

Five-year Summary

Riken Corporation and Consolidated Subsidiaries
Years ended March 31

CONSOLIDATED	2004	2005	2006	2007	2008
			Millions of yen		
Net sales	¥ 71,738	¥ 78,429	¥ 88,675	¥ 91,272	¥ 95,765
Operating income	6,091	6,842	7,857	7,554	7,346
Net income	3,877	4,998	5,659	5,443	4,165
Total assets	74,459	80,747	88,311	94,522	91,576
Net assets per share (yen)	297.07	337.98	393.83	431.48	460.06
Net income per share (yen)	37.07	47.86	53.55	51.65	39.67
Diluted net income per share (yen)	37.06	47.78	53.43	51.59	39.67
Capital ratio (%)	41.5	43.7	47.1	47.9	52.5
Net cash provided by operating activities	6,529	7,547	10,862	7,639	7,167
Net cash used in investing activities	(4,283)	(5,427)	(8,662)	(6,360)	(3,014)
Net cash used in financing activities	(2,071)	(2,959)	(2,134)	(509)	(3,524)
Cash and cash equivalents at end of year	6,520	5,578	6,090	7,097	7,645
Number of employees	3,699	3,723	3,880	4,085	3,949

NON-CONSOLIDATED	2004	2005	2006	2007	2008
			Millions of yen		
Net sales	¥ 63,263	¥ 68,483	¥ 76,316	¥ 77,892	¥ 77,175
Operating income	4,497	4,665	5,572	5,451	4,807
Net income	2,891	3,245	3,727	4,006	3,037
Capital	8,573	8,573	8,573	8,573	8,573
Common shares issued (shares)	106,484,667	106,484,667	106,484,667	106,484,667	106,484,667
Total assets	60,639	65,460	70,597	69,583	67,967
Net assets per share (yen)	240.12	264.13	292.47	308.72	323.45
Amount of dividend per share (yen)	8.50	10.00	12.00	12.00	12.00
Net income per share (yen)	27.59	31.00	35.14	38.01	28.93
Diluted net income per share (yen)	27.58	30.95	35.06	37.97	28.93
Capital ratio (%)	41.2	42.1	43.8	46.6	49.8
Number of employees	1,466	1,470	1,469	1,545	1,623

Operational Review and Analysis of Financial Position

■ Significant Accounting Policies and Estimates

Consolidated financial statements of the Riken Group are prepared in accordance with the accounting standards generally accepted as fair and reasonable in Japan. When compiling these financial statements, estimates that may have influence on the values of assets and liabilities as of the closing day and the values of income and expenses for the year under review are mainly allowances for doubtful accounts, bonuses, bonuses payable to directors, employees' retirement benefits and directors' retirement benefits, and these are subject to continuous assessment.

Our estimates, judgments and assessments are made on the basis of factors that are deemed reasonable in light of past performance and conditions. However, since estimates inevitably involve uncertainties, actual values may differ from estimates.

■ Operational Review

During the consolidated fiscal year under review, we consistently strived for increasing profit of the entire Group and enhancing our corporate value under the policy of "establishing global operations and expanding Group sales and earnings" which is the main theme of our midterm management plan.

As a result of these efforts, net sales were ¥95,765 million, up 4.9% from the previous year, gross profit was ¥19,147 million, down 1.6%, operating income was ¥7,346 million, down 2.7%, ordinary income was ¥8,765 million, down 3.2%, net income before tax was ¥7,034 million, down 23.6% and net income for the year was ¥4,165 million, down 23.5% from the previous year.

Net sales increased ¥4,492 million from a year earlier due to increased sales of automotive parts and other products.

With respect to the cost of goods sold, in spite of our efforts to reduce supply procurement costs and to rationalize manufacturing processes, both gross profit and operating income decreased from the previous year due to the effect of changes in the product mix and a further increase in raw material costs.

Non-operating income rose 8.1% year on year to ¥2,491 million, mainly due to a ¥195 million increase in equity-method investments to ¥1,345 million reflecting brisk performance of equity method affiliates especially those in Asia coupled with the effect of a strong yen on foreign exchange. Non-operating expenses increased 34.0% to ¥1,073 million.

Extraordinary profit was ¥243 million, down 39.9% from the preceding year, and extraordinary loss increased 685.5% to ¥1,974 million due to allocation of the earthquake disaster related expenses for the damage caused by the Niigata Chuetsu Offshore Earthquake.

As a result of the above development, net income for the year decreased 23.5% to ¥4,165 million.

■ Financial Position

The Group's total assets were ¥91,576 million as of the end of the fiscal year under review, down ¥2,945 million from the previous year. This is mainly attributable to a ¥3,910 million decrease by elimination of the consolidated subsidiary Riken of Korea Inc. from the scope of consolidation following sale of all its shares, a ¥2,515 million decrease by sale of investment securities, a ¥918 million increase of tangible fixed assets stemming mainly from capital investment, a ¥996 million increase of investment securities by allocation of equity-method investment profits, and a ¥724

million increase of pre-paid pension expenses.

Total liabilities were ¥41,740 million as of the end of the fiscal year under review, down ¥5,386 million from the previous year. As in the case of assets, this was mainly attributed to a ¥2,551 million decrease by elimination of Riken of Korea Inc. from consolidation, as well as a ¥1,969 million decrease in debts by reduced interest-bearing liabilities.

Shareholders' equity was ¥49,836 million as of the end of the fiscal year under review, up ¥2,440 million from the previous year. This was mainly attributed to an increase in retained earnings from net income for the year (¥4,165 million) and dividends of retained earnings which amounted to ¥1,260 million.

As a result, the capital ratio as of the end of the year reached 52.5%, up 4.6% from 47.9% of the preceding year. Meanwhile, return on equity (ROE) for the year dropped 3.6 percent to 8.9% from 12.5% the previous year due to decreased net income for the year mainly caused by allocation of ¥1,608 million as extraordinary loss for earthquake disaster related expenses by the Niigata Chuetsu Offshore Earthquake.

