

**Calsonic Kansei Corporation
and Consolidated Subsidiaries**

Consolidated Financial Statements

March 31, 2009, 2008 and 2007

Report of Independent Auditors

The Board of Directors
Calsonic Kansei Corporation

We have audited the accompanying consolidated balance sheets of Calsonic Kansei Corporation and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended March 31, 2009, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Calsonic Kansei Corporation and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2009 in conformity with accounting principles generally accepted in Japan.

Supplemental Information

1. As described in Note 2(iii), effective April 1, 2006 the Company adopted a new accounting standard for presentation of net assets in the balance sheet.
2. As described in Note 2(vii), effective April 1, 2008, the Company and its foreign consolidated subsidiaries adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements".

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 25, 2009

Calsonic Kansei Corporation and Consolidated Subsidiaries

Consolidated Balance Sheets

March 31, 2009 and 2008

As of	2008 <u>Mar. 31, 2009</u>	2007 <u>Mar. 31, 2008</u>	2008 <u>Mar. 31, 2009</u>
	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Assets			
Current assets:			
Cash on hand and in banks <i>(Note 9)</i>	¥ 10,746	¥ 21,826	\$ 109,653
Trade receivables	69,426	139,721	708,429
Allowance for doubtful accounts	(635)	(341)	(6,480)
Trade receivables, net	<u>68,791</u>	<u>139,380</u>	<u>701,949</u>
Inventories <i>(Note 5)</i>	35,775	41,091	365,051
Deferred income taxes <i>(Note 10)</i>	860	7,789	8,776
Other current assets	<u>17,152</u>	<u>21,820</u>	<u>175,020</u>
Total current assets	<u>133,324</u>	<u>231,906</u>	<u>1,360,449</u>
Property, plant and equipment, at cost:			
Land	17,863	17,998	182,276
Buildings and structures	85,296	80,913	870,367
Machinery and equipment	202,232	211,967	2,063,592
Other	115,460	114,351	1,178,163
Construction in progress	<u>3,696</u>	<u>14,653</u>	<u>37,714</u>
	424,547	439,882	4,332,112
Accumulated depreciation	<u>(287,831)</u>	<u>(286,536)</u>	<u>(2,937,051)</u>
Property, plant and equipment, net <i>(Note 7)</i>	<u>136,716</u>	<u>153,346</u>	<u>1,395,061</u>
Investments and other assets:			
Investments in securities <i>(Note 4)</i>	357	755	3,643
Investments in affiliated companies	7,467	9,458	76,194
Deferred income taxes <i>(Note 10)</i>	666	16,002	6,796
Other	<u>11,086</u>	<u>10,304</u>	<u>113,122</u>
Total investments and other assets	<u>19,576</u>	<u>36,519</u>	<u>199,755</u>
Total assets	<u>¥ 289,616</u>	<u>¥ 421,771</u>	<u>\$ 2,955,265</u>

As of	2008 Mar. 31, 2009	2007 Mar. 31, 2008	2008 Mar. 31, 2009
	<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Liabilities and net assets			
Current liabilities:			
Current portion of long-term debt <i>(Note 7)</i>	¥ 616	¥ 369	\$ 6,286
Short-term borrowings <i>(Note 6)</i>	57,280	32,068	584,490
Trade payables	66,448	137,070	678,041
Income taxes payable <i>(Note 10)</i>	847	2,216	8,643
Accrued expenses	16,283	25,264	166,153
Other current liabilities	11,946	15,277	121,898
Total current liabilities	<u>153,420</u>	<u>212,264</u>	<u>1,565,510</u>
Long-term liabilities:			
Long-term debt <i>(Note 7)</i>	252	880	2,571
Accrued retirement benefits:			
For employees <i>(Note 12)</i>	13,714	14,552	139,939
For directors and corporate auditors	128	667	1,306
Accrued warranty costs	3,733	3,555	38,092
Deferred income taxes <i>(Note 10)</i>	2,709	1,883	27,643
Other long-term liabilities	1,551	2,096	15,827
Total long-term liabilities	<u>22,087</u>	<u>23,633</u>	<u>225,378</u>
Net assets <i>(Note 8)</i> :			
Common stock:			
Authorized – 600,000,000 shares in 2008 and 2007			
Issued – 273,241,631 shares in 2008 and 2007	41,456	41,456	423,020
Capital surplus	59,638	59,638	608,551
Retained earnings	28,501	86,394	290,827
Treasury stock – 5,205,965 shares in 2008 and 5,202,368 shares in 2007	(3,711)	(3,728)	(37,867)
Total shareholders' equity	<u>125,884</u>	<u>183,760</u>	<u>1,284,531</u>
Valuation, translation adjustments and others:			
Net unrealized (loss) gain on securities	(45)	53	(459)
Land revaluation of foreign subsidiaries	293	293	2,990
Unfunded retirement benefit obligation of foreign subsidiaries	(5,664)	(4,019)	(57,796)
Foreign currency translation adjustments	(16,863)	(6,945)	(172,071)
Total valuation, translation adjustments and others	<u>(22,279)</u>	<u>(10,618)</u>	<u>(227,337)</u>
Minority interests	10,504	12,732	107,184
Total net assets	<u>114,109</u>	<u>185,874</u>	<u>1,164,378</u>
Total liabilities and net assets	<u>¥289,616</u>	<u>¥421,771</u>	<u>\$2,955,265</u>

See notes to consolidated financial statements.

