Annual Report 2007

For the year ended March 31, 2007

Making Tracks into the Future

Profile

The Company was established in December 1956 as Keihin Seiki Manufacturing Co., Ltd. In 1997, through a merger with two other automotive product makers affiliated with Honda Motor Co., Ltd., the Company became Keihin Corporation, a comprehensive automotive systems manufacturer. Keihin has grown to become a truly global company, expanding its network beyond the borders of Japan to include operating units in China, Thailand, India and other parts of Asia; North America; Brazil in South America; and, in Europe, the United Kingdom.

Keihin boasts the top global market share in motorcycle carburetors, and its automobile fuel injection systems are highly regarded by customers the world over. To help meet new environmental standards, the Company has developed and now manufactures fuel injection systems for motorcycles, which it supplies to numerous manufacturers in Japan and overseas. Keihin has expanded its product range beyond fuel supply systems and now manufactures and supplies customers worldwide with a broad range of automotive components, including air-conditioning systems and electronic control units of all types.

With a strong concern for the natural environment, Keihin manufactures such environment-friendly products as components for compressed natural gas and liquefied petroleum gas vehicles and is currently developing components for fuel-cell vehicles and other products offering significant potential.

Keihin will contribute to the success and development of the automotive industry by continuing to supply products at the cutting edge of motorization.

Forward-Looking Statements
This annual report contains predictions and forecasts concerning Keihin's future plans, strategies and results. These predictions and forecasts are not historical facts but represent judgments formed by management based on the information available at the time they were formed. As such, actual results may differ significantly due to factors including, but not limited to, economic trends, changes in the automobile and automobile component industries, market demand, foreign exchange rates and tax systems.

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Financial Highlights

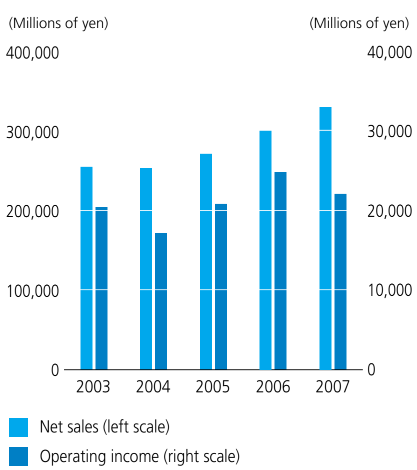
Keihin Corporation and Consolidated Subsidiaries
Years ended March 31, 2007, 2006 and 2005

	Millions of yen (except per share amounts)			Thousands of U.S. dollars (except per share amounts)
	2007	2006	2005	**2007**
For the year:				
Net sales	**¥330,612**	¥300,960	¥271,496	**$2,800,612**
Operating income	**22,113**	24,846	20,872	**187,319**
Income before income taxes and minority interests	**23,554**	31,141	20,191	**199,526**
Net income	**12,846**	17,501	10,856	**108,822**
At year-end:				
Total net assets	**¥143,454**	¥127,094	¥102,909	**$1,215,198**
Total assets	**210,758**	196,126	170,365	**1,785,326**
Per share of common stock (yen and U.S. dollars)**:**				
Net income:				
Basic	**¥173.38**	¥236.60	¥146.76	**$ 1.47**
Cash dividends	**32.00**	23.00	16.00	**0.27**

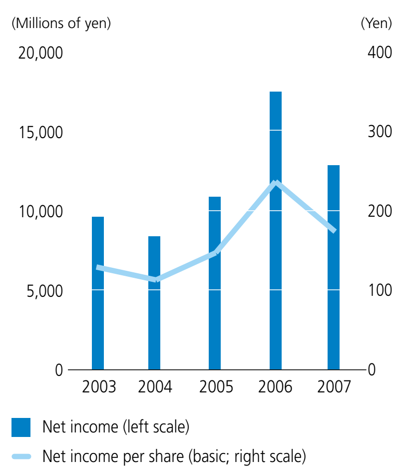
Notes: 1. The above amounts were prepared under accounting principles generally accepted in Japan.
2. U.S. dollar amounts in this annual report are translated from Japanese yen, for convenience only, at the rate of ¥118.05=US$1. (See Note 3 to the Consolidated Financial Statements.)
3. Effective for the year ended March 31, 2007, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" ("Accounting Standard No. 5" issued by the Accounting Standard Board of Japan on December 9, 2005), and "Guidance on the Accounting Standard for Presentation of Net Assets in the Balance Sheet" ("Accounting Implementation Guidance No. 8" issued by the Accounting Standard Board of Japan on December 9, 2005) have been adopted. Net assets for the years ended March 31, 2006 and 2005, have been reclassified to conform to the 2007 presentation.

