

Consolidated financial reports under Japanese GAAP for the fiscal year ended March 31, 2008

URL <http://www.ngkntk.co.jp>
 Stock listing Tokyo 1st section, Nagoya 1st section
 Code number 5334
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Consolidated financial highlights

	Millions of yen		
	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Fiscal year ending March 31, 2009 (Forecast)
Net sales:			
Automotive components			
Spark & glow plugs	112,653	128,894	130,174
Automotive sensors	72,948	80,498	80,576
Subtotal	185,601	209,393	210,750
Communication media components & technical ceramics			
Communication media components	130,555	108,267	101,952
Technical ceramics	23,891	22,678	24,247
Subtotal	154,446	130,946	126,199
Others	4,937	5,353	4,134
Elimination	(94)	(109)	(83)
Total net sales	344,891	345,584	341,000
Operating income:			
Automotive components	33,199	36,110	31,577
Communication media components & technical ceramics	19,162	(1,160)	(5,229)
Others	39	89	52
Total operating income	52,401	35,039	26,400
Ordinary income	53,855	34,938	27,600
Net income	34,072	22,144	16,700
Capital expenditure:			
Automotive components	17,667	24,840	20,513
Communication media components & technical ceramics	11,411	38,267	6,684
Others	191	123	3
Total capital expenditure	29,271	63,231	27,200
Depreciation:			
Automotive components	10,586	13,036	16,070
Communication media components & technical ceramics	8,259	12,421	15,710
Others	15	15	20
Total depreciation	18,861	25,474	31,800
		Yen	
Per share			
Net income (Basic)	154.24	100.93	76.63
Equity	1,302.52	1,312.72	1,362.35
Cash dividends	* 27.00	27.00	27.00
Actual exchange rate			
Yen - U.S. dollar	117	114	105
Yen - Euro	150	162	150
		Percent	
Operating income ratio	15.2%	10.1%	7.7%
Return on equity	12.5%	7.7%	5.7%
Dividend payout ratio	17.5%	26.8%	35.2%

Note: Cash dividends for the fiscal ended March 31, 2007 includes 3.00 yen of commemorative dividends on our 70th anniversary.

Disclaimer regarding forward-looking statements.

This document contains forward-looking statements. These statements are based on internal projections and estimates. Therefore, we cannot guarantee accuracy and completeness of the forecast due to various factors.

Consolidated financial statements

Consolidated balance sheet

	Millions of yen, percent				
	March 31, 2007		March 31, 2008		Increase / (decrease)
Assets					
Current assets:					
Cash and time deposits	24,375		23,363		(1,011)
Notes and accounts receivable, trade	61,716		56,131		(5,585)
Securities	51,859		23,558		(28,300)
Inventories	65,433		76,453		11,020
Deferred tax assets	9,960		11,347		1,386
Other current assets	10,286		9,136		(1,149)
Allowance for doubtful accounts	(302)		(488)		(185)
Total current assets	223,328	54.0%	199,503	48.4%	(23,825)
Fixed assets:					
Tangible assets:					
Building and structures	43,687		65,461		21,773
Machinery and vehicles	43,829		58,074		14,245
Land	16,846		18,717		1,870
Construction in progress	12,638		5,362		(7,276)
Other tangible assets	2,265		2,581		315
Total tangible assets	119,267	28.8%	150,197	36.4%	30,929
Intangible assets:					
Consolidated goodwill	753		9,236		8,482
Software	946		2,516		1,569
Total intangible assets	1,699	0.4%	11,752	2.9%	10,052
Investment and other assets:					
Investments securities	64,941		46,395		(18,545)
Deferred tax assets	1,263		1,462		199
Other assets	3,376		2,936		(440)
Allowance for doubtful accounts	(108)		(97)		11
Total investment and other assets	69,472	16.8%	50,697	12.3%	(18,775)
Total fixed assets	190,440	46.0%	212,647	51.6%	22,207
Total assets	413,769	100.0%	412,150	100.0%	(1,618)

Note: Domestic NCDs * included in "Cash and time deposits" as of March 31, 2007 were reclassified into "Securities" at fiscal year ended March 31, 2007, due to the revision of Accounting Standard for Financial Instruments (ASBJ Statement No.10) on June 15, 2007. For comparative purposes, the balance of earlier period's ends also has been reclassified into current presentation on this consolidated balance sheet.