Calsonic Kansei Corporation and Consolidated Subsidiaries

Consolidated Statements of Operations

For the years ended March 31, 2009, 2008 and 2007

For the years ended	2008	2007	2006	2008
	Mar. 31, 2009	Mar. 31, 2008	Mar. 31, 2007	Mar. 31, 2009
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Net sales <i>(Note 15)</i>	¥669,415	¥833,496	¥700,775	\$6,830,765
Cost of sales <i>(Notes 11 and 15)</i>	644,222	775,219	646,931	6,573,694
Gross profit	25,193	58,277	53,844	257,071
Selling, general and administrative expenses <i>(Note 11)</i>	41,948	44,067	41,578	428,041
Operating (loss) income	(16,755)	14,210	12,266	(170,969)
Other income (expenses):				
Interest and dividend income	809	1,378	1,224	8,255
Interest expense	(1,257)	(1,797)	(1,364)	(12,827)
Foreign exchange (loss) gain	(7,295)	(2,639)	694	(74,439)
(Loss) gain on sale or disposal of property, plant and equipment and other assets, net	(32)	12,288	6,788	(327)
Gain on sale of investments in securities	–	507	3	–
Equity in net loss of unconsolidated subsidiaries and affiliates	(562)	(150)	(89)	(5,735)
Product warranty costs	(380)	(3,610)	(2,661)	(3,878)
Business restructuring costs	–	(5,797)	(3,584)	–
Loss on business restructuring of subsidiaries and affiliates	(2,801)	–	–	(28,582)
Loss on termination of joint venture	–	(2,900)	–	–
Other, net	(1,074)	(1,416)	(5,686)	(10,959)
	(12,592)	(4,136)	(4,675)	(128,490)
(Loss) income before income taxes and minority interests	(29,347)	10,074	7,591	(299,459)
Income taxes <i>(Note 10)</i> :				
Current	(2,868)	(4,076)	(5,148)	(29,265)
Deferred	(23,125)	(3,619)	409	(235,969)
	(25,993)	(7,695)	(4,739)	(265,235)
Minority interests	38	430	(2,696)	388
Net (loss) income	¥ (55,302)	¥ 2,809	¥ 156	\$ (564,306)
		<i>(Yen)</i>		<i>(U.S. dollars)</i>
Net income (loss) per share:				
Basic	¥(206.33)	¥10.48	¥0.58	\$(2.105)
Diluted	–	¥10.36	¥0.58	–
Cash dividends applicable to the year	¥ 3.75	¥ 7.50	¥7.50	\$ 0.038

See notes to consolidated financial statements.

Calsonic Kansei Corporation and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2009, 2008 and 2007

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized gains on securities	Land revaluation of foreign subsidiaries	Unfunded retirement benefit obligation of foreign subsidiaries	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at March 31, 2006	¥41,165	¥59,348	¥ 79,999	¥(3,714)	¥147	¥ –	¥ –	¥ (5,526)	¥11,780	¥183,199
Conversion of convertible bonds	289	290								579
Net income			156							156
Cash dividends paid			(2,004)							(2,004)
Bonuses to directors and corporate auditors			(72)							(72)
Purchase of treasury stock				(36)						(36)
Disposal of treasury stock				35						35
Net changes in items other than those in shareholders' equity			7,517		(18)	293	(6,052)	1,892	2,228	5,860
Balance at March 31, 2007	41,454	59,638	85,596	(3,715)	129	293	(6,052)	(3,634)	14,009	187,718
Conversion of convertible bonds	1	1								2
Net income			2,809							2,809
Cash dividends paid			(2,010)							(2,010)
Purchase of treasury stock				(19)						(19)
Disposal of treasury stock		(2)		7						5
Transfer from capital surplus		1	(1)							–
Net changes in items other than those in shareholders' equity					(76)		2,033	(3,311)	(1,276)	(2,630)
Balance at March 31, 2008	41,456	59,638	86,394	(3,728)	53	293	(4,019)	(6,945)	12,732	185,874
Changes at the beginning of current year due to application of PITF No. 18 (Note 2 (vii))			(302)					(17)	(45)	(364)
Net loss			(55,302)							(55,302)
Cash dividends paid			(2,010)							(2,010)
Purchase of treasury stock				(15)						(15)
Disposal of treasury stock			(19)	32						13
Changes of scope of consolidation			(260)							(260)
Net changes in items other than those in shareholders' equity					(98)		(1,645)	(9,901)	(2,183)	(13,827)
Balance at March 31, 2009	¥41,456	¥59,638	¥ 28,501	¥(3,711)	¥ (45)	¥293	¥(5,664)	¥(16,863)	¥10,504	¥114,109

Calsonic Kansei Corporation and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets (continued)

For the years ended March 31, 2009, 2008 and 2007

(Thousands of U.S. dollars) (Note 3)

	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized gains on securities	Land revaluation of foreign subsidiaries	Unfunded retirement obligation of foreign subsidiaries	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at March 31, 2008	\$423,020	\$608,551	\$ 881,571	\$(38,041)	\$ 541	\$2,990	\$(41,010)	\$ (70,867)	\$129,918	\$1,896,673
Changes at the beginning of current year due to application of PITF No. 18 (Note 2 (vii))			(3,082)					(173)	(459)	(3,714)
Net loss			(564,306)							(564,306)
Cash dividends paid			(20,510)							(20,510)
Purchase of treasury stock				(153)						(153)
Disposal of treasury stock			(194)	327						133
Changes of scope of consolidation			(2,653)							(2,653)
Net changes in items other than those in shareholders' equity					(1,000)		(16,786)	(101,031)	(22,276)	(141,092)
Balance at March 31, 2009	<u>\$423,020</u>	<u>\$608,551</u>	<u>\$ 290,827</u>	<u>\$(37,867)</u>	<u>\$ (459)</u>	<u>\$2,990</u>	<u>\$(57,796)</u>	<u>\$(172,071)</u>	<u>\$107,184</u>	<u>\$1,164,378</u>

Calsonic Kansei Corporation and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

