

**Calsonic Kansei Corporation
and Consolidated Subsidiaries**

Consolidated Financial Statements

March 31, 2011, 2010 and 2009

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, 2011 and 2010, 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, 2011, and consolidated statement of comprehensive income for the year ended March 31, 2011, 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, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2011 in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in Note 2(d), effective April 1, 2008, the Company and its foreign consolidated subsidiaries have adopted a new accounting standard "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18).

As described in Note 2(g), effective April 1, 2010, the Company and its domestic consolidated subsidiaries adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 issued on March 31, 2008) and the "Implementation Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008).

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 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 24, 2011

Calsonic Kansei Corporation and Consolidated Subsidiaries

Consolidated Balance Sheets

March 31, 2011 and 2010

	2010	2009	2010
As of	<u>Mar. 31, 2011</u>	<u>Mar. 31, 2010</u>	<u>Mar. 31, 2011</u>
	<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>(Notes 18 and 20)</i>	¥ 14,789	¥ 14,069	\$ 178,192
Trade receivables <i>(Notes 6, 18 and 25)</i>	111,465	110,416	1,342,957
Inventories <i>(Note 4)</i>	35,925	29,723	432,839
Deferred income taxes <i>(Note 13)</i>	4,639	397	55,903
Other current assets <i>(Note 21)</i>	18,386	15,288	221,526
Allowance for doubtful accounts	(397)	(575)	(4,784)
Total current assets	<u>184,810</u>	<u>169,318</u>	<u>2,226,633</u>
Property, plant and equipment, at cost:			
Buildings and structures	85,273	86,506	1,027,386
Machinery and equipment	186,177	195,360	2,243,103
Land	17,538	17,820	211,304
Construction in progress	3,794	3,175	45,717
Other	112,546	115,760	1,355,976
	<u>405,329</u>	<u>418,621</u>	<u>4,883,488</u>
Accumulated depreciation	(293,185)	(293,766)	(3,532,360)
Property, plant and equipment, net <i>(Notes 6, 15 and 23)</i>	<u>112,143</u>	<u>124,855</u>	<u>1,351,128</u>
Investments and other assets:			
Investments in securities <i>(Notes 5, 18 and 19)</i>	599	588	7,225
Investments in affiliated companies <i>(Note 18)</i>	7,913	7,683	95,338
Deferred income taxes <i>(Note 13)</i>	2,225	1,328	26,807
Other <i>(Note 5)</i>	7,071	8,914	85,194
Total investments and other assets	<u>17,809</u>	<u>18,513</u>	<u>214,567</u>
Total assets	<u>¥ 314,763</u>	<u>¥ 312,686</u>	<u>\$ 3,792,329</u>

	2010	2009	2010
As of	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2011
	<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>(Notes 6 and 18)</i>	¥ 28	¥ 255	\$ 346
Short-term borrowings <i>(Notes 6, 18 and 25)</i>	45,721	54,749	550,860
Trade payables <i>(Notes 18 and 25)</i>	108,492	105,324	1,307,133
Income taxes payable <i>(Note 13)</i>	1,694	703	20,416
Accrued expenses <i>(Note 25)</i>	17,505	18,925	210,910
Accrued loss on plant restructuring	352	811	4,242
Allowance for loss on disaster <i>(Note 12)</i>	489	–	5,897
Other current liabilities <i>(Notes 15, 21 and 22)</i>	12,449	12,272	149,994
Total current liabilities	<u>186,733</u>	<u>193,039</u>	<u>2,249,801</u>
Long-term liabilities:			
Long-term debt <i>(Notes 6 and 18)</i>	78	114	948
Accrued retirement benefits:			
For employees <i>(Note 7)</i>	9,329	11,476	112,399
Accrued warranty costs	3,865	3,412	46,573
Deferred income taxes <i>(Note 13)</i>	1,866	3,424	22,485
Other long-term liabilities <i>(Notes 15 and 22)</i>	1,361	1,406	16,399
Total long-term liabilities	<u>16,500</u>	<u>19,832</u>	<u>198,805</u>
Net assets <i>(Note 8)</i> :			
Common stock:			
Authorized – 600,000,000 shares in 2010 and 2009			
Issued – 273,241,631 shares in 2010 and 2009	41,456	41,456	499,472
Capital surplus	59,638	59,638	718,532
Retained earnings	30,814	15,217	371,259
Treasury stock – 5,270,155 shares in 2010 and 5,218,225 shares in 2009	(3,727)	(3,712)	(44,908)
Total shareholders' equity	<u>128,181</u>	<u>112,599</u>	<u>1,544,355</u>
Accumulated other comprehensive income:			
Net unrealized gain on securities	25	19	312
Land revaluation of foreign subsidiaries	293	293	3,532
Unfunded retirement benefit obligation of foreign subsidiaries	(5,153)	(5,270)	(62,087)
Foreign currency translation adjustments	(21,482)	(16,632)	(258,821)
Total accumulated other comprehensive income	<u>(26,316)</u>	<u>(21,590)</u>	<u>(317,064)</u>
Minority interests	9,663	8,806	116,431
Total net assets	<u>111,528</u>	<u>99,815</u>	<u>1,343,722</u>
Total liabilities and net assets	<u>¥314,763</u>	<u>¥312,686</u>	<u>\$3,792,329</u>

See notes to consolidated financial statements.

Calsonic Kansei Corporation and Consolidated Subsidiaries

Consolidated Statements of Operations

For the years ended March 31, 2011, 2010 and 2009

For the years ended	2010	2009	2008	2010
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2009	Mar. 31, 2011
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Net sales <i>(Note 25)</i>	¥748,249	¥619,449	¥669,415	\$9,015,056
Cost of sales <i>(Notes 4, 9 and 25)</i>	688,895	588,450	644,222	8,299,947
Gross profit	59,354	30,999	25,193	715,109
Selling, general and administrative expenses <i>(Note 9)</i>	39,874	36,698	41,948	480,416
Operating income (loss)	19,479	(5,699)	(16,755)	234,693
Non-operating income (expenses):				
Interest and dividend income	291	355	809	3,514
Interest expense <i>(Note 25)</i>	(243)	(746)	(1,257)	(2,931)
Foreign exchange gain (loss)	(1,818)	212	(7,295)	(21,913)
Gain (loss) on sale or disposal of property, plant and equipment and other assets, net <i>(Note 10)</i>	(411)	315	(32)	(4,958)
Equity in net gain (loss) of unconsolidated subsidiaries and affiliates	585	247	(562)	7,053
Reversal of allowance for doubtful accounts	71	1	1	861
Product warranty costs <i>(Note 10)</i>	(64)	(1,194)	(380)	(777)
Impairment loss <i>(Note 11)</i>	(746)	(1,840)	(109)	(8,996)
Loss on business restructuring of subsidiaries and affiliates <i>(Note 10)</i>	–	(127)	(2,801)	
Accrued loss on plant restructuring	(389)	(1,400)	–	(4,694)
Business structure reform expenses <i>(Note 10)</i>	(813)	–	–	(9,801)
Loss on disaster <i>(Notes 4 and 12)</i>	(1,812)	–	–	(21,838)
Loss on adoption of accounting standard for asset retirement obligations <i>(Note 22)</i>	(565)	–	–	(6,810)
Other, net	270	(997)	(966)	(3,253)
	(5,647)	(5,174)	(12,592)	(68,039)
Income (loss) before income taxes and minority interests	13,832	(10,873)	(29,347)	166,653
Income taxes <i>(Note 13)</i> :				
Current	(3,584)	(2,052)	(2,868)	(43,192)
Deferred	6,272	(467)	(23,125)	75,568
	2,687	(2,519)	(25,993)	32,375
Income before minority interests	16,519	(13,392)	(55,340)	199,028
Minority interests	(920)	111	38	(11,092)
Net income (loss)	¥ 15,598	¥ (13,281)	¥ (55,302)	\$ 187,936
		<i>(Yen)</i>		<i>(U.S. dollars)</i>
Net income (loss) per share:				
Basic <i>(Note 17)</i>	¥58.20	¥(49.55)	¥(206.33)	\$0.70

See notes to consolidated financial statements.

Calsonic Kansei Corporation and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income

For the year ended March 31, 2011

	2010	2010
For the year ended	Mar. 31, 2011	Mar. 31, 2011
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
		<i>(Note 3)</i>
Income before minority interests	¥16,519	\$199,028
Other comprehensive income:		
Net unrealized gain on securities	0	0
Unfunded retirement benefit obligation of foreign subsidiaries	117	1,415
Foreign currency translation adjustments	(4,750)	(57,237)
Share of other comprehensive income of companies accounted for by the equity-method	(248)	(2,991)
Total other comprehensive income <i>(Note 14)</i> :	<u>(4,880)</u>	<u>(58,802)</u>
Comprehensive income	<u>¥11,638</u>	<u>\$140,225</u>
Total comprehensive income attributable to:		
Shareholders of the Company	¥10,873	\$131,003
Minority interests	¥ 765	\$ 9,222

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, 2011, 2010 and 2009

	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized gain (loss) on securities	Land revaluation of foreign subsidiaries	Unfunded retirement benefit obligation of foreign subsidiaries	Foreign currency translation adjustments	Minority interests	Total net assets
<i>(Millions of yen)</i>										
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			(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
Net loss			(13,281)							(13,281)
Purchase of treasury stock				(4)						(4)
Disposal of treasury stock			(3)	3						0
Net changes in items other than those in shareholders' equity					64		394	231	(1,698)	(1,009)
Balance at March 31, 2010	41,456	59,638	15,217	(3,712)	18	293	(5,270)	(16,632)	8,806	99,815
Net income			15,598							15,598
Purchase of treasury stock				(18)						(18)
Disposal of treasury stock			(2)	3						1
Net changes in items other than those in shareholders' equity					6		117	(4,849)	857	(3,867)
Balance at March 31, 2011	¥41,456	¥59,638	¥ 30,814	¥(3,727)	¥ 25	¥293	¥(5,153)	¥(21,482)	¥ 9,663	¥111,528

	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized gain on securities	Land revaluation of foreign subsidiaries	Unfunded retirement benefit obligation of foreign subsidiaries	Foreign currency translation adjustments	Minority interests	Total net assets
<i>(Thousands of U.S. dollars) (Note 3)</i>										
Balance at March 31, 2010	\$499,472	\$718,532	\$183,348	\$(44,728)	\$228	\$3,532	\$(63,502)	\$(200,390)	\$106,098	\$1,202,591
Net income			187,936							187,936
Purchase of treasury stock				(227)						(227)
Disposal of treasury stock			(25)	46						21
Net changes in items other than those in shareholders' equity					83		1,415	(58,431)	10,333	(46,599)
Balance at March 31, 2011	\$499,472	\$718,532	\$371,259	\$(44,908)	\$312	\$3,532	\$(62,087)	\$(258,821)	\$116,431	\$1,343,722

See notes to consolidated financial statements.

