

Business Results

1. Consolidated Sales and Profits

(Millions of yen)

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
Net sales	1,330,125	1,311,887	1,362,493	1,372,337	1,439,451	1,446,491	1,476,368	1,494,817	1,572,346	1,445,790
Operating income	91,400	81,673	88,480	67,521	50,324	42,017	58,339	47,906	45,680	△5,803
Ordinary income	87,071	71,531	78,288	58,566	56,614	43,572	46,768	42,215	45,437	△4,600
Net income	31,348	22,628	30,283	33,484	38,649	18,238	15,611	31,899	18,481	△69,933

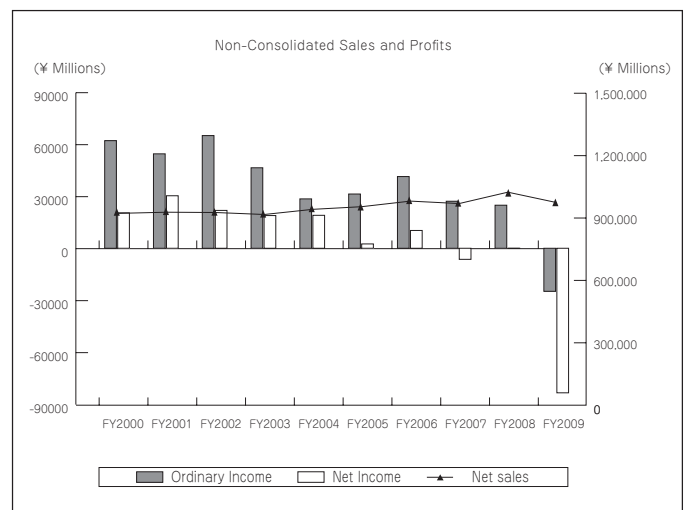
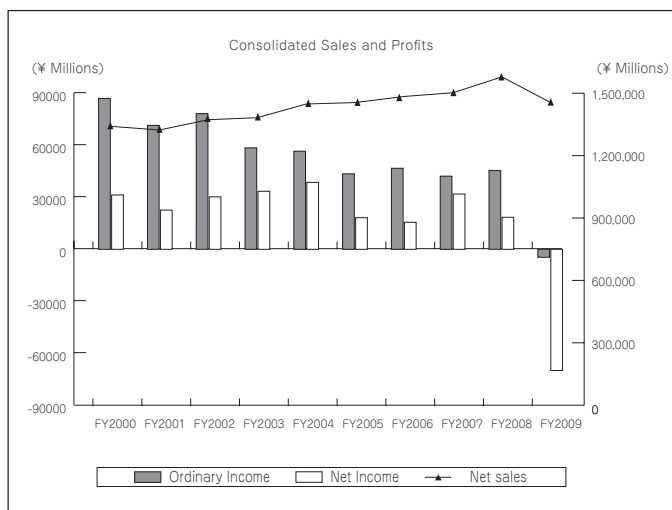
Note: Scope of consolidation and application of equity method (FY2009)

Consolidated subsidiaries...68: Ichitan Co., Ltd./Subaru Finance Co., Ltd./Subaru Kosan Co., Ltd./Yusoki Kogyo K.K./Fuji Machinery Co., Ltd./TOKYO SUBARU INC./Subaru of Indiana Automotive, Inc. (SIA)/Subaru of America, Inc. (SOA)/Fuji Heavy Industries U.S.A., Inc./Other consolidated subsidiaries-59 companies

Companies accounted for by the equity method...15: Subaru of China, Ltd. and 14 other companies

2. Non-Consolidated Sales and Profits

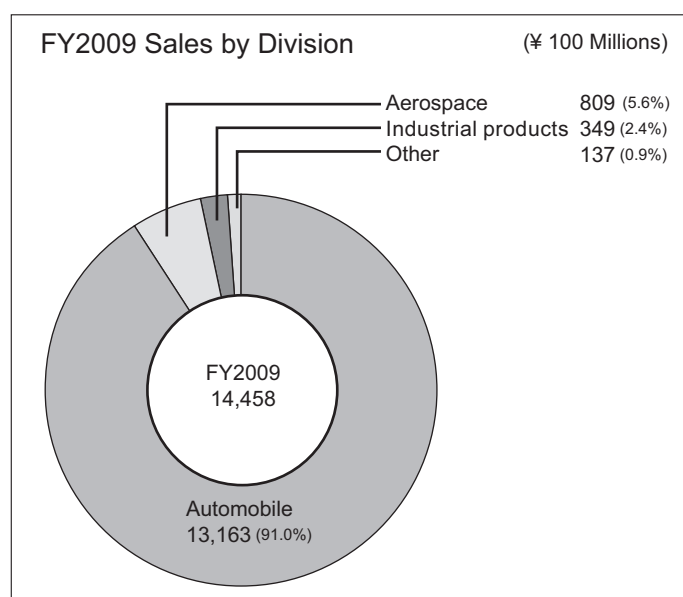
	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
Sales (¥ Millions)	917,564	923,138	921,709	912,228	936,911	949,511	976,143	964,424	1,018,820	969,209
Operating income (¥ Millions)	54,275	56,420	63,698	50,161	30,143	35,436	52,123	33,507	25,830	△24,546
Ordinary income (¥ Millions)	62,093	54,490	65,015	46,453	28,496	31,304	41,379	27,135	24,847	△24,840
Net income (¥ Millions)	20,440	30,304	21,846	18,880	19,012	2,503	10,274	△6,391	△58	△83,404
Net income per share (¥)	33.56	40.60	29.37	25.24	24.86	3.14	13.60	—	—	—
Net assets per share (¥)	493.70	591.69	615.49	629.61	647.76	650.46	661.91	645.71	625.17	487.78
Dividend per share (¥)	9	9	9	9	9	9	9	9	9	4.5