* Domestic NCDs: Negotiable certificate of deposits issued by Japanese financial institution

	Millions of yen, percent				
	March 31, 2007		March 31, 2008		Increase / (decrease)
Liabilities:					
Current liabilities:					
Accounts payable, trade	32,809		31,482		(1,326)
Short-term borrowing	15,468		4,399		(11,068)
Income taxes payable	11,188		3,865		(7,323)
Deferred tax liabilities	198		191		(7)
Other current liabilities	24,992		30,924		5,931
Total current liabilities	84,657	20.5%	70,864	17.2%	(13,793)
Fixed liabilities:					
Bonds	16,099		36,099		20,000
Long-term borrowing	-		200		200
Employee retirement benefit liability	14,166		14,307		141
Accrued severance indemnities for officers	740		789		48
Negative consolidated goodwill	53		31		(21)
Deferred tax liabilities	7,901		439		(7,462)
Other fixed liabilities	1,174		1,120		(53)
Total fixed liabilities	40,134	9.7%	52,987	12.9%	12,852
Total liabilities	124,792	30.2%	123,851	30.1%	(940)
Net assets:					
Shareholders' equity:					
Common stock	47,869	11.5%	47,869	11.6%	-
Capital surplus	55,170	13.3%	55,174	13.4%	3
Retained earnings	166,642	40.3%	182,946	44.4%	16,304
Less, treasury stock at cost	(10,052)	(2.4%)	(14,960)	(3.6%)	(4,907)
Total shareholders' equity	259,629	62.7%	271,029	65.8%	11,400
Valuation and translation adjustments:					
Net unrealized gains on available-for-sale securities	26,837	6.5%	15,896	3.8%	(10,941)
Foreign currency translation adjustment	703	0.2%	(857)	(0.2%)	(1,561)
Total valuation and adjustment	27,541	6.7%	15,039	3.6%	(12,502)
Minority interests in consolidated subsidiaries	1,805	0.4%	2,230	0.5%	424
Total net assets	288,976	69.8%	288,299	69.9%	(677)
Total liabilities and net assets	413,769	100.0%	412,150	100.0%	(1,618)
Accumulated depreciation of tangible assets	225,406		251,905		
Investments in unconsolidated subsidiaries & affiliates	5,809		3,760		
Guarantees of indebtedness principles of employees	149		132		
Notes receivable discounted	514		372		
			Shares		
Number of shares					
- Issued common stock	229,544,820		229,544,820		
- Treasury stock	9,071,938		11,624,045		