Calsonic Kansei Corporation and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

For the years ended March 31, 2011, 2010 and 2009

For the years ended	2010	2009	2008	2010
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2009	Mar. 31, 2011
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Cash flows from operating activities:				
Income (loss) before income taxes and minority interests	¥ 13,832	¥(10,873)	¥(29,347)	\$ 166,653
Adjustments:				
Depreciation	22,146	25,776	28,728	266,824
Impairment loss	746	1,840	109	8,996
Allowance for doubtful accounts	(217)	(53)	353	(2,620)
Accrued warranty costs	668	(296)	418	8,052
Accrued retirement benefits	(2,224)	(1,387)	(1,904)	(26,800)
Interest and dividend income	(291)	(355)	(809)	(3,514)
Interest expense	243	746	1,257	2,931
Equity in net (gain) loss of unconsolidated subsidiaries and affiliates	(585)	(247)	562	(7,053)
(Gain) loss on sale or disposal of property, plant and equipment, net	414	(372)	32	4,989
Gain on sale of subsidiary's business	—	—	(451)	—
Changes in assets and liabilities:				
Trade receivables	(5,547)	(40,866)	59,960	(66,839)
Inventories	(7,533)	6,299	1,373	(90,765)
Trade payables	6,435	38,837	(63,691)	77,538
Other, net	4,176	4,177	5,832	50,321
Subtotal	32,263	23,226	2,422	388,713
Interest and dividends received	425	499	937	5,131
Interest paid	(254)	(789)	(1,257)	(3,072)
Income taxes paid	(1,893)	(1,805)	(3,482)	(22,810)
Net cash provided by (used in) operating activities	30,540	21,131	(1,380)	367,962
Cash flows from investing activities:				
Purchases of property, plant and equipment	(14,841)	(15,499)	(24,727)	(178,814)
Proceeds from sales of property, plant and equipment	772	1,051	916	9,308
Purchases of consolidated subsidiaries in securities	(1,428)	(566)	—	(17,216)
Purchases of investments in securities	(15)	(82)	(836)	(182)
Gain on sale of subsidiary's business	—	—	451	—
Long-term loans made	(5,599)	(1,080)	(4,300)	(67,468)
Collection of long-term loans	3,508	2,494	2,770	42,267
Other, net	(1,297)	(909)	(1,555)	(15,637)
Net cash used in investing activities	(18,902)	(14,591)	(27,281)	(227,742)
Cash flows from financing activities:				
Net changes in short-term borrowings	(8,943)	(2,582)	25,885	(107,753)
Repayment of long-term debt	(254)	(369)	(369)	(3,070)
Redemption of bonds	—	(247)	—	—
Cash dividends	—	—	(2,010)	—
Cash dividends paid to minority shareholders	(40)	(55)	(205)	(493)
Net (increase) decrease in treasury stock	(15)	(3)	16	(188)
Other, net	(268)	(171)	(1,000)	(3,237)
Net cash (used in) provided by financing activities	(9,523)	(3,427)	22,317	(114,741)
Effect of exchange rate changes on cash and cash equivalents	(1,437)	209	(4,726)	(17,321)
Net increase (decrease) in cash and cash equivalents	676	3,322	(11,070)	8,156
Cash and cash equivalents at the beginning of the year	14,064	10,742	21,811	169,456
Change in cash and cash equivalents due to inclusion and exclusion of consolidated subsidiaries in the scope of consolidation	—	—	1	—
Cash and cash equivalents at the end of the year <i>(Note 20)</i>	¥ 14,741	¥ 14,064	¥ 10,742	\$ 177,612

See notes to consolidated financial statements.

Calsonic Kansei Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2011

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.

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. 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) and effective April 1, 2010, the Company adopted the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for using Equity Method” (PITF No. 24).

In accordance with these PITF, the accompanying consolidated financial statements have been prepared by using the accounts of foreign consolidated subsidiaries and affiliates 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 goodwill, actuarial differences and capitalized development costs. See Note 2 (d) and (f).

1. Summary of Significant Accounting Policies (continued)

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

The consolidated financial statements as of March 31, 2011 include the accounts of Calsonic Kansei Corporation, TOKYO RADIATOR Mfg. Co., Ltd., CKP Corporation, Calsonic Kansei Utsunomiya Corporation, KS Engineering Co., Ltd., CKK Corporation, CKF Corporation, Calsonic Kansei North America, Inc., Calsonic Kansei Mexicana, S.A. de C.V., Calsonic Kansei Europe plc., Calsonic Kansei UK Limited, Calsonic Kansei China Holding Company, Calsonic Kansei Guangzhou Corporation, and other 18 subsidiaries. The unconsolidated subsidiaries have been excluded from consolidation because they do not have a significant effect on the consolidated financial statements in terms of their total assets, sales, net income or loss, retained earnings.

Investments in N&P Chemical Industry Co., Ltd., Calsonic Kansei Iwate Corporation and other 5 unconsolidated subsidiaries, and Nissin Kogyo Co., Ltd., Siam Calsonic Co., Ltd., Yue Ki Industrial Co., Ltd. and other 6 associated companies are accounted for by the equity method. The equity method is not applied to account for the invests in WUXI TRS HEAT EXCHANGER CO.,LTD. and other 2 unconsolidated subsidiaries, and TR Asia Co., LTD.(associated company) because they do not have significant effect on the consolidated statements in terms of their total assets, sales, net income or loss, retained earnings.

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. Calsonic Kansei Mexicana, S.A. de C.V., Calsonic Kansei Thailand Co., Ltd., Calsonic Kansei Guangzhou Corporation, and other 12 subsidiaries are consolidated using their financial statements as of their respective fiscal year end, which falls on December 31 and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31. KS Engineering Co., Ltd. is consolidated using its financial statements as of its respective fiscal year end, which falls on February 28 and necessary adjustments are made to its financial statements to reflect any significant transactions from March 1 to March 31. All significant intercompany balances and transactions are eliminated in consolidation.

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.

Difference between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries and in companies which are accounted for by the equity method (goodwill) have been amortized by the straight-line method over periods not exceeding 20 years. However, immaterial amounts of goodwill and negative goodwill are charged or credited to income in the year of acquisition.

1. Summary of Significant Accounting Policies (continued)

(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 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 and Hedge Accounting

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 under which unrealized gain or loss is deferred as a component of net assets.

Hedging instruments are forward foreign exchange contracts. Hedged items are forecast sales denominated in foreign currencies.

Foreign exchange risks are hedged within a certain range in accordance with the internal policies and procedures for risk management and authority regarding derivative transactions which describes procedures, terms and conditions, transaction partners and risk reporting system of derivative transactions.

Hedge effectiveness is not assessed if the substantial terms and conditions of the hedging instruments and the hedged transactions are the same.

1. Summary of Significant Accounting Policies (continued)

(f) Inventories

Inventories are stated principally at cost determined 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 (c).

(g) 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, equipment and vehicles.

Intangible assets (except for leased assets) are amortized by the straight-line method. 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.

(h) 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 (1).

(i) 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.

(j) 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.

1. Summary of Significant Accounting Policies (continued)

(k) 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. See Note 2 (b) and (e).

(l) Accrued Loss on Plant Restructuring

Accrued loss on plant restructuring is provided to cover the estimated loss on plant restructuring, which mainly consists of relocation fees and redundancy costs at the Company and certain consolidated subsidiaries.

(m) Allowance for Loss on Disaster

Allowance for loss on disaster is provided to cover mainly estimated costs for restoration of the fixed assets damaged as a result of the Great East Japan Earthquake.

(n) 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.

(o) Consumption Taxes

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

(p) Research and Development Costs

Research and development costs are charged to income when incurred.

2. Accounting Changes

- (a) 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.
- (b) 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 income (loss), and to increase income (loss) before income taxes and minority interests by ¥132 million for the year ended March 31, 2009.
- (c) 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.
- (d) 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 income (loss), and income (loss) before income taxes and minority interests by ¥444 million for the year ended March 31, 2009; and to decrease total shareholders’ equity by ¥302 million, total accumulated other comprehensive income by ¥17 million, minority interests by ¥45 million, and total net assets by ¥364 million as of April 1, 2008.
- (e) Effective April 1, 2009, the Company and its domestic consolidated subsidiaries adopted “Partial Amendments to Accounting Standard for Retirement Benefits Part 3” (ASBJ Statement No. 19 issued on July 31, 2008). There was no impact on the retirement benefit as of March 31, 2011 as a result of this change.

2. Accounting Changes (continued)

- (f) Effective from April 1, 2010, the Company and its consolidated subsidiaries applied the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 issued on March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ Practical Issue Task Force (PITF) No. 24 issued on March 10, 2008). There was no impact on the consolidated financial statements for the year ended March 31, 2011.
- (g) Effective from April 1, 2010, the Company and its domestic consolidated subsidiaries applied the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 issued on March 31, 2008) and the “Implementation Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21 issued on March 31, 2008). The effect of this change was to decrease income before income taxes and minority interests by ¥565 million (\$6,810 thousand) for the year ended March 31, 2011. The effect of this change on operating income and ordinary net income for the year ended March 31, 2011 was immaterial.

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 ¥83 = US\$1.00, the exchange rate prevailing on March 31, 2011. 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. Inventories

At March 31, 2011 and 2010, inventories consisted of the following:

As of	2010	2009	2010
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2011
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Finished products	¥ 9,126	¥ 7,515	\$109,962
Work in process	3,901	4,868	47,008
Raw materials and supplies	22,897	17,340	275,868
	<u>¥35,925</u>	<u>¥29,723</u>	<u>\$432,839</u>

4. Inventories (continued)

The ending inventory balance represents after write-down of book value when their carrying amounts become unrecoverable. And for the year ended March 31, 2011 and 2010 respectively, the write-down (after offsetting the reversal of the prior year's write-down) which have been recognized are summarized as follows:

For the years ended	2010	2009	2010
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2011
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Cost of sales	¥(81)	¥(784)	\$(976)
Loss on disaster	¥ 13	¥ –	\$ 156

5. Investments and Other Assets

As of March 31, 2011 and 2010, goodwill included in “Investments and other Assets, Other” amounted to ¥180 million (\$2,168 thousand) and ¥235 million, respectively.

Investments in unconsolidated subsidiaries and affiliates included in “Investments in securities” as of March 31, 2011 and 2010 amounted to ¥7,913 million (\$95,338 thousand) and ¥7,682 million, respectively.

6. Short-Term Borrowings and Long-Term Debt

At March 31, 2011 and 2010, short-term borrowings, current portion of long-term debt and long-term debt consisted of the following:

As of	2010	2009	2010	2010
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2011	Mar. 31, 2011
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>	<i>Average interest rate (%)</i>
Short-term borrowings	¥45,721	¥54,749	\$550,860	0.29
Current portion of long-term debt	¥ 28	¥ 255	\$ 346	5.31
Long-term debt (excluding current portion)	¥ 78	¥ 114	\$ 948	3.24

Notes: The average interest rate represents the weighted-average rate applicable to the year-end balance.