3. Consolidated Sales by Division

(¥ 100 Millions)

	FY2004	FY2005	FY2006	FY2007	FY2008 ①	FY2009 ②	Increase/decrease	
							Amount②-①	Ratio (②-①)/①
Automobile	13,170 91.5%	13,196 91.2%	13,292 90.0%	13,393 89.6%	14,212 90.4%	13,163 91.0%	- 1,049	- 7.3%
Aerospace	566 3.9%	594 4.1%	818 5.5%	940 6.3%	997 6.3%	809 5.6%	- 188	- 18.8%
Industrial products	423 2.9%	468 3.2%	524 3.5%	497 3.3%	407 2.6%	349 2.4%	- 58	- 14.2%
Other	236 1.6%	206 1.4%	130 0.8%	118 0.8%	108 0.7%	137 0.9%	29	2.6%
Total	14,395	14,465	14,764	14,948	15,723	14,458	- 1,265	- 8.0%



4. Consolidated Statements of Income

(Millions of yen)

	2005	2006	2007	2008	2009
	(Ended March 31, 2005)	(Ended March 31, 2006)	(Ended March 31, 2007)	(Ended March 31, 2008)	(Ended March 31, 2009)
Net sales	1,446,491	1,476,368	1,494,817	1,572,346	1,445,790
Cost of sales	1,107,718	1,125,293	1,142,674	1,217,662	1,164,564
Gross profit	338,773	351,075	352,143	354,684	281,226
Selling, general and administrative expenses	296,756	292,736	304,237	309,004	287,029
Operating income (loss)	42,017	58,339	47,906	45,680	(5,803)
Non-operating income	14,096	12,356	17,805	15,029	14,803
Interest and dividend income	2,393	3,421	3,864	5,503	—
Interest income	—	—	—	—	2,663
Dividends income	—	—	—	—	1,080
Equity in earnings of affiliates	—	—	—	501	926
Real estate rent	—	—	—	—	586
Foreign exchange gains	—	—	—	—	7,769
Amortization of negative goodwill (Amortization of consolidation adjustments)	6,868	3,296	2,175	—	—
Gain on revaluation of derivatives	—	—	4,268	4,921	—
Other	4,835	5,639	7,498	4,104	1,779
Non-operating expenses	12,541	23,927	23,496	15,272	13,600
Interest expenses	2,437	3,181	4,017	4,063	3,315
Foreign exchange losses	—	—	11,906	4,740	—
Loss on revaluation of derivatives	—	—	72	110	5,296
Other	10,104	20,746	7,501	6,359	4,989
Ordinary income (loss)	43,572	46,768	42,215	45,437	(4,600)
Extraordinary income	2,261	9,253	10,709	5,152	3,868
Gain on sales of noncurrent assets	1,417	3,872	6,673	1,480	357
Gain on sale of investment securities	541	5,274	58	1,502	673
Gain on prior period adjustment	—	—	1,451	1,539	—
Gain on transfer of the substitutional portion of the employees' pension fund	—	—	2,423	—	—
Other	303	107	104	631	2,838
Extraordinary losses	24,767	27,347	7,335	18,683	20,785
Loss on sales and retirement of noncurrent assets	6,169	4,273	4,774	5,489	3,809
Loss on sale of investment securities	—	2,253	18	—	468
Loss on valuation of investment securities	—	—	335	—	1,072
Impairment loss	—	4,064	550	13,174	1,045
Additional retirement payments	—	7,991	—	—	—
Loss on termination of the joint development projects	—	7,094	—	—	—
Provision of allowance for doubtful accounts	—	—	—	—	2,640
Provision for loss on construction contracts	—	—	—	—	2,901
Loss on devaluation of inventories	8,122	—	—	—	—
Loss on compensation to suppliers	4,174	—	—	—	—
Loss on discontinued operations	3,467	—	—	—	—
Other	2,835	1,672	1,658	20	8,850
Income (loss) before income taxes and minority interest	21,066	28,674	45,589	31,906	(21,517)
Income taxes	2,649	12,928	13,642	13,388	48,598
Minority interest in income (loss)	179	135	48	37	(182)
Net income (loss)	18,238	15,611	31,899	18,481	(69,933)

