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**Consolidated Financial Flash Report for the  
Year Ended March 31, 2008**

May 20, 2008

Name of Listed Company	ZEON CORPORATION	Listed Stock Exchanges	Tokyo Stock Exchange and Osaka Securities Exchange
Ticker Code	4205		
(URL <a href="http://www.zeon.co.jp">http://www.zeon.co.jp</a> )			
Representative	President & CEO	Name	Naozumi Furukawa
Contact	Managing Director and General Manager, Finance & Accounting Department	Name	Tadayuki Minami
		TEL	+81-3-3216-1412
Scheduled Date of the General Shareholders Meeting	June 27, 2008	Scheduled Date of dividend payments	From June 30, 2008
Scheduled Date of the Submission of the Securities Report	June 27, 2008		

Note: All amounts less than one million yen in the tables are rounded off.

**1. Consolidated Performance for the Year Ended March 31, 2008 (From April 1, 2007, to March 31, 2008)**

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2008	302,925	7.6	25,268	(16.3)	20,638	(30.7)	9,092	(46.8)
Year ended March 31, 2007	281,613	7.0	30,175	12.4	29,795	12.6	17,077	12.0

Note: The percentage figures respectively indicate year-over-year changes from the previous fiscal year.

	Net Income per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to sales
	Yen	Yen	%	%	%
Year ended March 31, 2008	38.24	38.22	8.3	6.3	8.3
Year ended March 31, 2007	71.74	71.72	16.4	10.1	10.7

Reference: Equity in earnings (losses) of unconsolidated subsidiaries and affiliates, net:

Year ended March 31, 2008    ¥32 million                      Year ended March 31, 2007    ¥27 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2008	335,730	110,880	31.9	453.54
As of March 31, 2007	315,448	115,180	35.4	469.17

Reference: Equity\*:

As of March 31, 2008    ¥107,063 million,                      As of March 31, 2007    ¥111,675 million

\* Equity used for calculation of the indices consists of "shareholders' equity" and "valuation and translation adjustments."

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**(3) Consolidated cash flows**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2008	8,197	(34,015)	25,220	6,126
Year ended March 31, 2007	23,633	(31,685)	7,028	6,483

**2. Cash Dividends**

Record date	Cash dividend per share			Total annual cash dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	Interim	Year-end	Full year			
	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2007	4.00	6.00	10.00	2,380	13.9	2.3
Year ended March 31, 2008	6.00	6.00	12.00	2,845	31.4	2.6
Year ending March 31, 2009 (Forecast)	6.00	6.00	12.00	-	28.3	-

**3. Projected Consolidated Performance for the Year Ending March 31, 2009  
(From April 1, 2008, to March 31, 2009)**

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30, 2008	159,700	9.4	9,100	(35.0)	9,000	(30.2)	4,300	(39.8)	18.22
Year ending March 31, 2009 (Full year)	333,000	9.9	20,000	(20.8)	20,000	(3.1)	10,000	10.0	42.36

Note: The percentage figures respectively indicate changes from the previous period or year.

**4. Other Matters**

- (1) Significant Changes of Specified Subsidiaries (“Changes of specified subsidiaries accompanied by Change in Scope of Consolidation): None
- (2) Changes in accounting principle, procedures and presentation on preparation of consolidated financial statements (stated on Changes of important matters on basis of presenting the consolidated financial statements”)
  - (i) Changes due to amendment of accounting standards: Applicable
  - (ii) Changes except above (i): None
- (3) Number of shares outstanding (Common stock)
  - (i) Number of shares outstanding at the end of the year (including treasury stock)
    - As of March 31, 2008 242,075,556 shares
    - As of March 31, 2007 242,075,556 shares
  - (ii) Number of treasury stock outstanding
    - As of March 31, 2008 6,014,022 shares
    - As of March 31, 2007 4,048,429 shares

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## Reference

### Summary of Non-consolidated Performance

#### 1. Non-consolidated Performance for the Year Ended March 31, 2008 (From April 1, 2007, to March 31, 2008)

##### (1) Non-consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2008	186,739	9.8	16,964	(8.1)	17,472	(16.2)	10,445	(20.3)
Year ended March 31, 2007	170,111	11.5	18,451	11.3	20,843	15.5	13,108	24.9

Note: The percentage figures respectively indicate year-over-year changes from the previous fiscal year.

