

# Annual Report

For the year ended March 31, 2008

 FUJITSU TEN

FUJITSU TEN LIMITED

## ***MESSAGE FROM THE PRESIDENT***

It gives me great pleasure to say a few words of greeting to our shareholders in our business report for fiscal 2007 (April 2007 to March 2008).

The Japanese economy had been on track toward recovery over the past year due to improvement in corporate earnings and job opportunities accompanied with moderate increase in capital investment and consumer spending. However, the economic downturn in the U.S. as well as the falling stock prices and the appreciation of yen, has made the Japanese economy falter since the beginning of this year. Regarding the situation in overseas countries, concerns over the U.S. economy has grown due to the sub-prime mortgage financial crisis, while the overall economies of Asia and Europe, which had up till then grown steadily, have been suffering a slowdown since the start of the year.

The automobile industry, to which FUJITSU TEN and its group companies belong, generally ended on a weak note due to slower passenger-car sales in the domestic new car sales market. The slowdown has been caused by several factors such as Japan's aging population and declining birthrate, changes in consumer tastes and steep rises in crude oil prices. There has also been a downward trend in sales of subcompact cars (which had been favorable previously) caused by a decrease in the number of new car models released. Generally, exports had enjoyed steady growth against the background of a healthy world economy. In the United States, despite of the weakness in the new car sales market due to the subprime mortgage financial crisis and skyrocketing crude oil prices, Japanese automakers did noticeably well in sales, especially in sales of compact cars and hybrid cars.

Given this economic climate, the Company and FUJITSU TEN Group members had made strenuous efforts to develop new technologies and new products, improve quality and strengthen their joint sales structure in order to captivate their customers with excellent service. As a result, consolidated sales were 364.1 billion yen (up 21.6% year-on-year). Regarding profits, despite the extraordinary loss of 1.0 billion yen due to the integration of production bases in North America, early application to accounting standards regarding inventory valuation and the appreciation of the yen since January of this year, the operating profit was 14.4 billion yen (up 75.0% year-on-year), ordinary profit was 11.9 billion yen (up 42.6% year-on-year) and net income was 7.1 billion yen (up 28.3% year-on-year). Unconsolidated sales were 293.8 billion yen (up 15.6% year-on-year), operating profit was 7.4 billion yen (up 23.4% year-on-year), ordinary profit was 5.3 billion yen (down 19.2% year-on-year), extraordinary loss was 0.5 billion and net income was 3.4 billion yen (down 20.8% year-on-year).

Regarding the dividend for the period, a midterm dividend of 140 yen per share was paid in December, 2007, and a year-end dividend of 325 yen per share was paid.

During the period in review, the Company continued to put up last year's slogan, "Be ONE!", to indicate that "the Company seeks to be one not only among the FUJITSU TEN Group members but also with its customers, suppliers, stockholders and local communities," and pushed forward with the corresponding activities.

As part of the Company's customer-marketing activities, it held exhibitions in Japan for TOYOTA AUTO BODY CO.,LTD. and TOYOTA MOTOR CORPORATION (the 20<sup>th</sup> Special Exhibition jointly hosted by Fujitsu Limited and the Company), DAIHATSU MOTOR CO., LTD. (exhibition specializing in compact cars) and Fuji Heavy Industries Ltd. (the first of this kind). We also held exhibitions for TOYOTA in Europe and for five ASEAN-member countries, including Thailand. The Company participated in the exhibition of "Car & Sound 2007" held in Germany, where we exhibited the "AVN2227P" integrated 2DIN car audio and navigation system with detachable navigation parts. We also exhibited two types of AVN systems at "Auto Shanghai 2007"--the 1DIN AVN "AVN8836" and the 2DIN AVN "AVN5533"—in order to enhance the recognition of ECLIPSE brand. Moreover, the Company exhibited a rear millimeter wave radar jointly with FUJITSU LIMITED at the 14th World Congress on Intelligent Transport Systems. We actively promoted our technological prowess through all these PR activities.

Continued efforts to enhance product quality included the "CF (Customer First) Activities," which focused on work process management in every aspect of corporate activity based on the corporate philosophy of "Customer First and Highest Possible Quality," along with the continuous participation of all employees in the across-the-board " $\Sigma=0$  (Sigma Zero) Campaign" for the elimination of defective products and promotion of personnel development. In September 2007, in order to alter the state of employee awareness and company culture regarding product quality, the Company started quality-consciousness enhancement activities based on the idea of "full completion of each process" in which, if one finds any abnormality in the preceding process, that person shall give feedback to the preceding person. Accordingly, one shall deliver to the post-process only non-defective products that meet the required standards. The Company has also been working toward quality improvement by securing a time period for quality assessment through acceleration of the development process, as well as through the early discovery and resolution of quality issues in cooperation with its internal departments of Design, Quality Control, and Service, and together with its cooperative companies and suppliers. Additionally, in November 2007 it held "Quality Cases Exhibition" for the purpose of sharing the importance of quality assurance with all employees, focusing on "Customer First." In February 2008 the Company held "Quality Improvement Cases Exhibition by Production Sites" for the purpose of enhancing the quality levels among the Group's domestic and overseas production sites, whereby information on quality improvement activities could be shared among all concerned.

As part of the initiative to improve the profit-and-cost picture, the Company had implemented (as in the previous year), under the policy of promoting business efficiency, increase in added value, enhancement of asset turnover and improvement of cash flow, the approval system using "check points(*sekisho*) and pass permit(*tegata*)," in order to define the cost condition at each step of development. We also implemented cost-improvement proposal activities in which for all employees could make proposals to review costs and existing operational processes. Moreover, we established the frontloading method of cost finding through joint activities of the Design, Cost Planning,

Procurement and Production Technology departments. Furthermore, we carried out the “VA Proposal Joint Review Session” as part of our cooperative activities with the suppliers. The Company was also given high commendation with TOYOTA MOTOR CORPORATION’s “Cost Reduction Prize”, which is presented to suppliers that have made significant contributions to cost reduction, in recognition of the successful cost reduction of approximately 60% for a multi-speaker sound system used in the Noa and Voxy models.