5. Consolidated Balance Sheets

(Millions of yen)

	2005	2006	2007	2008	2009
	(Ended March 31, 2005)	(Ended March 31, 2006)	(Ended March 31, 2007)	(Ended March 31, 2008)	(Ended March 31, 2009)
(Assets)					
Current assets	649,070	619,183	619,183	622,827	586,023
Cash and time deposits	40,742	65,524	65,524	67,053	78,151
Notes and accounts receivable, trade	116,278	104,972	104,972	96,017	82,352
Lease investment assets	—	—	—	—	27,074
Short-term investment securities	87,003	37,444	37,444	32,775	11,439
Inventories	175,087	216,396	216,396	261,009	—
Merchandise and finished goods	—	—	—	—	128,645
Work in process	—	—	—	—	96,425
Raw materials and supplies	—	—	—	—	34,249
Short-term loans receivables	128,202	118,414	118,414	78,329	59,434
Deferred tax assets	34,859	32,992	32,992	26,486	15,918
Other	68,158	45,604	45,604	62,504	53,845
Allowance for doubtful accounts	(1,259)	(2,163)	(2,163)	(1,346)	(1,509)
Noncurrent Assets	708,389	729,217	729,217	673,561	579,408
Property, plant and equipment	543,726	555,973	555,973	511,708	468,059
Buildings and structures, net	129,376	128,727	128,727	124,342	123,403
Machinery, equipment and vehicles, net	183,946	184,582	184,582	113,876	108,077
Land	170,809	172,338	172,338	181,974	183,741
Construction in progress	12,891	7,396	7,396	10,161	12,287
Leased assets, net	—	—	—	47,906	20,765
Other	46,704	62,930	62,930	33,449	19,786
Intangible assets	43,211	38,211	38,211	31,472	13,972
Investments and other assets	121,452	135,033	135,033	130,381	97,377
Investment securities	71,114	80,316	80,316	70,107	51,838
Long-term loans receivables	5,976	8,141	8,141	3,736	3,334
Deferred tax assets	24,481	23,612	23,612	27,256	10,702
Other	22,632	25,312	25,312	32,369	37,428
Allowance for devaluation of investments	(41)	—	—	—	—
Allowance for doubtful accounts	(2,710)	(2,348)	(2,348)	(3,087)	(5,925)
Total assets	1,357,459	1,348,400	1,316,041	1,296,388	1,165,431
(Liabilities)					
Current liabilities	610,311	628,113	563,667	598,042	561,248
Notes and accounts payable, trade	190,790	211,412	190,394	229,780	148,015
Short-term loans payable	220,295	195,507	172,454	165,886	225,149
Commercial paper	22,000	8,000	11,000	6,000	24,000
Current portion of bonds	10,300	20,500	10,000	30,000	—
Current portion of long-term loans payable	—	—	—	—	219,566
Income taxes payable	8,872	11,472	4,572	8,091	2,062
Accrued expenses	74,326	61,744	55,789	61,954	50,524
Provision for bonuses	15,277	15,427	15,247	15,507	14,141
Provision for product warranties	20,490	23,496	23,934	22,563	17,934
Provision for loss on construction contracts	—	—	—	—	760
Other	47,961	80,555	80,277	58,261	56,707
Noncurrent liabilities	272,532	252,501	256,671	203,923	209,464
Bonds payable	100,500	80,000	90,000	60,000	60,000
Long-term loans payable	59,095	70,072	60,400	42,661	50,583
Deferred tax liabilities on revaluation of land	478	703	703	—	—
Deferred tax liabilities	—	—	—	—	7,448
Provision for retirement benefits	59,002	52,322	45,516	40,993	36,997
Provision for directors' retirement benefits	1,150	971	987	774	702
Provision for loss on guarantees	—	—	745	745	745
Negative goodwill (Consolidation adjustments)	12,352	2,995	821	—	—
Other	39,955	45,438	57,499	58,750	52,989
Total liabilities	882,843	880,614	820,338	801,965	770,712
Minority interest in consolidated subsidiaries	3,467	2,264	—	—	—

(Millions of yen)