	Net income per share	Fully diluted net income per share
	Yen	Yen
Year ended March 31, 2008	43.93	43.91
Year ended March 31, 2007	55.07	55.06

##### (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2008	269,324	92,036	34.1	389.24
As of March 31, 2007	249,443	93,994	37.6	394.47

Reference: Equity\*:

As of March 31, 2008 ¥91,884 million, As of March 31, 2007 ¥93,893 million

\* Equity used for calculation of the indices consists of “shareholders’ equity” and “valuation and translation adjustments”.

#### 2. Projected Non-consolidated Performance for the Year Ending March 31, 2009

(From April 1, 2008, to March 31, 2009)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six month period ending September 30, 2008	103,200	18.5	8,000	(0.7)	8,700	(5.1)	4,100	(29.1)	17.37
Year ending March 31, 2009(Full year)	215,000	15.1	17,000	0.2	18,900	8.2	8,500	(18.6)	36.00

Note: The percentage figures respectively indicate changes from the previous period or year.

(Change in the treatment of fractions of indicated monetary units)

For the amounts indicated in the summary of non-consolidated performance, fractions of one million yen were rounded down to the interim period ended September 30, 2007, however, starting from the fiscal year ended March 31, 2008, amounts shall be rounded off to the nearest million yen. For this reason, the amounts indicated in the summary of non-consolidated performance for the fiscal year ended March 31, 2007 are shown with fractions of a million yen discarded.

#### Note

The projected performance figures in this report are based on information available to ZEON’s management at the time this report was prepared and are subject to potential risks and uncertainty. Accordingly, users should be aware that actual results may differ materially from any expressed future performance herein due to various factors. See page 5 of the Attachment for further information on forecasts.

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## 1. Operating Results

### Analysis of Operating Results

#### (1) Overview of the Fiscal Year Ended March 31, 2008

The Japanese economy in the consolidated fiscal year that ended March 31, 2008 had been on a modest recovery, came somewhat to a halt at the end of the fiscal year due to soaring crude oil prices, increased credit uncertainty in the wake of the US sub prime loan crisis and especially substantial fluctuations in exchange rates from the beginning of the year.

In the petrochemicals industry, the price of raw materials such as crude oil and naphtha stayed high. There were sudden changes in the supply-demand balance in some manufacturing industries, however, demand continued favorably because of steady exports to the Asian market.

Against this backdrop, the ZEON Group strove to thoroughly reduce expenses through its ZΣ activities. In its elastomers business segment, the ZEON Group continued to revise its sales prices and implement sales strategies for better profitability while in the specialty materials business segment, the Group strove to expand the business and develop high value-added products through original technology.

As a result of these factors, the consolidated net sales for the year ended March 31, 2008 were 302,925 million yen (7.6% increase from the previous year). The operating income was 25,268 million yen (16.3% decrease), the ordinary income was 20,638 million yen (30.7% decrease), and the net income was 9,092 million (46.8% decrease).

#### (2) Overview of Business Segments (Elastomers)

Sales of Synthetic Rubbers exceeded the volume recorded in the previous fiscal year due to steady demand from major users, the automobiles and tires industries, continuing from the previous fiscal year both domestically and in exports. Net sales both domestically and in exports surpassed those of the previous fiscal year thanks to a revision of sale prices made to conform to ever increasing crude oil prices and a shift to a sales policy that focuses on profitability. A revision of sale prices was also effectuated for overseas subsidiaries in step with soaring raw material prices. American subsidiaries witnessed steady net sales increases thanks to exchange rate effects (lower US dollar against the euro) and UK subsidiaries saw a great improvement in profit performance thanks to an expanded new product line and the stabilization of production processes. As a result, Synthetic Rubbers on the whole provided a net sales figure greater than that of the previous fiscal year, however, operating income was lower due to a failure to absorb costs arising on the heels of galloping raw materials prices.