■ Cash Flows

Overview

Free cash flow of the fiscal year under review, calculated by subtracting "cash flow from investment activities" from "cash flow from operating activities", amounted to ¥4,153 million. In financial activities, there was a net reduction in debt of ¥2,039 million through repayment of interest bearing liabilities and payment of dividends (¥1,291 million). As a result, cash and cash equivalents stood at ¥7,645 million at the end of the year under review, up ¥547 million from a year earlier.

Comparison with the Previous Year

Cash flow from operating activities was ¥7,167 million, down ¥471 million from the previous year. This was because the increased amount of accounts receivable and inventory assets in the fiscal year under review was ¥746 million, down ¥752 million from a year earlier (increased cash flow); payment of corporate and other taxes was ¥2,803 million, down ¥1,658 million from a year earlier (increased cash flow); the increased amount of accounts payable was ¥330 million, down ¥1,392 million from the previous year (decreased cash flow); and payment of ¥1,306 million for earthquake related expenses caused by the Niigata Chuetsu Offshore Earthquake.

Cash flow from investment activities amounted to ¥3,014 million, a decrease of ¥3,345 million from the previous year. This decline was mainly due to the ¥5,978 million acquisition costs of tangible fixed assets relating to capital investments, etc., down ¥591 million from the previous year, and an increased revenue from sales and redemption of investment securities which amounted to ¥2,743 million, up ¥2,540 million from the previous year.

Cash flow from financing activities totaled ¥3,524 million, up ¥3,014 million from the previous year. The main factor behind this increase was an increased expenditure of ¥3,880 million from the previous year due to a net reduction of debts ¥2,039 million through repayment of interest-bearing liabilities, as well as payment of dividends ¥1,291 million, a decrease of ¥535 million from the previous year.

Consolidated Balance Sheets

Riken Corporation and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
ASSETS			
Current assets:			
Cash and cash equivalents (Note 17)	¥ 7,645	¥ 7,097	\$ 76,450
Time deposits (Note 17)	0	96	0
Notes and accounts receivable	24,623	24,294	246,230
Less allowance for doubtful receivables	(27)	(34)	(270)
Inventories (Note 4)	10,639	11,420	106,390
Deferred tax assets (Notes 1(k) and 7)	1,167	1,242	11,670
Other current assets	913	594	9,130
Total current assets	44,962	44,712	449,620
Non-current assets:			
Property, plant and equipment, at cost (Notes 5 and 6):			
Land	2,618	3,411	26,180
Buildings	8,643	8,948	86,430
Machinery and equipment	17,247	18,446	172,470
Construction in progress	2,095	1,219	20,950
Property, plant and equipment, net	30,604	32,026	306,040
Investments in unconsolidated subsidiaries and affiliates	8,282	7,286	82,820
Investments in other securities (Notes 1(f) and 3)	593	3,382	5,930
Prepaid pension cost (Notes 1(j) and 9)	724	—	7,240
Deferred tax assets (Notes 1(k) and 7)	4,277	4,838	42,770
Other non-current assets	2,131	2,276	21,310
Total non-current assets	46,614	49,810	466,140
Total assets	¥91,576	¥94,522	\$915,760

The accompanying notes are an integral part of these statements.

Consolidated Balance Sheets

Riken Corporation and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable	¥16,999	¥17,541	\$169,990
Short-term debt (Note 6)	5,130	6,311	51,300
Current portion of long-term debt (Note 6)	4,252	1,174	42,520
Accrued income taxes (Note 7)	628	1,228	6,280
Accrued expenses and other current liabilities (Note 8)	8,244	7,650	82,440
Total current liabilities	35,255	33,906	352,550
Long-term liabilities:			
Long-term debt (Note 6)	5,004	9,773	50,040
Deferred tax liabilities (Notes 1(k) and 7)	13	24	130
Accrued retirement benefits (Notes 1(j) and 9)	1,144	3,018	11,440
Accrued retirement benefits to directors and statutory auditors (Notes 1(j) and 9)	313	362	3,130
Excess of net assets acquired over cost	1	2	10
Other long-term liabilities	7	39	70
Total long-term liabilities	6,485	13,220	64,850
Net assets (Note 10):			
Shareholders' equity:			
Common stock:			
Authorized - 200,000,000 shares			
Issued - 106,484,667 shares at March 31, 2008 and 2007	8,573	8,573	85,730
Capital surplus	6,604	6,604	66,040
Retained earnings	33,788	30,902	337,880
Less treasury stock, at cost	(1,048)	(872)	(10,480)
Total shareholders' equity	47,918	45,207	479,180
Valuation, translation adjustments and other:			
Unrealized holding gain on other securities (Notes 1(f) and 3)	143	334	1,430
Translation adjustments (Note 1(c))	46	(238)	460
Total valuation, translation adjustments and other	190	96	1,900
Subscription rights	25	10	250
Minority interests	1,701	2,081	17,010
Total net assets	49,836	47,395	498,360
Total liabilities and net assets	¥91,576	¥94,522	\$915,760