- Net sales rose 9.9%, compared with the previous fiscal year, achieving a new record. Supporting this increase were strong sales in each category, combined with the favorable impact of yen depreciation against the U.S. dollar.
- Net income declined 26.6% during the year, principally reflecting the absence of gains on the settlement of the substitutional portion of the employees' welfare pension fund, which was present in the previous year.
- We proactively returned profits to shareholders by raising cash dividends to ¥32.00, from ¥23.00 in the previous fiscal year.

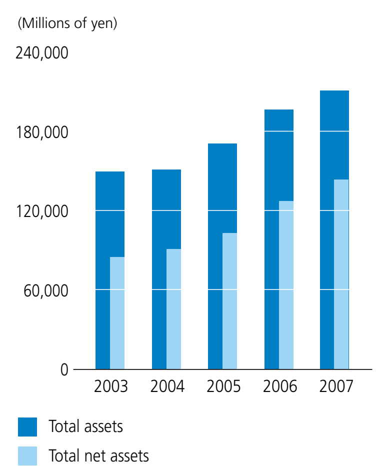
Net Sales and Operating Income



Net Income and
Net Income per Share



Total Assets and
Total Net Assets



A Message from the Management

Kentaro Kato
President & CEO

Supplying the World with Parts for Environmentally Friendly Vehicles

The Year in Review

During fiscal 2007, ended March 31, 2007, Keihin Corporation posted consolidated net sales of ¥330,612 million. Contributing to this result, which represents a 9.9% year-on-year increase and a new historic high, were robust sales of products for motorcycles, recreational vehicles and power products, and automobiles, buoyed by the impact of the yen's depreciation against the U.S. dollar. Although the increase in sales and efforts to hold down costs affected income positively, sharply higher materials prices, depreciation and amortization expenses, and expenses to develop products for upcoming models contrived to reduce consolidated operating income 11.0% from the preceding term, to ¥22,113 million. Consolidated net income fell 26.6%, to ¥12,846 million, reflecting the absence of gains on the settlement of the substitutional portion of the employees' welfare pension plan, which was present in the previous year.

Fiscal 2006 marked the launch of our Ninth Medium-Term Business Plan, which is designed to guide the Company during the three years through fiscal 2008, improve our corporate structure and define the path for our evolution into a world-leading organization. The plan has four overriding themes: creating a development organization driven by the proposal of innovative solutions; achieving unparalleled levels of quality in operations worldwide; implementing Productivity Improvement Activities (PIA) in all business areas of the Keihin Group around the world; and enacting policies that benefit all stakeholders and society as a whole.

Motorcycles, Recreational Vehicles and Power Products

In products for motorcycles, growing global environmental awareness is prompting increasingly stringent regulations on exhaust emissions, which has accelerated the shift from fuel supply systems using carburetors to electronic fuel injection systems. For these systems, Keihin (Thailand) Co., Ltd., produces injectors, throttle body modules and fuel pump modules for compact motorcycles and supplies these specialized components to markets throughout Asia, including Japan.

The worldwide lineup of products that employ our specialized electronic fuel injection systems for compact motorcycles is expanding. For example, our systems are used on the *Glamour FI*, which is sold in India by Hero Honda Motors Limited, and on the *SCR110*, sold by Wuyang-Honda Motors (Guangzhou) Co., Ltd. The *SCR110* is the first model in China to clear the European Union's Euro 3 emission standards. In addition, we have developed and commenced delivery of a new electronic fuel injection system for large-displacement motorcycles, incorporating a throttle valve driven by an electronically controlled motor, an example of which is the system for the *690 Supermoto* recently launched by KTM of Austria.

Automobile Products

Our automobile products include the fuel supply systems, electronic control units and air-conditioning systems used on vehicles manufactured by Honda Motor Co., Ltd., such as the new *Stream* and *Crossroad* models, the global *CR-V* model, the *RDX* (an entry-premium Acura-brand sport-utility vehicle) and the *MDX* (a high-end SUV).

Meeting demand for products that can be used with ethanol—which is gaining attention as an alternative fuel that helps reduce CO_2 emissions—we have developed and begun delivering fuel supply systems that employ new decay- and corrosion-resistant injectors and other parts. Among other parts for environmentally friendly vehicles, we manufacture and sell fuel supply systems for automobiles powered by natural gas, which feature cleaner exhaust emissions.