6. Short-Term Borrowings and Long-Term Debt (continued)

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

Year ending March 31,	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
2012	¥28	\$349
2013	31	373
2014	44	530
2015	—	—
2016	—	—

The assets pledged as collateral

The assets pledged as collateral at March 31, 2011 and 2010 were as follows:

As of	2010 Mar. 31, 2011	2009 Mar. 31, 2010	2010 Mar. 31, 2011
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Trade receivables	¥ —	¥ 110	\$ —
Property, plant and equipment	¥1,440	¥2,531	\$17,349

Related debts secured with the above assets at March 31, 2011 and 2010 were as follows:

As of	2010 Mar. 31, 2011	2009 Mar. 31, 2010	2010 Mar. 31, 2011
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Short-term borrowings	¥723	¥907	\$8,710
Long-term debt	¥107	¥365	\$1,289

7. Retirement Benefit Plan

The Company and certain subsidiaries have both defined benefit plans and defined contribution plans, and certain subsidiaries have only defined benefit plans.

The Company and domestic subsidiaries have employee pension fund plans, tax-qualified pension plans and lump-sum payment plans as defined benefit plans.

As of April 1, 2010, certain domestic subsidiaries transferred a portion of the benefit obligations under the tax-qualified pension plans to defined contribution plans.

The accrued retirement benefits as of March 31, 2011 and 2010 were analyzed as follows:

As of	2010	2009	2010
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2011
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Retirement benefit obligations	¥(69,616)	¥(69,530)	\$(838,750)
Plan assets at fair value	54,209	52,670	653,123
Unfunded retirement benefit obligations	(15,407)	(16,860)	(185,626)
Unrecognized actuarial differences	7,447	7,117	89,732
Unrecognized prior service cost	(1,370)	(1,733)	(16,510)
Accrued retirement benefits	¥ (9,329)	¥(11,476)	\$(112,399)

The components of retirement benefit expenses for the years ended March 31, 2011, 2010, and 2009 are outlined as follows:

For the years ended	2010	2009	2008	2010
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2009	Mar. 31, 2011
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>
Service cost	¥ 2,018	¥ 2,080	¥ 2,278	\$ 24,322
Interest cost	2,327	2,392	2,704	28,036
Expected return on plan assets	(2,353)	(1,992)	(2,570)	(28,352)
Amortization of unrecognized actuarial differences	598	1,422	1,134	7,215
Amortization of prior service cost	(362)	(347)	(342)	(4,370)
Others, mainly the special benefits paid upon business restructuring	1,427	1,195	769	17,202
Retirement benefit expenses	3,656	4,750	3,973	44,054
Gain on transfer to defined contribution plans	—	(22)	—	—
Total	¥ 3,656	¥ 4,728	¥ 3,973	\$ 44,054

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

As of	2010	2009
	Mar. 31, 2011	Mar. 31, 2010
Discount rate	2.10%	2.10%
Expected rate of return on plan assets	3.00%	3.00%

8. Net Assets

1. Information of shares issued and outstanding / Treasury stock

For the year ended March 31, 2011

Types of share	Number of shares as of March 31, 2010	<i>(Thousands of shares)</i>		Number of shares as of March 31, 2011
		Increase	Decrease	
Shares issued:				
Common stock	273,241	–	–	273,241
Treasury stock:				
Common stock (Notes 1 and 2)	5,218	57	5	5,270

Note 1. Treasury stock increased due to the purchase of fractional shares.

Note 2. Treasury stock decreased due to the purchase claims of fractional shares.

For the year ended March 31, 2010

Types of share	Number of shares as of March 31, 2009	<i>(Thousands of shares)</i>		Number of shares as of March 31, 2010
		Increase	Decrease	
Shares issued:				
Common stock	273,241	–	–	273,241
Treasury stock:				
Common stock (Notes 1 and 2)	5,205	14	2	5,218

Note 1. Treasury stock increased due to the purchase of fractional shares.

Note 2. Treasury stock decreased due to the purchase claims of fractional shares.

For the year ended March 31, 2009

Types of share	Number of shares as of March 31, 2008	<i>(Thousands of shares)</i>		Number of shares as of March 31, 2009
		Increase	Decrease	
Shares issued:				
Common stock	273,241	–	–	273,241
Treasury stock:				
Common stock (Notes 1 and 2)	5,202	48	44	5,205

Note 1. Treasury stock increased due to the purchase of fractional shares.

Note 2. Treasury stock decreased due to the purchase claims of fractional shares.

8. Net Assets (continued)

2. Share subscription rights

For the year ended March 31, 2011

There were no applicable items during the year ended March 31, 2011.

For the year ended March 31, 2010

Company	Description	Type of shares to be issued	Number of shares to be issued (in thousands)			Balance as of March 31, 2010 <i>(Millions of yen)</i>	Balance as of March 31, 2010 <i>(Thousands of U.S dollars)</i>	
			As of March 31, 2009	Increase	Decrease			As of March 31, 2010
Parent company	Euro-yen unsecured convertible bond with stock options	Common stock	494	–	494	–	¥–	\$–
Total			494	–	494	–	¥–	\$–

For the year ended March 31, 2009

Company	Description	Type of shares to be issued	Number of shares to be issued (in thousands)			Balance as of March 31, 2009 <i>(Millions of yen)</i>	
			As of March 31, 2008	Increase	Decrease		As of March 31, 2009
Parent company	Euro-yen unsecured convertible bond with stock options	Common stock	494	–	–	494	¥–
Total			494	–	–	494	¥–

8. Net Assets (continued)

3. Dividends

The Corporation Law of Japan 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.

(1) Dividends paid

For the year ended March 31, 2011

No dividends were paid during the year ended March 31, 2011.

For the year ended March 31, 2010

No dividends were paid during the year ended March 31, 2010.

For the year ended March 31, 2009

Resolution	Type of shares	Source of dividends	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual general meeting of the shareholders on June 26, 2008	Common stock	Retained earnings	¥1,005	¥3.75	March 31, 2008	June 27, 2008
Annual general meeting of the shareholders on November 7, 2008	Common stock	Retained earnings	¥1,005	¥3.75	September 30, 2008	December 1, 2008

(2) Dividends with the record date in the year ended March 31, 2011, and the effective date in the year ending March 31, 2012

Resolution	Type of shares	Source of dividends	Total dividends (Millions of yen) (Thousands of U.S. dollars)	Dividends per share (Yen) (U.S. dollars)	Record date	Effective date
Annual general meeting of the shareholders on June 24, 2011	Common stock	Retained earnings	¥1,004 (\$12,107)	¥3.75 (\$0.04)	March 31, 2011	June 27, 2011

8. Net Assets (continued)

4. Stock options

For the year ended March 31, 2011

Description of stock options

	2003 Stock Options	2004 Stock Options	2005 Stock Options
Category and number of people to whom stock options are granted	9 directors, 103 officers, employees of the Company and 14 directors of subsidiaries	9 directors, 148 officers, employees of the Company, and 15 directors and 1 employee of subsidiaries	9 directors, 164 officers, employees of the Company, and 15 directors and 1 employee of subsidiaries
Type and number of shares	Common stock 1,304,000 shares	Common stock 1,954,000 shares	Common stock 1,985,000 shares
Grant date	August 6, 2003	October 6, 2004	December 5, 2005
Vesting conditions	Those who hold share subscription rights must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period.	Those who hold share subscription rights must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period.	Those who hold share subscription rights must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period.
Vesting period	From August 6, 2003 to June 30, 2005	From October 6, 2004 to June 30, 2006	From December 5, 2005 to June 30, 2007
Exercise period	From July 1, 2005 to June 30, 2010	From July 1, 2006 to June 30, 2011	From July 1, 2007 to June 30, 2012

Movement of stock options

	2003 Stock Options	2004 Stock Options	2005 Stock Options
Share subscription rights which are not yet vested (shares):			
As of March 31, 2010	–	–	–
Granted	–	–	–
Forfeited	–	–	–
Vested	–	–	–
Balance of options not vested	–	–	–
Share subscription rights which have already been vested (shares):			
As of March 31, 2010	1,066,000	1,667,000	1,716,000
Vested	–	–	–
Exercised	–	–	–
Forfeited	1,066,000	6,000	19,000
Balance of options not exercised	–	1,661,000	1,697,000
Exercise price (Yen)	737	844	759
Average price per share upon exercise (Yen)	–	–	–
Fair value per share at grant date (Yen)	–	–	–
Exercise price (US dollar)	8.87	10.16	9.14
Average price per share upon exercise (US dollar)	–	–	–
Fair value per share at grant date (US dollar)	–	–	–

8. Net Assets (continued)

For the year ended March 31, 2010

Description of stock options

	2003 Stock Options	2004 Stock Options	2005 Stock Options
Category and number of people to whom stock options are granted	9 directors, 103 officers, employees of the Company and 14 directors of subsidiaries	9 directors, 148 officers, employees of the Company, and 15 directors and 1 employee of subsidiaries	9 directors, 164 officers, employees of the Company, and 15 directors and 1 employee of subsidiaries
Type and number of shares	Common stock 1,304,000 shares	Common stock 1,954,000 shares	Common stock 1,985,000 shares
Grant date	August 6, 2003	October 6, 2004	December 5, 2005
Vesting conditions	Those who hold share subscription rights must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period.	Those who hold share subscription rights must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period.	Those who hold share subscription rights must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period.
Vesting period	From August 6, 2003 to June 30, 2005	From October 6, 2004 to June 30, 2006	From December 5, 2005 to June 30, 2007
Exercise period	From July 1, 2005 to June 30, 2010	From July 1, 2006 to June 30, 2011	From July 1, 2007 to June 30, 2012

Movement of stock options

	2003 Stock Options	2004 Stock Options	2005 Stock Options
Share subscription rights which are not yet vested (shares):			
As of March 31, 2009	–	–	–
Granted	–	–	–
Forfeited	–	–	–
Vested	–	–	–
Balance of options not vested	–	–	–
Share subscription rights which have already been vested (shares):			
As of March 31, 2009	1,101,000	1,722,000	1,785,000
Vested	–	–	–
Exercised	–	–	–
Forfeited	35,000	55,000	69,000
Balance of options not exercised	1,066,000	1,667,000	1,716,000
Exercise price (Yen)	737	844	759
Average price per share upon exercise (Yen)	–	–	–
Fair value per share at grant date (Yen)	–	–	–