As part of the activities for a safe motorized society and global environmental preservation, and so as to answer society’s increasing expectations in regard to safety and security in vehicles and the awareness of global environmental preservation, the Company has developed an LED-based backlight without the use of lead, which is an environmentally problematic material, as one of the development objectives in the FUJITSU TEN Group’s “Fifth Environmental Initiative (FY2006-FY2008).” This component began being mounted in navigation products in May 2007. Additionally, the Company successfully reduced the amount of use of materials designated among the PRTR (pollutant release and transfer register)-designated materials (lead, toluene, xylene and silver) by adopting the use of lead-free solder and switching over to the use of moisture-proof coating materials for printed boards, away from toluene and xylene. In September 2007 the Company started “‘Eco 2 Cost’ *Mottainai* campaign,” in which all the employees participated with a view to stopping wasteful spending and resource consumption in order to achieve greater economy (spending cuts and cost reductions) and ecology (environmental preservation and reduced CO<sub>2</sub> emission). As of the end of January, all the employees were successful in presenting at least one proposal per person for this campaign. Furthermore, in December 2007 the Company, jointly with DENSO CORPORATION, FUJITSU LIMITED and MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD., established the “Taxi Probe Practicalization Workshop.” This effort aims to achieve practical services for the solution of traffic and environmental issues by providing highly precise information on traffic congestion based on real-time traffic information. The information is obtained by collecting and processing positional information on moving taxis.

Regarding activities on safety and health matters, the Company implemented at all its production sites the activities of listing and proactively taking countermeasures against sources of dangerous incidents that may occur based on past cases. This is being done in order to prevent industrial accidents, with a goal to achieving a workplace in which all employees can endeavor in safety, good health and comfort. The Company also continued to implement voluntary activities for safety at the workplace, including the 4S (organization(*seiri*), tidiness(*seiton*), cleanup(*seisou*), cleanliness (*seiketsu*)) activity and KY (danger prevention(*kiken yochi*)) meeting. In April TIANJIN FUJITSU TEN ELECTRONICS CO., LTD. and FUJITSU TEN (THAILAND) COMPANY LIMITED acquired the certification of OHSAS18001, which is one of the Occupational Health and Safety Management Systems. Moreover, the Company and KAWASAKI HEAVY INDUSTRIES, LTD. jointly conducted a workshop on how to use the AED (automated external defibrillator), which is regarded as an effective lifesaving measure for cardiopulmonary arrest. AEDs have thus been installed at domestic group bases such as Kobe Headquarters.

Regarding social activities, in April the Company acquired the future-generation accreditation mark “Kurumin,” which is provided to a corporation that has prepared, implemented and successfully carried out a program of action to support childcare for its employees, in accordance with the Law for Measures to Support the Development of the Next Generation enacted in April 2005. In October the Company received the Hyogo Labor Department’s “Award of Excellence” for “equal employment and promotion of balance in work and family” in two categories: “Equal Employment Promoting Corporation” and “Family-Friendly Corporation.” These awards are provided to a corporation that has actively pushed ahead with activities designed to promote the utilization of women’s abilities and support the balance of work and child/nursing care. Further, as one of the social action programs the Company made a donation to the Niigata Prefectural Government through the FUJITSU TEN Social Action Foundation for the support of victims of the Niigata Chuetsu Offshore Earthquake. The Company also provided amateur musicians in October for a stage performance of “Big Band Jazz Fiesta in Kobe Jazz Street 2007” at the “Kobe Jazz Street” event held in Kobe, which is the birthplace of Japanese jazz. The Company also cooperated in the “Trial Week” activity hosted by Hyogo Prefectural Government to help pupils discern their own career goals through experiences in the local community and welcome junior high school students into the workplace for the benefit of their experience. Additionally, in November the Company welcomed the tenth anniversary of its donation activity of musical instruments to the welfare facilities of Kobe City.

Concerning in-house activities, in March this year the Company completed the establishment of an internal control system to ensure the appropriateness of financial reporting for FUJITSU Group. Moreover, in June last year the Company held the second “TECHNO-EXPO,” where lectures were delivered by engineers from outside the Company. The goal was to broaden the perspectives of the Company’s engineers and encourage exchanges among the various technological departments. In the same month the Company held the “Service Exhibition,” whose theme was “Nearer to the customer . . . always in the customer’s shoes.” The goal of this effort was to share the unfiltered opinions of customers with whom we have little contact, and to create an accurate picture of the market.

Regarding the Company’s overseas subsidiaries, in April FUJITSU TEN CORPORATION OF THE PHILIPPINES received from Toyota Motor Philippines Corp. the “Excellent Cost Award” for the fifth consecutive year, as well as the “Delivery Award” and the “Special Award for Contribution to Export” for the second consecutive year. In May, FUJITSU TEN SOLUTIONS PHILIPPINES, INC. (FTSP) received the “Model Company Award” from the Philippine Ministry for Trade and Industry in recognition of its Labor Management Council’s efforts to maintain and improve labor-management relationships. In July, FTSP achieved Level 3 in CMMI (Capacity Maturity Model Integration), which is used throughout the world as an index by which to objectively judge the development ability of software development companies. Also, in September FUJITSU TEN KOREA LIMITED, founded in April, started its operation and FUJITSU TEN ELECTRONICS (WUXI) LTD. achieved a cumulative total production of one million audiovisual car products. The same company started its second-phase

extension work in December for the expansion of production capacity. To enhance production efficiency and price-competitiveness, as well as to integrate production and sales in the North American region, the Production Department of FUJITSU TEN CORP. OF AMERICA (FTCA) was consolidated into FUJITSU TEN de MEXICO, S.A. de C.V. (FTdM) .

At the same time FTdM became a 100% subsidiary of FTCA, and in March of this year the Company made an additional capital increment of US\$10,000,000 to FTCA in order to cover the cost of restructuring along with these reformatations. In the same month FTCA received the Excellent Value Improvement Award from Toyota Motor Engineering and Manufacturing North America, Inc., for its contributions to cost reduction. Additionally, in April the Company absorbed FUJITSU TEN INFORMATION SYSTEMS LIMITED, effectively integrating two organizations of information systems departments, i.e. clerical and engineering departments, in order to promote global and strategic business innovation and information technology throughout the FUJITSU TEN Group.