Domestic sales of Synthetic Latices dropped under the sales volume recorded in the previous fiscal year in the wake of lower sales in paper use. On the other hand, export sales exceeded previous fiscal year's performance in both volume and net sales buttressed by gains in glove use. As a result of the above, overall net sales in Synthetic Latices eclipsed previous fiscal year's posting, however, exchange rates and belated sale price revisions in response to soaring raw material prices resulted in a lower operating income figure.

Sales in Chemicals were somewhat shy of the volume posted previous fiscal year despite steady deliveries to existing markets and positive new market and application development effects. Further, net sales overcame previous fiscal year results thanks to sale price revisions in line with increasing raw material prices. The Company's Thailand subsidiary for hydrocarbon resins posted higher net sales and operating income figures than previous fiscal year. As a result of the above, although on the whole net sales for Chemicals exceeded previous fiscal year figures, operating income fell short of previous fiscal year's record.

As a result of these factors, segmental net sales for the year ended March 31, 2008 were 195,711 million yen (10.1% increase from previous year), and operating income was 16,570 million yen (15.1% decrease).

#### (Specialty Materials)

In the Specialty Plastics (cyclo-olefin polymer), ZEONEX series plastic for optical lenses and medical uses exceeded previous fiscal year's sales volume and net sales. ZEONOR FILM, optical films for LC panels, fared worse than previous fiscal year in both sales volume and net sales for optic film and diffusion plate applications due to changes in the market environment. As a result, net sales and operating income were lower than the previous year overall in the Specialty Plastics.

For Information Materials, despite a drop in net sales for resist and etching gas, battery materials and toner saw steady progress in net sales. As a result, overall Information Materials had net sales and operating income figures that marched passed the previous fiscal year's results.

For Specialty Chemicals, favorable performance in synthetic aroma chemicals caused an increase in the sales

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volume figure with net sales surpassing previous fiscal year's results. Specialty solvents were lower than previous fiscal year in terms of sales volume, however, their net sales were higher thanks to revised sale prices. As a result, overall chemicals saw net sales and operating income postings that exceeded those of previous fiscal year.

As a result of these factors, segmental net sales of the Specialty Materials business segment were 47,153 million yen (0.1% decrease from the previous year) and operating income was 7,609 million yen (21.9% decrease).

#### (Other Businesses)

In other businesses segment, trading operations of the subsidiaries resulted in higher net sales and health materials business focused on increasing profitability by improving productivity.

Consequently, segmental net sales were 62,345 million yen (5.3% increase from the previous year), and operating income was 1,216 million yen (39.3% increase).

#### (3) Future Outlook

The outlook for the next fiscal year entails a continued stringent business climate encompassing the Company due to fears of a global economic slowdown in the wake of a depressed US economy, a higher yen against the US dollar, lower corporate profits in the wake of soaring crude oil and raw material prices and stagnant consumer spending caused by obscure economic prospects.

In such an environment, the Group has newly formulated a 3-year medium term management plan from FY2008 (ending March 31, 2009) to FY2010 (ending March 31, 2011) which aims to realize further enhanced onsite strengths and R&D prowess as well as a high-profit organization that does not falter in the face of changes.

On a consolidated basis for the year ending March 31, 2009, we project 333.0 billion yen in net sales (9.9% increase from the previous year), 20.0 billion yen in operating income (20.8% decrease), 20.0 billion yen in ordinary income (3.1% decrease), and 10.0 billion yen in net income (10.0% increase), assuming that the exchange rate would be 100 yen/\$ and the average naphtha price over the year 70,000 yen/KL.