For the years ended March 31, 2009, 2008 and 2007

For the years ended	2008	2007	2006	2008
	Mar. 31, 2009	Mar. 31, 2008	Mar. 31, 2007	Mar. 31, 2009
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Cash flows from operating activities:				
(Loss) income before income taxes and minority interests	¥(29,347)	¥ 10,074	¥ 7,591	\$(299,459)
Adjustments:				
Depreciation	28,728	27,738	24,800	293,143
Allowance for doubtful accounts	353	171	(1,081)	3,602
Accrued warranty costs	418	(351)	(383)	4,265
Accrued retirement benefits	(1,904)	(3,635)	(7,678)	(19,429)
Bonuses to directors and corporate auditors	—	—	(72)	—
Interest and dividend income	(809)	(1,378)	(1,224)	(8,255)
Interest expense	1,257	1,797	1,364	12,827
Gain on sales of investments in securities, net	—	(230)	(3)	—
Equity in net loss of unconsolidated subsidiaries and affiliates	562	150	89	5,735
Loss (gain) on sale or disposal of property, plant and equipment and other assets, net	32	(12,288)	(6,788)	327
Gain on sale of subsidiary's business	(451)	—	—	(4,602)
Changes in assets and liabilities:				
Trade receivables	59,960	(9,898)	5,220	611,837
Inventories	1,373	(3,784)	(4,692)	14,010
Trade payables	(63,691)	20,700	5,566	(649,908)
Other, net	5,941	(6,809)	(10,220)	60,622
Subtotal	2,422	22,257	12,490	24,714
Interest and dividends received	937	2,547	1,642	9,561
Interest paid	(1,257)	(1,797)	(1,422)	(12,827)
Income taxes paid	(3,482)	(5,914)	(2,719)	(35,531)
Net cash (used in) provided by operating activities	(1,380)	17,093	9,991	(14,082)

Calsonic Kansei Corporation and Consolidated Subsidiaries

Consolidated Statements of Cash Flows (continued)

For the years ended March 31, 2009, 2008 and 2007

For the years ended	2008 <u>Mar. 31, 2009</u>	2007 <u>Mar. 31, 2008</u>	2006 <u>Mar. 31, 2007</u>	2008 <u>Mar. 31, 2009</u>
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Cash flows from investing activities:				
Purchases of property, plant and equipment	¥(24,727)	¥(40,111)	¥(38,483)	\$(252,316)
Proceeds from sales of property, plant and equipment	916	15,978	14,010	9,347
Purchases of investments in securities	(836)	(14)	(98)	(8,531)
Proceeds from sales of investments in securities	–	3,794	21	–
Gain on sale of subsidiary's business	451	–	–	4,602
Long-term loans made	(4,300)	(1,693)	(2,682)	(43,878)
Collection of long-term loans	2,770	3,206	1,720	28,265
Other, net	(1,555)	(2,603)	(3,450)	(15,867)
Net cash used in investing activities	<u>(27,281)</u>	<u>(21,443)</u>	<u>(28,962)</u>	<u>(278,378)</u>
Cash flows from financing activities:				
Net changes in short-term borrowings	25,885	16,232	10,417	264,133
Repayment of long-term debt	(369)	(801)	(4,832)	(3,765)
Redemption of bonds	–	(1,429)	(8,000)	–
Cash dividends	(2,010)	(2,010)	(2,005)	(20,510)
Cash dividends paid to minority shareholders	(205)	(306)	(56)	(2,092)
Net decrease (increase) in treasury stock	16	(14)	(0)	163
Other, net	(1,000)	(459)	(1,406)	(10,204)
Net cash provided by (used in) financing activities	<u>22,317</u>	<u>11,213</u>	<u>(5,882)</u>	<u>227,724</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(4,726)</u>	<u>(1,062)</u>	<u>898</u>	<u>(48,224)</u>
Net (decrease) increase in cash and cash equivalents	(11,070)	5,801	(23,955)	(112,959)
Cash and cash equivalents at the beginning of the year	21,811	16,010	37,530	222,561
Change in cash and cash equivalents due to inclusion and exclusion of consolidated subsidiaries in the scope of consolidation	<u>1</u>	<u>–</u>	<u>2,435</u>	<u>10</u>
Cash and cash equivalents at the end of the year <i>(Note 9)</i>	<u>¥ 10,742</u>	<u>¥ 21,811</u>	<u>¥ 16,010</u>	<u>\$ 109,612</u>

See notes to consolidated financial statements.

Calsonic Kansei Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2009

1. Summary of Significant Accounting Policies

(a) Basis of Presenting Consolidated Financial Statements

Calsonic Kansei Corporation (the “Company”) and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile.

Effective April 1, 2008, the Company adopted the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18). In accordance with PITF No. 18, the accompanying consolidated financial statements for the year ended March 31, 2009 have been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States as adjusted for certain items including those for goodwill, actuarial differences and capitalized development costs. Until March 31, 2008, the accompanying consolidated financial statements had been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with accounting principles generally accepted in their countries of domicile. See Note 2 (vii).

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. Certain items presented in the original financial statements have been reclassified and summarized for the convenience of readers outside Japan. In addition, certain amounts in the prior year’s consolidated financial statements have been reclassified to conform to the current year’s presentation.

(b) Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

The accompanying consolidated financial statements include the accounts of the Company and significant companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies are included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions are eliminated in consolidation.

1. Summary of Significant Accounting Policies (continued)

(b) Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Affiliates (continued)

Investments in subsidiaries and affiliates, which are not consolidated or accounted for by the equity method, are carried at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written them down.

The fiscal years of subsidiaries are not necessarily the same as that of the Company. Accounts of subsidiaries, which have different fiscal years, have been adjusted for significant transactions to properly reflect their financial position at March 31 of each year and the results of operations and cash flows for the years then ended.

(c) Foreign Currency Translation

Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are included in the consolidated statements of operations. The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of net assets excluding minority interests which are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as foreign currency translation adjustments and minority interests in its consolidated financial statements.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(e) Financial Instruments

(i) Securities

Securities other than equity securities issued by subsidiaries and affiliates are classified into two categories: held-to-maturity or other securities. Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(ii) Derivatives

The Company and certain subsidiaries enter into forward foreign exchange contracts and other derivatives in order to manage the risk arising from adverse fluctuation in foreign exchange rates. Derivatives are carried at fair value, with any changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting.