Regarding the future business climate, there is concern that Japan's economy will be affected by the sharp appreciation of the yen, the trend in crude oil prices and the slowdown of the U.S. economy. Considering the world economy, though it is expected that the economies of Europe and Asia will continue to expand, it is hard to predict the impact on the U.S. and world economies due to the credit contraction from turmoil in the financial markets caused by the subprime mortgage financial crisis and the impact of oil prices.

Amid this climate, the Company and FUJITSU TEN Group will continue to be vigorously engaged in the development of products and provision of services that exceed customer expectations, practicing the corporate philosophy of contributing to our customers and society with "sincerity" as the foremost principles that the Company has treasured since its establishment. In the future, to secure sustainable profitability over the long term, the Company and FUJITSU TEN Group will not only steadily and continuously practice innovation toward quality enhancement and cost-improvement for new products (reinforcement of development progress management and cost planning activities) but will also execute various activities so that we can become an excellent company. We will do so by focusing on "technological innovation" (development of technologies friendly to people, the environment and the economy), "quality" (realization of extra-high quality through the continuous enhancement of quality by every person in every task), and "human resources" (development of personnel who can take the initiative to solve problems and act globally). In order to respond to automaker's expansion of production and the globalization of business, the Company will enhance the standards of its operation in overseas facilities (including development, procurement, production, sales and services) and will work to optimize global marketing activities through the close cooperation of offices and facilities worldwide. The Company will support these activities through personnel development, workforce enhancement and the creation of a safe, secure work environment. Furthermore, the Company will undertake social issues such as the establishment of internal control systems, global environmental preservation and product safety measures to carry out the social responsibilities that are expected of us.

Given the background of the public's increased expectation regarding the safety and security of cars, development of auto-related IT technologies and heightened environmental conservation awareness, the Company will deepen its relationships and alliances with member companies of the FUJITSU and TOYOTA groups as well as other partners. The Company will take a leadership role in the new area where entertainment and automotive electronics are integrated, using information



technology to become the one and only resource in this area. Thus we will contribute to a better, more comfortable and more functional relationship between the individual and the vehicle.

Finally, we would like to express our sincere gratitude to all our shareholders and ask for your continuous guidance and support in years to come.

June 2008

*Keijiro Katsumaru, President*

Note: U.S. dollar amounts are converted solely for convenience at ¥100.19= US\$1

## BRIEF DESCRIPTION OF OPERATIONS DURING THE FISCAL YEAR OF 2007

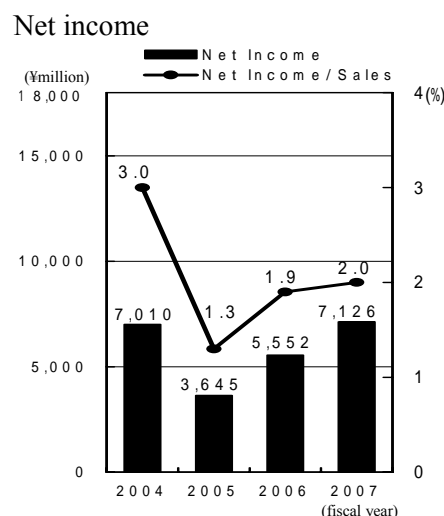
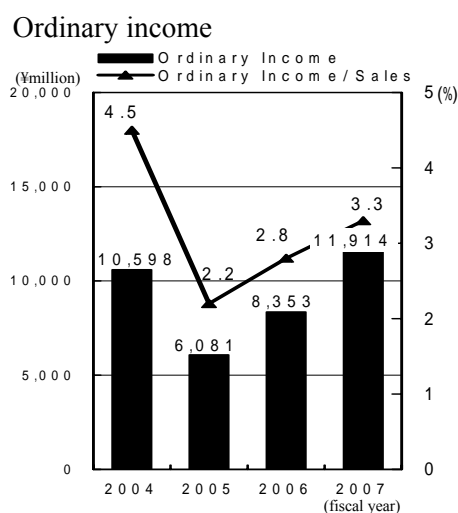
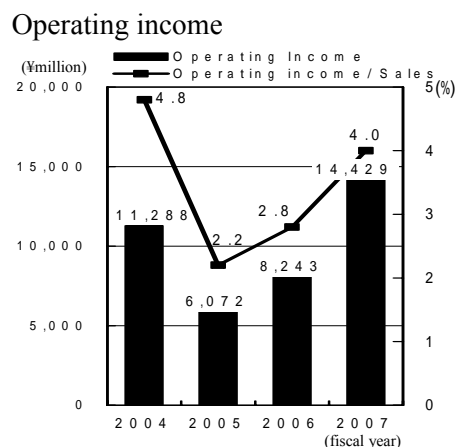
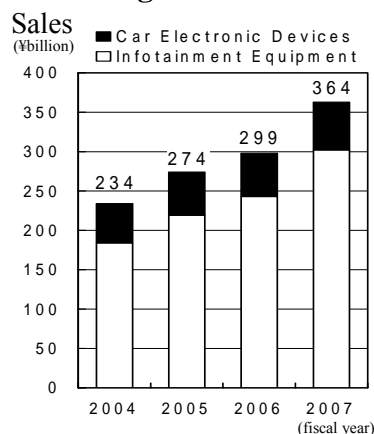
### (1) Consolidated Business Results of the Past 4 Fiscal Years

	Yen (millions)[except per share data]				U.S.dollars (thousand)
	2004	2005	2006	2007	2007
Sales				<Breakdown %>	
Infotainment Equipment	184,177	219,020	243,874	302,223	<83.0>
Car Electronic Devices	50,462	55,672	55,362	61,881	<17.0>
Total	234,640	274,692	299,236	364,105	<100>
<Overseas sales>	<49,404>	<69,631>	<90,182>	125,808	<34.6>
Operating income	11,288	6,072	8,243	14,429	144,023
Ordinary income	10,598	6,081	8,353	11,914	118,917
Net income	7,010	3,645	5,552	7,126	71,134
Net income per share	¥1,486	¥758	¥1,207	¥1,549	US\$15.46
Total assets	125,711	142,685	148,036	170,396	1,700,729
Net assets	49,158	53,444	59,276	67,443	673,153

Note: "Net assets" is presented including minority interests.

The amount of 1,015 million yen was recognized as "an extraordinary loss" due to the integration of production bases in North America and early application to accounting standards regarding inventory valuation for the current fiscal year.