8. Net Assets (continued)

For the year ended March 31, 2009

Description of stock options

	2003 Stock Options	2004 Stock Options	2005 Stock Options
Category and number of people to whom stock options are granted	9 directors, 103 officers, employees of the Company and 14 directors of subsidiaries	9 directors, 148 officers, employees of the Company, and 15 directors and 1 employee of subsidiaries	9 directors, 164 officers, employees of the Company, and 15 directors and 1 employee of subsidiaries
Type and number of shares	Common stock 1,304,000 shares	Common stock 1,954,000 shares	Common stock 1,985,000 shares
Grant date	August 6, 2003	October 6, 2004	December 5, 2005
Vesting conditions	Those who hold share subscription rights must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period.	Those who hold share subscription rights must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period.	Those who hold share subscription rights must remain employees or directors of the company, its subsidiaries, or affiliates until the beginning of the exercise period.
Vesting period	From August 6, 2003 to June 30, 2005	From October 6, 2004 to June 30, 2006	From December 5, 2005 to June 30, 2007
Exercise period	From July 1, 2005 to June 30, 2010	From July 1, 2006 to June 30, 2011	From July 1, 2007 to June 30, 2012

Movement of stock options

	2003 Stock Options	2004 Stock Options	2005 Stock Options
Share subscription rights which are not yet vested (shares):			
As of March 31, 2008	–	–	–
Granted	–	–	–
Forfeited	–	–	–
Vested	–	–	–
Balance of options not vested	–	–	–
Share subscription rights which have already been vested (shares):			
As of March 31, 2008	1,101,000	1,722,000	1,794,000
Vested	–	–	–
Exercised	–	–	–
Forfeited	–	–	9,000
Balance of options not exercised	1,101,000	1,722,000	1,785,000
Exercise price (Yen)	737	844	759
Average price per share upon exercise (Yen)	–	–	–
Fair value per share at grant date (Yen)	–	–	–

9. Selling, General and Administrative Expenses

For the years ended	2010	2009	2008	2010
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2009	Mar. 31, 2011
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>
Haulage expenses	¥ 2,249	¥ 1,923	¥ 2,324	\$ 27,096
Provision for product warranties	2,059	2,193	4,085	24,807
Provision of allowance for doubtful accounts	83	271	341	1,000
Salaries, allowances and bonuses	13,250	12,630	14,151	159,638
Provision for retirement benefits	476	882	892	5,734
Provision for directors' retirement benefits	—	—	114	—
Commission fee	6,304	5,794	6,520	75,951
Other	15,449	13,005	13,521	186,132
Total	¥39,874	¥36,698	¥41,948	\$480,409

Research and development expenses included in selling, general and administrative expenses and manufacturing costs amounted to ¥21,016 million (\$253,204 thousand), ¥21,197 million and ¥27,579 million for the years ended March 31, 2011, 2010 and 2009, respectively.

10. Non-Operating Income (Expenses)

The details of “Gain (loss) on sale or disposal of property, plant and equipment and other assets, net” were as follows:

1. Gain on sales of fixed assets for the years ended March 31, 2011, 2010 and 2009 were as follows:

Gain on sale of fixed assets for the year ended March 31, 2011 primarily resulted from the sales of land in the amount of ¥81 million (\$975 thousand), machinery and equipment in the amount of ¥69 million (\$831 thousand) and tools, furniture and fixtures in the amount of ¥23 million (\$277 thousand), respectively

Gain on sale of fixed assets for the year ended March 31, 2010 primarily resulted from the sales of land in the amount of ¥88 million and buildings in the amount of ¥554 million, respectively.

Gain on sale of fixed assets for the year ended March 31, 2009 primarily resulted from the sales of land in the amount of ¥196 million.

2. Loss on sales of fixed assets for the years ended March 31, 2011, 2010 and 2009 were as follows:

Loss on sales of fixed assets for the year ended March 31, 2011 primarily resulted from the sales of machinery and equipment in the amount of ¥125 million (\$1,506 thousand) and buildings in the amount of ¥69 million (\$831 thousand), respectively.

Loss on sales of fixed assets for the year ended March 31, 2010 primarily resulted from the sales of buildings in the amount of ¥17 million, machinery and equipment in the amount of ¥7 million and vehicles in the amount of ¥3 million, respectively.

Loss on sales of fixed assets for the year ended March 31, 2009 primarily resulted from the sales of buildings in the amount of ¥12 million.

10. Non-Operating Income (Expenses) (continued)

3. Loss on disposal of fixed assets for the years ended March 31, 2011, 2010 and 2009 were as follows:

Loss on disposal of fixed assets for the year ended March 31, 2011 primarily resulted from the disposal of machinery and equipment in the amount of ¥245 million (\$2,951 thousand) and tools, furniture and fixtures in the amount of ¥106 million (\$1,277 thousand) respectively.

Loss on disposal of fixed assets for the year ended March 31, 2010 primarily resulted from the disposal of machinery and equipment in the amount of ¥285 million and buildings in the amount of ¥34 million, respectively.

Loss on disposal of fixed assets for the year ended March 31, 2009 primarily resulted from the disposal of machinery and equipment in the amount of ¥207 million and tools, furniture and fixtures in the amount of ¥127 million, respectively.

“Product warranty costs” is expected warranty cost for potential warranty claims related to automotive parts by product defects.

“Loss on business restructuring of subsidiaries and affiliates” is associated with plant restructuring cost of Calsonic Kansei North America.

“Business structure reform expenses” is associated with additional severance payment for early retired employees and others amounted to ¥813 million (\$9,801 thousand).

11. Loss on Impairment of Property, Plant and Equipment

Property, plant and equipment are grouped based on the geographic segment categories designated for management control purposes. As far as idle assets for which no immediate use is expected and assets which are expected to be disposed of are concerned, whether the assets should be impaired is determined on an individual asset basis. The carrying values of these assets have been reduced to their respective net recoverable amounts and the resulting aggregate losses on impairment have been recognized in the accompanying consolidated statements of operations for the year ended March 31, 2011 in the amount of ¥746 million (\$8,988 thousand). The recoverable amounts of the assets were calculated based on their net selling price at disposition. Details of the loss on impairment of property, plant and equipment for the years ended March 31, 2011 and 2010 are summarized as follows.

	2010	
	For the year ended March 31, 2011	
	Japan	Asia
Usage	Idle assets and assets expected to be disposed of	Idle assets and assets expected to be disposed of
Type	Buildings and structures, machinery and equipment etc.	Machinery and equipment etc.
Location	Aikawa-cho, Kanagawa prefecture	Korea, Cheonan city China, Wuxi city
	<i>(Millions of yen)</i>	
Loss on impairment	¥715	¥31
	<i>(Thousands of U.S. dollars)</i>	
Loss on impairment	\$8,614	\$373

	2009			
	For the year ended March 31, 2010			
	Japan	North America	Europe	Asia
Usage	Idle assets and assets expected to be disposed of	Idle assets and assets expected to be disposed of	Idle assets and assets expected to be disposed of	Idle assets and assets expected to be disposed of
Type	Land, buildings and structures, machinery and equipment etc.	Buildings and structures, machinery and equipment	Machinery and equipment etc.	Machinery and equipment etc.
Location	Aikawa-cho, Kanagawa prefecture	USA, Tennessee etc.	UK, Camarthen etc.	Korea, Cheonan city
	<i>(Millions of yen)</i>			
Loss on impairment	¥1,115	¥498	¥210	¥17

12. Loss on Disaster

Loss on disaster was recorded due to the Great East Japan Earthquake and includes of the following items:

For the years ended	2010	2009	2010
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2011
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Fixed costs during the suspension of operations	¥1,288	¥–	\$15,525
Loss on restoration of fixed assets and others	524	–	6,313
Total	<u>¥1,812</u>	<u>¥–</u>	<u>\$21,838</u>

Loss on disaster includes an allowance on disaster in the amount of ¥489 million (\$5,897 thousand).

13. 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, 2011, 2010 and 2009. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The reconciliation of the statutory tax rate to the effective income tax rates for the years ended at March 31, 2011, 2010 and 2009 were summarized as follows:

For the years ended	2010	2009	2008
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2009
Statutory tax rate	40.3%	–	–
Valuation allowance	(70.2)	–	–
Lower tax rates applied to foreign subsidiaries	(11.4)	–	–
Foreign withholding taxes	7.3	–	–
Other	14.6	–	–
Effective income tax rates	<u>(19.4)%</u>	<u>–</u>	<u>–</u>

The information for the years ended March 31, 2010 and 2009 is not required to be presented because the Company recorded loss before income taxes and minority interests.

13. Income Taxes (continued)

At March 31, 2011 and 2010, significant components of deferred tax assets and liabilities were as follows:

As of	2010	2009	2010
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2011
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Deferred tax assets:			
Accrued warranty costs	¥ 2,199	¥ 2,532	\$ 26,493
Accrued bonuses	2,418	1,605	29,132
Accrued retirement benefits	3,670	4,715	44,216
Depreciation	2,861	3,891	34,469
Net operating loss carry forwards	27,639	31,511	333,000
Others	14,390	12,763	173,373
Gross deferred tax assets	53,179	57,017	640,710
Valuation allowance	(43,807)	(54,636)	(527,795)
Total deferred tax assets	9,371	2,381	112,903
Deferred tax liabilities:			
Reserve for advanced depreciation	(130)	(138)	(1,566)
Reserve for special depreciation	(6)	(17)	(72)
Net unrealized gains on securities	(94)	(62)	(1,132)
Others	(4,141)	(3,863)	(49,891)
Total deferred tax liabilities	(4,372)	(4,080)	(52,674)
Net deferred tax assets (liabilities)	¥ 4,998	¥ (1,699)	\$ 60,216

14. Other Comprehensive Income

The following table presents components of other comprehensive income for the year ended March 31, 2010

	2009
	For the year ended Mar. 31, 2010
	<i>(Millions of yen)</i>
Net unrealized gain on securities	¥ 132
Unfunded retirement benefit obligation of foreign subsidiaries	393
Foreign currency translation adjustments	536
Share of other comprehensive income of companies accounted for by the equity-method	148
Total other comprehensive income	¥ 1,212
Total comprehensive income attributable to:	
Shareholders of the Company	¥(12,593)
Minority interests	¥ 412

15. Leases

1. Finance lease transactions (Lessees' accounting)

(1) Leased assets

Leased assets are primarily buildings and production equipment.

(2) Depreciation method for leased assets

See "**1-(g) Depreciation and Amortization**".