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

Riken Corporation and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Net sales	¥95,765	¥91,272	\$957,650
Cost of sales	76,617	71,804	766,170
Gross profit	19,147	19,468	191,470
Selling, general and administrative expenses	11,801	11,914	118,010
Operating income	7,346	7,554	73,460
Other income (expenses):			
Interest and dividend income	256	202	2,560
Interest expense	(327)	(247)	(3,270)
Equity in earnings of investees	1,345	1,150	13,450
Loss on disposal of inventories	(162)	(179)	(1,620)
Gain on sales of investments in other securities	227	164	2,270
Gain on sales of fixed assets	1	25	10
Gain on reversal of allowance for doubtful receivables	14	19	140
Loss on disposal of fixed assets	(59)	(80)	(590)
Loss on sale of investments in consolidated subsidiaries	(279)	—	(2,790)
Retirement benefits to directors and statutory auditors	(21)	(24)	(210)
Loss on impairment of assets	(3)	(126)	(30)
Loss on earthquake disaster	(1,608)	—	(16,080)
Other, net	304	753	3,040
Income before income taxes and minority interests	7,034	9,211	70,340
Income taxes (Notes 1(k) and 7):			
Current	2,196	3,179	21,960
Deferred	679	348	6,790
	2,876	3,528	28,760
Minority interests in earnings of consolidated subsidiaries	7	(239)	70
Net income (Note 16)	¥ 4,165	¥ 5,443	\$ 41,650

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Riken Corporation and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	Balance as of March 31, 2006	Cash dividends paid	Bonuses to officers	Net income	Purchase of treasury stock	Loss on sales of treasury stock	Adjustment for inclusion in consolidation or equity method of accounting	Net changes in items other than those in shareholders' equity	Total changes during the period	Balance as of March 31, 2007
(Millions of yen)										
Common stock	¥ 8,573	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ 8,573
Capital surplus	6,613	-	-	-	-	(8)	-	-	(8)	6,604
Retained earnings	27,182	(1,792)	(40)	5,443	-	(13)	121	-	3,719	30,902
Treasury stock	(369)	-	-	-	(670)	167	-	-	(502)	(872)
Total shareholders' equity	41,999	(1,792)	(40)	5,443	(670)	145	121	-	3,208	45,207
Unrealized gain (loss) on securities	467	-	-	-	-	-	-	(133)	(133)	334
Translation adjustments	(870)	-	-	-	-	-	-	631	631	(238)
Total valuation, translation adjustments and others	(402)	-	-	-	-	-	-	498	498	96
Subscription right	-	-	-	-	-	-	-	10	10	10
Minority interests	1,755	-	-	-	-	-	-	325	325	2,081
Total net assets	¥43,352	¥(1,792)	¥(40)	¥5,443	¥(670)	¥145	¥121	¥834	¥4,042	¥47,395

	Balance as of March 31, 2007	Cash dividends paid	Net income	Purchase of treasury stock	Loss on sales of treasury stock	Net changes in items other than those in shareholders' equity	Total changes during the period	Balance as of March 31, 2008
(Millions of yen)								
Common stock	¥ 8,573	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ 8,573
Capital surplus	6,604	-	-	-	-	-	-	6,604
Retained earnings	30,902	(1,260)	4,165	-	(18)	-	2,886	33,788
Treasury stock	(872)	-	-	(222)	46	-	(175)	(1,048)
Total shareholders' equity	45,207	(1,260)	4,165	(222)	28	-	2,710	47,918
Unrealized gain (loss) on securities	334	-	-	-	-	(191)	(191)	143
Translation adjustments	(238)	-	-	-	-	285	285	46
Total valuation, translation adjustments and others	96	-	-	-	-	94	94	190
Subscription right	10	-	-	-	-	15	15	25
Minority interests	2,081	-	-	-	-	(379)	(379)	1,701
Total net assets	¥47,395	¥(1,260)	¥4,165	¥(222)	¥28	¥(270)	¥2,440	¥49,836

	Balance as of March 31, 2007	Cash dividends paid	Net income	Purchase of treasury stock	Loss on sales of treasury stock	Net changes in items other than those in shareholders' equity	Total changes during the period	Balance as of March 31, 2008
(Thousands of U.S. dollars)								
Common stock	\$ 85,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,730
Capital surplus	66,040	-	-	-	-	-	-	66,040
Retained earnings	309,020	(12,600)	41,650	-	(180)	-	28,860	337,880
Treasury stock	(8,720)	-	-	(2,220)	460	-	(1,750)	(10,480)
Total shareholders' equity	452,070	(12,600)	41,650	(2,220)	280	-	27,100	479,180
Unrealized gain (loss) on securities	3,340	-	-	-	-	(1,910)	(1,910)	1,430
Translation adjustments	(2,380)	-	-	-	-	2,850	2,850	460
Total valuation, translation adjustments and others	960	-	-	-	-	940	940	1,900
Subscription right	100	-	-	-	-	150	150	250
Minority interests	20,810	-	-	-	-	(3,790)	(3,790)	17,010
Total net assets	\$473,950	\$(12,600)	\$41,650	\$(2,220)	\$280	\$(2,700)	\$24,400	\$498,360