In addition, to strengthen our R&D structure we moved our injector prototyping department into our Marumori Plant and expanded the facility to double injector prototype production capacity. Also, as part of our efforts to enhance our automotive R&D and sales functions in Europe, in January 2007 we established Keihin Sales and Development Europe GmbH in Germany.

Achieving Unparalleled Levels of Quality in Operations Worldwide

As part of our drive to enhance quality, we acquired ISO/TS16949 certification at our European and Chinese facilities, and Kakuda Plant 1 in Japan. Other Keihin Group entities that have already acquired ISO/TS16949—an international certification of quality systems in the automotive production industry—include two of our facilities in North America and one in India.

Implementing PIA in All Business Areas of the Keihin Group around the World

The Keihin Group is pursuing PIA measures to strengthen its operations. Aimed at restructuring the Company's constitution, as well as further developing and training personnel, these measures are based on the concept of generating ideas and creating products without resorting to recruiting more staff or increasing investment. These measures are intended to boost productivity through methods based on physical experience, practicality and activities on-site. Starting with our Ninth Medium-Term Business Plan, we are expanding our PIA measures beyond the production floor to include R&D and other indirect operations. We have also extended these activities globally, to our locations in North and South America, the ASEAN region, China, and also India, as a result of which we have begun to see concrete improvements.

We have also implemented a program termed "1/2 Investment" as part of an overall drive to strengthen our production facilities and speed up production. Underpinned by our commitment to supplying parts at reasonable prices, this program involves the deployment of highly efficient, zero-waste manufacturing lines as part of a push to establish a globally competitive production system.

In Japan, we have restructured our core system into an integrated system for controlling component application tables, physical parts and products, and finances. This control system is designed to accelerate our business through high levels of effectiveness and efficiency, and to renovate our corporate constitution.

Strengthening Global Supply and R&D Systems

We are strengthening our global supply system, chiefly by boosting production capacity in Asia. In China, in June 2006 we built a new die-casting facility at Dongguan Keihin Engine Management System Co., Ltd., to meet demand from the expanding local automobile market. In September, we also raised the capacity of existing plant facilities.

Responding to the recovery of Indonesia's motorcycle market, in August 2006 P.T. Keihin Indonesia expanded its plant. This expansion raised the company's carburetor production capacity and added employee welfare facilities.

In September 2006, Keihin FIE Private Ltd. commenced full-scale operation of a second plant. This addition, which raised the company's capacity to produce motorcycle carburetors, is in line with our efforts to meet demand in the expanding motorcycle and automobile markets in India.

In Thailand, we constructed a new factory to produce electronic control units. This plant, which is located in the same industrial park that houses Keihin Auto Parts (Thailand) Co., Ltd., has now commenced production.

In North America, Japanese automobiles are growing in popularity as gasoline prices rise. To meet the accompanying increase in demand for automobile parts, we established a new company in the state of Michigan to boost our production capacity in the region.

Dividends

Keihin considers returning profits to its shareholders to be one of its most important management objectives. Our policy on dividends is to take into overall consideration the Company's future development, considering consolidated operating performance over the long term.

In fiscal 2007, we awarded total dividends of ¥32 per share, a ¥9 increase over fiscal 2006. This figure includes an interim dividend of ¥15 per share and a year-end dividend of ¥17 per share—up ¥5 compared with the previous year's year-end dividend and including a ¥2 dividend to commemorate the Company's 50th anniversary of operations.

In fiscal 2008, we expect to pay interim dividends of ¥18 per share, up ¥3 from fiscal 2007, and year-end dividends of ¥18, up ¥1. As a result, we anticipate total dividends for the year of ¥36 per share, up ¥4.

Outlook for Fiscal 2008

In fiscal 2008, we forecast consolidated net sales of ¥333.7 billion, a 0.9% increase. For the year, we also anticipate consolidated operating income of ¥24.2 billion, a 9.4% increase, and consolidated net income of ¥13.2 billion, up 2.8%. For the purpose of these forecasts, we assume an average exchange rate during the year of ¥115 to the U.S. dollar.

We have successfully concluded the 50th anniversary of our founding in December 1956. I thank you for your support to date, and ask for your continuing cooperation.