### (2) Consolidated Figures





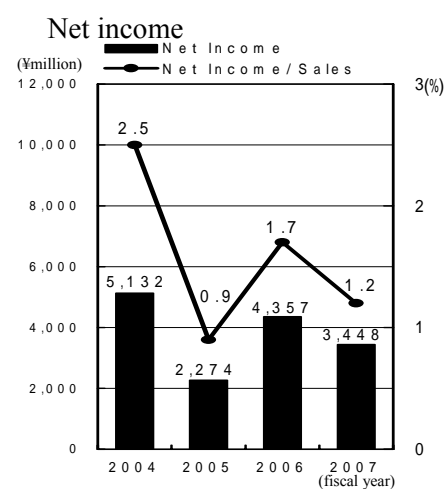
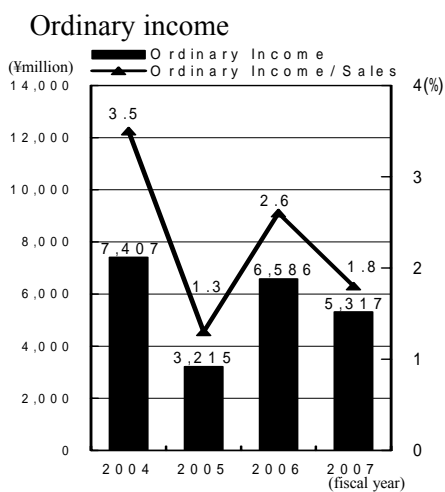
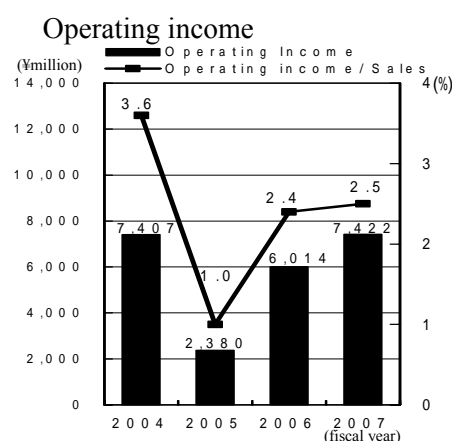
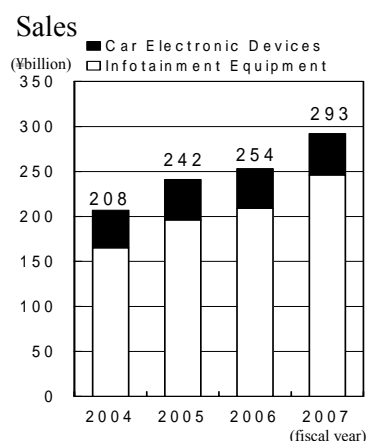
### (3) Unconsolidated Business Results of the Past 4 Fiscal Years

U.S.dollars (thousand)

	Yen (millions)[except per share data]				U.S.dollars (thousand)
	2004	2005	2006	2007	2007
Sales					<Breakdown %>
Infotainment Equipment	165,862	196,865	209,856	246,901	<84.0>
Car Electronic Devices	42,721	45,403	44,159	46,911	<15.9>
Total	208,583	242,269	254,015	293,812	<100>
<Export>	<27,414>	<42,283>	<50,180>	<61,723>	<21.0>
Operating income	7,407	2,380	6,014	7,422	
Ordinary income	7,407	3,215	6,586	5,317	
Net income	5,132	2,274	4,357	3,448	
Net income per share	¥1,094	¥473	¥947	¥749	US\$7.48
Total assets	108,172	121,303	119,384	131,494	
Net assets	41,986	43,660	46,915	48,162	

Note : The amount of 553 million yen was recognized as "an extraordinary loss" due to the early application to accounting standards regarding inventory valuation for the current fiscal year.

### (4) Unconsolidated Figures



## **(5) Outlook for Business**

### **① Infotainment Equipment**

Amidst the favorable sales of vehicles overseas and of vehicles exported to North America, consolidated sales for infotainment equipment were 302.2 billion yen (up 23.9% year-on-year) and unconsolidated sales were 246.9 billion yen (up 17.6% year-on-year). In June the cumulative total production number of audio-navigation devices reached 100 million. At this juncture the Company is determined to further its efforts to realize “attainment of safety and security,” “provision of a comfortable space in which to travel,” and “contribution to global environmental conservation” in the modern automotive society.

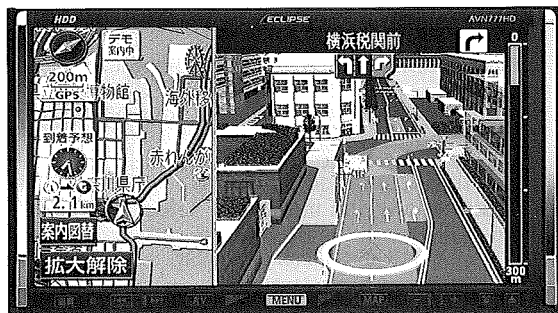
#### ***<Audio and Car navigation Equipment>***

For production lines, the Company delivered to TOYOTA MOTOR CORPORATION for its Premio, Arion, Voxy, Noa and Crown, as well as to DAIHATSU MOTOR CO., LTD. for its Coo, an HDD navigation system, adaptive to the world’s first “map-on-demand” service, in which map data is always kept up to date and can wirelessly replay music with its built-in portable audio device equipped with Bluetooth®. We also delivered to TOYOTA MOTOR CORPORATION, for its Voxy and Noa, a low-cost, high-quality Panoramic Live Sound System equipped with an exciter on the back of the ceiling panel which was jointly developed with TOYOTA AUTO BODY CORPORATION, and for its Century and Crown models we delivered terrestrial digital TV tuners. Further, “Next-Generation Acoustic Space Control System,” which eliminates in-cabin reflected sound against the car windowpanes and adds resonance for an enhanced perception of three-dimensional space, was adopted for Crown’s “Toyota Premium Sound System.” Accordingly, it was honored with the “Technological Development Award.” Moreover, the Company delivered CD tuners adaptive to MP3 for new-model multi-purpose passenger car, “XENIA”, jointly marketed by DAIHATSU MOTOR CO., LTD. and FAW Jilin Automobile Co., Ltd. and for “DELTA” marketed to Central and South America by Daihatsu Motor Co., Ltd.