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Riken Corporation and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Operating activities			
Income before income taxes and minority interests	¥7,034	¥9,211	\$ 70,340
Depreciation and amortization	5,768	5,134	57,680
Loss on impairment of assets	3	126	30
Loss on earthquake disaster	1,608	—	16,080
Equity in earnings of investees	(1,345)	(1,150)	(13,450)
Reversal of accrued retirement benefits	(545)	(1,227)	(5,450)
Increase in prepaid pension cost	(724)	—	(7,240)
(Reversal of) provision for allowance for doubtful receivables	(12)	(3)	(120)
Gain on sales of fixed assets	(1)	(25)	(10)
Loss on disposal of fixed assets	59	80	590
Increase in notes and accounts receivable	(746)	(1,498)	(7,460)
Increase in inventories	(8)	(1,179)	(80)
Increase in notes and accounts payable	330	1,723	3,300
Loss on sale of investments in consolidated subsidiaries	279	—	2,790
Other, net	(823)	934	(8,230)
Subtotal	10,876	12,127	108,760
Interest received	715	202	7,150
Interest paid	(315)	(228)	(3,150)
Restoration cost associated with earthquake disaster paid	(1,306)	—	(13,060)
Income taxes paid	(2,803)	(4,461)	(28,030)
Net cash provided by operating activities	7,167	7,639	71,670
Investing activities			
Increase in property, plant and equipment	(5,978)	(6,570)	(59,780)
Proceeds from sales of property, plant and equipment	159	55	1,590
Increase in investments in securities	(1)	(2)	(10)
Proceeds from sales of investments in securities	2,743	203	27,430
Proceeds from sales of investment in consolidated subsidiaries	51	—	510
Other, net	11	(45)	110
Net cash used in investing activities	(3,014)	(6,360)	(30,140)
Financing activities			
Proceeds from short-term bank loans	8,812	6,959	88,120
Repayment of short-term bank loans	(9,675)	(8,880)	(96,750)
Proceeds from long-term bank loans	—	5,541	—
Repayment of long-term bank loans	(1,175)	(1,779)	(11,750)
Increase in treasury stock	(218)	(668)	(2,180)
Proceeds from sales of treasury stock	24	144	240
Cash dividends paid	(1,259)	(1,790)	(12,590)
Other, net	(31)	(36)	(310)
Net cash used in financing activities	(3,524)	(509)	(35,240)
Effect of exchange rate changes on cash and cash equivalents	(81)	132	(810)
Net increase in cash and cash equivalents	547	901	5,470
Cash and cash equivalents at beginning of year	7,097	6,090	70,970
Increase in cash and equivalents arising from inclusion in consolidation	—	105	—
Cash and cash equivalents at end of year (Note 1(e) and 17)	¥ 7,645	¥ 7,097	\$76,450

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Riken Corporation and Consolidated Subsidiaries
March 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

Riken Corporation (the "Company") and its domestic subsidiaries maintain their books of account in conformity with the financial accounting standards of Japan, and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements of the Company and consolidated subsidiaries are prepared on the basis of 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 Securities and Exchange Law of Japan.

As permitted by the regulations under the Securities and Exchange Law, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sums of the individual amounts.

(b) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliated companies

The accompanying consolidated financial statements include the accounts of the Company and any significant subsidiaries and affiliates which it controls directly or indirectly. Subsidiaries and affiliates over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated.

The excess of cost over the underlying equity in net assets at the dates of acquisition of the major consolidated subsidiaries is charged to income over a five-year period by the straight-line method.

Investments in unconsolidated subsidiaries and affiliates, not accounted for by the equity method, are stated at cost or less.

(c) Translation of foreign currencies

Accounts of foreign consolidated subsidiaries are translated into yen as follows: all assets, liabilities, retained earnings at the end of the year and items, including net income, in the statement of income, at the rate of exchange in effect at the year end; capital stock, at historical rates, and dividends paid, at the rate of exchange in effect when paid.

The Company has presented translation adjustments as a component of net assets in consolidated subsidiaries (instead of as a component of assets or liabilities) in the accompanying consolidated financial statements.

(d) Appropriation of retained earnings

Cash dividends paid, transfers to the legal reserve and

bonuses to directors and statutory auditors are recorded in the financial year in which the proposed appropriations of retained earnings are approved by the Board of Directors and/or shareholders.

(e) Cash equivalents

The Company and its consolidated subsidiaries substantially consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(f) Securities

Securities other than those of subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and 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 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.

(g) Inventories

Inventories are stated at cost determined principally by the moving average method.

(h) Property, plant and equipment and depreciation

Depreciation of buildings and of machinery and equipment is determined primarily by the declining-balance method, except for buildings acquired in Japan subsequent to March 31, 1998 on which depreciation is computed by the straight-line method, at rates based on the estimated useful lives of the respective assets.

Effective the fiscal year ended March 31, 2008, property, plant and equipment acquired on and after April 1, 2007 are depreciated by the declining-balance method in accordance with the revised corporate tax law.

The effect of this treatment was to decrease income before income taxes and minority interests for the year ended March 31, 2008 by ¥174 million (\$1,740 thousand).

Also, pursuant to the revised corporate tax law, the Company and its domestic consolidated subsidiaries depreciate the difference between 5% of the acquisition cost of assets acquired on or before March 31, 2007 and the memorandum value of said assets uniformly over a five-year period, starting the year following the fiscal year in which the depreciated value of said assets reaches 5% of the acquisition price using the pre-amendment depreciation method. Depreciated amounts are included in depreciation expenses.

The effect of this treatment was to decrease income before income taxes and minority interests for the year ended March 31, 2008 by ¥266 million (\$2,660 thousand).

(i) Leases

Noncancelable leases are primarily accounted for as operating leases (whether such leases are classified as

operating or finance leases) except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(j) Retirement benefits

Accrued retirement benefits at March 31, 2008 and 2007 have been provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, 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. When pension plan assets are below retirement benefit obligation as adjusted for the unrecognized actuarial gain or loss, the amount is booked as accrued retirement benefits and when pension plan assets exceed retirement benefit obligation as adjusted for the unrecognized actuarial gain or loss, the amount is booked as prepaid pension cost. Unrecognized 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 10 years) which are shorter than the average remaining years of service of the employees.

See Note 9 for the method of accounting for the corporate portion of the retirement benefit obligation under the Welfare Pension Fund Plan.

(k) 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.

(l) Research and development costs

Research and development costs are charged to income when incurred.

(m) Reclassifications

Certain prior year amounts have also been reclassified to conform to the 2008 presentation. These changes had no impact on previously reported results of operations or net assets.

2. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetic computation only, at ¥100 = U.S.\$1.00, the approximate rate of exchange prevailing on March 31, 2008. The transla-

tion 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 that or any other rate.