#### (4) Other Matters

In May 2007, ZEON Corporation and its European subsidiaries, ZEON Europe GmbH and ZEON Chemicals Europe Ltd. (collectively "ZEON") received a Statement of Objections from the European Commission with respect to an investigation into the NBR (acrylonitrile butadiene rubber) market in Europe. ZEON carefully reviewed the Statement of Objections and in June 2007 filed its reply with the European Commission. In January 2008, the European Commission rendered a decision to impose a fine of 5.36 million Euro (approximately 840 million Yen) on ZEON for a certain period between 2000 and 2002. In March 2008, ZEON decided not to appeal to the court against the decision, taking into consideration all factors including the cost of long and burdensome litigation. The fine was paid in April 2008 and reflected in the consolidated financial statements for the fiscal year ended March 31, 2008.

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## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

Account item	Previous fiscal year (As of March 31, 2007)		Current fiscal year (As of March 31, 2008)		Year-over-year Increase (Decrease)
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	
(Assets)					
Current assets					
Cash and bank deposits	6,838		6,509		
Notes and accounts receivable-trade	61,226		76,816		
Inventories	52,021		56,021		
Accounts receivable-other	30,710		28,876		
Deferred tax assets	3,311		3,101		
Other current assets	1,495		1,940		
Allowance for doubtful accounts	(113)		(88)		
Total current assets	155,489	49.3	173,174	51.6	17,685
Fixed assets					
Property, plant and equipment					
Buildings and structures	28,391		32,571		
Machinery, equipment and vehicles	45,271		50,424		
Land	13,915		13,970		
Construction in progress	10,667		15,557		
Other property, plant and equipment	3,404		3,741		
Total property, plant and equipment	101,647	32.2	116,263	34.6	14,615
Intangible assets					
Goodwill	2,714		2,311		
Other intangible assets	3,068		3,587		
Total intangible assets	5,782	1.8	5,898	1.8	116
Investments and other assets					
Investment securities	47,030		35,881		
Deferred tax assets	384		469		
Other investments and assets	5,586		4,506		
Allowance for doubtful accounts	(473)		(462)		
Total investments and other assets	52,526	16.7	40,393	12.0	(12,133)
Total fixed assets	159,955	50.7	162,554	48.4	2,599
Deferred charges	3	0.0	2	0.0	(2)
Total Assets	315,448	100.0	335,730	100.0	20,282

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(Millions of yen)

Account item	Previous fiscal year (As of March 31, 2007)		Current fiscal year (As of March 31, 2008)		Year-over- year
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Increase (Decrease)
(Liabilities)					
Current liabilities					
Notes and accounts payable-trade	81,959		79,712		
Short-term loans payable	23,231		25,351		
Commercial paper	4,998		19,984		
Income taxes payable	4,754		3,021		
Reserve for bonuses	1,871		1,769		
Other reserves	80		1,085		
Other current liabilities	21,112		25,621		
Total current liabilities	138,005	43.8	156,542	46.6	18,537
Long-term liabilities					
Bonds payable	20,000		20,000		
Long-term loans payable	20,348		32,177		
Deferred tax liabilities	7,007		1,383		
Allowance for employees' retirement benefits	10,243		11,675		
Allowance for environmental remediation	517		517		
Other reserves	520		622		
Negative goodwill	262		175		
Other long-term liabilities	3,365		1,759		
Total long-term liabilities	62,262	19.7	68,309	20.4	6,046
Total liabilities	200,267	63.5	224,850	67.0	24,583

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(Millions of yen)