Consolidated statement of operations

	Millions of yen, percent				
	Fiscal year ended March 31				Increase / (Decrease)
	2007		2008		
Net sales	344,891	100.0%	345,584	100.0%	693
Costs of goods sold	248,564	72.1%	262,243	75.9%	13,679
Gross profit on sales	96,326	27.9%	83,340	24.1%	(12,985)
Selling, general and administrative expenses:					
Selling expenses	25,940		28,533		2,593
General and administrative expenses	17,984		19,767		1,783
Total S.G.A.	43,924	12.7%	48,301	14.0%	4,376
Operating income	52,401	15.2%	35,039	10.1%	(17,362)
Other income:					
Interest income	1,386		1,843		457
Dividend income	817		864		47
Amortization of consolidated goodwill	21		21		-
Income of rentals on fixed assets	842		703		(139)
Equity in net earnings of affiliates	481		351		(130)
Foreign exchange gain	186		-		(186)
Miscellaneous income	1,076		1,318		242
Total other income	4,812	1.4%	5,102	1.5%	289
Other expenses:					
Interest expenses	906		610		(296)
Depreciation of rentals on fixed assets	658		548		(109)
Loss on disposal of inventory	194		-		(194)
Warranty	568		616		48
Foreign exchange loss	-		2,391		2,391
Miscellaneous loss	1,032		1,037		4
Total other expenses	3,359	1.0%	5,203	1.5%	1,844
Ordinary income	53,855	15.6%	34,938	10.1%	(18,916)
Extraordinary profit:					
Gain on sales of fixed assets	55		24		(31)
Gain on sales of investment securities	85		13		(71)
Total extraordinary profit	140	0.1%	37	0.0%	(103)
Extraordinary losses:					
Loss on sale or disposal of fixed assets	610		418		(191)
Loss on sales of investment securities	-		5		5
Total extraordinary losses	610	0.2%	424	0.1%	(186)
Income before income taxes and minority interests	53,385	15.5%	34,551	10.0%	(18,833)
Income taxes:					
Current	21,079		13,443		(7,636)
Deferred	(2,011)		(1,497)		514
Total income taxes	19,067	5.5%	11,946	3.5%	(7,121)
Less, minority interests in net income of consolidated subsidiaries	244	0.1%	461	0.1%	216
Net income	34,072	9.9%	22,144	6.4%	(11,928)
	Yen				
Net income per common share					
- Basic	154.24		100.93		
- Diluted	146.44		95.80		

Note A: The major components of selling, general and administrative expenses

	Millions of yen	
	Fiscal year ended March 31	
	2007	2008
Depreciation	973	1,221
Provision for allowance for doubtful accounts	145	207
Net periodic retirement benefit expense	682	758
Provision for officers' severance indemnities	253	234
Salaries and bonuses	14,913	16,337
Packing and transport	4,964	5,111
Sales commission	2,232	1,566
Advertising	3,527	4,293
Research and development	2,841	2,972

B: Adoption of ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories"

Effective fiscal year ended March 31, 2008, NGK SPARK PLUG CO., LTD. (the Company) and its domestic consolidated subsidiaries have adopted "Accounting Standard for Measurement of Inventories", which issued by Accounting Standards Board of Japan on July 5, 2006. As a result, operating income decreased by 3,108 million yen, ordinary income decreased by 2,829 million yen, net income decreased by 1,682 million yen for the fiscal year ended March 31, 2008, as compared with previous accounting method.

C: Revision of the depreciation method of tangible assets

The Company and its domestic consolidated subsidiaries have revised the depreciation method of tangible assets from this period of the fiscal year ended March 31, 2008.

The following table shows the difference of depreciation methods.

Tangible assets	Current method	Previous method
Buildings	Straight-line method	Traditional declining-balance method
Other tangible assets acquired on or after April 1, 2007	250% declining-balance method	Traditional declining-balance method
Other tangible assets acquired before April 1, 2007 (Not revised)	Traditional declining-balance method	Traditional declining-balance method

* 250% declining-balance method:

the depreciation rate is calculated by multiplying the depreciation rate of straight-line method by 2.5.

* Traditional declining-balance method:

the depreciation rate is calculated to become 10% of the acquisition cost after useful life.

In addition, the Company has shortened the useful life of equipment for IC-package production by one year from this period.

These revision increased depreciation expense of this period by 1,473 million yen as compared with the previous method. Likewise, this method decreased operating income of the period by 1,040 million yen, ordinary income by 1,041 million yen, and net income by 619 million yen.