3. Securities

(a) Information regarding marketable securities classified as other securities at March 31, 2008 is as follows:

	March 31, 2008					
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
	(Millions of yen)			(Thousands of U.S. dollars)		
Securities whose carrying value exceeds their acquisition cost:						
Stock	¥180	¥402	¥221	\$1,800	\$4,020	\$2,210
Subtotal	180	402	221	1,800	4,020	2,210
Securities whose acquisition cost exceeds their carrying value:						
Stock	70	60	(10)	700	600	(100)
Subtotal	70	60	(10)	700	600	(100)
Total	¥251	¥462	¥211	\$2,510	\$4,620	\$2,110

(b) Sales of securities classified as other securities and the related aggregate gain and loss at March 31, 2008 were as follows:

	March 31, 2008					
	Sales	Aggregate gain	Aggregate loss	Sales	Aggregate gain	Aggregate loss
	(Millions of yen)			(Thousands of U.S. dollars)		
	¥2,743	¥227	¥ —	\$27,430	\$2,270	\$ —

(c) The carrying value and details of securities with no determinable fair value at March 31, 2008 are summarized as follows:

	Carrying value	
	(Millions of yen)	(Thousands of U.S. dollars)
Held-to-maturity debt securities:		
Other	¥ —	\$ —
Other securities:		
Unlisted securities (except for securities traded on the over-the-counter market)	129	1,290
Others	1	10

(d) Information regarding marketable securities classified as other securities at March 31, 2007 is as follows:

	March 31, 2007		
	Acquisition cost	Carrying value	Unrealized gain (loss)
	(Millions of yen)		
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥243	¥726	¥483
Subtotal	243	726	483
Securities whose acquisition cost exceeds their carrying value:			
Stock	24	22	(1)
Subtotal	24	22	(1)
Total	¥267	¥749	¥481

(e) Sales of securities classified as held-to-maturity debt securities and the related aggregate cost, gain and loss at March 31, 2007 were as follows:

	March 31, 2007		
	Sales	Cost	Gain and loss
	(Millions of yen)		
	¥203	¥164	¥ —

(f) The carrying value and details of securities not carried at fair value at March 31, 2007 are summarized as follows:

	Carrying value	
	(Millions of yen)	
Held-to-maturity debt securities:		
Others		¥ —
Other securities:		
Unlisted securities (except for securities traded on the over-the-counter market)		2,629
Others		2

4. Inventories

Inventories at March 31, 2008 and 2007 were as follows:

	March 31,		
	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Finished products	¥ 3,291	¥ 3,040	\$ 32,910
Goods for resale	1,827	2,113	18,270
Work in process	3,809	4,408	38,090
Other	1,711	1,858	17,110
Total	¥10,639	¥11,420	\$106,390

5. Depreciation

Depreciation of property, plant and equipment for the years ended March 31, 2008 and 2007 amounted to ¥5,696 million (\$56,960 thousand) and ¥5,012 million, respectively.

Accumulated depreciation of property, plant and equipment at March 31, 2008 and 2007 amounted to ¥71,266 million (\$712,660 thousand) and ¥68,854 million, respectively.

6. Short-Term Debt and Long-Term Debt

At March 31, 2008 and 2007, short-term debt and the current portion of long-term debt consisted of the following:

	March 31,		
	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Loans, principally from banks	¥5,130	¥6,311	\$51,300
Current portion of long-term debt	4,252	1,174	42,520
Total	¥9,383	¥7,486	\$93,830

The annual interest rates applicable to short-term debt outstanding at March 31, 2008 and 2007 ranged principally from 1.25 percent to 9.97 percent and

from 0.81 percent to 9.97 percent, respectively.

At March 31, 2008 and 2007, long-term debt consisted of the following:

	March 31,		
	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Secured loans from banks, insurance companies, due through 2009 at interest rate 9.97 percent	¥ 237	¥ 537	\$ 2,370
Unsecured loans from banks, insurance companies and others, due through 2017 at interest rates ranging from 0.35 percent to 6.00 percent	9,019	10,410	90,190
	9,256	10,948	92,560
Less current portion	(4,252)	(1,174)	(42,520)
Total	¥5,004	¥9,773	\$50,040

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

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2009	¥4,252	\$42,520
2010	2	20
2011	0	0
2012 and thereafter	5,001	50,010
Total	¥9,256	\$92,560

The assets pledged as collateral for short-term debt of ¥84 million (\$840 thousand) and long-term debt of ¥2 million (\$20 thousand) at March 31, 2008 and 2007 were as follows:

	March 31,		
	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Property, plant and equipment, at net book value	¥184	¥1,532	\$1,840
Total	¥184	¥1,532	\$1,840

7. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of 40.5 percent for 2008 and 2007.

Income taxes of the overseas subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The significant components of deferred tax assets and liabilities at March 31, 2008 and 2007 were as follows:

	March 31,		
	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Current assets:			
Accrued bonuses	¥ 865	¥ 848	\$ 8,650
Accrued enterprise tax	56	95	560
Other, net	314	369	3,140
Valuation allowance	(69)	(71)	(690)
Total deferred tax assets (current)	¥ 1,167	¥ 1,242	\$ 11,670
Non-current assets:			
Accrued retirement benefits	¥ 5,602	¥ 6,219	\$ 56,020
Depreciation	126	128	1,260
Loss carryforward	55	5	550
Accrued retirement benefits to directors and statutory auditors	—	146	—
Other, net	529	313	5,290
Valuation allowance	(440)	(301)	(4,400)
Elimination of deferred tax liabilities (non-current)	(1,597)	(1,673)	(15,970)
Total deferred tax assets (non-current)	¥ 4,277	¥ 4,838	\$ 42,770
Deferred tax liabilities:			
Current liabilities	¥ —	¥ —	\$ —
Non-current liabilities:			
Gain on contribution of securities to retirement benefit trust	¥(1,512)	¥(1,512)	\$(15,120)
Depreciation	(50)	(54)	(500)
Other, net	(47)	(130)	(470)
Elimination to deferred tax assets (non-current)	1,597	1,673	15,970
Total deferred tax liabilities (non-current)	¥ (13)	¥ (24)	\$ (130)

The effective tax rates reflected in the consolidated statement of income for the years ended March 31, 2007 differ from the statutory tax rates for the following reasons:

	2007
Statutory tax rates	40.5%
Effect of:	
Expenses not deductible for income tax purposes	0.2
Dividend income deductible for income tax purposes	(1.1)
Per capita portion of inhabitants' taxes	0.3
Differences in tax rates applicable to overseas subsidiaries	(0.1)
Equity in earnings of investees	(5.1)
Dividends from consolidated foreign subsidiaries eliminated for consolidation purpose	1.8
Other, net	1.8
Effective tax rates	38.3%

The difference between the effective tax rate and the statutory rate is less than 5% therefore, a reconciliation for the year ended March 31, 2008 is not presented.