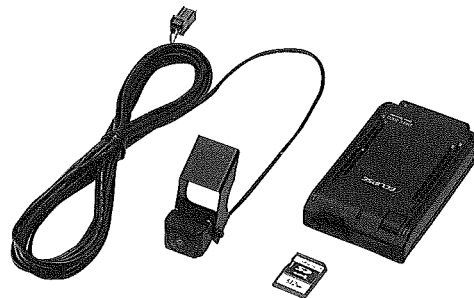
Optional genuine parts, delivered to TOYOTA in the domestic market, included two models of HDD-AVN (HDD navigation system) mounted with a dual display adaptive to “map-on-demand” service; and five models of terrestrial digital broadcasting tuners, including “TDT-H57R,” universally loaded into navigation products to which video input is enabled. Furthermore, the Drive Recorder (the first optional genuine part) was delivered to HONDA ACCESS CO., LTD. In the overseas market integrated 2DIN car audio and navigation systems with detachable navigation parts were delivered to TOYOTA MOTOR EUROPE for its Yaris, to DAIHATSU MOTOR CO., LTD. for its Sirion and Terios, to TOYOTA MOTOR CORPORATION AUSTRALIA LTD. for its Corolla and Yaris, and to TOYOTA MOTOR SALES U.S.A., INC. for its 4Runner. Additionally, the Company started to deliver all-in-one tuner/cassette and tuner/CD/cassette units to Abdul Latif Jameel Import & Distribution Co., Ltd., a new customer in the Kingdom of Saudi Arabia. The dual HDD-AVN “NHDT-W57D” and “NHDT-W57” for TOYOTA MOTOR CORPORATION received

the “Good Design Award” in October.

Concerning the domestic after-sales markets, in June the Company released four HDD models for ECLIPSE2007 summer models, including the “AVN777HD” navigation system with the “mobile-link” function, which enables mobile-phone internet downloading of the latest information necessary for driving, and has the built-in image-quality correction LSI “Vivid View Processor” jointly developed by FUJITSU LIMITED and FUJITSU LABORATORIES LIMITED. In July the “FEC106” front-eye camera, which was released for the first time in the after-sales market in 2006, received the “Safety Department Award” at the Auto Supply Grand Prix 2007 hosted by NIKKAN JIDOUSHA SHIMBUN. Furthermore, the Company released the “DREC2000” drive recorder for the ECLIPSE Series 2007 autumn model in October; and in



<AVN777HD>



<DREC2000>

November the AVN687HD” navigation system with a built-in B-CAS card slot, which is necessary to receive terrestrial digital broadcasting, this being the first attempt in the car navigation industry. Both these products were selected as “Daily Life Division” products at “GOOD DESIGN HYOGO 2007.”

Regarding the overseas after-sales markets, in May the Company released 2DIN car navigation and audio integrated system “AVN2210p” with detachable navigation part for the North American market, the “AVN2227P” for Europe in August, and the “AVN2210p” for Australia in October.

Additionally, the “AVN2227P” received the “+X AWARD” in recognition of its innovation. This award is given in Germany as recognition for innovative new electric appliances. It follows from this that the Company received the same award for the second straight year, having previously earned the award for the 1DIN AVN “AVN8826” in May 2006. In January this year, the Company exhibited at the “2008 International CES” in Las Vegas, Nevada USA, one of the world’s largest exhibitions for household electronic appliances. We featured the 1DIN CD Tuner “CD7200mk II,” in which top priority was given to acoustic quality among the models for North America in 2008. It received the “CES Innovation Award”.

Regarding the ECLIPSE “TD Series” home audio speakers, in April we released the TD307II Series, which enhances the sound quality by expanding the bandwidth and boosts convenience by allowing installation on the walls. Additionally, the 5.1ch package “TD307TH II” received the “Copper Award” and the “Home Theater Grand Prize” in recognition of its excellent reproduction of space using various sound sources at the “VISUAL GRAND-PRIX 2007 SUMMER” sponsored by

Ongen Publishing Co., Ltd. Also, in August the “TD307PAII” received “five stars” (the highest mark) from *What HiFi*, a U.K.-based audio magazine, for its ability to enhance the lower frequencies while keeping all the best features of the former model. We also received the “Good Design Award” for 2007 from the Japan Industrial Design Promotion Organization in October, and were chosen as being among the makers of selected goods (Daily Life Division) at the “GOOD DESIGN HYOGO 2007” event in March this year.

### <Mobile Communications Radios>

In May the Company released the “High Performance Type-I” and “High Performance Type II” mounted with eco-drive supporting function for transport and commercial vehicles as a new member of the “OBVIOUS Recorder” drive recorder series, which supports safer, more efficient vehicle operation. Using the Company’s unique eco-drive supporting software, this product records the driver’s idling time, excessive speed and frequency of rapid acceleration, and indicates the driver’s driving tendency and eco-driving ratio, thereby enhancing the driver’s awareness of safe driving and environmental preservation. It also allows the customer to give appropriate instructions to the driver.

In June the Company released 2007 models of “Type-A” and “Type-S” digital wireless taxi dispatch systems for more quick, appropriate dispatch of taxis, equipped with a route-searching function that identifies the best routes to take when searching for available taxis.

“Type-A” is interconnected with “OBVIOUS Recorder.” By using records of excessive speed, etc., it allows the taxi company to grasp and analyze dangerous driving areas, inform the drivers and immediately transmit information on traffic accidents to the taxi dispatch centers. Furthermore, in October the Company delivered to taxi companies the “TVMM-091” memory-type commercial car navigation system ahead of its competitors. To meet the requirements for long-term and continuous use in commercial vehicles, this product adopts flash memory as the medium for recording map data. Thus it eliminates moving parts in order to avoid abrasion of parts and splotching by heat and dust, and therefore achieves high durability. As of the end of March, our digital wireless taxi delivery system had gained the largest share in the industry.



digital wireless taxi delivery system

<Type-A>

### ◎ Car Electronic Devices

Consequent upon the favorable sales of vehicles overseas, consolidated sales for car electronic devices were 61.8 billion yen (up 11.7% year-on-year), and unconsolidated sales were 46.9 billion yen (up 6.2% year-on-year).