1. Summary of Significant Accounting Policies (continued)

(f) Inventories

Inventories are stated principally at cost determined principally by the first-in, first-out method. (The balance sheet amounts are determined by writing down the book value according to a decrease in profitability.) See Note 2(i),(iv).

(g) Allowance for Doubtful Accounts

The allowance for doubtful receivables is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers which are experiencing financial difficulties.

(h) Depreciation and Amortization

Depreciation of property, plant and equipment (except for leased assets) is computed primarily by the straight-line method based on the estimated useful lives and the residual value determined by the Company. The estimated useful lives range from 3 to 50 years for buildings and structures and from 3 to 12 years for machinery and equipment.

Intangible assets (except for leased assets) are amortized by the straight-line method over their estimated useful lives. Software for internal use is amortized by the straight-line method over the period of internal use (5 years).

Depreciation of leased assets is computed primarily by the straight-line method based on either the estimated useful lives or the leased terms, and the residual value is either zero or the residual value determined by the Company.

(i) Leases

Noncancelable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases. All other lease transactions are accounted for as operating leases and relating payments are charged to income as incurred. See Note 2(ii),(iv).

(j) Income Taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(k) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

1. Summary of Significant Accounting Policies (continued)

(l) Accrued Warranty Costs

Accrued warranty costs are provided to cover the cost of all services anticipated to be incurred during the entire warranty period based on past experience.

(m) Retirement Benefits

Accrued retirement benefits for employees are provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of balance sheet dates, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized by the straight-line method over periods (principally 14 years) which are shorter than the average remaining years of service of the employees.

Prior service cost is being amortized as incurred by the straight-line method over periods (principally 14 years) which are shorter than the average remaining years of service of the employees.

In addition, directors and corporate auditors of the Company and certain consolidated subsidiaries are customarily entitled to lump-sum payments under their respective unfunded retirement benefits plans. The provision for retirement benefits for these officers has been made at an estimated amount.

(n) Research and Development Costs

Research and development costs are charged to income when incurred.

(o) Amounts per Share

Basic net income (loss) per share is computed based on the net income attributable to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year, and diluted net income per share is computed based on the net income attributable to the shareholders and the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds and stock subscription rights.

Diluted net income (loss) per share for the year ended March 31, 2009 is not required to be presented because the Company recorded consolidated net loss.

Cash dividends per share represent the cash dividends declared as applicable to the respective years together with the interim cash dividends paid.

Amounts per share of net assets is computed based on net assets available for distribution to the shareholders of common stock and the number of shares of common stock outstanding at the year end.

2. Accounting Changes

- (i) Until the year ended March 31, 2006, inventories other than supplies were principally stated at cost determined by the average method at the Company, at cost determined by the last purchase cost method at the domestic consolidated subsidiaries, and at the lower of cost or market, cost being determined by the first-in, first-out method at the overseas consolidated subsidiaries. Effective April 1, 2006, the Company and the domestic consolidated subsidiaries began to value all inventories at the lower of cost or market, cost being determined by the first-in, first-out method. This change was made in order to establish a sound financial position by reflecting the changes in the purchasing costs in the valuation of inventories. This change was also intended to unify the accounting policy with that of Nissan Motor Co., Ltd. (Nissan). The effect of this change was immaterial for the year ended March 31, 2007.
- (ii) Until the year ended March 31, 2006, noncancelable lease transactions of the Company and its domestic consolidated subsidiaries were accounted for as operating leases whether such leases were classified as operating or finance leases except that lease agreements which stipulated the transfer of ownership of the leased assets to the lessee were accounted for as finance leases. Effective April 1, 2006, the Company and its major domestic consolidated subsidiaries changed their method of accounting for noncancelable lease transactions which transfer substantially all risks and rewards associated with the ownership of assets, to account for them as finance leases instead of as operating leases. This change was made in order to reflect lease transactions more appropriately in their consolidated financial statements as well as to achieve a harmonization with international accounting practices. The effect of this change was immaterial for the year ended March 31, 2007.
- (iii) Effective April 1, 2006, the Company adopted a new accounting standard for presentation of net assets in the balance sheet and the related implementation guidance. Shareholders' equity under the previous method of presentation amounted to ¥173,709 million as of March 31, 2007.
- (iv) Until the year ended March 31, 2008, noncancelable lease transactions entered into by certain domestic and foreign consolidated subsidiaries were accounted for as operating leases whether such leases were classified as operating or finance leases, except for lease agreements stipulating the transfer of ownership of the leased assets to the lessee which were accounted for as finance leases. Effective April 1, 2008, the "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan (ASBJ) Statement No. 13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised by the ASBJ on March 30, 2007) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guideline No. 16 originally issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised by the ASBJ on March 30, 2007) have been applied. The above mentioned domestic and foreign subsidiaries changed their method of accounting for noncancelable lease transactions which transfer substantially all risks and rewards associated with the ownership of assets, to account for them as finance leases instead of as operating leases. The effect of this change was immaterial for the year ended March 31, 2009.

2. Accounting Changes (continued)

- (v) Until the year ended March 31, 2008, CK-Engineering Co., Ltd (CKE) accounted for its projected retirement benefit obligations by the simplified method. Effective April 1, 2008, CKE changed its method of accounting for projected retirement benefit obligations to the principle method due to an increase in the number of employees and to account for the estimated amounts more appropriately. The effect of this change was to decrease operating loss, and to increase loss before income taxes and minority interests by ¥132 million (\$1,347 thousand) for the year ended March 31, 2009.