8. Accrued Expenses and Other Current Liabilities

At March 31, 2008 and 2007, accrued expenses and other current liabilities consisted of the following:

	March 31,		
	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Accrued bonuses	¥2,148	¥2,096	\$21,480
Accrued bonuses to directors and statutory auditors	30	30	300
Other	6,066	5,523	60,660
Total	¥8,244	¥7,650	\$82,440

9. Retirement Benefit Plans

The Company has defined benefit plans, i.e., welfare pension fund plans (WFPF), tax-qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. In addition, domestic subsidiaries have primarily defined benefit plans, funded non-con-

tributory tax-qualified, and lump-sum payments. Certain overseas subsidiaries have defined benefit plans.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet at March 31, 2008 and 2007 for the Company's and the subsidiaries' defined benefit plans:

	March 31,		
	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Retirement benefit obligation	¥(22,370)	¥(24,193)	\$(223,700)
Plan assets at fair value	21,976	28,807	219,760
Unfunded retirement benefit obligation	(394)	4,613	(3,940)
Unrecognized actuarial gain or loss	(120)	(7,481)	(1,200)
Unrecognized prior service cost	94	(150)	940
Net retirement benefit obligation	(420)	(3,018)	(4,200)
Prepaid pension cost	724	—	7,240
Accrued retirement benefits	¥ (1,144)	¥ (3,018)	\$ (11,440)

On February 1, 2005, the Company received approval from the Minister of Health, Labor and Welfare with respect to its application for exemption from the obligation for benefits related to past employee services under the substitutional portion of the WFPF. The

remaining corporate portion of the WFPF is transferred to a corporate defined benefit pension plan.

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

	March 31,		
	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost	¥1,148	¥1,097	\$11,480
Interest cost	377	323	3,770
Expected return on plan assets	(202)	—	(2,020)
Amortization of actuarial gain or loss	(687)	(759)	(6,870)
Past service cost	(30)	(30)	(300)
Other	41	42	410
Total	¥ 646	¥ 674	\$ 6,460

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

	March 31,	
	2008	2007
Discount rates	1.7%	1.7%
Expected rates of return on plan assets	0.0% – 5.0%	0.0%

10. Shareholders' Equity

The new Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan, went into effect on May 1, 2006. The Law provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal

reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

11. Research and Development Costs

Research and development costs included in selling, general and administrative expenses and manufacturing costs for the years ended March 31, 2008 and

2007 amounted to ¥1,576 million (\$15,760 thousand) and ¥1,482 million, respectively.

12. Contingent Liabilities

At March 31, 2008 and 2007, the Company and its consolidated subsidiaries had the following contingent liabilities:

	March 31,		
	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
As endorser of trade notes discounted and endorsed	¥ 40	¥143	\$ 400
As guarantor of indebtedness of employees	101	117	1,010
Total	¥141	¥260	\$1,410

13. Leases

The following *pro forma* amounts represent the acquisition costs, accumulated depreciation and net book value of the leased properties at March 31, 2008 and 2007, which would have been reflected in

the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	March 31,		
	2008	2007	2008
	(Millions of yen)		(Thousands of U.S. dollars)
Acquisition costs:			
Machinery and equipment	¥1,411	¥1,427	\$14,110
Other assets	85	74	850
Total	¥1,497	¥1,502	\$14,970
Accumulated depreciation:			
Machinery and equipment	¥1,120	¥1,019	\$11,200
Other assets	38	35	380
Total	¥1,158	¥1,054	\$11,580
Net book value:			
Machinery and equipment	¥ 290	¥ 407	\$ 2,900
Other assets	47	39	470
Total	¥ 338	¥ 447	\$ 3,380

Lease payments relating to finance leases accounted for as operating leases amounted to ¥180 million (\$1,800 thousand) and ¥184 million for the years ended March 31, 2008 and 2007, respectively which were almost equal to the depreciation expense of the leased assets computed by the straight-line method

over the lease terms.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2008 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2009	¥148	\$1,480
2010 and thereafter	189	1,890
Total	¥338	\$3,380

14. Derivatives

The Company enters into foreign forward exchange contracts to reduce its exposure to adverse fluctuation in foreign exchange rates relating to receivables and payables denominated in foreign currencies. In addition, the Company enters into interest-rate swap agreements to reduce its exposure to adverse fluctuation in interest rates relating to long-term debt.

Disclosure of fair value information for interest-related derivatives positions has been omitted since all derivatives were accounted for as hedges at March 31, 2008 and 2007.

