

CONSOLIDATED BALANCE SHEETS

OMRON Corporation and Subsidiaries
March 31, 2007 and 2006

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 2)
	2007	2006	2007
Current assets:			
Cash and cash equivalents	¥ 42,995	¥ 52,285	\$ 364,364
Notes and accounts receivable - trade	175,700	139,001	1,488,983
Allowance for doubtful receivables	(2,297)	(2,653)	(19,466)
Inventories (Note 3)	94,109	74,958	797,534
Deferred income taxes (Note 12)	19,985	18,571	169,364
Other current assets	11,567	10,151	98,026
Total current assets	342,059	292,313	2,898,806
Property, plant and equipment:			
Land	28,271	46,571	239,585
Buildings	125,227	117,414	1,061,246
Machinery and equipment	175,398	159,254	1,486,423
Construction in progress	6,389	8,180	54,144
Total	335,285	331,419	2,841,398
Accumulated depreciation	(175,970)	(163,802)	(1,491,271)
Net property, plant and equipment	159,315	167,617	1,350,127
Investments and other assets:			
Investments in and advances to affiliates	16,677	16,135	141,331
Investment securities (Note 4)	46,770	62,477	396,356
Leasehold deposits	8,650	8,553	73,305
Deferred income taxes (Note 12)	17,293	15,892	146,551
Other (Note 6)	39,573	26,074	335,364
Total investments and other assets	128,963	129,131	1,092,907
Total	¥ 630,337	¥ 589,061	\$ 5,341,840

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars (Note 2)
	2007	2006	2007
Current liabilities:			
Short-term debt (Note 7)	¥ 19,868	¥ 2,468	\$ 168,373
Notes and accounts payable - trade	91,543	85,224	775,788
Accrued expenses	32,548	28,683	275,831
Income taxes payable	11,467	12,288	97,178
Other current liabilities (Note 12)	33,170	26,701	281,102
Current portion of long-term debt (Note 7)	264	296	2,237
Total current liabilities	188,860	155,660	1,600,509
Long-term debt (Note 7)	1,681	1,049	14,246
Deferred income taxes (Note 12)	2,006	673	17,000
Termination and retirement benefits (Note 9)	52,700	67,046	446,611
Other long-term liabilities	830	571	7,034
Minority interests in subsidiaries	1,438	1,125	12,186
Shareholders' equity (Note 10):			
Common stock, no par value:			
Authorized: 487,000,000 shares			
Issued: 249,121,372 shares	64,100	64,100	543,220
Capital surplus	98,828	98,724	837,525
Legal reserve	8,256	8,082	69,966
Retained earnings	258,057	227,791	2,186,924
Accumulated other comprehensive loss (Note 16)	(3,013)	(2,971)	(25,534)
Treasury stock, at cost – 18,599,842 shares in 2007 and 14,676,607 shares in 2006	(43,406)	(32,789)	(367,847)
Total shareholders' equity	382,822	362,937	3,244,254
Total	¥ 630,337	¥ 589,061	\$ 5,341,840

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

OMRON Corporation and Subsidiaries
Years ended March 31, 2007, 2006 and 2005

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2007	2006	2005	2007
Net sales	¥ 736,651	¥ 626,782	¥ 608,588	\$ 6,242,805
Costs and expenses:				
Cost of sales	452,452	389,368	358,817	3,834,339
Selling, general and administrative expenses	168,135	161,310	144,219	1,424,873
Research and development expenses	52,028	55,315	49,441	440,915
Subsidy from the government (Note 9)	—	(41,339)	—	—
Other expenses (income), net (Note 11)	(2,252)	(2,717)	2,080	(19,085)
Total	670,363	561,937	554,557	5,681,042
Income before income taxes, minority interests, equity in loss of affiliates and cumulative effect of accounting change	66,288	64,845	54,031	561,763
Income taxes (Note 12)	26,418	27,238	22,108	223,881
Income before minority interests, equity in loss of affiliates and cumulative effect of accounting change	39,870	37,607	31,923	337,882
Minority interests	238	150	264	2,017
Equity in loss of affiliates	1,352	493	1,483	11,458
Income before cumulative effect of accounting change	38,280	36,964	30,176	324,407
Cumulative effect of accounting change, net of tax (Note 9)	—	(1,201)	—	—
Net income	¥ 38,280	¥ 35,763	¥ 30,176	\$ 324,407
		Yen		U.S. dollars (Note 2)
	2007	2006	2005	2007
Per share data (Note 14):				
Income before cumulative effect of accounting change				
Basic	¥ 165.0	¥ 156.2	¥ 126.5	\$ 1.40
Diluted	164.9	156.1	124.8	1.40
Net income				
Basic	165.0	151.1	126.5	1.40
Diluted	164.9	151.1	124.8	1.40