Consolidated statement of net assets

	Millions of yen									
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Total valuation and adjustment	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2006	47,869	55,167	138,202	(6,454)	234,784	27,831	(3,403)	24,428	1,552	260,766
Net income			34,072		34,072					34,072
Dividends			(5,529)		(5,529)					(5,529)
Bonus to directors and corporate auditors			(103)		(103)					(103)
Purchase of treasury stock				(3,601)	(3,601)					(3,601)
Sales of treasury stock		3		3	6					6
Net changes of items other than shareholders' equity						(994)	4,106	3,112	253	3,365
Total change	-	3	28,439	(3,598)	24,844	(994)	4,106	3,112	253	28,210
Balance at March 31, 2007	47,869	55,170	166,642	(10,052)	259,629	26,837	703	27,541	1,805	288,976
Net income			22,144		22,144					22,144
Dividends			(5,842)		(5,842)					(5,842)
Change of scope of consolidation			2		2					2
Purchase of treasury stock				(4,914)	(4,914)					(4,914)
Sales of treasury stock		3		7	10					10
Net changes of items other than shareholders' equity						(10,941)	(1,561)	(12,502)	424	(12,077)
Total change	-	3	16,304	(4,907)	11,400	(10,941)	(1,561)	(12,502)	424	(677)
Balance at March 31, 2008	47,869	55,174	182,946	(14,960)	271,029	15,896	(857)	15,039	2,230	288,299

Consolidated statement of cash flows

	Millions of yen		
	Fiscal year ended March 31		Increase /
	2007	2008	(Decrease)
Cash flow from operating activities:			
Income before income taxes and minority interests	53,385	34,551	(18,833)
Depreciation	18,861	25,474	6,613
Amortization of consolidated goodwill	178	661	482
Net increase / (decrease) in allowance for retirement benefit for employees	(38)	112	150
Interest and dividend income	(2,203)	(2,707)	(504)
Equity in net earnings of affiliates	(481)	(351)	130
Interest expenses	906	610	(296)
Net loss on sales of investment securities	(85)	(7)	77
Gain on sales of fixed assets	(55)	(24)	31
Loss on sales or disposal of fixed assets	610	418	(191)
Net (decrease) / increase in accounts receivables, trade	(5,920)	4,249	10,170
Net increase in inventories	(11,928)	(11,051)	877
Net increase in accounts payable, trade	2,432	3,964	1,531
Other, net	233	197	(35)
Subtotal	55,895	56,098	203
Interest and dividend received	2,171	2,789	618
Interest paid	(908)	(542)	366
Income taxes paid	(20,676)	(20,617)	58
Net cash provided by operating activities	36,481	37,728	1,246
Cash flow from investing activities:			
Net decrease in fixed-term deposit	836	2,280	1,443
Net decrease in securities	11,589	21,098	9,509
Purchase of investment securities	(845)	(4,008)	(3,163)
Sales of investment securities	3,101	57	(3,044)
Purchase of shares of a subsidiary	(562)	-	562
Net decrease by an acquisition of share of a newly subsidiary	-	(10,878)	(10,878)
Purchase of tangible fixed assets	(36,420)	(51,185)	(14,765)
Sales of tangible fixed assets	210	235	24
Net (decrease) / increase in loans	(16)	30	47
Other, net	(816)	(1,450)	(634)
Net cash used in investing activities	(22,924)	(43,820)	(20,896)
Cash flow from financing activities:			
Net (decrease) / increase in short-term borrowing	4,942	(12,005)	(16,948)
Repayment of long-term loans payable	-	(5)	(5)
Proceeds from issuance of bonds	-	19,893	19,893
Redemption of bonds	(10,000)	-	10,000
Proceeds from stock issuance to minority shareholders	248	-	(248)
Purchase of treasury stock and fractional shares	(3,601)	(4,914)	(1,313)
Sales of treasury stock and fractional shares	6	10	4
Dividends paid	(5,527)	(5,828)	(300)
Other, net	(111)	(80)	30
Net cash used in financing activities	(14,042)	(2,929)	11,112
Effect of exchange rate changes on cash and cash equivalents	(1,561)	(629)	932
Net decrease in cash and cash equivalents	(2,046)	(9,651)	(7,604)
Cash and cash equivalents at beginning of the period	43,304	41,257	(2,046)
Increase in cash and cash equivalents from a newly consolidated subsidiary	-	96	96
Cash and cash equivalents at end of the period	41,257	31,702	(9,554)

Note A: Reconciliation of cash and time deposits in the consolidated balance sheet to cash and cash equivalents in the consolidated statement of cash flows.

