toward "accelerating growth while securing profit increase," the policy for this fiscal year.

No changes have been made to the projections of results for the interim period and full fiscal year announced on April 26, 2006. The projected results for the interim period and the full fiscal year

assume exchange rates of ¥110 to US\$1 and ¥135 to 1 EURO during the second quarter and thereafter.

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 market.

(Attachment)

2. Consolidated Financial Statements

Consolidated Statements of Operations

(Millions of yen)

	Three months ended		Three months ended		Increase (decrease)
	June 30, 2006		June 30, 2005		
Net sales	155,414	100.0%	138,474	100.0%	16,940
Cost of sales	94,442	60.8	82,538	59.6	11,904
Gross profit	60,972	39.2	55,936	40.4	5,036
Selling, general and administrative expenses	39,936	25.7	35,312	25.5	4,624
Research and development expenses	11,517	7.4	11,525	8.3	(8)
Operating income	9,519	6.1	9,099	6.6	420
Foreign exchange gain, net	447	0.3	285	0.2	162
Other expenses (income), net	(4,540)	(2.9)	238	0.2	(4,778)
Income before income taxes and minority interests and cumulative effect of accounting change	13,612	8.7	8,576	6.2	5,036
Income taxes	6,445	4.1	3,446	2.5	2,999
Equity in loss of affiliates	176	0.1	—	—	176
Minority interests	133	0.1	(17)	(0.0)	150
Net income	6,858	4.4	5,147	3.7	1,711

Notes:

- Comprehensive income (loss) in addition to other comprehensive income in net income is as follows:
Three months ended June 30, 2006: ¥(2,836 million)
Three months ended June 30, 2005: ¥4,606 million
Other comprehensive income includes changes in foreign currency translation adjustments, minimum pension liability adjustments, unrealized gain or loss on available-for-sale securities, and unrealized gain or loss on derivatives.
- Change in Method of Presentation
Equity in loss of affiliates, which was previously included in other expenses (income), net, is stated directly before minority interests as of the first quarter of the year ending March 31, 2007. Equity in loss of affiliates included in other expenses (income) for the three months ended June 30, 2005 was ¥1,157 million.
- Other expenses (income), net for the three months ended June 30, 2006 includes a ¥10,141 million gain on establishment of an employee retirement benefit trust and a ¥5,915 million loss on the sale of land and buildings of the Tokyo Head Office.

(Attachment)

Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2006		As of June 30, 2005		As of March 31, 2006		Change (June 30, 2006 – March 31, 2006)
ASSETS							
Current Assets:	292,715	52.6%	277,915	48.8%	292,313	49.6%	402
Cash and cash equivalents	58,909		70,175		52,285		6,624
Notes and accounts receivable - trade	117,017		106,891		136,348		(19,331)
Inventories	87,433		70,311		74,958		12,475
Other current assets	29,356		30,538		28,722		634
Property, plant and equipment:	150,827	27.1	155,291	27.2	167,617	28.5	(16,790)
Investments and Other Assets:	113,309	20.3	137,128	24.0	129,131	21.9	(15,822)
Investments in and advances to associates	16,769		16,201		16,135		634
Investment securities	42,706		48,573		62,477		(19,771)
Other	53,834		72,354		50,519		3,315
Total Assets	556,851	100.0%	570,334	100.0%	589,061	100.0%	(32,210)

	As of June 30, 2006		As of June 30, 2005		As of March 31, 2006		Change (June 30, 2006 – March 31, 2006)
LIABILITIES							
Current Liabilities:	138,269	24.8	146,429	25.7	155,660	26.4	(17,391)
Bank loans and current portion of long-term debt	2,864		24,485		2,764		100
Notes and accounts payable - trade	82,738		66,325		85,224		(2,486)
Other current liabilities	52,667		55,619		67,672		(15,005)
Long-Term Debt	1,182	0.2	2,120	0.4	1,049	0.2	133
Other Long-Term Liabilities	55,664	10.0	109,893	19.2	68,290	11.6	(12,626)
Minority Interests in Subsidiaries	1,156	0.2	1,484	0.3	1,125	0.2	31
Total Liabilities	196,271	35.2	259,926	45.6	226,124	38.4	(29,853)
SHAREHOLDERS' EQUITY							
Common stock	64,100	11.5	64,100	11.2	64,100	10.9	—
Additional paid-in capital	98,752	17.7	98,726	17.3	98,724	16.7	28
Legal reserve	8,094	1.5	7,854	1.4	8,082	1.4	12
Retained earnings	234,636	42.1	204,492	35.9	227,791	38.7	6,845
Accumulated other comprehensive loss	(12,665)	(2.2)	(41,550)	(7.3)	(2,971)	(0.5)	(9,694)
Treasury stock	(32,337)	(5.8)	(23,214)	(4.1)	(32,789)	(5.6)	452
Total Shareholders' Equity	360,580	64.8	310,408	54.4	362,937	61.6	(2,357)
Total Liabilities and Shareholders' Equity	556,851	100.0%	570,334	100.0%	589,061	100.0%	(32,210)

(Attachment)

Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2006	Three months ended June 30, 2005	Increase (Decrease)
I Operating Activities:			
1. Net income	6,858	5,147	1,711
2. Adjustments to reconcile net income to net cash provided by operating activities:			
(1) Depreciation and amortization	7,928	7,461	
(2) Loss on impairment of investment securities and other assets	—	201	
(3) Gain on establishment of employee retirement benefit trust	(10,141)	—	
(4) Decrease in notes and accounts receivable — trade	20,177	16,849	
(5) Increase in inventories	(12,499)	(416)	
(6) Decrease in notes and accounts payable — trade	(3,070)	(10,643)	
(7) Other, net	(2,562)	(10,526)	
Total adjustments	(167)	2,926	(3,093)
Net cash provided by operating activities	6,691	8,073	(1,382)
II Investing Activities:			
1. Capital expenditures	(8,739)	(5,906)	(2,833)
2. Net proceeds from sales and acquisition of business entities	3	(8,451)	8,454
3. Other, net	11,060	2,797	8,263
Net cash provided by (used in) investing activities	2,324	(11,560)	13,884
III Financing Activities:			
1. Increase in interest-bearing liabilities	137	213	(76)
2. Dividends paid by the company	(4,230)	(3,361)	(869)
3. Acquisition of treasury stock	(14)	(8)	(6)
4. Disposal of treasury stock	2	1	1
5. Exercise of stock options	475	—	475
Net cash used in financing activities	(3,630)	(3,155)	(475)
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents			
Net Increase (Decrease) in Cash and Cash Equivalents	1,239	(3,802)	5,041
Cash and Cash Equivalents at Beginning of the Period	6,624	(10,444)	17,068
Cash and Cash Equivalents at End of the Period	52,285	80,619	(28,334)
Cash and Cash Equivalents at End of the Period	58,909	70,175	(11,266)

(Attachment)

3. Segment Information

1. Business Segment Information

Three months ended June 30, 2006

(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	71,813	26,941	21,482	13,932	15,057	6,189	155,414	—	155,414
(2) Intersegment sales and transfers	1,760	5,338	425	2,780	118	8,633	19,054	(19,054)	—
Total	73,573	32,279	21,907	16,712	15,175	14,822	174,468	(19,054)	155,414
Operating expenses	62,270	29,636	22,686	18,462	13,382	14,514	160,950	(15,055)	145,895
Operating income (loss)	11,303	2,643	(779)	(1,750)	1,793	308	13,518	(3,999)	9,519

Three months ended June 30, 2005

(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	64,642	22,589	17,474	15,579	12,396	5,794	138,474	—	138,474
(2) Intersegment sales and transfers	2,210	4,976	629	2,564	18	9,144	19,541	(19,541)	—
Total	66,852	27,565	18,103	18,143	12,414	14,938	158,015	(19,541)	138,474
Operating expenses	56,153	25,262	18,036	20,002	10,867	14,381	144,701	(15,326)	129,375
Operating income (loss)	10,699	2,303	67	(1,859)	1,547	557	13,314	(4,215)	9,099

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

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

(Attachment)

2. Geographical Segment Information

Three months ended June 30, 2006

(Millions of yen)

	Japan	North America	Europe	Greater China	South-east Asia	Total	Eliminations & Corporate	Consolidated
Net sales:								
(1) Sales to outside customers	85,188	21,984	27,696	11,318	9,228	155,414	—	155,414
(2) Intersegment sales and transfers	27,677	97	277	8,129	2,341	38,521	(38,521)	—
Total	112,865	22,081	27,973	19,447	11,569	193,935	(38,521)	155,414
Operating expenses	102,218	22,213	25,433	19,640	10,831	180,335	(34,440)	145,895
Operating income (loss)	10,647	(132)	2,540	(193)	738	13,600	(4,081)	9,519

Three months ended June 30, 2005

(Millions of yen)

	Japan	North America	Europe	Greater China	South-east Asia	Total	Eliminations & Corporate	Consolidated
Net sales:								
(1) Sales to outside customers	80,407	16,296	24,124	9,308	8,339	138,474	—	138,474
(2) Intersegment sales and transfers	20,529	40	242	6,869	1,893	29,573	(29,573)	—
Total	100,936	16,336	24,366	16,177	10,232	168,047	(29,573)	138,474
Operating expenses	91,528	16,094	22,332	15,887	9,343	155,184	(25,809)	129,375
Operating income	9,408	242	2,034	290	889	12,863	(3,764)	9,099

(Attachment)

4. Breakdown of Sales

Net sales by consolidated business segment

(Millions of yen)

	Three months ended June 30, 2006		Three months ended June 30, 2005		Year-on- year change (%)
Industrial Automation Business	71,813	46.2%	64,642	46.7%	11.1%
Electronic Components Business	26,941	17.3	22,589	16.3	19.3
Automotive Electronic Components Business	21,482	13.8	17,474	12.6	22.9
Social Systems Business	13,932	9.0	15,579	11.2	(10.6)
Healthcare Business	15,057	9.7	12,396	9.0	21.5
Other	6,189	4.0	5,794	4.2	6.8
Total	155,414	100.0%	138,474	100.0%	12.2%

Note: The "Social Systems Business" includes the Social Systems Solutions and Service Business Company and others.