July 2007

加藤憲太郎

Kentaro Kato
President & CEO

Highlights

Establishment of Keihin Sales and Development Europe GmbH

Keihin's products for motorcycle fuel injection systems are widely popular in the European market. To support the development of such products for European manufacturers and to serve as a sales base, in January 2007 we established Keihin Sales and Development Europe GmbH in Germany.

In April, we shifted sales to European motorcycle manufacturers from Keihin Europe Ltd., of the United Kingdom, to the new company. In May, we completed the installation of a new test facility and began full-fledged operation. Further, in July, we plan to shift sales of CNG and LPG products for automobiles from Keihin Europe Ltd.

ISO/TS16949 Certification Achieved in Various Locations

Based on the ISO 9001 international quality system certification, ISO/TS16949 is a combined quality system certification in the automotive industry. The objective of integrating the world's quality system standards for automotive production is to allow automobile manufacturers to procure parts from selected suppliers that meet common standards, thereby assuring high product quality, while pursuing low prices.

Prior to fiscal 2007, the Keihin Group had received ISO/TS16949 certification at two locations in North America and one in India. During the year, we also earned this certification at three additional locations—Keihin Europe (United Kingdom), Kakuda Plant 1 (Japan), and Dongguan Keihin Engine Management System Co., Ltd. (China).

New Automobile Parts Production Company Established in North America

In response to the expansion of needs of Keihin's customers for automotive products in the North American market, we established Keihin Michigan Manufacturing LLC in the United States to increase our production capacity.

The new company, which is scheduled to begin producing mechanical products for automobiles, as well as air-conditioning systems, is located near our North American business partners. The company is currently building a plant and preparing to begin production next year.

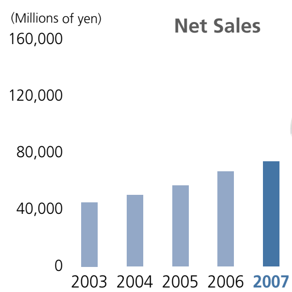
Factory Overview

Site:	Approximately 27 acres (109,265 square meters)
Building:	120,000 square feet (11,148 square meters)
Production start:	Autumn 2008
Production capacity:	680,000 intake manifold assemblies per year 200,000 HVAC assemblies per year
Employees:	260 (Autumn 2010)

Review by Business Segment

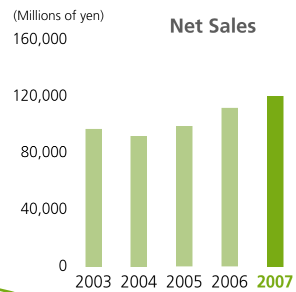
Fuel Supply Systems for Motorcycles, Recreational Vehicles and Power Products

Recovery in the Indonesian motorcycle market, continued strong sales in the ASEAN region and the Indian motorcycle market, and market expansion in the South American motorcycle market boosted sales 10.5%, to ¥74,181 million.



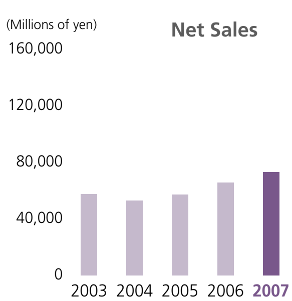
Mechanical Products for Automobiles

Against the background of high crude oil prices, sales in the North American automobile market were robust. This growth, combined with market expansion in Asia, pushed up sales 7.5%, to ¥120,310 million.



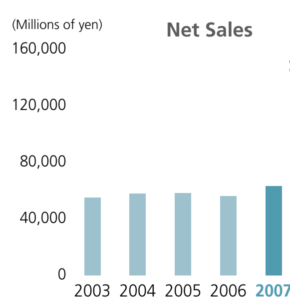
Electronic Control Units

In addition to favorable sales in the North American and European markets, business expansion in Asia contributed to an 11.1% sales increase, to ¥73,051 million.



Air-Conditioning Systems

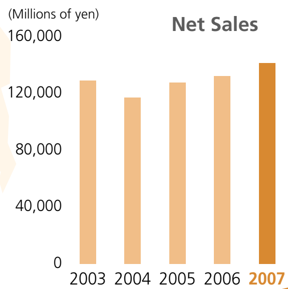
Sales were strong in the North American automobile market, while the Thai, Indian and other Asian markets expanded. As a result, sales grew 12.4%, to ¥63,070 million.