	Millions of yen	
	March 31, 2007	March 31, 2008
Cash and time deposits	24,375	23,363
Securities	51,859	23,558
Subtotal	76,234	46,922
Time deposits with original maturities of three months or longer	(8,273)	(7,556)
Negotiable certificate of deposits with original maturities of three months or longer	(11,920)	(1,000)
Security other than short-term investments with an original maturity of three months or less	(14,783)	(6,663)
Cash and cash equivalents	41,257	31,702

B: Breakdown of net decrease by an acquisition of a newly consolidated subsidiary

	Millions of yen	
	Fiscal year ended March 31	
	2007	2008
Current assets of a newly consolidated subsidiary	-	6,577
Fixed assets of a newly consolidated subsidiary	-	2,762
Current liabilities of a newly consolidated subsidiary	-	(4,839)
Fixed liabilities of a newly consolidated subsidiary	-	(233)
Consolidated goodwill	-	9,165
The Company's share before an acquisition	-	(2,134)
Payment for acquisition of shares	-	11,300
Cash and cash equivalents of a newly subsidiary	-	(421)
Net decrease by an acquisition of a newly consolidated subsidiary	-	10,878

* A newly consolidated subsidiary in fiscal year ended March 31, 2008 is Ceramic Sensor Co., Ltd. Please refer to "Scope of consolidation and application of equity method".

Scope of consolidation and application of equity method

1. Number of consolidated subsidiaries, unconsolidated subsidiaries and affiliates

	March 31, 2007	March 31, 2008
Consolidated subsidiaries:		
Overseas	23	25
Domestic	10	11
Unconsolidated subsidiaries, stated at cost	3	1
Affiliates, accounted for by equity method	3	2
Affiliates, stated at cost	5	5

Note A: Newly consolidated subsidiaries are as follows;

Overseas subsidiaries:	NGK Spark Plugs (Thailand), Co., Ltd.	(Thailand)
	NGK Spark Plugs (Philippines), Inc.	(Philippines)
Domestic subsidiary:	Ceramic Sensor Co., Ltd.	

* Ceramic Sensor Co., Ltd. (Ceramic Sensor) has been become a specific subsidiary of the Company in the fiscal year ended March 31, 2008, because the Company acquired the 50% stake of Ceramic Sensor at September 25, 2007.

About Ceramic Sensor

- Trade name	Ceramic Sensor Co., Ltd.
- Location	Komaki, Aichi, Japan
- Paid-in Capital	2,500 million yen
- Line of Business	Production of automotive sensors

Relationship between the Company and Ceramic Sensor

- Capital	The Company has 100% voting rights of Ceramic Sensor.
- Personnel	The Company has installed the Company's two directors and two employees as Ceramic Sensor's directors, and the Company's auditor as Ceramic Sensor's auditor.
- Financial support	None
- Partnerships	The Company purchases finished goods from Ceramic Sensor.
- Rental of assets	The Company rents land for factory and parking, building, equipments for automotive sensor's production.

We have been reclassified as a consolidated subsidiary from an affiliate accounted for by the equity method at deemed date of acquisition, September 30, 2007. Therefore, we consolidated its balance sheet, statement of income and statement of cash flow from end of interim period, and applied the equity method to its statement of income up to end of interim period.

B: An unconsolidated subsidiary is small in terms of its total assets, total sales, total net income or loss and total retained earnings and others. So it does not have a significant effect on the consolidated financial statements.