15. Stock Option Plans

At March 31, 2008, the Company had the following stock option plans approved by the shareholders in accordance with the Law:

	2006 plan 3rd Subscription rights	2006 plan 2nd Subscription rights	2002 plan 1st Subscription rights
Date of approval by shareholders	June 29, 2006	June 29, 2006	June 27, 2002
Grant date	August 19, 2006	August 3, 2006	June 28, 2002
Grantees	8 director generals of subsidiary corporation	14 directors and 194 employees of the Company	13 directors and 168 employees of the Company
Type of stock	Common stock	Common stock	Common stock
Number of shares granted	12,000	279,000	461,000
Exercisable period	August 20, 2008 – August 19, 2011	August 4, 2008 – August 3, 2011	July 1, 2004 – June 30, 2007
Non-vested (number of shares):			
Outstanding at the beginning of the year	12,000	279,000	–
Granted during the year	–	–	–
Forfeited during the year	–	–	–
Vested during the year	–	–	–
Outstanding at the end of the year	12,000	279,000	–
Vested (number of shares):			
Outstanding at the beginning of the year	–	–	78,000
Vested during the year	–	–	–
Exercised during the year	–	–	72,000
Forfeited during the year	–	–	6,000
Outstanding at the end of the year	–	–	–
Exercise price (yen)	¥742	¥807	¥336
Exercise price (U.S. dollars)	\$7.42	\$8.07	\$3.36
Weighted-average market price (yen) at exercise	¥ –	¥ –	¥632
Weighted-average market price (U.S. dollars) at exercise	\$ –	\$ –	\$6.32
Fair value per option on grant date (yen)	¥164	¥104	–
Fair value per option on grant date (U.S. dollars)	\$1.64	\$1.04	–

At March 31, 2007, the Company had the following stock option plans approved by the shareholders in accordance with the Law:

	2006 plan 3rd Subscription rights	2006 plan 2nd Subscription rights	2002 plan 1st Subscription rights	2001 plan Warrant
Date of approval by shareholders	June 29, 2006	June 29, 2006	June 27, 2002	June 28, 2001
Grant date	August 19, 2006	August 3, 2006	June 28, 2002	July 13, 2001
Grantees	8 director generals of subsidiary corporation	14 directors and 194 employees of the Company	13 directors and 168 employees of the Company	13 directors and 184 employees of the Company
Type of stock	Common stock	Common stock	Common stock	Common stock
Number of shares granted	12,000	279,000	461,000	1,970,000
Exercisable period	August 20, 2008 – August 19, 2011	August 4, 2008 – August 3, 2011	July 1, 2004 – June 30, 2007	July 1, 2003 – June 30, 2006
Non-vested (number of shares):				
Outstanding at the beginning of the year	–	–	–	–
Granted during the year	12,000	279,000	–	–
Forfeited during the year	–	–	–	–
Vested during the year	–	–	–	–
Outstanding at the end of the year	12,000	279,000	–	–
Vested (number of shares):				
Outstanding at the beginning of the year	–	–	183,000	317,000
Vested during the year	–	–	–	–
Exercised during the year	–	–	105,000	265,000
Forfeited during the year	–	–	–	52,000
Outstanding at the end of the year	–	–	78,000	–
Exercise price (yen)	¥742	¥807	¥336	¥411
Exercise price (U.S. dollars)	\$6.29	\$6.84	\$2.85	\$3.48
Weighted-average market price (yen) at exercise	¥ –	¥ –	¥782	¥896
Weighted-average market price (U.S. dollars) at exercise	\$ –	\$ –	\$6.63	\$7.59
Fair value per option on grant date (yen)	¥164	¥104	–	–
Fair value per option on grant date (U.S. dollars)	\$1.39	\$0.88	–	–

The fair value of each stock option grant was estimated at the grant date using the Black-Scholes option pricing model. The fair value per option for options

granted during the year ended March 31, 2007 was estimated based on the following assumptions:

	2006 plan 3rd Subscription right	2006 plan 2nd Subscription right
Volatility	27.12%	27.12%
Option term	3 years and 6 months	3 years and 6 months
Expected dividend (per stock)	¥11 (U.S.\$0.09)	¥11 (U.S.\$0.09)
Risk free interest rate	1.09%	1.10%

Volatility was determined based on the actual stock price over the past 3 years and 6 months.

The option term was estimated under the assumption that the options would be exercised in the middle of the exercisable period because of insufficient data.

Expected dividend (per stock) was based on the average dividend amount applicable to the immediate two fiscal years. Risk free interest rate was

based on government bonds whose term corresponded with the term of the above options.

Method of estimating exercised stock options

The Company estimated the number of exercised stock options based on the actual number of forfeitures, because it is difficult to estimate the forfeited number of stock options in the future.

16. Amounts Per Share

The computation of basic net income per share is based on the weighted-average number of shares of common stock outstanding during each year. If applicable, diluted net income per share is computed based on the weighted-average number of shares of common stock outstanding each year after giving

effect to the dilutive potential of the shares of common stock to be issued pursuant to the stock option plan.

Cash dividends per share represent dividends declared as applicable to the year.

Net assets per share are based on the number of shares outstanding at the year end.

	2008	2007	2008
		(yen)	(U.S. dollars)
Net income:			
Basic	¥ 39.67	¥ 51.65	\$0.3967
Diluted	—	51.59	—
Net assets	460.06	431.48	4.601
Cash dividends applicable to the year	12.00	12.00	0.12

Diluted net income per share is not presented for the year ended March 31, 2008, because the Company has not had dilutive potential share.