- (vi) Effective April 1, 2008, the Company and its domestic consolidated subsidiaries adopted “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9 issued on July 5, 2006). Inventories are stated at cost determined principally by the first-in, first-out method. (The balance sheet amounts are determined by writing down the book value according to a decrease in profitability.) The effect of this change was immaterial for the year ended March 31, 2009.

- (vii) Effective April 1, 2008, the Company and its foreign consolidated subsidiaries adopted “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force (PITF) No. 18 issued on May 17, 2006), and made the necessary adjustments on the accompanying consolidated financial statements. The effect of the adoption of PITF No. 18 on the accompanying consolidated financial statements was to decrease operating loss, and loss before income taxes and minority interests by ¥444 million (\$4,531 thousand) for the year ended March 31, 2009; and to decrease total shareholders’ equity by ¥302 million (\$3,082 thousand), total valuation, translation adjustment and others by ¥17 million (\$173 thousand), minority interests by ¥45 million (\$459 thousand), and total net assets by ¥364 million (\$3,714 thousand) as of April 1, 2008.

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at ¥98 = US\$1.00, the exchange rate prevailing on March 31, 2009. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Investments in Securities

At March 31, 2009 and 2008, investments in securities included the following marketable securities classified as other securities:

As of	2008		
	Mar. 31, 2009		
	Acquisition costs	Carrying value	Unrealized gain (loss)
	<i>(Millions of yen)</i>		
Securities whose carrying value exceeds their acquisition cost:			
Stocks	¥ 17	¥ 41	¥ 24
Debt securities	—	—	—
Other	—	—	—
Subtotal	<u>17</u>	<u>41</u>	<u>24</u>
Securities whose acquisition cost exceeds their carrying value:			
Stocks	217	169	(48)
Debt securities	—	—	—
Other	—	—	—
Subtotal	<u>217</u>	<u>169</u>	<u>(48)</u>
Total	<u>¥234</u>	<u>¥210</u>	<u>¥(24)</u>

As of	2008		
	Mar. 31, 2009		
	Acquisition costs	Carrying value	Unrealized gain (loss)
	<i>(Thousands of U.S. dollars)</i>		
Securities whose carrying value exceeds their acquisition cost:			
Stocks	\$ 173	\$ 418	\$ 245
Debt securities	—	—	—
Other	—	—	—
Subtotal	<u>173</u>	<u>418</u>	<u>245</u>
Securities whose acquisition cost exceeds their carrying value:			
Stocks	2,214	1,724	(490)
Debt securities	—	—	—
Other	—	—	—
Subtotal	<u>2,214</u>	<u>1,724</u>	<u>(490)</u>
Total	<u>\$2,388</u>	<u>\$2,143</u>	<u>\$(245)</u>

4. Investments in Securities (continued)

As of	2007		
	Mar. 31, 2008		
	Acquisition costs	Carrying value	Unrealized gain (loss)
	<i>(Millions of yen)</i>		
Securities whose carrying value exceeds their acquisition cost:			
Stocks	¥188	¥585	¥397
Debt securities	–	–	–
Other	–	–	–
Subtotal	188	585	397
Securities whose acquisition cost exceeds their carrying value:			
Stocks	29	23	(6)
Debt securities	–	–	–
Other	–	–	–
Subtotal	29	23	(6)
Total	¥217	¥608	¥391

5. Inventories

At March 31, 2009 and 2008, inventories consisted of the following:

As of	2008	2007	2008
	Mar. 31, 2009	Mar. 31, 2008	Mar. 31, 2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Finished products	¥ 9,577	¥12,159	\$ 97,724
Work in process	4,781	5,733	48,786
Raw materials and supplies	21,417	23,199	218,541
	¥35,775	¥41,091	\$365,051

The ending inventory balance represents after write-down of book value when their carrying amounts become unrecoverable, and write-down is recognized ¥1,104 million (\$11,265 thousand) as Cost of Sales for the year ended March 31, 2009..

6. Short-Term Borrowings

At March 31, 2009 and 2008, short-term borrowings were principally represented by bank overdrafts and short-term notes. The interest rates applicable to the short-term borrowings ranged from 0.85% to 9.70% per annum as of March 31, 2009 and from 0.84% to 5.75% per annum as of March 31, 2008.

7. Long-Term Debt

At March 31, 2009 and 2008, long-term debt consisted of the following:

As of	2008	2007	2008
	Mar. 31, 2009	Mar. 31, 2008	Mar. 31, 2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Borrowings bearing interest at rates ranging from 0.71% to 5.00%, principally from banks and other financial institutions	¥ 621	¥1,002	\$ 6,337
Zero coupon convertible bonds due 2010	247	247	2,520
	868	1,249	8,857
Less current maturities	(616)	(369)	(6,286)
	¥ 252	¥ 880	\$ 2,571

The conversion price and period of the convertible bonds are summarized as follows:

	Conversion price per share at March 31, 2009	Conversion period (up to and including)
Zero coupon convertible bonds due 2010	¥499.00	March 30, 2010

At March 31, 2009, if all the outstanding convertible bonds had been converted at the then current conversion price, 495 thousand new shares would have been issuable.

Under the indentures and trust deeds governing the convertible bonds, the conversion price is subject to adjustment in certain cases, which include stock splits. A sufficient number of shares of common stock are reserved for the conversion of all outstanding convertible bonds.