Expanding Our Global Operations

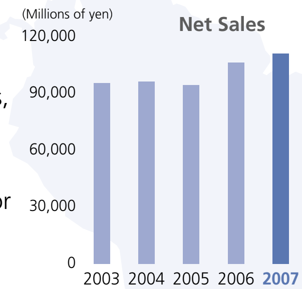
Japan

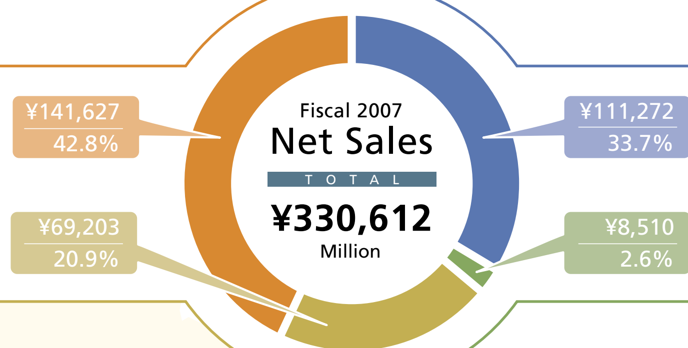
In Japan, sales rose 7.0% from the previous year, to ¥141,627 million, on robust sales of parts for automobiles, electronic control components and air-conditioning systems. In fiscal 2008, however, we expect a decline, owing to the deterioration of our model mix.



Americas

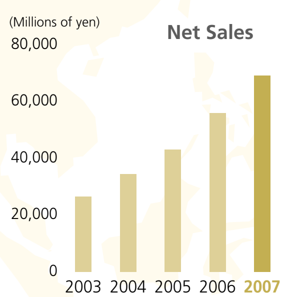
Sales in the Americas expanded 4.5% from the previous year, to ¥111,272 million, buoyed by the exchange rate impact of U.S. dollar appreciation against the yen and rising sales of electronic control components and air-conditioning systems in North America and parts for motorcycles in South America. In fiscal 2008, we anticipate an increase in demand for products for motorcycles, recreational vehicles and power products, but expect net sales to decrease due to the impacts of a downturn in demand for automobile parts and less favorable exchange rates.





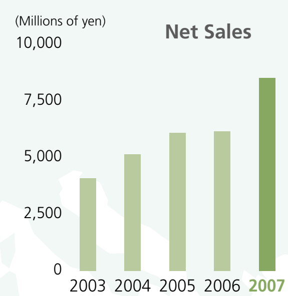
Asia

Favorable demand from our plants in Thailand, China and India pushed up sales in Asia a substantial 23.8% from the previous year, to ¥69,203 million. In fiscal 2008, we forecast growth in sales, owing to increased demand for products for motorcycles, recreational vehicles, power products, air-conditioning systems and electronic control components.



Europe

Sales rose significantly in Europe, growing 38.1%, to ¥8,510 million, as a result of strong sales of parts for automobiles and electronic control components. In fiscal 2008, we anticipate an increase in sales, bolstered by favorable demand for automobile parts.



Five-Year Summary of Selected Financial Data

Keihin Corporation and Consolidated Subsidiaries
Years ended March 31, 2007, 2006, 2005, 2004 and 2003

	Millions of yen (except per share amounts)					Thousands of U.S. dollars (except per share amounts)
	2007	2006	2005	2004	2003	**2007**
For the year:						
Net sales	**¥330,612**	¥300,960	¥271,496	¥253,051	¥255,292	**$2,800,612**
Fuel supply systems for motorcycles, recreational vehicles, and power products	**74,181**	67,104	57,207	50,398	45,307	**628,386**
Mechanical products for automobiles	**120,310**	111,950	99,016	91,989	97,306	**1,019,147**
Electronic control units	**73,051**	65,777	57,262	52,712	57,545	**618,814**
Air-conditioning systems	**63,070**	56,129	58,010	57,952	55,133	**534,265**
Cost of sales	**285,466**	255,577	229,911	218,913	219,145	**2,418,178**
Selling, general and administrative expenses	**23,033**	20,537	20,713	17,012	15,710	**195,115**
Operating income	**22,113**	24,846	20,872	17,126	20,438	**187,319**
Income before income taxes and minority interests	**23,554**	31,141	20,191	16,317	18,855	**199,526**
Net income	**12,846**	17,501	10,856	8,380	9,610	**108,822**
Depreciation and amortization	**14,297**	13,050	12,428	11,744	11,194	**121,112**
Research and development expenses	**15,946**	14,217	12,154	11,606	10,573	**135,076**
Capital expenditures	**22,538**	16,806	14,109	16,750	15,483	**190,922**
At year-end:						
Total net assets	**¥143,454**	¥127,094	¥102,909	¥ 90,476	¥ 84,585	**$1,215,198**
Total assets	**210,758**	196,126	170,365	150,772	149,405	**1,785,326**
Per share of common stock (yen and U.S. dollars)**:**						
Net income:						
Basic	**¥ 173.38**	¥ 236.60	¥ 146.76	¥ 112.46	¥ 128.81	**$ 1.47**
Cash dividends	**32.00**	23.00	16.00	14.00	14.00	**0.27**
Net assets	**1,669.98**	1,493.80	1,217.88	1,079.67	1,012.93	**14.15**