2. Operating lease transactions

Future minimum lease payments subsequent to March 31, 2011 on noncancelable operating leases are summarized as follows:

<u>Year ending March 31,</u>	2010	2010
	<u>Mar. 31, 2011</u> <i>(Millions of yen)</i>	<u>Mar. 31, 2011</u> <i>(Thousands of U.S. dollars)</i>
2011	¥450	\$ 5,421
2012 and thereafter	459	5,530
Total	<u>¥910</u>	<u>\$10,963</u>

Future minimum lease payments subsequent to March 31, 2010 on noncancelable operating leases are summarized as follows:

<u>Year ending March 31,</u>	2009
	<u>Mar. 31, 2010</u> <i>(Millions of yen)</i>
2010	¥358
2011 and thereafter	394
Total	<u>¥752</u>

15. Leases (continued)

3. At March 31, 2011 and 2010, current portion of lease obligations and lease obligations (excluding current portion) consisted of the following:

As of	2010	2009	2010	2010
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2011	Mar. 31, 2011
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>	<i>Average interest rate (%)</i>
Current portion of lease obligations	¥204	¥176	\$ 2,464	2.87
Lease obligations (excluding current portion)	909	849	10,959	2.90

Note: The average interest rate represents the weighted-average rate applicable to the year-end balance.

The aggregate annual maturities of lease obligations are summarized as follows:

<u>Year ending March 31,</u>	<u><i>(Millions of yen)</i></u>	<u><i>(Thousands of U.S. dollars)</i></u>
2012	¥204	\$2,464
2013	199	2,408
2014	197	2,374
2015	175	2,113
2016	92	1,120

16. Commitments and Contingencies

At March 31, 2011, the Company and its consolidated subsidiaries had the following contingent liabilities:

	<u><i>(Millions of yen)</i></u>	<u><i>(Thousands of U.S. dollars)</i></u>
As guarantor of employees' vehicle purchase loans to Nissan Financial Services Co., Ltd.	¥426	\$5,132

17. Amounts per Share

	2010	2009	2008	2010
For the years ended	<u>Mar. 31, 2011</u>	<u>Mar. 31, 2010</u>	<u>Mar. 31, 2009</u>	<u>Mar. 31, 2011</u>
		<i>(yen)</i>		<i>(U.S. dollars)</i>
Net income (loss):				
Basic	¥58.20	¥(49.55)	¥(206.33)	\$0.70
Diluted	–	–	–	–

	2010	2009	2010
As of	<u>Mar. 31, 2011</u>	<u>Mar. 31, 2010</u>	<u>Mar. 31, 2011</u>
		<i>(yen)</i>	<i>(U.S. dollars)</i>
Net assets	¥380.13	¥339.56	\$4.57

Basic net income (loss) per share is computed based on the net income available for distribution to shareholders of common stock and weighted average number of shares of common stock outstanding during the year. Diluted net income for the year ended March 31, 2011 is not required to be presented because the Company has no potential dilutive stocks. Diluted net income for the years ended March 31, 2010 and 2009 is not presented because the Company recorded consolidated net loss.

Net assets per share are computed based on the net assets excluding share subscription rights and minority interests and the number of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with any interim cash dividends paid.

The bases for calculation are as follows:

1. Basic net income (loss) per share

	2010	2009	2008
For the years ended	<u>Mar. 31, 2011</u>	<u>Mar. 31, 2010</u>	<u>Mar. 31, 2009</u>
	<i>(Thousands of shares)</i>		
Weighted average number of shares for basic net income (loss)	268,006	268,031	268,034

	2010	2009	2008	2010
For the years ended	<u>Mar. 31, 2011</u>	<u>Mar. 31, 2010</u>	<u>Mar. 31, 2009</u>	<u>Mar. 31, 2011</u>
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>
Net income (loss) per share –				
basic: Net income (loss)	¥15,598	¥(13,281)	¥(55,302)	\$187,936
Amount not available to common shareholders	–	–	–	–
Net income (loss) per share – basic	<u>¥15,598</u>	<u>¥(13,281)</u>	<u>¥(55,302)</u>	<u>\$187,936</u>

17. Amounts per Share (continued)

1. Basic net income (loss) per share (continued)

The following securities were excluded from the computation of diluted net income per share because they do not have dilutive effects:

For the year ended March 31, 2011

2004 Stock Options (the number of share subscription rights: 1,661 units)

2005 Stock Options (the number of share subscription rights: 1,697 units)

Entire net income (loss) for the years ended March 31, 2011, 2010 and 2009 was attributed to common shareholders.

2. Net assets per share

	2010	2009
As of	<u>Mar. 31, 2011</u>	<u>Mar. 31, 2010</u>
	<i>(Thousands of shares)</i>	
The number of shares of common stock used for the calculation of net assets per share	267,971	268,023

	2010	2009	2010
As of	<u>Mar. 31, 2011</u>	<u>Mar. 31, 2010</u>	<u>Mar. 31, 2011</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Total net assets	¥111,528	¥99,815	\$1,343,710
Amounts deducted from total net assets:			
Minority interests	<u>(9,663)</u>	<u>(8,806)</u>	<u>(116,421)</u>
Net assets attributable to shares of common stock	<u>¥101,865</u>	<u>¥91,008</u>	<u>\$1,227,289</u>

18. Financial Instruments

1. Overview

(1) Policy for financial instruments

The Group's fund management is primarily limited to short-term deposits, and its policy is to raise funds through the group finance system of Nissan Motor Co., Ltd. group and bank borrowings.

The Group utilizes derivatives for the purpose of hedging its exposure to adverse fluctuation in foreign exchange rates, but does not enter into such transactions for speculative or trading purposes.

(2) Types of financial instruments, related risks and risk management

Trade receivables are exposed to credit risk in relation to customers.

The Group manages this risk by monitoring due dates, outstanding balances of receivables and credit worthiness of customers.

Investment securities are composed of mainly the shares of common stock of companies with which the Group has business relationships and they are exposed to the risk of fluctuations in their market prices. The Group reviews the fair value of listed stocks periodically.

The due dates of most trade payables are within one year.

Short-term borrowings are raised mainly in connection with business activities and capital investments and long-term debt is taken out principally for the purpose of capital investments by consolidated subsidiaries.

Short-term borrowings are exposed to interest rate fluctuation risk, but the risk is limited because they are settled within a short time.

The Group utilizes derivatives in accordance with the internal policies for risk management, for the purpose of hedging exposure to adverse fluctuation in foreign exchange rates, but does not enter into such transactions for speculative or trading purposes. The credit risk of the derivatives is regarded as insignificant because the Group enters into derivative transactions only with financial institutions with a sound credit profile.

Trade receivables and borrowings are exposed to liquidity risk, but each Group company makes monthly cash flow plans to manage the risk.

(3) Supplementary explanation on the fair value of financial instruments

The notional amounts of the derivative transactions which are described in "2. Fair Value of Financial Instruments" below does not indicate market risk regarding derivative transactions.

18. Financial Instruments (continued)

2. Fair Value of Financial Instruments

The following table indicates the amount recorded in the consolidated balance sheet, the fair value and the difference as of March 31, 2011 and 2010. Financial instruments for which it is deemed extremely difficult to measure the fair value are not included in the table below. (Refer to (Note 2) below)

As of	2010		
	Mar. 31, 2011		
	Carrying value	Fair value	Difference
	<i>(Millions of yen)</i>		
(1) Cash on hand and in banks	¥ 14,789	¥ 14,789	¥ –
(2) Trade receivables	111,465	111,465	–
(3) Investments in securities and investments in affiliated companies	1,477	2,897	1,420
(4) Trade payables	(108,492)	(108,492)	–
(5) Short-term borrowings and current portion of long-term debt	(45,750)	(45,750)	–
(6) Long-term debt	(78)	(70)	(8)
(7) Derivative transactions *1	27	27	–

As of	2010		
	Mar. 31, 2011		
	Carrying value	Fair value	Difference
	<i>(Thousands of U.S. dollars)</i>		
(1) Cash on hand and in banks	\$ 178,180	\$ 178,180	\$ –
(2) Trade receivables	1,342,951	1,342,951	–
(3) Investments in securities and investments in affiliated companies	17,795	34,903	17,108
(4) Trade payables	(1,307,132)	(1,307,132)	–
(5) Short-term borrowings and current portion of long-term debt	(551,204)	(551,204)	–
(6) Long-term debt	(939)	(843)	(96)
(7) Derivative transactions *1	325	325	–

*1. The value of assets and liabilities arising from derivative transactions is presented on a net basis, with liabilities shown in parentheses.

18. Financial Instruments (continued)

2. Fair Value of Financial Instruments (continued)

	As of	2009		
		Mar. 31, 2010		
		Carrying value	Fair value	Difference
		<i>(Millions of yen)</i>		
(1) Cash on hand and in banks		¥ 14,069	¥ 14,069	¥ –
(2) Trade receivables		110,416	110,416	–
(3) Investments in securities and investments in affiliated companies		1,364	1,645	281
(4) Trade payables		(105,324)	(105,324)	–
(5) Short-term borrowings and current portion of long-term debt		(55,004)	(55,004)	–
(6) Long-term debt		(114)	(101)	(13)
(7) Derivative transactions *1		(314)	(314)	–

*1. The value of assets and liabilities arising from derivative transactions is presented on a net basis, with liabilities shown in parentheses.

(Note 1) Calculation method of the estimated fair value of financial instruments and other matters related to securities and derivative transactions.

(1) Cash on hand and in banks and (2) Trade receivables

The fair value is calculated based on the book value because these assets are settled within a short time and the fair value approximates book value.

(3) Investments in securities and investments in affiliated companies

The fair value of stocks is based on the trading prices on stock exchanges. For information on securities classified by holding purpose, refer to “Note 19. Securities”.

(4) Trade payables and (5) Short-term borrowings and current portion of long-term debt

The fair value is calculated based on the book value because these liabilities are settled within a short time and the fair value approximates book value.

(6) Long-term debt

The fair value is calculated based on the present value estimated by discounting the total principal and interest, using discount rates which would be applicable for similar new borrowings.

(7) Derivative transactions

Refer to “Note 21. Derivatives”.

18. Financial Instruments (continued)

2. Fair Value of Financial Instruments (continued)

(Note 2) Financial instruments for which it is deemed extremely difficult to measure the fair value.

As of	2010	2009	2010
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2011
	Carrying value	Carrying value	Carrying value
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Unlisted stocks	¥7,035	¥6,906	\$84,759

The above unlisted stocks are not included in (3) Investments in securities and investments in affiliated companies, as it is deemed extremely difficult to measure the fair value because they are nonmarketable and future cash flows cannot be measured.

(Note 3) Redemption schedule for monetary receivables after March 31, 2011 and 2010.

As of March 31, 2011	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
	<i>(Millions of yen)</i>			
Cash in banks	¥ 14,783	¥ –	¥ –	¥ –
Trade receivables	111,465	–	–	–
Total	¥126,248	¥ –	¥ –	¥ –

As of March 31, 2011	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
	<i>(Thousands of U.S. dollars)</i>			
Cash in banks	\$ 178,108	\$ –	\$ –	\$ –
Trade receivables	1,342,957	–	–	–
Total	\$1,521,065	\$ –	\$ –	\$ –

As of March 31, 2010	Due within one year	Due after one year but within five years	Due after five years but within ten years	Due after ten years
	<i>(Millions of yen)</i>			
Cash in banks	¥ 14,032	¥ –	¥ –	¥ –
Trade receivables	110,416	–	–	–
Total	¥124,448	¥ –	¥ –	¥ –

(Note 4) The redemption schedule for long-term debt is disclosed in “Note 6. Short-Term Borrowings and Long-Term Debt”.