The aggregate annual maturities of long-term debt are summarized as follows:

<u>Year ending March 31,</u>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
2010	¥616	\$6,286
2011	231	2,357
2012	0	0
2013	19	194
2014 and thereafter	2	20
	¥868	\$8,857

7. Long-Term Debt (continued)

At March 31, 2009 and 2008 the following assets were pledged as collateral principally for the above mentioned long-term debt:

As of	2008	2007	2008
	<u>Mar. 31, 2009</u>	<u>Mar. 31, 2008</u>	<u>Mar. 31, 2009</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Property, plant and equipment	¥2,521	¥3,089	\$25,724

8. Net Assets

The new Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan, went into effect on May 1, 2006. The Law provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

Net asset per share:

As of	2008	2007	2008
	<u>Mar. 31, 2009</u>	<u>Mar. 31, 2008</u>	<u>Mar. 31, 2009</u>
Net assets	¥386.54	¥645.96	\$3.944

9. Cash and Cash Equivalents

At March 31, 2009, 2008 and 2007, cash and cash equivalents consisted of the following:

As of	2008	2007	2006	2008
	<u>Mar. 31, 2009</u>	<u>Mar. 31, 2008</u>	<u>Mar. 31, 2007</u>	<u>Mar. 31, 2009</u>
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>
Cash on hand and in banks	¥10,746	¥21,826	¥16,117	\$109,653
Time deposits with maturities of more than three months	(4)	(15)	(107)	(41)
Cash and cash equivalents	<u>¥10,742</u>	<u>¥21,811</u>	<u>¥16,010</u>	<u>\$109,612</u>

10. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprised corporation tax, enterprise tax and inhabitants' taxes which, in the aggregate, resulted in a statutory tax rate of approximately 40.3% for the years ended at March 31, 2009, 2008 and 2007. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

At March 31, 2009 and 2008, significant components of deferred tax assets and liabilities were as follows:

As of	2008	2007	2008
	Mar. 31, 2009	Mar. 31, 2008	Mar. 31, 2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Deferred tax assets:			
Accrued warranty costs	¥ 2,595	¥ 2,494	\$ 26,480
Accrued bonuses	1,626	2,059	16,592
Accrued retirement benefits	4,417	4,481	45,071
Depreciation	4,755	4,803	48,520
Net operating loss carryforwards	24,696	15,649	252,000
Others	10,138	9,077	103,449
Gross deferred tax assets	48,227	38,563	492,112
Valuation allowance	(45,392)	(12,324)	(463,184)
Total deferred tax assets	2,835	26,239	28,929
Deferred tax liabilities:			
Reserve for advanced depreciation	156	177	1,592
Reserve for special depreciation	29	44	296
Net unrealized gains on securities	2	158	20
Others	3,838	3,952	39,163
Total deferred tax liabilities	4,025	4,331	41,071
Net deferred tax (liabilities) assets	¥ (1,190)	¥ 21,908	\$ (12,143)

The reconciliation of the statutory tax rate to the effective income tax rates for the years ended at March 31, 2008 and 2007 are summarized as follows:

For the years ended	2007	2006
	Mar. 31, 2008	Mar. 31, 2007
Statutory tax rate	40.3%	40.3%
Valuation allowance	53.5	52.7
Tax credits	(2.3)	(19.2)
Lower tax rates applied to foreign subsidiaries	(8.4)	(14.7)
Permanent differences	0.5	0.7
Other	(7.2)	2.6
Effective income tax rates	76.4%	62.4%

The information for the year ended March 31, 2009 is not required to be presented because the Company recorded net loss before income taxes and minority interests.

11. Selling, General and Administrative Expenses

For the years ended	2008	2007	2006	2008
	Mar. 31, 2009	Mar. 31, 2008	Mar. 31, 2007	Mar. 31, 2009
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>
Haulage expenses	¥ 2,324	¥ 3,000	¥ 2,924	\$ 23,714
Provision for product warranties	4,085	1,676	1,850	41,684
Provision of allowance for doubtful accounts	341	7	3	3,480
Salaries, allowances and bonuses	14,151	15,008	15,343	144,398
Provision for retirement benefits	892	683	1,109	9,102
Provision for directors' retirement benefits	114	396	131	1,163
Commission fee	6,520	6,428	6,222	66,531
Other	13,521	16,869	13,996	137,969
Total	<u>¥41,948</u>	<u>¥44,067</u>	<u>¥41,578</u>	<u>\$428,041</u>

Research and development expenses included in selling, general and administrative expenses and manufacturing costs amounted to ¥27,579 million (\$281,418 thousand), ¥27,933 million and ¥28,728 million for the years ended March 31, 2009, 2008 and 2007, respectively.

12. Retirement Benefit Plan

The Company and domestic subsidiaries have defined benefit plans, i.e., employee pension fund plan, tax-qualified pension plans and lump-sum payment plans. Certain foreign subsidiaries have also defined benefit plans.

The Company and certain consolidated subsidiaries transferred a portion of the benefit obligations under the above defined benefit plans to defined contribution plans during the years ended March 31, 2008.

The accrued retirement benefits as of March 31, 2009 and 2008 were analyzed as follows:

As of	2008	2007	2008
	Mar. 31, 2009	Mar. 31, 2008	Mar. 31, 2009
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Retirement benefit obligations	¥(66,547)	¥(74,794)	\$(679,051)
Plan assets at fair value	42,350	54,872	432,143
Unfunded retirement benefit obligations	(24,197)	(19,922)	(246,908)
Unrecognized actuarial differences	12,518	7,681	127,735
Unrecognized prior service cost	(2,035)	(2,311)	(20,765)
Accrued retirement benefits	<u>¥(13,714)</u>	<u>¥(14,552)</u>	<u>\$(139,939)</u>

12. Retirement Benefit Plan (continued)

The components of retirement benefit expenses for the years ended March 31, 2009, 2008, and 2007 are outlined as follows:

For the years ended	2008	2007	2006	2008
	Mar. 31, 2009	Mar. 31, 2008	Mar. 31, 2007	Mar. 31, 2009
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>
Service cost	¥ 2,278	¥ 2,758	¥ 3,086	\$ 23,245
Interest cost	2,704	2,976	2,952	27,592
Expected return on plan assets	(2,570)	(3,003)	(2,707)	(26,224)
Amortization of unrecognized actuarial differences	1,134	876	1,044	11,571
Amortization of prior service cost	(342)	(339)	(385)	(3,490)
Others, mainly the special benefits paid upon business restructuring	769	5,414	2,844	7,847
Retirement benefit expenses	3,973	8,682	6,834	40,541
(Gain) loss on transfer to defined contribution plans	—	(321)	80	—
Total	¥ 3,973	¥ 8,361	¥ 6,914	\$ 40,541