During the year in review the Company delivered to TOYOTA MOTOR CORPORATION an EFI-ECU adaptive to VALVEMATIC control, which achieves higher fuel efficiency through

continuous control of the lifting level and open-close timing for the suction-air valve of the engine used in the Voxy and Noa models; a lead-free HV-ECU for hybrid cars that can be mounted in the engine compartment to secure in-room space for the Lexus LS600h; and the rear millimeter wave radar for the system in the Crown, which calls the driver's attention to a vehicle approaching from behind by flickering the hazard lamp when such a vehicle is detected and a danger of collision is identified. Moreover, the Company and TOYOTA have jointly developed and delivered to the latter for the Dyna and Toyo Ace an electronically controlled LPG liquid injection system (EFI-LP) that is compliant with the regulation value of exhaust gas regulation (Exhaust Gas Regulation for 2005), which has been applicable to vehicles sold in Japan since 2005. Furthermore, the Company delivered to TOYOTA the "CRAMAS" as a core device for simulated vehicle movement and vehicle control system for the world's highest-level driving simulator, which has been developed by TOYOTA to facilitate the development of preventive safety technology for the reduction of traffic accidents. Additionally, the Company delivered the EAT-ECU for automatic transmission to DAIHATSU MOTOR CO., LTD. and FAW Jilin Automobile Co., Ltd. for their new, jointly marketed multi-purpose passenger vehicle "XENIA" for the Chinese market. Also, to TOYOTA MOTOR NORTH AMERICA, INC., it delivered the Remote Engine Starter as an optional genuine part for the Lexus LX570, that allows the driver to activate the engine from a location outside the vehicle.

Note: U.S. dollar amounts are converted solely for convenience at ¥100.19= US\$ 1

## **FINANCIAL STATEMENTS**

The financial statements presented herein have been prepared in conformity with Commercial Code of Japan. FUJITSU TEN maintains its accounts in Japanese Yen. Solely for the convenience of the reader, the financial statements have also been expressed in US dollars, by converting all Japanese Yen amounts at the rate of ¥100.19=US\$1, the mid rate of TTS and TTB rates prevailing at March 31, 2008. This, however, should not be construed as a representation that all the amounts could be converted into U.S. dollars.

### **(1) Consolidated Balance Sheet (As of March 31, 2008)**

Item	Yen (Million)	US\$ (Thousand)	Item	Yen (Million)	US\$ (Thousand)
<u>ASSETS</u>	170,396	1,700,729	<u>LIABILITIES</u>	102,952	1,027,575
<u>Current Assets</u>	120,304	1,200,767	<u>Current Liabilities</u>	96,028	958,468
Cash and Cash equivalents	16,336	163,057	Accounts payable	57,947	578,372
Accounts receivable	57,384	572,759	Short-term loans	3,504	34,973
Inventories	34,391	343,259	Other current liabilities	34,577	345,122
Deferred tax assets	6,050	60,389	<u>Fixed Liabilities</u>	6,923	69,106
Other current assets	6,141	61,301	Reserve for employee's retirement allowance	4,896	48,875
<u>Fixed Assets</u>	50,091	499,961	Long-term borrowing	315	3,145
<u>Tangible Assets</u>	40,965	408,878	Other fixed liabilities	1,711	17,086
<u>Intangible Assets</u>	2,839	28,337			
<u>Investment</u>	6,286	62,745	<u>NET ASSETS</u>	67,443	673,153
Deferred tax asset	1,959	19,553	<u>Stockholder's Equity</u>	61,347	612,310
Others	4,327	43,191	Capital Stock	5,300	52,899
			Other Equity	56,047	559,410
			<u>Valuation and Translation</u>		
			Adjustments	730	7,292
			<u>Minority Interests</u>	5,365	53,550
<b>TOTAL ASSETS</b>	<b>170,396</b>	<b>1,700,729</b>	<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>170,396</b>	<b>1,700,729</b>

### **(2) Consolidated Income Statement (April 1, 2007 through March 31, 2008)**

Item	Yen (Million)	US\$ (Thousand)
Sales	364,105	3,634,147
Operating Costs and Expenses		
Cost of goods sold	298,342	2,977,764
Selling, general and administrative expenses	51,333	512,360
Operating Income	14,429	144,023
Non-operating revenue	1,516	15,132
Non-operating expense	4,031	40,237
Ordinary Income	11,914	118,917
Extraordinary loss	1,015	10,131
Income before Income Taxes	10,899	108,785
Corporation Tax, Inhabitant Tax and Business Tax	3,772	37,651
Net Income	7,126	71,134

**(3) Unconsolidated Balance Sheet (As of March 31, 2008)**

	Yen (Million)	US\$ (Thousand)		Yen (Million)	US\$ (Thousand)
<b>ASSETS</b>	131,494	1,312,455	<b>LIABILITIES</b>	83,332	831,746
<u>Current Assets</u>	95,850	956,683	<u>Current Liabilities</u>	78,082	779,348
Cash and Cash equivalents	7,063	70,501	Notes payable	105	1,049
Notes receivable	245	2,446	Accounts payable	51,030	509,340
Accounts receivable	54,984	548,798	Short-term loans	2,222	22,184
Finished good	7,021	70,085	Advance received	13	138
Raw materials	5,160	51,503	Provision for product warranties	4,542	45,337
Work in progress	3,415	34,090	Allowance for directors' bonus	115	1,150
Deferred tax assets	5,308	52,982	Other accounts payable	16,444	164,133
Accounts receivable-nontrade	11,570	115,484	Deposits received	460	4,594
Other current assets	1,081	10,789	Income tax payable	2,865	28,601
			Lease liability	197	1,970
<u>Fixed Assets</u>	35,644	355,772	Other current liabilities	84	846
<u>Tangible Assets</u>	17,496	174,634			
Buildings	6,576	65,636	<u>Fixed Liabilities</u>	5,249	52,398
Structures	198	1,978	Reserve for employee's		
Machinery and Equipment	2,264	22,600	retirement allowance	4,363	43,548
Car and Industrial vehicle	184	1,843	Reserve for retirement benefits		
Tools, furniture and fixtures	5,502	54,916	for directors and corporate auditors	310	3,100
Land	2,725	27,201	Lease liability	563	5,621
Construction in progress	45	457	Other fixed liabilities	12	128
<u>Intangible Assets</u>	2,248	22,440			
Software	2,220	22,162	<u>NET ASSETS</u>	48,162	480,709
Other intangible assets	27	277	<u>Stockholder's Equity</u>	47,183	470,940
<u>Investment and Other assets</u>	15,899	158,697	Capital stock	5,300	52,899
Investment in securities	2,156	21,528			
Investment in affiliates stock	7,712	76,977	<u>Capital surplus</u>	5,653	56,425
Investment in affiliates capital	2,811	28,059	Capital reserves	5,653	56,425
Long-term loans receivable	148	1,480			
Deferred tax assets	1,714	17,112	<u>Accumulated Earnings</u>	36,230	361,615
Other investments	1,423	14,210	Earned reserved	1,325	13,224
Allowance for doubtful accounts	( 67 )	( 670 )	<u>Other accumulated earnings</u>	34,905	348,390
			Other reserve	31,675	316,149
			Earned surplus carried forward	3,230	32,241
			<u>Valuation and Translation Adjustments</u>	978	9,768
			Net unrealized gains on securities	978	9,768
<b>TOTAL ASSETS</b>	131,494	1,312,455	<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	131,494	1,312,455