19. Securities

As of March 31, 2011

1. Information regarding securities classified as other securities

As of March 31, 2011	2010		
	Mar. 31, 2011		
	Carrying value	Acquisition costs	Unrealized gain (loss)
	<i>(Millions of yen)</i>		
Securities whose carrying value exceeds their acquisition cost:			
Stocks	¥474	¥236	¥237
Debt securities	—	—	—
Other	—	—	—
Subtotal	474	236	237
Securities whose carrying value does not exceed their acquisition cost:			
Stocks	125	133	(8)
Debt securities	—	—	—
Other	—	—	—
Subtotal	125	133	(8)
Total	¥599	¥370	¥229

As of March 31, 2011	2010		
	Mar. 31, 2011		
	Carrying value	Acquisition costs	Unrealized gain (loss)
	<i>(Thousands of U.S. dollars)</i>		
Securities whose carrying value exceeds their acquisition cost:			
Stocks	\$5,710	\$2,843	\$2,855
Debt securities	—	—	—
Other	—	—	—
Subtotal	5,710	2,843	2,855
Securities whose carrying value does not exceed their acquisition cost:			
Stocks	1,506	1,602	(96)
Debt securities	—	—	—
Other	—	—	—
Subtotal	1,506	1,602	(96)
Total	\$7,216	\$4,445	\$2,759

Note: Unlisted stocks are not included in the above table because there were no quoted market price available and they are extremely difficult to determine the fair value.

19. Securities (continued)

2. Sales of securities classified as other securities and the aggregate gain and loss for the years ended March 31, 2011

Type of securities	2010 March 31, 2011		
	Sales proceeds	Total gain	Total loss
	<i>(Millions of yen)</i>		
Stocks	¥24	¥13	¥20
Debt securities	—	—	—
Other	—	—	—
Total	¥24	¥13	¥20

Type of securities	2010 March 31, 2011		
	Sales proceeds	Total gain	Total loss
	<i>(Thousands of U.S. dollars)</i>		
Stocks	\$289	\$156	\$240
Debt securities	—	—	—
Other	—	—	—
Total	\$289	\$156	\$240

As of March 31, 2010

1. Information regarding securities classified as other securities

Type of securities	2009 Mar. 31, 2010		
	Carrying value	Acquisition costs	Unrealized gain
	<i>(Millions of yen)</i>		
Securities whose carrying value exceeds their acquisition cost:			
Stocks	¥347	¥183	¥164
Debt securities	—	—	—
Other	—	—	—
Subtotal	347	183	164
Securities whose carrying value does not exceed their acquisition cost:			
Stocks	38	38	—
Debt securities	—	—	—
Other	—	—	—
Subtotal	38	38	—
Total	¥385	¥221	¥164

Note: Unlisted stocks are not included in the above table because there were no quoted market price available and they are extremely difficult to determine the fair value.

19. Securities (continued)

As of March 31, 2010 (continued)

2. Sales of securities classified as other securities and the aggregate gain and loss for the years ended March 31, 2010 and 2009

There were no applicable items during for the years ended March 31, 2010 and 2009.

20. Supplementary Cash Flow Information

Cash and cash equivalents as of the years ended March 31, 2011, 2010 and 2009 are reconciled to the accounts reported in the consolidated balance sheet as follows:

As of	2010	2009	2008	2010
	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2009	Mar. 31, 2011
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>
Cash on hand and in banks	¥14,789	¥14,069	¥10,746	\$178,192
Time deposits with maturities of more than three months	(48)	(5)	(4)	(579)
Cash and cash equivalents	<u>¥14,741</u>	<u>¥14,064</u>	<u>¥10,742</u>	<u>\$177,612</u>

21. 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, 2011 and 2010:

	2010 As of Mar. 31, 2011				2010 As of Mar. 31, 2011			
	Notional amount		Fair value	Unrealized gain (loss)	Notional amount		Fair value	Unrealized gain (loss)
	Maturing within one year	Maturing after one year			Maturing after one year	Maturing within one year		
	<i>(Millions of yen)</i>				<i>(Thousands of U.S. dollars)</i>			
Forward foreign exchange contracts:								
Sell: THB	¥9,140	¥-	¥ 243	¥ 243	\$110,120	\$-	\$ 2,927	\$ 2,927
Currency swap contracts:								
Sell: EUR	4,041	-	(74)	(74)	48,686	-	(891)	(891)
GBP	6,217	-	(142)	(142)	74,903	-	(1,710)	(1,710)
Total	¥19,399	¥-	¥ 27	¥ 27	\$233,709	\$-	\$ 326	\$ 326

	2009 As of Mar. 31, 2010			
	Notional Amount		Fair value	Unrealized gain (loss)
	Maturing within one year	Maturing after one year		
	<i>(Millions of yen)</i>			
Forward foreign exchange contracts:				
Sell: THB	¥10,511	¥-	¥(267)	¥(267)
Currency swap contracts:				
Sell: EUR	7,990	-	(5)	(5)
GBP	3,608	-	(42)	(42)
Total	¥22,109	¥-	¥(314)	¥(314)

22. Asset Retirement Obligations

1. Summary information

Asset retirement obligations were recorded on an accrual basis for the cost of removal of contaminated soil. These were estimated based on soil analysis in relation to the closing of the Atsugi plant and cover the restoration cost for land clean-up under the statutory requirements of the Soil Contamination Countermeasures Act No. 7 (1).

2. Methods for calculating the amounts of asset retirement obligations

Restoration costs are to be incurred over two years from the beginning of the year ended March 31, 2011. The discount rate used for calculating the discounted value of the asset retirement obligations for the year was 0.167%.

In the year ended March 31, 2011, since it become clear that removal expense necessary at the time the property is vacated is likely to decrease substantially from the initial estimated amount, the balance of asset retirement obligations was reduced by ¥325 million (\$3,915 thousand).

3. Changes in applicable asset retirement obligations

The following table indicates the changes in applicable asset retirement obligations for the year ended March 31, 2011

For the year ended	2010	2010
	Mar. 31, 2011	Mar. 31, 2011
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Balance at the beginning of year (*)	¥ 889	\$10,710
Accretion expense	1	12
Fulfillment of asset retirement obligations	(43)	(518)
Net change in removal expense estimate	(325)	(3,917)
Balance at the end of year	¥ 522	\$46,289

(*) Effective from April 1, 2010, the Company applied the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 issued on March 31, 2008) and the “Implementation Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 issued on March 31, 2008).

23. Investment and Rental Properties

Effective the year ended March 31, 2010, a new accounting standard for disclosures regarding fair value of investment and rental properties and related implementation guidance has been adopted.

The Company and some of its subsidiaries have underutilized real estate (land, buildings and structures) in Japan (Kanagawa and Tokyo) and in the United States (Mississippi).

One subsidiary has rental properties for the purpose of obtaining rental income in the United States (Michigan).

Net income from the rental property during the year ended March 31, 2011, amounted to ¥6 million (rental revenue: ¥41 million, rental expense: ¥35 million).

As of March 31, 2011

Carrying Value			Fair Value
As of March 31, 2010	Net change	As of March 31, 2011	As of March 31, 2011
<i>(Millions of yen)</i>			
¥567	¥157	¥725	¥11,334

Carrying Value			Fair Value
As of March 31, 2010	Net change	As of March 31, 2011	As of March 31, 2011
<i>(Thousands of U.S. dollars)</i>			
\$6,831	\$1,891	\$8,734	\$136,554

Notes:

1. Carrying value represents the acquisition cost less accumulated depreciation and cumulative impairment loss.
2. While information on rental properties was omitted in the prior fiscal year because of its insignificant amount, there is a note regarding rental properties in the year ended March 31, 2011 as its numerical importance increased: Increase of idle real estate ¥349 million (\$4,204 thousand) and sale of real estate ¥124 million (\$1,493 thousand).
3. The fair value was calculated mainly based on real-estate market prices.

24. Segment Information

Effective the year ended March 31, 2011, the Company has adopted new accounting standards for disclosures about segments of an enterprise and related information. Segment information for the year ended March 31, 2010 has been restated in accordance with such accounting standards for comparative purposes. The segment information for the year ended March 31, 2009 has not been restated as it was impracticable.

The reportable segments of the Company are the components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocations and to assess their performance.

The Calsonic Kansei Group produces automobile parts domestically and overseas and supplies products worldwide as a global automobile parts supplier.

The management of the Company determines resource allocations and evaluates the performance based on geographical areas and the regional directors are responsible for operating performance.

Therefore, the reportable segments comprise geographical segments based on the production and sales relationships, and are classified as Japan, North America, Europe and Asia.

The accounting policies applied in the segment information are substantially the same as described in the significant accounting policies of Note 1.

For the years ended March 31, 2011 and 2010

	2010					Consolidated
	For the year ended March 31, 2011					
	Japan	North America	Europe	Asia	Eliminations	
	<i>(Millions of yen)</i>					
Sales to third parties	¥382,251	¥159,871	¥75,835	¥130,290	¥ –	¥748,249
Intergroup sales and transfers	35,687	231	230	14,799	(50,949)	–
Total sales	417,939	160,102	76,066	145,090	(50,949)	748,249
Operating income	¥ 8,362	¥ 3,890	¥ 1,180	¥ 6,133	¥ (87)	¥ 19,479
Total assets	¥273,680	¥ 49,380	¥26,259	¥ 74,788	¥(109,345)	¥314,763
Other items						
Depreciation and amortization	¥ 13,882	¥ 2,920	¥ 1,193	¥ 4,185	¥ (36)	¥ 22,146
Amortization of goodwill	¥ 31	¥ –	¥ 22	¥ –	¥ –	¥ 54
Investment amount to equity method companies	¥ 7,079	¥ 27	¥ –	¥ –	¥ –	¥ 7,107
Capital expenditures	¥ 6,756	¥ 2,641	¥ 780	¥ 5,154	¥ (242)	¥ 15,090