The assumptions used in accounting for the above plans were as follows:

As of	2008	2007
	Mar. 31, 2009	Mar. 31, 2008
Discount rate	2.10%	2.10%
Expected rate of return on plan assets	3.00%	3.00%

13. Leases

The following pro forma amounts represent the acquisition cost (including the interest portion), accumulated depreciation and net book value of the leased assets as of March 31, 2008, which would have been reflected in the accompanying consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	2007		
	As of Mar. 31, 2008		
	Machinery and equipment	Other	Total
	<i>(Millions of yen)</i>		
Acquisition cost	¥2	¥295	¥297
Accumulated depreciation	0	181	181
Net book value	¥2	¥114	¥116

13. Leases (continued)

Lease payments relating to finance leases accounted for as operating leases amounted to ¥86 million for the year ended March 31, 2008. Depreciation of the leased assets computed by the straight-line method over the respective lease terms and the interest portion included in the lease payments amounted to ¥72 million and ¥14 million, respectively, for the year ended March 31, 2008.

Future minimum lease payments subsequent to March 31, 2009 on noncancelable operating leases are summarized as follows:

<u>Year ending March 31,</u>	<u>(Millions of yen)</u>	<u>(Thousands of U.S. dollars)</u>
Within one year	¥ 485	\$ 4,949
Over one year	698	7,122
	<u>¥1,183</u>	<u>\$12,071</u>

14. Derivatives

The Company and certain subsidiaries utilize derivatives for the purpose of hedging their exposure to adverse fluctuation in foreign exchange rates, but do not enter into such transactions for speculative or trading purposes.

The Company is exposed to credit risk in the event of nonperformance by the counterparties to the derivative transactions, but any such loss would not be material because the Company enters into transactions only with financial institutions with high credit ratings.

Summarized below are the notional amounts and the estimated fair values of the derivative positions, except for those for which deferral hedge accounting has been applied, outstanding at March 31, 2009 and 2008:

2008						
As of Mar. 31, 2009						
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>		
Forward foreign exchange contracts:						
Sell: THB	¥ 6,791	¥6,549	¥242	\$ 69,296	\$66,827	\$2,469
Currency swap contracts:						
Sell: EUR	7,294	(44)	(44)	74,429	(449)	(449)
GBP	4,349	(5)	(5)	44,378	(51)	(51)
	<u>¥18,434</u>	<u>¥6,500</u>	<u>¥193</u>	<u>\$188,102</u>	<u>\$66,327</u>	<u>\$1,969</u>
 2007						
As of Mar. 31, 2008						
	Notional amount	Fair value	Unrealized gain (loss)			
	<i>(Millions of yen)</i>					
Forward foreign exchange contracts:						
Sell: THB	¥ 8,937	¥8,877	¥ 60			
Currency swap contracts:						
Sell: EUR	19,592	(180)	(180)			
	<u>¥28,529</u>	<u>¥8,697</u>	<u>¥(120)</u>			

15. Transactions with Nissan Motor Co., Ltd.

Transactions with Nissan Motor Co., Ltd. for the years ended March 31, 2009, 2008 and 2007 were as follows:

For the years ended	2008	2007	2006	2008
	Mar. 31, 2009	Mar. 31, 2008	Mar. 31, 2007	Mar. 31, 2009
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>
Sales	¥244,578	¥288,073	¥229,056	\$2,495,694
Purchases	59,568	72,381	49,297	607,837

16. Segment Information

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of automotive parts in Japan and overseas, primarily in North America, Europe and Asia.

As the automotive segment represented more than 90% of total sales, operating income and assets of all business segments, information by business segment for the years ended March 31, 2009, 2008 and 2007 is not presented.

The geographical segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2009, 2008 and 2007 is summarized as follows:

	2008					
	For the year ended March 31, 2009					
	Japan	North America	Europe	Asia	Eliminations	Consolidated
	<i>(Millions of yen)</i>					
Sales to third parties	¥364,216	¥133,832	¥77,714	¥ 93,653	¥ –	¥669,415
Intergroup sales and transfers	28,251	717	1,279	13,648	(43,895)	–
Total sales	392,467	134,549	78,993	107,301	(43,895)	669,415
Operating expenses	407,951	139,026	79,975	103,245	(44,027)	686,170
Operating income (loss)	¥ (15,484)	¥ (4,477)	¥ (982)	¥ 4,056	¥ 132	¥ (16,755)
Total assets	¥273,367	¥ 43,117	¥23,843	¥ 60,880	¥(111,591)	¥289,616

	2008					
	For the year ended March 31, 2009					
	Japan	North America	Europe	Asia	Eliminations	Consolidated
	<i>(Thousands of U.S. dollars)</i>					
Sales to third parties	\$3,716,490	\$1,365,633	\$793,000	\$ 955,643	\$ –	\$6,830,765
Intergroup sales and transfers	288,276	7,316	13,051	139,265	(447,908)	–
Total sales	4,004,765	1,372,949	806,051	1,094,908	(447,908)	6,830,765
Operating expenses	4,162,765	1,418,633	816,071	1,053,520	(449,255)	7,001,735
Operating income (loss)	\$ (158,000)	\$ (45,684)	\$ (10,020)	\$ 41,388	\$ 1,347	\$ (170,969)
Total assets	\$2,789,459	\$ 439,969	\$243,296	\$ 621,224	\$(1,138,684)	\$2,955,265