Notes: 1. The above amounts, except for research and development expenses and capital expenditures, were prepared under accounting principles generally accepted in Japan.
2. U.S. dollar amounts in this annual report are translated from Japanese yen, for convenience only, at the rate of ¥118.05=US$1. (See Note 3 to the Consolidated Financial Statements.)
3. Effective for the year ended March 31, 2007, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" ("Accounting Standard No. 5" issued by the Accounting Standard Board of Japan on December 9, 2005), and "Guidance on the Accounting Standard for Presentation of Net Assets in the Balance Sheet" ("Accounting Implementation Guidance No. 8" issued by the Accounting Standard Board of Japan on December 9, 2005) have been adopted. Net assets for the years ended March 31, 2006, 2005, 2004 and 2003 have been reclassified to conform to the 2007 presentation.

Financial Review

The scope of consolidation includes 25 of the Company's consolidated subsidiaries.

Principal companies among these are Keihin Indiana Precision Technology, Inc., Keihin Carolina System Technology, Inc., Keihin Aircon North America, Inc., Dongguan Keihin Engine Management System Co., Ltd., and Keihin Auto Parts (Thailand) Co., Ltd. The equity method has not been applied to Keihin's one non-consolidated subsidiary or its one affiliate. The depreciation of the yen during the term resulted in a yen–dollar exchange rate at fiscal year-end of ¥118.05 to US$1, compared with ¥117.47 to US$1 at the previous fiscal year-end. The average yen–dollar exchange rate was ¥116.96 for fiscal 2007 and ¥113.93 for the previous fiscal year.

Results of Operations

Net Sales

In fiscal 2007, consolidated net sales were positively affected by strong demand for fuel supply systems for motorcycles, recreational vehicles and power products, as well as products for automobiles, and the depreciation of the yen vis à vis the U.S. dollar. As a result, consolidated net sales grew 9.9%, compared to the previous fiscal year, to ¥330,612 million (US$2,801 million).

By geographic segment, sales in Japan rose 7.0%, to ¥141,627 million (US$1,200 million), owing to the strength of domestic sales of mechanical products for automobiles, electronic control units and air-conditioning systems.

Sales in the Americas advanced 4.5%, to ¥111,272 million (US$943 million), owing to the impact of yen depreciation against the U.S. dollar, strong North American demand for electronic control units and air-conditioning systems, and favorable sales in South America for motorcycle products.

Sales in Asia surged 23.8%, to ¥69,203 million (US$586 million), reflecting robust sales in Thailand, China and India.

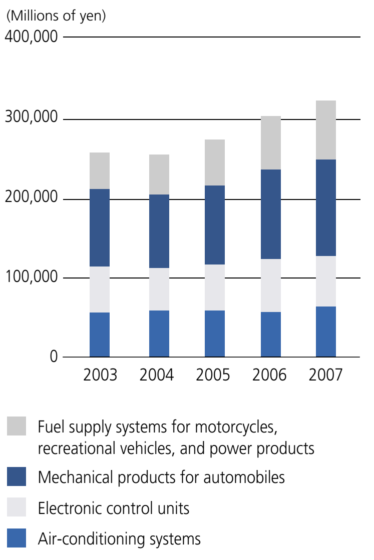
Sales in Europe rose 38.1%, to ¥8,510 million (US$72 million), as a result of robust sales of automobile parts and electronic control units.

Overall, overseas sales, which include export sales of the Company and sales (other than exports to Japan) of its foreign consolidated subsidiaries, increased 13.2%, to ¥196,191 million (US$1,662 million).