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

OMRON Corporation and Subsidiaries

Years ended March 31, 2007, 2006 and 2005

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2007	2006	2005	2007
Net income	¥ 38,280	¥ 35,763	¥ 30,176	\$ 324,407
Other comprehensive income (loss), net of tax (Note 16):				
Foreign currency translation adjustments:				
Foreign currency translation adjustments arising during the year	7,907	9,201	5,071	67,008
Reclassification adjustment for the portion realized in net income	6	—	—	51
Net change in foreign currency translation adjustments during the year	7,913	9,201	5,071	67,059
Minimum pension liability adjustments	1,658	19,940	4,115	14,051
Unrealized gains (losses) on available-for-sale securities:				
Unrealized holding gains (losses) arising during the year	(560)	10,905	1,274	(4,746)
Reclassification adjustment for losses on impairment realized in net income	85	287	13	720
Reclassification adjustment for net gains on sales realized in net income	(475)	(2,430)	(465)	(4,025)
Reclassification adjustment for net gains on contribution of securities to retirement benefit trust realized in net income	(5,983)	—	—	(50,703)
Net unrealized gains (losses)	(6,933)	8,762	822	(58,754)
Net gains (losses) on derivative instruments:				
Net losses on derivative instruments designated as cash flow hedges during the year	(1,208)	(1,282)	(1,004)	(10,237)
Reclassification adjustment for net losses realized in net income	1,172	1,417	546	9,932
Net gains (losses)	(36)	135	(458)	(305)
Other comprehensive income	2,602	38,038	9,550	22,051
Comprehensive income	¥ 40,882	¥ 73,801	¥ 39,726	\$ 346,458

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

OMRON Corporation and Subsidiaries

Years ended March 31, 2007, 2006 and 2005

	Millions of yen						
	Number of common shares issued	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock
Balance, April 1, 2004	249,109,236	¥ 64,082	¥ 98,705	¥ 7,450	¥ 175,296	¥ (50,559)	¥ (20,264)
Net income					30,176		
Cash dividends, ¥24 per share					(5,713)		
Transfer to legal reserve				199	(199)		
Other comprehensive income						9,550	
Acquisition of treasury stock							(3,065)
Sale of treasury stock			3				16
Conversion of convertible bonds	12,136	18	19				1
Exercise of stock options			(1)		(9)		105
Balance, March 31, 2005	249,121,372	64,100	98,726	7,649	199,551	(41,009)	(23,207)
Net income					35,763		
Cash dividends, ¥30 per share					(7,078)		
Transfer to legal reserve				433	(433)		
Other comprehensive income						38,038	
Acquisition of treasury stock							(10,075)
Sale of treasury stock			1				2
Exercise of stock options			(3)		(12)		491
Balance, March 31, 2006	249,121,372	64,100	98,724	8,082	227,791	(2,971)	(32,789)
Net income					38,280		
Cash dividends, ¥34 per share					(7,839)		
Transfer to legal reserve				174	(174)		
Other comprehensive income						2,602	
Adjustment to initially apply SFAS No.158 (Note 9)						(2,644)	
Acquisition of treasury stock							(11,204)
Sale of treasury stock			1				2
Exercise of stock options			10		(1)		585
Grant of stock options			93				
Balance, March 31, 2007	249,121,372	¥ 64,100	¥ 98,828	¥ 8,256	¥ 258,057	¥ (3,013)	¥ (43,406)