**(4) Unconsolidated Income Statement****(April 1, 2007 through March 31, 2008)**

Item	Yen (Million)	US\$ (Thousand)
Sales	293,812	2,932,552
Cost of goods sold	251,328	2,508,517
Gross profit on sales	42,484	424,035
Selling, general and administrative expenses	35,061	349,949
Operating Income	7,422	74,086
Non-operating Income	2,019	20,159
Non-operating Expenses	4,124	41,169
Ordinary Income	5,317	53,076
Extraordinary loss	553	5,521
Income before Income Taxes	4,764	47,555
Corporation Tax, Inhabitant Tax and Business Tax	3,752	37,455
Adjustments of income tax and other tax expenses	( 2,436 )	( 24,319 )
Net Income	3,448	34,418



**(5) Unconsolidated Statements of Changes in Stockholders' Equity**

(April 1, 2007 through March 31, 2008)

	Stockholders' equity								Valuation and translation adjustments, etc	Total net assets
	Capital	Capital surplus		Legal earned surplus reserve	Retained earnings		Total retained earnings	Total stockholders' equity		
		Capital surplus reserve	Total capital surplus		General reserve	Unappropriated retained earnings			Valuation difference on available-for-sale securities	
Balance at end of previous period	¥5,300 \$52,899	¥5,653 \$56,422	¥5,653 \$56,422	¥1,325 \$13,224	¥28,875 \$288,202	¥4,191 \$41,830	¥34,391 \$343,257	¥45,345 \$452,590	¥1,570 \$15,670	¥46,915 \$468,260
Changes during the current period										
Payment of dividends	-	-	-	-	-	(¥1,610) (\$16,069)	(¥1,610) (\$16,069)	(¥1,610) (\$16,069)	-	(¥1,610) (\$16,069)
Accumulated other reserve	-	-	-	-	¥2,800 \$27,946	(¥2,800) (\$27,946)	-	-	-	-
Net income	-	-	-	-	-	¥3,448 \$34,414	¥3,448 \$34,414	¥3,448 \$34,414	-	¥3,448 \$34,414
Changes(net amount) of items other than stockholders' equity during the current period	-	-	-	-	-	-	-	-	(¥592) (\$5,908)	(¥592) (\$5,908)
Total changes during the current period	-	-	-	-	¥2,800 \$27,946	(¥961) (\$9,597)	¥1,838 \$18,349	¥1,838 \$18,349	(¥592) (\$5,908)	¥1,246 \$12,436
Balance at end of current period	¥5,300 \$52,899	¥5,653 \$56,422	¥5,653 \$56,422	¥1,325 \$13,224	¥31,675 \$316,149	¥3,230 \$32,238	¥36,230 \$361,612	¥47,183 \$470,935	¥978 \$9,761	¥48,162 \$480,706

Upper column: Yen (Million) / Lower column: U.S. Dollars (Thousand)

## **COMPANY OUTLINE**

### **(1)Profile**

**1.Company name:** FUJITSU TEN LIMITED

**2.Head office address:** 2-28, Goshō-dori 1-chome, Hyogo-ku, Kobe 652-8510,  
Japan

**Phone:** +81-78-671-5081

**Facsimile:** +81-78-671-5325

**3.Established:** October 25, 1972

**4.Number of employee:** 3,404 (As of March 31, 2008)

### **5.Business description**

FUJITSU TEN manufactures and sells mainly automobile-related equipments.

The principal products are described below.

Product Line		Description	
Infotainment Equipment	Audio and Car Navigation Equipment	For automobiles	Individual units and combined products (integrated units) of:  Audio products Radio Digital radio CD player / CD auto changer MD player / MD auto changer HDD music jukebox Power amp Audio-visual products Display product DVD player Terrestrial digital TV tuner Navigation systems* DVD-ROM navigation system HDD navigation system Portable navigation system in dashboard Back guide monitor Front eye camera (Blind corner monitor) Deck Mechanism DVD/CD/MD/cassette deck mechanism CD changer deck mechanism Speaker/Antenna
		For home use	Time Domain audio system Speaker Power amp

Product Line		Description
Infotainment Equipment	Mobile Communications Radios	Information-communication-applied systems* CTI taxi dispatch system Information-communication-applied equipment* Car-mounted unit for vehicle operation management system Business-use navigation equipment Business-use radio communication equipment Drive recorder equipment
	Car Electronic Devices	Electronic Control Units (ECU) and sensors used for; Engine control Hybrid system control Gear control Cruise control Emission control Diesel glow timer Vehicle Security System (VSS) Air Bag Multiplexing body control Relay integration Heat seat module Electric Power Steering (EPS) Remote Engine Starters Intrusion Sensors (24GHz band) Millimeter-wave radar units*(76GHz band) Computer Aided Multi-Analysis System (“CRAMAS”)

Note: Products indicated with an asterisk(\*) are ITS-related products.

## (2) Capital Situation (As of March 31, 2008)

**1.Capital stock**                      ¥5,300 Million

### 2.Shares

Number of authorized shares	10,400,000 shares
Number of shares issued	4,600,000 shares
Number of shareholders	3

### 3.Shareholders

FUJITSU LIMITED	2,530,000 shares (55%)
TOYOTA MOTOR CORPORATION	1,610,000 shares (35%)
DENSO CORPORATION	460,000 shares (10%)

### (3) Business Components

#### 1. Relationship to Parent Company

The parent company of FUJITSU TEN is FUJITSU LIMITED that holds 55% of shares issued.