17. Cash Flow Information

A reconciliation of cash and cash equivalents in consolidated statements of cash flows to accounts and amounts in the accompanying consolidated

balance sheets as of March 31, 2008 and 2007 are as follows:

	2008	2007	2008
		(Millions of yen)	(Thousands of U.S. dollars)
Cash and deposits in banks	¥7,645	¥7,194	\$76,450
Time deposits with maturity in excess of three months and other	(0)	(96)	(0)
Cash and cash equivalents	¥7,645	¥7,097	\$76,450

18. Segment Information

(a) Business segments

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

Year ended March 31, 2008					
	Automobile and machinery parts	Other	Total	Eliminations or corporate	Consolidated
(Millions of yen)					
I. Sales:					
Sales to third parties	¥81,590	¥14,174	¥95,765	¥ —	¥95,765
Intersegment sales and transfers	0	1,219	1,219	(1,219)	—
Total	81,590	15,394	96,985	(1,219)	95,765
Operating expenses	76,293	13,129	89,423	(1,004)	88,418
Operating income	¥ 5,297	¥ 2,264	¥ 7,561	¥ (214)	¥ 7,346
II. Assets, depreciation expenses, capital expenditures:					
Assets	¥67,282	¥11,287	¥78,569	¥13,007	¥91,576
Depreciation expenses	¥ 5,331	¥ 308	¥ 5,640	¥ 112	¥ 5,752
Loss on impairment of assets	¥ 3	¥ 0	¥ 3	¥ —	¥ 3
Capital expenditures	¥ 6,334	¥ 527	¥ 6,861	¥ 346	¥ 7,208

Year ended March 31, 2008					
	Automobile and machinery parts	Other	Total	Eliminations or corporate	Consolidated
(Thousands of U.S. dollars)					
I. Sales:					
Sales to third parties	\$815,900	\$141,740	\$957,650	\$ —	\$957,650
Intersegment sales and transfers	0	12,190	12,190	(12,190)	—
Total	815,900	153,940	969,850	(12,190)	957,650
Operating expenses	762,930	131,290	894,230	(10,040)	884,180
Operating income	\$ 52,970	\$ 22,640	\$ 75,610	\$ (2,140)	\$ 73,460
II. Assets, depreciation expenses, capital expenditures:					
Assets	\$672,820	\$112,870	\$785,690	\$130,070	\$915,760
Depreciation expenses	\$ 53,310	\$ 3,080	\$ 56,400	\$ 1,120	\$ 57,520
Loss on impairment of assets	\$ 30	\$ 0	\$ 30	\$ —	\$ 30
Capital expenditures	\$ 63,340	\$ 5,270	\$ 68,610	\$ 3,460	\$ 72,080

Year ended March 31, 2007					
	Automobile and machinery parts	Other	Total	Eliminations or corporate	Consolidated
(Millions of yen)					
I. Sales:					
Sales to third parties	¥77,691	¥13,581	¥91,272	¥ —	¥91,272
Intersegment sales and transfers	0	1,018	1,018	(1,018)	—
Total	77,691	14,599	92,291	(1,018)	91,272
Operating expenses	72,250	12,411	84,662	(944)	83,718
Operating income	¥ 5,440	¥ 2,188	¥ 7,628	¥ (74)	¥ 7,554
II. Assets, depreciation expenses, capital expenditures:					
Assets	¥69,041	¥12,309	¥81,351	¥13,171	¥94,522
Depreciation expenses	¥ 4,651	¥ 297	¥ 4,949	¥ 167	¥ 5,116
Loss on impairment of assets	¥ 116	¥ 9	¥ 126	¥ —	¥ 126
Capital expenditures	¥ 5,735	¥ 450	¥ 6,185	¥ 242	¥ 6,428

(b) Geographical segments

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

Year ended March 31, 2008					
	Japan	Other geographic areas	Total	Eliminations and corporate	Consolidated
(Millions of yen)					
Sales to third parties	¥75,424	¥20,341	¥95,765	¥ —	¥95,765
Interarea sales and transfers	9,115	924	10,039	(10,039)	—
Total	84,539	21,265	105,805	(10,039)	95,765
Operating expenses	77,896	20,677	98,573	(10,154)	88,418
Operating income	¥ 6,643	¥ 588	¥ 7,231	¥ 115	¥ 7,346
Total assets	¥65,369	¥13,200	¥78,569	¥13,007	¥91,576

Year ended March 31, 2008					
	Japan	Other geographic areas	Total	Eliminations and corporate	Consolidated
(Thousands of U.S. dollars)					
Sales to third parties	\$754,240	\$203,410	\$ 957,650	\$ —	\$957,650
Interarea sales and transfers	91,150	9,240	100,390	(100,390)	—
Total	845,390	212,650	1,058,050	(100,390)	957,650
Operating expenses	778,960	206,770	985,730	(101,540)	884,180
Operating income	\$ 66,430	\$ 5,880	\$ 72,310	\$ 1,150	\$ 73,460
Total assets	\$653,690	\$132,000	\$ 785,690	\$130,070	\$915,760

Year ended March 31, 2007					
	Japan	Other geographic areas	Total	Eliminations and corporate	Consolidated
(Millions of yen)					
Sales to third parties	¥74,123	¥17,149	¥91,272	¥ —	¥91,272
Interarea sales and transfers	8,645	941	9,586	(9,586)	—
Total	82,768	18,090	100,859	(9,586)	91,272
Operating expenses	75,711	17,468	93,179	(9,461)	83,718
Operating income	¥ 7,057	¥ 622	¥ 7,679	¥ (125)	¥ 7,554
Total assets	¥63,925	¥17,426	¥81,351	¥13,171	¥94,522

(c) Overseas sales

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

Year ended March 31, 2008			
	Asia	Other	Total
(Millions of yen)			
Overseas sales	¥14,231	¥14,788	¥29,020
Consolidated net sales			¥95,765
Overseas sales as a percentage of consolidated net sales	14.9%	15.4%	30.3%

Year ended March 31, 2008			
	Asia	Other	Total
(Thousands of U.S. dollars)			
Overseas sales	\$142,310	\$147,880	\$290,200
Consolidated net sales			\$957,650
Overseas sales as a percentage of consolidated net sales	14.9%	15.4%	30.3%

Year ended March 31, 2007			
	Asia	Other	Total
(Millions of yen)			
Overseas sales	¥12,666	¥14,367	¥27,034
Consolidated net sales			¥91,272
Overseas sales as a percentage of consolidated net sales	13.9%	15.7%	29.6%