C: An unconsolidated subsidiary and affiliates, which are stated at cost, are not accounted for by the equity method. Because their impact is not so significant on consolidated net income or loss for the period or on consolidated retained earnings or other results.

2. Name of major consolidated subsidiaries and affiliates, accounted for by equity method

1. Consolidated subsidiaries:		
Overseas subsidiaries	NGK Spark Plugs (U.S.A.), Inc.	(U.S.A.)
	NTK Technologies, Inc.	(U.S.A.)
	NGK Spark Plugs (U.K.) Ltd.	(U.K.)
	NGK Spark Plug GmbH	(Germany)
	Cerâmica e Velas de Ignição NGK do Brasil Ltda.	(Brazil)
	NGK Spark Plug (Australia) Pty., Ltd.	(Australia)
Domestic subsidiaries	Ceramic Sensor Co., Ltd.	
	Nittoku Seisakusho Co., Ltd.	
	Kamioka Ceramic Co., Ltd.	
	Iijima Ceramic Co., Ltd.	
	Nakatsugawa Ceramic Co., Ltd.	
2. Affiliates, accounted for by equity method		
Overseas affiliate	Woo Jin Industry Co., Ltd.	(Korea)
Domestic affiliate	Tokai Taima Kogu Co., Ltd.	

3. Accounting periods of consolidated subsidiaries

All the overseas-consolidated subsidiaries close their books on December 31, which is three months earlier than consolidated balance sheet date (March 31). Significant transactions between their closing date and the date of consolidated balance sheet are adjusted at the time of consolidation.

Segment information

1. Information by industry segment

	Millions of yen					
	Automotive components	Communication media components and technical ceramics	Other	Total	Elimination	Consolidated
Fiscal year ended March 31, 2007						
Operating revenues-net sales:						
Outside customers	185,601	154,446	4,842	344,891	-	344,891
Inter-segment sales	-	-	94	94	(94)	-
Total net sales	185,601	154,446	4,937	344,985	(94)	344,891
Operating costs and expenses	152,401	135,284	4,897	292,583	(94)	292,489
Operating income	33,199	19,162	39	52,401	-	52,401
Identifiable assets	244,769	167,300	1,699	413,769	-	413,769
Depreciation	10,586	8,259	15	18,861	-	18,861
Capital expenditure	17,667	11,411	191	29,271	-	29,271
Fiscal year ended March 31, 2008						
Operating revenues-net sales:						
Outside customers	209,393	130,946	5,244	345,584	-	345,584
Inter-segment sales	-	-	109	109	(109)	-
Total net sales	209,393	130,946	5,353	345,693	(109)	345,584
Operating costs and expenses	173,283	132,106	5,263	310,654	(109)	310,544
Operating income / (loss)	36,110	(1,160)	89	35,039	-	35,039
Identifiable assets	264,699	146,107	1,344	412,150	-	412,150
Depreciation	13,036	12,421	15	25,474	-	25,474
Capital expenditure	24,840	38,267	123	63,231	-	63,231

Note A: As disclosed in statement of income (Note B), the Company and its domestic subsidiaries have adopted a new accounting standard for measurement for inventories from the fiscal year ended March 31, 2008.

As a result, operating income for the fiscal year ended March 31, 2008, decreased by 880 million yen in Automotive components segment and 2,228 million yen in Communication media components and technical ceramics segment, respectively, as compared with calculated by previous measurement.

B: As disclosed in statement of income (Note C), the Company and its domestic subsidiaries have revised the depreciation method of tangible assets from the fiscal year ended March 31, 2008.

As a result, changes of operating income and depreciation in each industry for the fiscal year ended March 31, 2008 as compared with calculated by previous depreciation method are as follows:

In Automotive components,

depreciation increased by 221 million yen; and
operating income decreased by 159 million yen.

In Communication media components and technical ceramics,

depreciation increased by 1,253 million yen; and
operating income decreased by 882 million yen.