#### 2. Subsidiaries (As of March 31, 2008)

<b>Domestic</b>	<b>Overseas</b>
<p><b>Manufacture</b></p> <ul style="list-style-type: none"> <li>• TOCHIGI FUJITSU TEN LIMITED</li> </ul>	<p><b>Manufacture</b></p> <ul style="list-style-type: none"> <li>• FUJITSU TEN CORP. OF AMERICA</li> <li>• FUJITSU TEN de MEXICO, S.A. de C.V.</li> <li>• FUJITSU TEN ESPAÑA, S.A.</li> <li>• FUJITSU TEN (THAILAND) COMPANY LIMITED</li> <li>• TIANJIN FUJITSU TEN ELECTRONICS CO., LTD.</li> <li>• FUJITSU TEN ELECTRONICS ( WUXI ) LTD.</li> <li>• FUJITSU TEN CORPORATION OF THE PHILIPPINES</li> <li>• INMOTION AUDIO(AUSTRALIA)PTY. LTD.</li> </ul>
<p><b>Sales</b></p> <ul style="list-style-type: none"> <li>• FUJITSU TEN EAST JAPAN SALES LIMITED</li> <li>• FUJITSU TEN CHUBU SALES LIMITED</li> <li>• FUJITSU TEN WEST JAPAN SALES LIMITED</li> </ul>	<p><b>Sales</b></p> <ul style="list-style-type: none"> <li>• FUJITSU TEN CANADA INC.</li> <li>• ECLIPSE TD (UK) LIMITED</li> <li>• FUJITSU TEN (EUROPE) GmbH</li> <li>• FUJITSU TEN INTERNATIONAL TRADING (TIANJIN) LTD.</li> <li>• FUJITSU TEN KOREA LIMITED</li> <li>• FUJITSU TEN (AUSTRALIA) PTY. LTD.</li> </ul>
<p><b>Others</b></p> <ul style="list-style-type: none"> <li>• FUJITSU TEN ACTY LIMITED</li> <li>• FUJITSU TEN RESEARCH LIMITED</li> <li>• FUJITSU TEN INFORMATION SYSTEMS LIMITED</li> <li>• FUJITSU TEN STAFF LIMITED</li> <li>• FUJITSU TEN TECHNOLOGY LIMITED</li> </ul>	<p><b>Others</b></p> <ul style="list-style-type: none"> <li>• FUJITSU TEN TECHNICAL CENTER USA, INC.</li> <li>• FUJITSU TEN (SINGAPORE) PTE. LTD.</li> <li>• FUJITSU TEN RESEARCH &amp; DEVELOPMENT (TIANJIN) LTD.</li> <li>• DIEZ CORPORATION</li> <li>• FUJITSU TEN SOLUTIONS PHILIPPINES, INC.</li> </ul>

Note : The Company and FUJITSU TEN INFORMATION SYSTEMS LIMITED resolved the contract of merger at the board of directors of the Company held in January 29, 2008 and at the board of directors of FUJITSU TEN INFORMATION SYSTEMS LIMITED held in January 11, 2008. Accordance with these resolutions, the Company absorbed FUJITSU TEN INFORMATION SYSTEMS LIMITED as of April 1, 2008. The approval for this merger at a general meeting of stockholders was abbreviated according to the small scale merger / short form merger system. The capital after this merger will not be increased.

By assignment of a part of stock of FUJITSU MANUFACTURING ESPAÑA, S.A from FUJITSU LIMITED in April 1, 2007, FUJITSU MANUFACTURING ESPAÑA, S.A became a subsidiary company of the Company, and was changed in the company name to FUJITSU TEN ESPAÑA, S.A.

FUJITSU TEN KOREA LIMITED was established by full investments by the Company in April 18, 2007.

#### **(4) Main Business Locations (As of March 31, 2008)**

Head Office and Plant:	2-28, Goshō-dori 1-chome, Hyogo-ku, Kobe 652-8510, Japan Phone +81-78-671-5081 Fax +81-78-671-5325
Nakatsugawa Plant:	2110, Naegi, Nakatsugawa, Gifu 508-0101, Japan Phone +81-573-66-5121 Fax +81-573-66-5126
Nakatsugawa Technical Center:	1683-1963, Nakagaito Nasubigawa Aza, Nakatsugawa, Gifu 509-9132, Japan Phone +81-573-68-7002 Fax +81-573-68-7003
Tokyo Sales Office:	Nishi-Shinjuku KF Bldg., 14-24, Nishi-Shinjuku 8-chome, Shinjuku-ku, Tokyo 160-0023, Japan Phone +81-3-5330-6244 Fax +81-3-5330-6245
Toyota Sales Office:	Fujitsu Ten Toyota Bldg., 11, Motoshiro-cho 1-chome, Toyota 471-0024, Japan Phone +81-565-32-2501 Fax +81-565-32-2310
Beijing Office:	Room 2710-2711, Building1, China World Trade Centre, No.1, Jian Guo Men Wai Avenue, Chao Yang Distric, Beijing, China 100004 Phone +86-10-6505-3535 Fax +86-10-6505-3534

## ***BOARD OF DIRECTORS***

(As of March 31, 2008)

Chairman and Representative Director	Masanori Hanaoka
President and Representative Director	Keijiro Katsumaru
Executive Directors	Yoshiyuki Tanakura Takao Akatsuka
Managing Directors	Hiroyasu Hoshino Shigeki Fukuyama Yasuhiko Kotsuji Michitaka Ogura Takashi Nagamitsu
Directors	Toshihiko Ono Takashi Shigematsu Tohru Ogawa Keiji Suzuki Yutaka Masuda Takashi Kondo Hiroshi Ogawa Noriaki Yagishi

## ***BOARD OF AUDITORS***

(As of March 31, 2008)

Executive Auditor	Masayuki Fukutani
Auditors	Masamichi Ogura Takeshi Shirane

**FUJITSU TEN LIMITED**

2-28,Gosho-dori 1-chome  
Hyogo-ku, Kobe 652-8510, Japan