24. Segment Information (continued)

	2010					
	For the year ended March 31, 2011					
	Japan	North America	Europe	Asia	Eliminations	Consolidated
	<i>(Thousands of U.S. dollars)</i>					
Sales to third parties	\$4,605,433	\$1,926,156	\$913,674	\$1,569,759	\$ –	\$9,015,048
Intergroup sales and transfers	429,963	2,783	2,771	178,301	(613,843)	–
Total sales	<u>5,035,396</u>	<u>1,928,939</u>	<u>916,445</u>	<u>1,748,060</u>	<u>(613,843)</u>	<u>9,015,048</u>
Operating income	<u>\$ 100,746</u>	<u>\$ 46,867</u>	<u>\$ 14,216</u>	<u>\$ 73,891</u>	<u>\$ (1,048)</u>	<u>\$ 234,686</u>
Total assets	<u>\$3,297,349</u>	<u>\$ 594,939</u>	<u>\$316,373</u>	<u>\$ 901,060</u>	<u>\$(1,317,409)</u>	<u>\$3,792,325</u>
Other items						
Depreciation and amortization	<u>\$ 167,253</u>	<u>\$ 35,180</u>	<u>\$ 14,373</u>	<u>\$ 50,421</u>	<u>\$ (433)</u>	<u>\$ 266,819</u>
Amortization of goodwill	<u>\$ 373</u>	<u>\$ –</u>	<u>\$ 265</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 650</u>
Investment amount to equity method companies	<u>\$ 85,289</u>	<u>\$ 325</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 85,626</u>
Capital expenditures	<u>\$ 81,397</u>	<u>\$ 31,819</u>	<u>\$ 9,397</u>	<u>\$ 62,096</u>	<u>\$ (2,915)</u>	<u>\$ 181,807</u>

Notes:

- Eliminations for intergroup sales and transfers include elimination of inter-segment transactions.
- Eliminations for depreciation and amortization include inter-segment consolidated adjustments, which are not allocable to the reportable segments.
- Eliminations for increases in capital expenditures include inter-segment consolidated adjustments, which are not allocable to the reportable segments.
- Major countries and areas included segments other than Japan are as follows:
 - North America: The United States and Mexico
 - Europe: European countries and South Africa
 - Asia: East Asia, Southeast Asian countries and South Asia

24. Segment Information (continued)

	2009					Consolidated
	For the year ended March 31, 2010					
	Japan	North America	Europe	Asia	Eliminations	
	<i>(Millions of yen)</i>					
Sales to third parties	¥336,409	¥109,262	¥75,059	¥ 98,717	¥ –	¥619,449
Intergroup sales and transfers	26,703	314	44	10,568	(37,631)	–
Total sales	363,113	109,577	75,103	109,285	(37,631)	619,449
Operating income	¥ (8,421)	¥ (3,062)	¥ 813	¥ 4,892	¥ 79	¥ (5,699)
Total assets	¥274,869	¥ 44,221	¥26,374	¥ 69,761	¥(102,540)	¥312,686
Other items						
Depreciation and amortization	¥ 16,420	¥ 3,740	¥ 1,210	¥ 4,439	¥ (34)	¥ 25,776
Amortization of goodwill	¥ 31	¥ –	¥ 22	¥ –	¥ –	¥ 54
Investment amount to equity method companies	¥ 6,840	¥ 36	¥ –	¥ –	¥ –	¥ 6,876
Capital expenditures	¥ 10,174	¥ 1,207	¥ 2,137	¥ 2,328	¥ (340)	¥ 15,507

Geographical information

Net sales to third parties by countries grouped according to geographical classification for the year ended March 31, 2011 is summarized as follows:

	For the year ended	2010	2010
		Mar. 31, 2011	Mar. 31, 2011
		<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Japan (Note 2)		¥364,975	\$4,397,289
North America (Note 3)		162,932	1,963,036
Europe		83,690	1,008,313
Asia (Note 4)		136,651	1,646,397
Consolidated total		¥748,249	\$9,015,048

Notes:

- Net sales information above is based on customer locations.
- Revenue from Nissan Motor Co., Ltd. amounted to ¥253,046 million (\$3,048,746 thousand) for the year ended March 31, 2011.
- Revenue from Nissan North America, Inc. amounted to ¥102,922 million (\$1,240,024 thousand) for the year ended March 31, 2011.
- Revenue from Dongfeng Motor Co., Ltd. amounted to ¥75,289 million (\$907,096 thousand) for the year ended March 31, 2011.

24. Segment Information (continued)

Geographical information (continued)

Property, plant and equipment by geographical countries or areas at March 31, 2011 is summarized as follows:

	2010	
	Mar. 31, 2011 (Millions of yen)	Mar. 31, 2011 (Thousands of U.S. dollars)
Japan	¥ 71,293	\$ 858,951
North America	13,986	168,506
Europe	7,165	86,325
Asia	19,697	237,313
Consolidated total	¥112,143	\$1,351,120

Impairment loss on fixed assets by reportable segments for the year ended March 31, 2011 is summarized as follows:

	2010	
	Mar. 31, 2011 (Millions of yen)	Mar. 31, 2011 (Thousands of U.S. dollars)
Japan	¥715	\$8,614
North America	—	—
Europe	—	—
Asia	31	373
Reportable segment total	746	8,987
Adjustments and eliminations	—	—
Consolidated total	¥746	\$8,987

The following table presents the amortization and balance of goodwill as of and for the year ended March 31, 2011 by reportable segment:

As of and for the year ended March 31, 2011

	Japan	North America	Europe	Asia	Total	Adjustments and eliminations	Consolidated
	<i>(Millions of yen)</i>						
Amortization	¥31	¥—	¥ 22	¥—	¥ 54	¥—	¥ 54
Balance as of March 31	¥15	¥—	¥165	¥—	¥180	¥—	¥180

24. Segment Information (continued)

Geographical information (continued)

	Japan	North America	Europe	Asia	Total	Adjustments and eliminations	Consolidated
	<i>(Thousands of U.S. dollars)</i>						
Amortization	\$373	\$–	\$ 265	\$–	\$ 650	\$–	\$ 650
Balance as of March 31	\$180	\$–	\$1,987	\$–	\$2,168	\$–	\$2,168

Segment information for the years ended March 31, 2010 and 2009 under the previous standard:

The segment information for the year ended March 31, 2009 in accordance with new accounting standards has not been restated as it was impracticable. The Company has disclosed this segment information under the previous accounting standards as supplemental information only.

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, 2010 and 2009 is not presented.

The geographical segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2010 and 2009 is summarized as follows:

	2009					
	For the year ended March 31, 2010					
	Japan	North America	Europe	Asia	Eliminations	Consolidated
	<i>(Millions of yen)</i>					
Sales to third parties	¥336,409	¥109,263	¥75,059	¥ 98,717	¥ –	¥619,449
Intergroup sales and transfers	26,703	315	45	10,569	(37,632)	–
Total sales	363,113	109,578	75,104	109,286	(37,632)	619,449
Operating expenses	371,535	112,641	74,290	104,393	(37,711)	625,148
Operating income (loss)	¥ (8,422)	¥ (3,063)	¥ 814	¥ 4,893	¥ 79	¥ (5,699)
Total assets	¥274,870	¥ 44,221	¥26,374	¥ 69,761	¥(102,540)	¥312,686

Notes:

1. Eliminations for intergroup sales and transfers include elimination of inter-segment transactions.
2. Eliminations for depreciation and amortization include inter-segment consolidated adjustments, which are not allocable to the reportable segments.
3. Eliminations for increases in capital expenditures include inter-segment consolidated adjustments, which are not allocable to the reportable segments.
4. Major countries and areas included segments other than Japan are as follows:

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

24. Segment Information (continued)

Geographical information (continued)

	2008					Consolidated
	For the year ended March 31, 2009					
	Japan	North America	Europe	Asia	Eliminations	
	<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

Notes:

1. Eliminations for intergroup sales and transfers include elimination of inter-segment transactions.
2. Eliminations for depreciation and amortization include inter-segment consolidated adjustments, which are not allocable to the reportable segments.
3. Eliminations for increases in capital expenditures include inter-segment consolidated adjustments, which are not allocable to the reportable segments.
4. Major countries and areas included segments other than Japan are as follows:
 - North America: The United States and Mexico
 - Europe: European countries and South Africa
 - Asia: East Asia, Southeast Asian countries and South Asia

24. Segment Information (continued)

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, 2010 and 2009 are summarized as follows:

	2009			
	For the year ended March 31, 2010			
	North America	Europe	Asia	Total
	<i>(Millions of yen)</i>			
Overseas sales	¥113,597	¥82,179	¥104,979	¥300,755
Consolidated sales				¥619,449
Overseas sales as a percentage of consolidated sales	18.3%	13.3%	17.0%	48.6%

Notes:

- Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.
- Major countries and areas which belong to segments are as follows:
 - North America: The United States and Mexico
 - Europe: European countries and South Africa
 - Asia: East Asia, Southeast Asian countries, Australia, South Asia and West Asia

	2008			
	For the year ended March 31, 2009			
	North America	Europe	Asia	Total
	<i>(Millions of yen)</i>			
Overseas sales	¥138,107	¥86,113	¥95,155	¥319,375
Consolidated sales				¥669,415
Overseas sales as a percentage of consolidated sales	20.6%	12.9%	14.2%	47.7%

Notes:

- Countries and areas are segmented based on their geographical proximity and their mutual operational relationship.
- Major countries and areas which belong to segments are as follows:
 - North America: The United States and Mexico
 - Europe: European countries and South Africa
 - Asia: East Asia, Southeast Asian countries and Australia

25. Information on Related Parties

For the year ended March 31, 2011

The following are summaries of the major transactions with Nissan Motor Co., Ltd. (“Nissan”). The Company also had transactions with other subsidiaries and affiliated companies of Nissan during the year ended March 31, 2011.

Notes to the parent company and significant affiliates

- (1) Nissan is a listed company on the Tokyo Stock Exchange.
- (2) For the year ended March 31, 2011, there are no significant affiliates.