	2005	2006	2007	2008	2009
	(Ended March 31, 2005)	(Ended March 31, 2006)	(Ended March 31, 2007)	(Ended March 31, 2008)	(Ended March 31, 2009)
(Shareholders' Equity)					
Common stock	153,795	153,795	—	—	—
Capital surplus	160,071	160,071	—	—	—
Retained earnings	178,022	189,996	—	—	—
Revaluation reserve for land	421	290	—	—	—
Net unrealized holding gains on securities	16,945	21,145	—	—	—
Translation adjustments	(35,874)	(18,230)	—	—	—
Less treasury stock, at cost	(2,231)	(41,545)	—	—	—
Total shareholders' equity	471,149	465,522	—	—	—
Total liabilities and shareholders' equity	1,357,459	1,348,400	—	—	—
(Net Assets)					
Shareholders' capital:					
Capital stock	—	—	153,795	153,795	153,795
Capital surplus	—	—	160,104	160,098	160,071
Retained earnings	—	—	214,831	227,789	126,593
Treasury stock	—	—	(40,511)	(40,538)	(2,086)
Total shareholders' capital	—	—	488,219	501,144	438,373
Valuation, translation and other adjustments:					
Valuation difference on available-for-sale securities	—	—	22,182	13,716	3,002
Revaluation reserve for land	—	—	290	—	—
Foreign currency translation adjustment	—	—	(16,687)	(21,463)	(47,429)
Total valuation and translation adjustments	—	—	5,785	(7,747)	(44,427)
Minority interest	—	—	1,699	1,026	773
Total net assets	—	—	495,703	494,423	394,719
Total liabilities and net assets	—	—	1,316,041	1,296,388	1,165,431

6. Consolidated Statements of Cash Flows

(Millions of yen)

	2005	2006	2007	2008	2009
	(Ended March 31, 2005)	(Ended March 31, 2006)	(Ended March 31, 2007)	(Ended March 31, 2008)	(Ended March 31, 2009)
I Net cash provided by (used in) operating activities					
Income (loss) before income taxes and minority interests	21,066	28,674	45,589	31,906	(21,517)
Depreciation and amortization	71,010	80,073	81,454	87,164	74,036
Increase (decrease) in allowance for doubtful accounts	732	542	425	(500)	2,956
Increase (decrease) in provision for bonuses	—	—	—	—	(2,037)
Increase (decrease) in provision for product warranties	(6,437)	1,040	284	(1,236)	(533)
Increase (decrease) in provision for loss on construction contracts	—	—	—	—	760
Increase (decrease) in provision for retirement benefits	(2,730)	(6,859)	(6,790)	(4,136)	(5,053)
Increase in allowance for losses on guarantees	—	—	745	—	—
Interest and dividends income	(2,393)	(3,421)	(3,864)	(5,503)	(3,743)
Amortization of negative goodwill (consolidation adjustments)	(31,675)	(3,296)	(2,175)	—	—
Loss (gain) on valuation of derivatives	—	—	—	—	5,296
Gain on revaluation of derivatives	—	—	(4,268)	(4,921)	—
Loss on revaluation of derivatives	3,132	2,983	72	110	—
Equity in (earnings) losses of affiliates	—	—	—	—	(926)
Equity income from affiliated companies	—	(1,446)	(1,549)	(501)	—
Equity loss from affiliated companies	378	—	—	—	—
Interest expenses	2,437	3,181	4,017	4,063	3,315
Loss (gain) on sales and retirement of noncurrent assets	—	—	—	—	3,452
Gain on sale of fixed assets	(1,417)	(3,872)	(6,673)	(1,480)	—
Loss on sale and disposal of fixed assets	6,169	4,273	4,774	5,489	—
Loss (gain) on sales and valuation of investment securities	—	—	—	—	867
Gain on sale of investment securities	(541)	(5,274)	(58)	(1,502)	—
Loss on sale of investment securities	—	2,253	18	—	—
Loss on devaluation of investment securities	—	—	335	—	—
Loss (gain) on sales of loans receivable	—	—	—	(548)	—
Decrease (increase) in notes and accounts receivable, trade	5,353	13,893	6,392	460	5,938
Decrease (increase) in inventories	(11,272)	(9,944)	(12,787)	(45,633)	(18,717)
Increase (decrease) in notes and accounts payable, trade	33	16,555	(20,520)	44,205	(73,159)
Decrease (increase) in lease investment assets	—	—	—	—	(1,539)
Decrease (increase) in operating loans receivable	—	—	—	—	9,127
Decrease (increase) in leased assets	—	—	—	—	(417)
Increase (decrease) in deposits received	—	23,964	(825)	(11,111)	(4,757)
Gain on prior period adjustment	—	—	(1,451)	(88)	—
Impairment loss	—	4,064	550	13,174	1,045
Additional retirement payments	—	7,991	—	—	—
Loss on termination of the joint development projects	—	7,094	—	—	—
Loss on discontinued operations	3,467	—	—	—	—
Loss on compensation to suppliers	4,174	—	—	—	—
Other, net	2,225	(7,884)	(2,806)	7,721	12,819
Sub Total	63,711	154,584	80,889	117,133	(12,787)
Interest and dividends income received	2,406	3,126	4,334	5,864	3,738
Interest expenses paid	(2,432)	(2,920)	(3,945)	(4,135)	(3,062)
Additional retirement payments	—	(7,991)	—	—	—
Income taxes paid	(6,197)	(9,201)	(15,555)	(11,475)	(14,781)
Bonus paid to directors and statutory auditors	(161)	(113)	(107)	—	—
Net cash provided by (used in) operating activities	57,327	137,485	65,616	107,387	(26,892)