16. Segment Information (continued)

- (i) As explained in Note 2(v), effective April 1, 2008, CKE changed its method of accounting for its projected retirement benefit obligations from the simplified method to the principle method. The effect of this change was immaterial as of and for the year ended March 31, 2009.
- (ii) As explained in Note 2(vii), effective April 1, 2008, the Company and its foreign consolidated subsidiaries adopted PITF No. 18. The effect of this change was to decrease operating loss by ¥265 million (\$2,704 thousand) and decrease total assets by ¥15 million (\$ 153 thousand) in the “Europe segment”, and to increase operating income by ¥178 million (\$1,816 thousand) and decrease total assets by ¥248 million (\$2,531 thousand) in the “Asia segment” for the year ended and as of March 31, 2009.
- (iii) As explained in Note 2(iv), effective April 1, 2008, the Company and its consolidated subsidiaries adopted ASBJ No. 13, “Accounting Standard for Lease Transactions” and ASBJ Guidance No. 16, “Guidance on Accounting Standard for Lease Transactions”. The effect of this change was immaterial as of and for the year ended March 31, 2009.

2007						
For the year ended March 31, 2008						
	Japan	North America	Europe	Asia	Eliminations	Consolidated
	<i>(Millions of yen)</i>					
Sales to third parties	¥449,226	¥195,785	¥ 99,857	¥ 88,628	¥ –	¥833,496
Intergroup sales and transfers	40,502	1,275	2,533	14,307	(58,617)	–
Total sales	489,728	197,060	102,390	102,935	(58,617)	833,496
Operating expenses	485,698	195,334	101,000	95,824	(58,570)	819,286
Operating income (loss)	¥ 4,030	¥ 1,726	¥ 1,390	¥ 7,111	¥ (47)	¥ 14,210
Total assets	¥356,638	¥ 66,060	¥ 45,133	¥ 73,253	¥(119,313)	¥421,771

2006						
For the year ended March 31, 2007						
	Japan	North America	Europe	Asia	Eliminations	Consolidated
	<i>(Millions of yen)</i>					
Sales to third parties	¥382,647	¥173,469	¥74,366	¥70,293	¥ –	¥700,775
Intergroup sales and transfers	39,445	1,546	344	8,860	(50,195)	–
Total sales	422,092	175,015	74,710	79,153	(50,195)	700,775
Operating expenses	415,042	174,300	76,462	72,698	(49,993)	688,509
Operating income (loss)	¥ 7,050	¥ 715	¥ (1,752)	¥ 6,455	¥ (202)	¥ 12,266
Total assets	¥330,629	¥ 85,419	¥36,986	¥58,802	¥(97,263)	¥414,573

17. Overseas Sales Information

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries, for the years ended March 31, 2009, 2008 and 2007 are summarized as follows:

	2008			
	For the year ended March 31, 2009			
	North America	Europe	Asia	Total
	<i>(Millions of yen)</i>			
Overseas sales Consolidated sales	¥138,107	¥86,113	¥95,155	¥319,375
Overseas sales as a percentage of consolidated sales	20.6%	12.9%	14.2%	47.7%
	<i>(Thousands of U.S. dollars)</i>			
Overseas sales Consolidated sales	\$1,409,255	\$878,704	\$970,969	\$3,258,929
				\$6,830,765

	2007			
	For the year ended March 31, 2008			
	North America	Europe	Asia	Total
	<i>(Millions of yen)</i>			
Overseas sales Consolidated sales	¥200,196	¥110,630	¥91,989	¥402,815
Overseas sales as a percentage of consolidated sales	24.0%	13.3%	11.0%	48.3%

	2006			
	For the year ended March 31, 2007			
	North America	Europe	Asia	Total
	<i>(Millions of yen)</i>			
Overseas sales Consolidated sales	¥177,344	¥82,351	¥73,771	¥333,466
Overseas sales as a percentage of consolidated sales	25.3%	11.8%	10.5%	47.6%

- (i) Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.
- (ii) Major countries and areas which belong to segments other than Japan are as follows:

North America: The United States and Mexico
 Europe: European countries and South Africa
 Asia: East Asia and Southeast Asian countries

18. Stock Options

Information regarding stock option plans of the Company at March 31, 2009 is as follows:

Date of grant	August 6, 2003	October 6, 2004	December 5, 2005
Type and number of grants	Common stock 1,304,000 shares	Common stock 1,954,000 shares	Common stock 1,985,000 shares
Grantees	9 directors and 103 officers and employees of the Company, 14 directors of subsidiaries	9 directors and 148 officers and employees of the Company, 15 directors and 1 employee of subsidiaries	9 directors and 164 officers and employees of the Company, 15 directors and 1 employee of affiliates
Exercise period	July 1, 2005 – June 30, 2010	July 1, 2006 – June 30, 2011	July 1, 2007 – June 30, 2012
Non-vested stock options:			
Outstanding at March 31, 2007	–	–	1,947,000
Granted	–	–	–
Forfeited	–	–	13,000
Vested	–	–	1,934,000
Outstanding at March 31, 2008	–	–	–
Granted	–	–	–
Forfeited	–	–	–
Vested	–	–	–
Outstanding at March 31, 2009	–	–	–
Vested stock options:			
Outstanding at March 31, 2007	1,161,000	1,858,000	–
Vested	–	–	1,934,000
Exercised	–	–	–
Forfeited	60,000	136,000	140,000
Outstanding at March 31, 2008	1,101,000	1,722,000	1,794,000
Vested	–	–	–
Exercised	–	–	–
Forfeited	–	–	9,000
Outstanding at March 31, 2009	1,101,000	1,722,000	1,785,000
Exercise price (yen)	¥737	¥844	¥759
Weighted average exercise price (yen)	–	–	–

Conditions for the exercise of share subscription rights are as follow:

Individuals to whom the share subscription rights are granted must continue their service with the Company or its subsidiaries and affiliates in the state of being employed or entrusted until the share subscription rights become exercisable (except for the termination of terms, retirement, or other valid reasons).