1. Transactions with Nissan (Parent Company):

Address	Invested capital (Millions of yen)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Kanagawa-ku Yokohama-shi	¥605,813	Manufacture and sales of automobiles and auto parts	41.6% (Direct)	Auto parts Supply	Sales of auto parts	¥252,994	Trade receivable	¥28,682
					Purchase of auto parts	¥ 75,343	Trade payable	¥ 6,796

Address	Invested capital (Thousands of U.S. dollars)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Thousands of U.S. dollars)	Account	Closing balance (Thousands of U.S. dollars)
Kanagawa-ku Yokohama-shi	\$7,298,943	Manufacture and sales of automobiles and auto parts	41.6% (Direct)	Auto parts Supply	Sales of auto parts	\$3,048,120	Trade receivable	\$345,566
					Purchase of auto parts	\$ 907,746	Trade payable	\$ 81,879

2-1. Transactions with Nissan Shatai Co., Ltd. (same Parent Company):

Address	Invested capital (Millions of yen)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Hiratsuka-shi, Kanagawa	¥7,905	Manufacture and sales of automobiles and auto parts	–	Auto parts Supply	Sales of auto parts	¥43,226	Trade receivable	¥28,682

Address	Invested capital (Thousands of U.S. dollars)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Thousands of U.S. dollars)	Account	Closing balance (Thousands of U.S. dollars)
Hiratsuka-shi, Kanagawa	\$95,240	Manufacture and sales of automobiles and auto parts	–	Auto parts Supply	Sales of auto parts	\$520,795	Trade receivable	\$64,795

25. Information on Related Parties (continued)

For the year ended March 31, 2011 (continued)

2-2. Transactions with Nissan Group Finance Co., Ltd. (same Parent Company):

Address	Invested capital (Millions of yen)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Nishi-ku Yokohama-shi	¥90	Financial Service	-	Group Financial Service	Financing	¥(4,651)	Short-term borrowing	¥34,254
					Interest expense	¥ 109	Accrued expense	¥7

Address	Invested capital (Thousands of U.S. dollars)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Thousands of U.S. dollars)	Account	Closing balance (Thousands of U.S. dollars)
Nishi-ku Yokohama-shi	\$1,084	Financial Service	-	Group Financial Service	Financing	\$(56,036)	Short-term borrowing	\$412,698
					Interest expense	\$ 1,313	Accrued expense	\$ 84

3-1. Transactions of subsidiaries with Nissan Group Finance Co., Ltd. (same Parent Company):

Address	Invested capital (Millions of yen)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Nishi-ku Yokohama-shi	¥90	Financial Service	-	Group Financial Service	Financing	¥2,776	Short-term borrowing	¥8,057
					Interest expense	¥ 16	Accrued expense	¥ 1

Address	Invested capital (Thousands of U.S. dollars)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Thousands of U.S. dollars)	Account	Closing balance (Thousands of U.S. dollars)
Nishi-ku Yokohama-shi	\$1,084	Financial Service	-	Group Financial Service	Financing	\$33,445	Short-term borrowing	\$97,072
					Interest expense	\$ 192	Accrued expense	\$ 12

3-2. Transactions of subsidiaries with Nissan North America, Inc. (same Parent Company):

Address	Invested capital (Millions of U.S. dollars)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Franklin, Tennessee, USA	\$1,792	Subsidiaries management, and manufacture and sales of automobiles and auto parts in North America	-	Auto parts supply	Sales of auto parts	¥102,908	Trade receivable	¥14,421

Address	Invested capital (Millions of U.S. dollars)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Thousands of U.S. dollars)	Account	Closing balance (Thousands of U.S. dollars)
Hiratsuka-shi, Kanagawa	\$1,792	Manufacture and sales of automobiles and auto parts	-	Auto parts supply	Sales of auto parts	\$1,239,855	Trade receivable	\$173,746

25. Information on Related Parties (continued)

For the year ended March 31, 2011 (continued)

3-3. Transactions of subsidiaries with Nissan Mexicana, S.A. de C.V. (same Parent Company):

Address	Invested capital (Millions of MX Peso)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Mexico D.F., Mexico	MXN17,049	Manufacture and sales of auto parts	–	Auto parts supply	Sales of auto parts	¥37,977	Trade receivable	¥5,113

Address	Invested capital (Millions of MX Peso)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Thousands of U.S. dollars)	Account	Closing balance (Thousands of U.S. dollars)
Mexico D.F., Mexico	MXN17,049	Manufacture and sales of auto parts	–	Auto parts supply	Sales of auto parts	\$457,554	Trade receivable	\$61,602

3-4. Transactions of subsidiaries with Nissan Motor Manufacturing (UK) Ltd. (same Parent Company):

Address	Invested capital (Millions of GBP)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Washington Road, Tyne & Wear, United Kingdom	£250	Manufacture and sales of auto parts, as well as vehicle development, technical survey, evaluation and certification in Europe	–	Auto parts supply	Sales of auto parts	¥60,788	Trade receivable	¥7,945

Address	Invested capital (Millions of GBP)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Thousands of U.S. dollars)	Account	Closing balance (Thousands of U.S. dollars)
Washington Road, Tyne & Wear, United Kingdom	£250	Manufacture and sales of auto parts, as well as vehicle development, technical survey, evaluation and certification in Europe	–	Auto parts supply	Sales of auto parts	\$732,385	Trade receivable	\$95,722

3-5. Transactions of subsidiaries with Nissan Motor Thailand Co., Ltd. (same Parent Company):

Address	Invested capital (Millions of THB)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Bangsaothong, Samutpraken, Thailand	THB1,931	Manufacture and sales of automobiles and auto parts	–	Auto parts supply	Sales of auto parts	¥19,587	Trade receivable	¥4,349

Address	Invested capital (Millions of THB)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Thousands of U.S. dollars)	Account	Closing balance (Thousands of U.S. dollars)
Bangsaothong, Samutpraken, Thailand	THB1,931	Manufacture and sales of automobiles and auto parts	–	Auto parts supply	Sales of auto parts	\$235,987	Trade receivable	\$52,397

25. Information on Related Parties (continued)

For the year ended March 31, 2011 (continued)

3-6. Transactions of subsidiaries with Dongfeng Motor Co., Ltd. (same Parent Company):

Address	Invested capital (Millions of CNY)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Wuhan, Hubei, China	CNY16,700	Manufacture and sales of automobiles and auto parts	–	Auto parts supply	Sales of auto parts	¥69,629	Trade receivable	¥15,540

Address	Invested capital (Millions of CNY)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Thousands of U.S. dollars)	Account	Closing balance (Thousands of U.S. dollars)
Wuhan, Hubei, China	CNY16,700	Manufacture and sales of automobiles and auto parts	–	Auto parts supply	Sales of auto parts	\$838,903	Trade receivable	\$187,228

Notes:

1. Transaction amount does not include consumption tax, while closing balance includes consumption tax.
2. Sales price to Nissan is determined by price negotiation, after the Company suggests a list price based on the market value of the auto parts and total production cost of the Company.
3. Purchasing price is determined by price negotiation in most cases, in which Nissan calculates a recommended price based on its total production cost.
4. Borrowing amounts are determined by offered interest rate and other terms.

For the year ended March 31, 2010

The following are summaries of the major transactions with Nissan Motor Co., Ltd. (“Nissan”). The Company also had transactions with other subsidiaries and affiliated companies of Nissan during the year ended March 31, 2010.

Notes to the parent company and significant affiliates

- (1) Nissan is a listed company on the Tokyo Stock Exchange.
- (2) For the year ended March 31, 2010, there were no significant affiliates.

1. Transactions with Nissan (Parent Company):

Address	Invested capital (Millions of yen)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Kanagawa-ku Yokohama-shi	¥605,813	Manufacture and sales of automobiles and auto parts	41.6% (Direct)	Auto parts Supply	Sales of auto parts	¥231,100	Trade receivable	¥35,354
					Purchase of auto parts	¥ 67,036	Trade payable	¥ 7,552

25. Information on Related Parties (continued)

For the year ended March 31, 2010 (continued)

2-1. Transactions with Nissan Shatai Co., Ltd. (same Parent Company):

Address	Invested capital (Millions of yen)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Hiratsuka-shi, Kanagawa	¥7,905	Manufacture and sales of automobiles and auto parts	–	Auto parts Supply, Common Directors	Sales of auto parts	¥31,913	Trade receivable	¥6,448

2-2. Transactions with Nissan Finance Co., Ltd. (same Parent Company):

Address	Invested capital (Millions of yen)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Minato-ku Tokyo	¥2,491	Financial Service	–	Group Financial Service	Financing	¥32,412	–	¥–
					Interest expense	¥ 304		

2-3. Transactions with Nissan Group Finance Co., Ltd. (same Parent Company):

Address	Invested capital (Millions of yen)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Nishi-ku Yokohama-shi	¥90	Financial Service	–	Group Financial Service	Financing	¥38,905	Short-term borrowing	¥38,905
					Interest expense	¥ 35	Accrued expense	¥ 17

3-1. Transactions of subsidiaries with Nissan Finance Co., Ltd. (same Parent Company):

Address	Invested capital (Millions of yen)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Nishi-ku Yokohama-shi	¥2,491	Financial Service	–	Group Financial Service	Financing	¥11,719		¥–
					Interest expense	¥ 81		

3-2. Transactions of subsidiaries with Nissan Group Finance Co., Ltd. (same Parent Company):

Address	Invested capital (Millions of yen)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Nishi-ku Yokohama-shi	¥90	Financial Service	–	Group Financial Service	Financing	¥10,833	Short-term borrowing	¥10,833
					Interest expense	¥ 7	Accrued expense	¥ 3

25. Information on Related Parties (continued)

For the year ended March 31, 2010 (continued)

3-3. Transactions of subsidiaries with Nissan North America, Inc. (same Parent Company):

Address	Invested capital (Millions of U.S. dollars)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Franklin, Tennessee, USA	\$1,792	Subsidiaries management, and manufacture and sales of automobiles and auto parts in North America	-	Auto parts supply Loan of funds	Sales of auto parts	¥70,788	Trade receivable	¥10,951
					Loan of funds	¥ 1,538		
					Interest expense	¥ 20	Other current asset	¥ 640
					Interest received	¥ 17		

3-4. Transactions of subsidiaries with Nissan Mexicana, S.A. de C.V. (same Parent Company):

Address	Invested capital (Millions of MX Peso)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Mexico D.F., Mexico	MXN17,049	Manufacture and sales of auto parts	-	Auto parts supply	Sales of auto parts	¥27,864	Trade receivable	¥3,129

3-5. Transactions of subsidiaries with Nissan Motor Manufacturing (UK) Ltd. (same Parent Company):

Address	Invested capital (Millions of GBP)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Washington Road, Tyne & Wear, United Kingdom	£250	Manufacture and sales of auto parts, as well as vehicle development, technical survey, evaluation and certification in Europe	-	Auto parts supply	Sales of auto parts	¥60,497	Trade receivable	¥5,244

3-6. Transactions of subsidiaries with Dongfeng Motor Co., Ltd. (same Parent Company):

Address	Invested capital (Millions of CNY)	Description of major business	Percentage of voting rights held	Type of transactions	Detail of transactions	Transaction amount (Millions of yen)	Account	Closing balance (Millions of yen)
Wuhan, Hubei, China	CNY16,700	Manufacture and sales of automobiles and auto parts	-	Auto parts supply	Sales of auto parts	¥61,357	Trade receivable	¥13,128

25. Information on Related Parties (continued)

For the year ended March 31, 2010 (continued)

Notes:

1. Transaction amount does not include consumption tax, while closing balance includes consumption tax.
2. Sales price to Nissan is determined by price negotiation, after the Company suggests a list price based on the market value of the auto parts and total production cost of the Company.
3. Purchasing price is determined by price negotiation in most cases, in which Nissan calculates a recommended price based on its total production cost.
4. Borrowing amounts are determined by offered interest rate and other terms.
5. Nissan Group Finance Co., Ltd. took over group finance business from Nissan Finance Co., Ltd. by absorption-type company split.