(Millions of yen)

	2005	2006	2007	2008	2009
	(Ended March 31, 2005)	(Ended March 31, 2006)	(Ended March 31, 2007)	(Ended March 31, 2008)	(Ended March 31, 2009)
II Net cash provided by (used in) investing activities					
Purchase of short-term investment securities	(37,119)	(9,489)	(3,517)	(4,700)	(2,265)
Proceeds from sale of short-term investment securities	50,474	21,908	8,472	6,020	5,326
Acquisition of shares of newly consolidated subsidiary	—	—	—	—	—
Increase due to acquisitions of Isuzu's Share of Subaru of Indiana Automotive, Inc.	—	—	—	—	—
Purchase of property, plant, and equipment	(137,998)	(120,875)	(57,388)	(59,430)	(58,415)
Proceeds from sale of property, plant and equipment	36,411	38,115	7,571	2,384	830
Purchase of property for lease	—	—	(64,100)	(60,048)	—
Proceeds from sale of leased assets	—	—	52,112	57,734	—
Purchase of intangible assets	(8,009)	(5,127)	(3,100)	(2,782)	(2,713)
Purchase of investment securities	(7,690)	(9,063)	(16,599)	(18,032)	(20,433)
Proceeds from sales of investment securities	5,395	13,092	11,430	15,911	11,848
Payments for investments in capital	—	—	—	—	(1,548)
Payments of loans receivable	(122,633)	(124,989)	(114,761)	(108,620)	(64,188)
Collection of loans receivable	101,195	127,450	138,280	128,476	60,155
Proceeds from withdrawal of restricted collateral cash	29,390	—	—	—	—
Price adjustment of investment in subsidiaries	—	(7,087)	—	—	—
Other, net	823	290	(1,828)	(1,833)	(982)
Net cash used in investing activities	(89,761)	(75,775)	(43,428)	(44,920)	(72,385)
III Net cash provided by (used in) financing activities					
Net increase (decrease) in short-term loans payable	(1,102)	(4,538)	(30,169)	(15,972)	51,517
Increase (decrease) in commercial papers	12,000	(14,000)	3,000	(5,000)	18,000
Proceeds from long-term loans payable	49,867	15,301	1,700	3,100	37,063
Repayment of long-term loans payable	(37,166)	(28,996)	(3,848)	(10,735)	(20,500)
Issuance of bonds	20,000	—	20,000	—	—
Redemption of bonds	(10,000)	(10,300)	(20,500)	(10,000)	(30,000)
Purchase of treasury stock	(399)	(39,352)	(62)	(60)	(50)
Proceeds from disposal of treasury stock	24	30	224	27	31,166
Cash dividends paid	(7,013)	(7,015)	(6,452)	(6,470)	(6,744)
Other, net	(12)	(15)	(102)	—	(3)
Net cash used in financing activities	26,199	(88,885)	(36,209)	(45,110)	80,449
IV Effect of exchange rate change on cash and cash equivalents	(1,481)	7,856	756	(1,968)	(15,614)
V Net increase (decrease) in cash and cash equivalents	(7,716)	(19,319)	(13,265)	15,389	(34,442)
VI Cash and cash equivalents at beginning of period	139,401	131,685	112,366	99,060	114,649
VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	—	(41)	200	2,045
Increase (decrease) by change in accounting period of consolidated subsidiaries	—	—	—	—	14,263
VIII Cash and cash equivalents at end of the year	131,685	112,366	99,060	114,649	96,515

7. Capital Investment and Depreciation

Consolidated

(¥ 100 Millions)

	FY2005	FY2006	FY2007	FY2008	FY2009
Capital investment	853	562	596	563	580
Depreciation and amortization	511	575	589	655	651
Research and development expenses	530	469	507	520	428

8. Consolidated Segment Information

■ Division

Net sales

	(Millions of yen)				Thousands of U.S. dollars
	FY2006	FY2007	FY2008	FY2009	FY2009
Net sales					
Automobiles -					
Outside customers	¥1,329,161	¥1,339,291	¥1,421,179	¥1,316,305	\$13,396,143
Inter-segment	3,688	3,050	2,849	2,641	26,878
Subtotal	1,332,849	1,342,341	1,424,028	1,318,946	13,423,021
Industrial products -					
Outside customers	52,436	49,699	40,678	34,912	355,302
Inter-segment	116	20	13	18	183
Subtotal	52,552	49,719	40,691	34,930	355,485
Aerospace -					
Outside customers	81,787	94,012	99,673	80,872	823,041
Inter-segment	35	16	1	1	10
Subtotal	81,822	94,028	99,674	80,873	823,051
Other -					
Outside customers	12,984	11,815	10,816	13,701	139,436
Inter-segment	2,518	2,575	6,778	12,420	126,400
Subtotal	15,502	14,390	17,594	26,121	265,836
Total	1,482,725	1,500,478	1,581,987	1,460,870	14,867,393
Corporate and elimination	(6,357)	(5,661)	(9,641)	(15,080)	(153,471)
Consolidated total	¥1,476,368	¥1,494,817	¥1,572,346	¥1,445,790	\$14,713,922