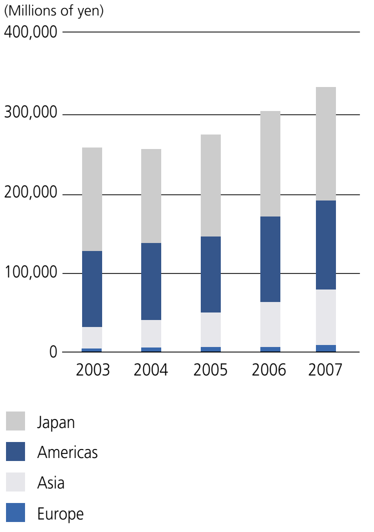
Income and Expenses

The growth in cost of sales was 11.7%, and cost of sales amounted to ¥285,466 million (US$2,418 million). Selling, general and administrative expenses grew 12.2%, to ¥23,033 million (US$195 million). Despite an increase in net sales and efforts to hold down the cost of sales, sharply higher raw materials prices, depreciation and

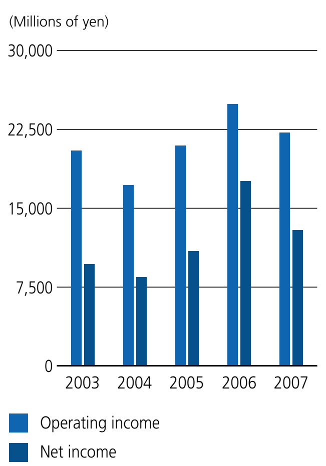
Net Sales by Business Segment



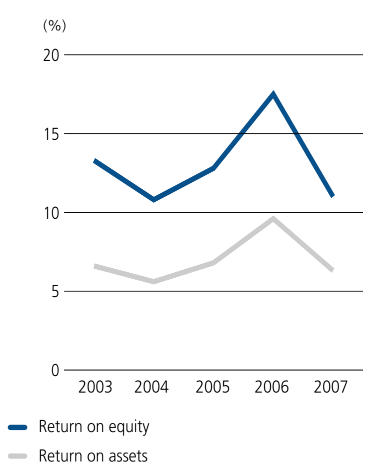
Net Sales by Geographic Area



Operating Income and Net Income



ROE and ROA



amortization, and R&D costs related to next-generation models caused operating income to fall 11.0%, to ¥22,113 million (US$187 million).

By geographic segment (before the elimination of intersegment transactions), operating income in Japan fell 40.9%, to ¥6,642 million (US$56 million), reflecting the absence of gain on the settlement of the substitutional portion of the employees' welfare pension plan, which was present in the previous year. Operating income in the Americas rose 14.7%, to ¥8,365 million (US$71 million). In Asia, operating income climbed 11.6%, to ¥9,111 million (US$77 million), while operating income in Europe rose 23.6%, to ¥387 million (US$3 million).

Interest and dividend income, net of interest expense, amounted to ¥712 million (US$6 million), compared with ¥399 million in the previous fiscal year, and a foreign exchange gain of ¥195 million (US$2 million) was recorded in fiscal 2007, compared with ¥1,158 million in the previous year.

Income before income taxes and minority interests amounted to ¥23,554 million (US$200 million), compared with ¥31,141 million in the previous fiscal year, and net income worked out to ¥12,846 million (US$109 million), compared with ¥17,501 million in the previous year.

Net income per share, basic, amounted to ¥173.38 (US$1.47), compared with ¥236.60 in the previous year.

R&D Expenses

The basic policy for the R&D activities of the Keihin Group is to support the core needs of automobile manufacturing. The primary goal of our programs is to promote the advancement of environmental friendliness, safety and comfort through the systematization and modularization of these commodities, as well as the development of intelligent features—undertakings that are being conducted by the development departments of Keihin. Production on a global scale, adaptation to alternative energy sources, and environmental businesses are also proactively incorporated into the Company's R&D activities. Total R&D expenses for the year under review amounted to ¥15,946 million (US$135 million).

Capital Expenditures

Capital expenditures for the year under review were up 34.1%, to ¥22,538 million (US$191 million). Of this, ¥3,311 million (US$28 million) was invested in production facilities for fuel supply systems for motorcycles, recreational vehicles, and power products, ¥8,124 million (US$69 million) in production facilities for mechanical products for automobiles, ¥3,279 million (US$28 million) in electronic control unit production facilities, ¥1,922 million (US$16 million) in air-conditioning unit production facilities, ¥1,880 million (US$16 million) in R&D investments, and ¥4,022 million (US$34 million) in buildings and structures and others. Depreciation and amortization increased 9.6%, to ¥14,297 million (US$121 million).