Account item	Previous fiscal year (As of March 31, 2007)		Current fiscal year (As of March 31, 2008)		Year-over-year Increase (Decrease)
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	
(Net assets)					
Shareholders' equity					
Common stock	24,211	7.7	24,211	7.2	-
Capital surplus	18,372	5.8	18,378	5.5	6
Retained earnings	60,542	19.2	67,000	19.9	6,459
Treasury stock, at cost	(4,445)	(1.4)	(5,433)	(1.6)	(8,816)
Total shareholders' equity	98,681	31.3	104,156	31.0	5,476
Valuation and translation adjustments					
Net unrealized holding gain on available-for-sale securities	13,872	4.4	5,056	1.5	(8,816)
Deferred gains (losses) on hedges	12	0.0	2	0.0	(10)
Foreign currency translation adjustments	(101)	(0.0)	(556)	(0.1)	(455)
Minimum pension liabilities	(789)	(0.3)	-	-	789
Pension liabilities adjustments	-	-	(1,595)	(0.5)	(1,595)
Total valuation and translation adjustments	12,995	4.1	2,907	0.9	(10,088)
Stock acquisition rights	101	0.0	151	0.0	50
Minority interests	3,403	1.1	3,666	1.1	262
Total net assets	115,180	36.5	110,880	33.0	(4,301)
Total liabilities and net assets	315,448	100.0	335,730	100.0	20,282

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## (2) Consolidated Statements of Income

(Millions of yen)

Account item	Previous fiscal year (From April 1, 2006, to March 31, 2007)		Current fiscal year (From April 1, 2007, to March 31, 2008)		Year-over- year Increase (Decrease)		
	Amount	Percentage (%)	Amount	Percentage (%)			
Net sales		281,613	100.0		302,925	100.0	21,311
Cost of sales		203,164	72.1		228,829	75.5	25,665
Gross profit		78,449	27.9		74,095	24.5	(4,353)
Selling, general and administrative expenses		48,274	17.2		48,827	16.2	554
Operating income		30,175	10.7		25,268	8.3	(4,907)
Nonoperating income							
Interest income	234			270			
Dividend income	954			1,133			
Amortization of negative goodwill	278			118			
Earnings from unconsolidated subsidiaries and affiliates accounted for by equity methods	27			32			
Foreign exchange gain	125			-			
Rental income	102			72			
Gain on sales of utilities	258			217			
Subsidy	350			534			
Other nonoperating income	432	2,760	1.0	614	2,990	1.0	229
Nonoperating expenses							
Interest expense	1,083			1,468			
Foreign exchange loss	-			1,849			
Loss on disposal of inventories	1,488			3,797			
Other nonoperating expenses	570	3,141	1.1	506	7,620	2.5	4,479
Ordinary income		29,795	10.6		20,638	6.8	(9,157)
Extraordinary gains							
Gain on sales of fixed assets	1			184			
Income from recovery of bad debts	14			-			
Reversal of allowance for doubtful accounts	54			-			
Other	6	74	0.0	34	218	0.1	144

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(Millions of yen)

Account item	Previous fiscal year (From April 1, 2006, to March 31, 2007)		Current fiscal year (From April 1, 2007, to March 31, 2008)		Year-over- year
	Amount	Percentage (%)	Amount	Percentage (%)	Increase (Decrease)
Extraordinary losses					
Loss on disposal of fixed assets	811		1,160		
Lawsuit costs	489		1,123		
Impairment loss	177		-		
Litigation costs	250		-		
Other	16	1,743	400	2,683	0.9
Income before income taxes and minority interests		28,126		18,173	6.0
Income taxes-current	9,723		8,023		
Income taxes-deferred	780	10,503	602	8,625	2.8
Minority interests in net (income) losses of consolidated subsidiaries		(545)		(457)	(0.2)
Net income		17,077		9,092	3.0
					940
					(9,953)
					(1,879)
					89
					(7,985)

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**Segment Information**

## a. Business segments

Previous fiscal year (From April 1, 2006, to March 31, 2007)

(Millions of yen)