Segment profit or loss

	(Millions of yen)				Thousands of U.S. dollars
	FY2006	FY2007	FY2008	FY2009	FY2009
Operating income (loss)					
Automobiles	¥51,559	¥37,831	¥37,141	(¥9,201)	(\$93,639)
Industrial products	2,038	1,508	659	(1,643)	(16,721)
Aerospace	2,795	5,674	4,442	1,575	16,029
Other	1,231	2,257	2,525	3,118	31,732
Total	57,623	47,270	44,767	(6,151)	(62,599)
Corporate and elimination	716	636	913	348	3,542
Consolidated total	¥58,339	¥47,906	¥45,680	(¥5,803)	(\$59,057)

Assets

	(Millions of yen)				Thousands of U.S. dollars
	FY2006	FY2007	FY2008	FY2009	FY2009
Total assets					
Automobiles	¥1,110,445	¥1,058,957	¥1,041,057	¥910,250	\$9,263,688
Industrial products	56,621	55,450	45,528	39,856	405,618
Aerospace	147,557	165,177	172,410	174,062	1,771,443
Other	68,435	64,915	64,869	70,089	713,301
Total	1,383,058	1,344,499	1,323,864	1,194,257	12,154,050
Corporate and elimination	(34,658)	(28,458)	(27,476)	(28,826)	(293,364)
Consolidated total	¥1,348,400	¥1,316,041	¥1,296,388	¥1,165,431	\$11,860,686

Other significant items

	(Millions of yen)				Thousands of U.S. dollars
	FY2006	FY2007	FY2008	FY2009	FY2009
Depreciation and amortization expenses					
Automobiles	¥74,431	¥73,899	¥79,575	¥66,395	\$675,707
Industrial products	1,795	1,618	1,527	1,421	14,462
Aerospace	1,941	4,236	4,250	4,479	45,583
Other	1,906	1,701	1,812	1,741	17,718
Total	80,073	81,454	87,164	74,036	753,470
Corporate and elimination	—	—	—	—	—
Consolidated total	80,073	81,454	87,164	74,036	753,470
Capital expenditures for segment assets					
Automobiles	¥109,955	¥120,079	¥114,245	¥90,723	\$923,295
Industrial products	1,195	1,620	858	1,187	12,080
Aerospace	7,605	4,120	3,142	1,787	18,186
Other	534	669	624	1,480	15,063
Total	119,289	126,488	118,869	95,177	968,624
Corporate and elimination	—	(159)	—	(24)	(244)
Consolidated total	¥119,289	¥126,329	¥118,869	¥95,153	\$968,380

- Notes:
1. Definition of business segments
Business segments are defined based on their product line and market.
 2. Main products by each business segment
Business segments' main products:
Automobiles Legacy, Impreza, Forester, Tribeca, Stella, R1, R2, Pleo, Sambar
Industrial products Robin engine, power generators, pumps
Aerospace Aircraft, parts of space-related devices
Other Garbage collection vehicles, specialized vehicles, real estate lease
 3. All operating costs and expenses are allocated to each business segment.
 4. All figures in corporate and elimination represent elimination.
 5. Changes in accounting policies
(Fiscal 2006)
Impairment loss on property, plant and equipment
The Company and domestic consolidated subsidiaries adopted the accounting standards for impairment of fixed assets in the fiscal year 2006. As a result of this change, the assets of the Automobiles segment decreased by ¥3,167 million (US\$26,960 thousand) and the assets of the Other segment decreased by ¥96 million (US\$817 thousand) in the fiscal year 2006.
(Fiscal 2007)
Directors' bonuses
The adoption of the accounting standard for directors' bonuses had no material effect on segment results.
(Fiscal 2008)
Depreciation method of fixed assets
The Company and domestic consolidated subsidiaries changed their depreciation method in the fiscal year 2008 as mentioned in "2. Summary of Significant Accounting Policies". The effect of this change was to decrease operating income of "Automobiles" by ¥2,158 million (US\$21,537 thousand). In addition, the change in the depreciation method for the residual book value during the fiscal year 2008 resulted in a decrease in operating income of "Automobiles" of ¥1,897 million (US\$18,932 thousand). The effects of these changes on other business segments were insignificant.