	Thousands of U.S. dollars (Note 2)						
	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	
Balance, March 31, 2006	\$ 543,220	\$ 836,644	\$ 68,491	\$ 1,930,432	\$ (25,178)	\$ (277,873)	
Net income				324,407			
Cash dividends, \$0.29 per share				(66,432)			
Transfer to legal reserve			1,475	(1,475)			
Other comprehensive income					22,051		
Adjustment to initially apply SFAS No.158 (Note 9)					(22,407)		
Acquisition of treasury stock						(94,949)	
Sale of treasury stock		8				17	
Exercise of stock options		85		(8)		4,958	
Grant of stock options		788					
Balance, March 31, 2007	\$ 543,220	\$ 837,525	\$ 69,966	\$ 2,186,924	\$ (25,534)	\$ (367,847)	

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

OMRON Corporation and Subsidiaries

Years ended March 31, 2007, 2006 and 2005

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2007	2006	2005	2007
Operating activities:				
Net income	¥ 38,280	¥ 35,763	¥ 30,176	\$ 324,407
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	33,923	30,825	28,642	287,483
Net loss on sales and disposals of property, plant and equipment	6,445	42	918	54,619
Loss on impairment of property, plant and equipment	1,441	—	614	12,212
Net gain on sales of investment securities	(954)	(4,302)	(987)	(8,085)
Loss on impairment of investment securities and other assets	682	757	366	5,780
Bad debt expenses	—	—	140	—
Subsidy from the government	—	(41,339)	—	—
Gain on contribution of securities to retirement benefit trust	(10,141)	—	—	(85,941)
Termination and retirement benefits	(1,403)	29,254	1,956	(11,890)
Deferred income taxes	3,887	3,962	1,715	32,941
Minority interests	238	150	264	2,017
Equity in loss of affiliates	1,352	493	1,483	11,458
Cumulative effect of accounting change	—	1,201	—	—
Net gain on sales of business entities	—	(194)	—	—
Changes in assets and liabilities:				
Notes and accounts receivable - trade, net	(19,773)	(9,629)	(2,762)	(167,568)
Inventories	(13,955)	(2,098)	(1,964)	(118,263)
Other assets	2,248	(560)	934	19,051
Notes and accounts payable - trade	(5,674)	7,079	(4,908)	(48,085)
Income taxes payable	(2,244)	(685)	2,423	(19,017)
Accrued expenses and other current liabilities	6,480	1,411	2,114	54,915
Other, net	(293)	(431)	(48)	(2,483)
Total adjustments	2,259	15,936	30,900	19,144
Net cash provided by operating activities	40,539	51,699	61,076	343,551
Investing activities:				
Proceeds from sales or maturities of investment securities	1,643	6,830	1,867	13,923
Purchase of investment securities	(2,108)	(1,294)	(267)	(17,865)
Capital expenditures	(44,689)	(40,560)	(38,579)	(378,720)
Decrease (increase) in leasehold deposits	(9)	161	221	(76)
Proceeds from sales of property, plant and equipment	17,930	1,981	4,343	151,949
Acquisition of minority interests	(15)	(200)	(515)	(127)
Decrease (increase) in investment in and loans to affiliates	(1,189)	251	(1,233)	(10,076)
Proceeds from sale of business entities, net	—	(544)	(1,111)	—
Payment for acquisition of business entities, net	(18,638)	(9,645)	(776)	(157,949)
Net cash used in investing activities	(47,075)	(43,020)	(36,050)	(398,941)
Financing activities:				
Net borrowings (repayments) of short-term debt	13,812	(11,813)	(3,860)	117,051
Proceeds from issuance of long-term debt	242	318	1,924	2,051
Repayments of long-term debt	(455)	(11,012)	(30,238)	(3,856)
Dividends paid by the Company	(7,680)	(6,190)	(5,611)	(65,085)
Dividends paid to minority interests	(9)	(28)	(59)	(76)
Acquisition of treasury stock	(11,204)	(10,075)	(2,954)	(94,949)
Sale of treasury stock	3	3	19	25
Exercise of stock options	594	477	95	5,034
Net cash used in financing activities	(4,697)	(38,320)	(40,684)	(39,805)
Effect of exchange rate changes on cash and cash equivalents	1,943	1,307	1,218	16,466
Net decrease in cash and cash equivalents	(9,290)	(28,334)	(14,440)	(78,729)
Cash and cash equivalents at beginning of the year	52,285	80,619	95,059	443,093
Cash and cash equivalents at end of the year	¥ 42,995	¥ 52,285	¥ 80,619	\$ 364,364

See notes to consolidated financial statements.