	Elastomer	Specialty materials	Other	Total	Eliminations/ Corporate	Consolidated
Net sales and operating income/expenses						
Net sales						
(1) Sales to third parties	176,222	47,197	58,194	281,613	-	281,613
(2) Intersegment sales and transfers	1,481	-	1,030	2,511	(2,511)	-
Total	177,703	47,197	59,225	284,124	(2,511)	281,613
Operating expenses	158,176	37,451	58,352	253,979	(2,541)	251,438
Operating income	19,527	9,746	873	30,145	30	30,175
Assets, depreciation and amortization and capital expenditures						
Assets	156,601	68,209	29,910	254,720	60,728	315,448
Depreciation and amortization	6,829	7,377	730	14,936	1,309	16,245
Capital expenditures	9,284	16,307	1,305	26,896	1,984	28,880

Current fiscal year (From April 1, 2007, to March 31, 2008)

(Millions of yen)

	Elastomer	Specialty materials	Other	Total	Eliminations/ Corporate	Consolidated
Net sales and operating income/expenses						
Net sales						
(1) Sales to third parties	194,065	47,153	61,706	302,925	-	302,925
(2) Intersegment sales and transfers	1,646	-	639	2,285	(2,285)	-
Total	195,711	47,153	62,345	305,209	(2,285)	302,925
Operating expenses	179,141	39,544	61,129	279,814	(2,157)	277,656
Operating income	16,570	7,609	1,216	25,395	(127)	25,268
Assets, depreciation and amortization and capital expenditures						
Assets	169,909	82,873	36,103	288,885	46,845	335,730
Depreciation and amortization	8,535	8,937	718	18,190	1,307	19,497
Capital expenditures	10,556	22,395	590	33,541	1,960	35,500

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## b. Geographical Segments

Previous fiscal year (From April 1, 2006, to March 31, 2007)

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Eliminations/ Corporate	Consolidated
Net sales and operating income/expenses							
Net sales							
(1) Sales to third parties	226,514	23,284	18,080	13,735	281,613	-	281,613
(2) Intersegment sales and transfers	24,423	8,212	462	1,526	34,623	(34,623)	-
Total	250,937	31,497	18,543	15,260	316,236	(34,623)	281,613
Operating expenses	224,971	28,233	18,023	14,863	286,090	(34,652)	251,438
Operating income (Operating loss)	25,965	3,263	520	397	30,146	29	30,175
Assets	231,297	30,079	10,388	5,813	277,577	37,871	315,448

Current fiscal year (From April 1, 2007, to March 31, 2008)

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Eliminations/ Corporate	Consolidated
Net sales and operating income/expenses							
Net sales							
(1) Sales to third parties	239,371	24,675	20,854	18,024	302,925	-	302,925
(2) Intersegment sales and transfers	29,585	8,763	662	1,832	40,843	(40,843)	-
Total	268,956	33,438	21,516	19,857	343,767	(40,843)	302,925
Operating expenses	248,173	29,958	20,958	19,240	318,329	(40,672)	277,656
Operating income (Operating loss)	20,783	3,480	558	617	25,438	(170)	25,268
Assets	262,278	27,712	10,623	8,925	309,538	26,192	335,730

## c. Overseas Sales

Previous fiscal year (From April 1, 2006, to March 31, 2007)

(Millions of yen)

	North America	Europe	Asia	Other	Total
Overseas sales	29,647	29,285	62,064	3,350	124,345
Consolidated sales					281,613
Ratio of overseas sales to consolidated sales (%)	10.5	10.4	22.0	1.2	44.2

Current fiscal year (From April 1, 2007, to March 31, 2008)

(Millions of yen)

	North America	Europe	Asia	Other	Total
Overseas sales	30,757	31,161	67,758	3,145	132,821
Consolidated sales					302,925
Ratio of overseas sales to consolidated sales (%)	10.2	10.3	22.4	1.0	43.9