(Fiscal 2009)**[1] Accounting standard for measurement of inventories**

As described in "2-[3] Inventories," in fiscal 2009 the Company and its domestic consolidated subsidiaries applied the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9).

This change resulted in an increase in operating loss of ¥3,061 million (US\$31,152 thousand) in "Automobiles" and an increase in operating loss of ¥146 million (US\$1,486 thousand) in "Industrial products."

The effects of those changes on other business segments were immaterial.

[2] Provision for loss on construction contracts

As described in "2-[9] Provision for Loss on Construction Contracts," in fiscal 2009 the Company started accounting for the provision for losses on uncompleted construction of contracts in the Aerospace segment when substantial losses on the contracts were anticipated at the fiscal year-end for the next fiscal year and beyond and such losses can be reasonably estimated.

The Company recorded ¥2,901 million (US\$29,524 thousand) of "Provision for loss on construction contracts" in the first quarter of fiscal 2009 as "Extraordinary loss," and a part of the provision corresponding to recognized sales related to construction were reclassified in cost of sales along with additional cost for construction since the second quarter of fiscal year 2009.

This change resulted in an increase in operating income of ¥433 million (US\$4,407 thousand) in "Aerospace."

[3] Change in recognition of sales or interest revenue on credit

As described in "2-[21] Other Changes in Accounting Policy," in fiscal 2009 the Company's financial subsidiary changed the recognition of sales or interest revenue on credit from the equal installment method to the seven-eight allocation method.

The impact of this change on net sales and operating loss was immaterial.

[4] Accounting for lease transactions

As described in "2-[13] Accounting for Lease Transactions," in fiscal 2009 the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13), and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16).

This change resulted in a decrease in operating loss of ¥2,513 million (US\$25,575 thousand) in "Automobiles."

[5] Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

As described in "2-[21] Other Changes in Accounting Policy," in fiscal 2009 the Company adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial statements" (Practical Issues Task Force No. 18).

The impact of this change on profit and loss was immaterial.

[6] Alteration of estimated useful lives of fixed assets

As described in "2-[4] Property, Plant and Equipment (Excluding Leased Assets)," in fiscal 2009 the Company and domestic consolidated subsidiaries revised the estimated useful lives of fixed assets (machinery) in accordance with the enacted revisions to the tax depreciation schedules under the Corporate Tax and Law and related tax regulations.

This change resulted in an increase in operating loss of ¥1,469 million (US\$14,950 thousand) in "Automobiles" and a decrease in operating income of ¥128 million (US\$1,302 thousand) in "Aerospace."

The impact of this change on other business segments is immaterial.

■ Geographic area

Net sales

	(Millions of yen)				Thousands of U.S. dollars
	FY2006	FY2007	FY2008	FY2009	FY2009
Net sales					
Japan - Outside customers	¥888,117	¥881,102	¥901,091	¥856,188	\$8,713,495
Inter-segment	257,456	244,896	270,514	280,623	2,855,923
Subtotal	1,145,573	1,125,998	1,171,605	1,136,811	11,569,418
North America - Outside customers	572,412	576,053	617,718	546,859	5,565,428
Inter-segment	2,298	14,222	20,860	15,380	156,524
Subtotal	574,710	590,275	638,578	562,239	5,721,952
Other -					
Outside customers	15,839	37,662	53,537	42,743	434,999
Inter-segment	313	283	501	622	6,330
Subtotal	16,152	37,945	54,038	43,365	441,329
Total	1,736,435	1,754,218	1,864,221	1,742,415	17,732,699
Corporate and elimination	(260,067)	(259,401)	(291,875)	(296,625)	(3,018,777)
Consolidated total	¥1,476,368	¥1,494,817	¥1,572,346	¥1,445,790	\$14,713,922

Operating income or loss

	(Millions of yen)				Thousands of U.S. dollars
	FY2006	FY2007	FY2008	FY2009	FY2009
Operating income					
Japan	¥56,989	¥40,622	¥34,188	(¥15,840)	(\$161,205)
North America	1,970	5,171	6,575	(1,964)	(19,988)
Other	309	831	1,402	1,933	19,673
Total	59,268	46,624	42,165	(15,871)	(161,520)
Corporate and elimination	(929)	1,282	3,515	10,068	102,463
Consolidated total	¥58,339	¥47,906	¥45,680	(¥5,803)	(\$59,057)

Assets

	(Millions of yen)				Thousands of U.S. dollars
	FY2006	FY2007	FY2008	FY2009	FY2009
Assets					
Japan	¥1,006,951	¥985,335	¥962,886	¥872,342	\$8,877,895
North America	368,541	347,770	347,205	297,801	3,030,745
Other	2,716	8,063	12,221	13,116	133,483
Total	1,378,208	1,341,168	1,322,312	1,183,259	12,042,123
Corporate and elimination	(29,808)	(25,127)	(25,924)	(17,828)	(181,437)
Consolidated total	¥1,348,400	¥1,316,041	¥1,296,388	¥1,165,431	\$11,860,686

Notes: 1. Geographic areas are based on geographical proximity.