In other segments, depreciation decreased by 1 million yen and operating income increased by 1 million yen.

2. Information by geographic segment

	Millions of yen						
	Japan	North America	Europe	Other	Total	Elimination	Consolidated
Fiscal year ended March 31, 2007							
Operating revenues-net sales:							
Outside customers	149,433	105,955	57,683	31,819	344,891	-	344,891
Inter-segment sales	157,260	862	1,322	1,045	160,491	(160,491)	-
Total net sales	306,693	106,818	59,005	32,865	505,382	(160,491)	344,891
Operating costs and expenses	262,173	104,270	55,834	29,313	451,591	(159,102)	292,489
Operating income	44,520	2,547	3,171	3,551	53,790	(1,388)	52,401
Identifiable assets	334,788	44,364	33,665	32,039	444,857	(31,088)	413,769
Fiscal year ended March 31, 2008							
Operating revenues-net sales:							
Outside customers	149,200	85,267	67,559	43,557	345,584	-	345,584
Inter-segment sales	145,845	983	864	1,584	149,277	(149,277)	-
Total net sales	295,045	86,250	68,424	45,141	494,862	(149,277)	345,584
Operating costs and expenses	273,483	83,949	64,626	39,342	461,402	(150,857)	310,544
Operating income	21,562	2,301	3,797	5,798	33,459	1,579	35,039
Identifiable assets	335,862	32,794	33,712	41,140	443,509	(31,358)	412,150

Note A: As disclosed in statement of income (Note B), the Company and its domestic subsidiaries have adopted a new accounting standard for measurement for inventories from the fiscal year ended March 31, 2008.

As a result, operating income for the fiscal year ended March 31, 2008, decreased by 3,108 million yen in segment of Japan, as compared with calculated by previous measurement.

B: As disclosed in statement of income (Note C), the Company and its domestic subsidiaries have revised the depreciation method of tangible assets from the fiscal year ended March 31, 2008.

As a result, operating income for the fiscal year ended March 31, 2008, decreased by 1,040 million yen in segment of Japan, as compared with calculated by previous depreciation method.

3. Overseas sales

	Millions of yen			
	Fiscal year ended March 31			
	2007		2008	
North America	156,159	45.3%	138,792	40.2%
Europe	59,177	17.2%	68,185	19.7%
Asia	34,775	10.1%	39,537	11.4%
Other area	28,446	8.2%	35,054	10.2%
Total overseas sales	278,558	80.8%	281,569	81.5%
Consolidated net sales	344,891	100.0%	345,584	100.0%

For derivative transactions

1. Derivative transactions policy

The Company is a party to derivative instruments such as foreign currency forward exchange contracts. As a matter of corporate policy, derivatives are not held or issued for speculative trading purposes. These exposures include certain anticipated export sales or import purchases. Because the counterparties to these derivative transactions are limited to major financial institutions with high credit ratings, the Company does not anticipate any losses arising from the above transactions. General transaction guidelines on derivative transactions are decided by the Board of Directors, and the Accounting & Financial Section manages the execution of and control over its derivatives. The results of these transactions are reported to the Board of Directors.

2. Fair value of derivative transactions

Currency-related transactions:

	Millions of yen					
	March 31, 2007			March 31, 2008		
	Notional amounts within 1 year	Fair value	Unrealized gain	Notional amounts within 1 year	Fair value	Unrealized gain / (loss)
Forward Contract:						
Selling position	24,992	24,886	106	14,203	13,596	606
Buying position	-	-	-	-	-	-
Currency options:						
Written currency call options	-	-	-	626	9	(1)
Purchased currency put options	-	-	-	315	4	(4)
Total			106			601

Subsequent events

On May 9, 2008, the board of directors declared a cash dividend of 13.50 yen per share, payable June 9, 2008, to shareholders of record on March 31, 2008.