2. Principal countries or districts in each geographic area:

North America: United States and Canada

Other: Europe

3. All operating costs and expense are allocated to each segment.

4. All figures in corporate and elimination represent elimination.

5. Changes in accounting policies

(Fiscal 2006)

Impairment loss on property, plant and equipment

The Company and domestic consolidated subsidiaries adopted the accounting standards for impairment of fixed assets in the fiscal year 2006. As a result of this change, the assets of the Japan segment decreased by ¥3,263 million (US\$27,777 thousand).

(Fiscal 2007)

Directors' bonuses

The adoption of the accounting standard for directors' bonuses had no material effect on segment results.

(Fiscal 2008)

Depreciation method of fixed assets

The Company and domestic consolidated subsidiaries changed their depreciation method in the fiscal year 2008 as mentioned in "2. Summary of Significant Accounting Policies". The effect of this change was to decrease operating income of "Japan" by ¥2,308 million (US\$23,034 thousand). In addition, the change in the depreciation method for the residual book value during the fiscal year 2008 resulted in a decrease in operating income of "Japan" of ¥2,298 million (US\$22,934 thousand).

(Fiscal 2009)**[1] Accounting standard for measurement of inventories**

As described in "2-[3] Inventories," in fiscal 2009, the Company and its domestic consolidated subsidiaries applied the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9).

This change resulted in an increase in operating loss of ¥3,220 million (US\$32,770 thousand) in "Japan."

[2] Provision for loss on construction contracts

As described in "2-[9] Provision for Loss on Construction Contracts," in fiscal 2009 the Company started accounting for the provision for losses on uncompleted construction of contracts in the Aerospace segment when substantial losses on the contracts were anticipated at the fiscal year-end for the next fiscal year and beyond and such losses could be reasonably estimated.

The Company recorded ¥2,901 million (US\$29,524 thousand) in "Provision for loss on construction contracts" in the first quarter of fiscal 2009 as "Extraordinary loss" and a part of the provision corresponding to recognized sales related to the construction has been reclassified in cost of sales along with additional cost for construction since the second quarter of fiscal 2009.

This change resulted in a decrease in operating loss of ¥433 million (US\$4,407 thousand) in "Japan."

[3] Change in recognition of sales or interest revenue on credit

As described in "2-[21] Other Changes in Accounting Policy," in fiscal 2009, the Company's financial subsidiary changed the recognition of sales or interest revenue on credit from the equal installment method to the seven-eight allocation method.

The impact of this change on net sales and operating loss was immaterial.

[4] Accounting for lease transactions

As described in "2-[13] Accounting for Lease Transactions," in fiscal 2009 the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16).

This change resulted in a decrease in operating loss of ¥2,513 million (US\$25,575 thousand) in "Japan."

[5] Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

As described in "2-[21] Other Changes in Accounting Policy," in fiscal 2009 the Company adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No. 18).

The impact of this change on profit and loss was immaterial.

[6] Alteration of service life of fixed assets

As described in "2-[4] Property, Plant and Equipment (Excluding Leased Assets)", in fiscal 2009 the Company and its domestic consolidated subsidiaries revised the estimated useful lives of fixed assets (machinery) to the enacted revisions to the tax depreciation schedules.

This change resulted in an increase in operating loss of ¥1,595 million (US\$16,232 thousand) in "Japan."

Overseas sales

	(Millions of yen)				Thousands of U.S. dollars
	FY2006	FY2007	FY2008	FY2009	FY2009
Overseas sales					
North America	¥616,437 41.8%	¥662,149 41.6%	¥667,310 42.5%	¥582,979 40.3%	\$5,933,025
Europe	128,777 8.7	152,458 10.2%	181,333 11.5%	168,520 11.7%	\$1,715,042
Other	127,016 8.6	143,994 9.7%	179,716 11.4%	186,777 12.9%	\$1,900,844
Total	¥872,230 59.1	¥918,601 61.5%	¥1,028,359 65.4%	¥938,276 64.9%	\$9,548,911
Consolidated net sales	¥1,476,368 100.0%	¥1,494,817 100.0%	¥1,572,346 100.0%	¥1,445,790 100.0%	\$14,713,922

Notes: 1. Geographic areas are based on geographical proximity.

2. Principal countries or districts in each geographic area:

North America: United States and Canada

Europe: Germany, Switzerland and the United Kingdom

Other: Australia

3. Overseas sales are sales outside of Japan by the Company and consolidated subsidiaries.

4. Changes of accounting policies:

(Fiscal 2006)

None.

(Fiscal 2007)

None.

(Fiscal 2008)

None.

(Fiscal 2009)

None.