Cash Flows

Cash and cash equivalents at the end of the year totaled ¥31,125 million (US$264 million). Although cash was used to purchase tangible and intangible assets, as well as investment securities, the impact of a high level of income before income taxes and minority interests compensated for these effects and drove up cash and cash equivalents.

Net cash provided by operating activities rose ¥2,255 million, or 8.9% compared with the previous fiscal year, to ¥27,689 million (US$235 million). Despite increases in notes and accounts receivable, as well as inventories, the amount of net cash provided was higher because of the real rise in income before income taxes and minority interests, absent the return of past contributions of the substitutional portion of the employees' welfare pension fund.

Net cash used in investing activities was up ¥9,870 million, or 64.8%, to ¥25,109 million (US$213 million), mainly because of increases in the acquisition of property, plant and equipment, as well as marketable securities.

Net cash used in financing activities was up 16.4%, or ¥519 million, to ¥3,691 million (US$31 million), primarily as a result of the payment of cash dividends.

Financial Position

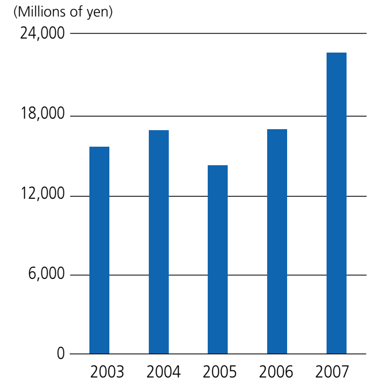
Total assets at fiscal 2007 year-end increased 7.5%, to ¥210,758 million (US$1,785 million), compared with the previous fiscal year-end, and current assets increased 2.4%, to ¥114,604 million (US$971 million). Cash climbed ¥188 million, to ¥31,747 million (US$269 million), and property, plant and equipment rose ¥10,145 million, to ¥79,331 million (US$672 million), mainly because of increased capital investment in these assets. Investments and other assets increased ¥1,753 million, to ¥16,823 million (US$143 million).

Current liabilities increased 0.4%, to ¥59,532 million (US$504 million).

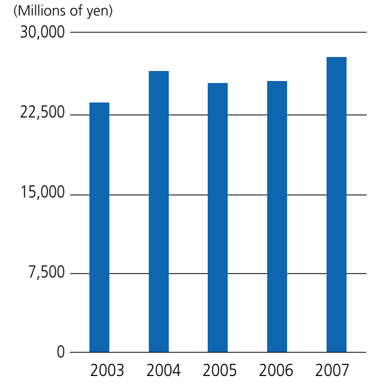
Long-term liabilities fell 20.0%, to ¥7,772 million (US$66 million), owing to lower deferred income taxes.

Net assets increased 12.9%, to ¥143,454 million (US$1,215 million). Net assets per share climbed ¥176.18 from ¥1,493.80 in the previous year to ¥1,669.98 (US$14.15). The equity ratio rose 2.3 percentage points, to 58.6%.

Capital Expenditures



Cash Provided by Operating Activities



Consolidated Balance Sheets

Keihin Corporation and Consolidated Subsidiaries
As of March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
ASSETS	**2007**	2006	**2007**
Current assets:			
Cash	**¥ 31,747**	¥ 31,559	**$ 268,930**
Notes and accounts receivable:			
Trade	**47,372**	45,107	**401,285**
Unconsolidated subsidiaries and affiliates	**13**	2	**113**
	47,385	45,109	**401,398**
Inventories	**28,123**	26,316	**238,232**
Deferred income taxes	**3,710**	4,068	**31,425**
Other current assets	**3,639**	4,818	**30,826**
Total current assets	**114,604**	111,870	**970,811**
Property, plant and equipment:			
Land	**7,164**	7,183	**60,688**
Buildings and structures	**37,712**	34,002	**319,457**
Machinery and equipment	**112,013**	108,882	**948,858**
Furniture and tools	**29,846**	28,234	**252,823**
Construction in progress	**11,673**	5,231	**98,883**
	198,408	183,532	**1,680,709**
Less: Accumulated depreciation	**(119,077)**	(114,346)	**(1,008,694)**
	79,331	69,186	**672,015**
Investments and other assets:			
Investments in securities	**9,449**	7,750	**80,040**
Investments in unconsolidated subsidiaries and affiliates	**615**	426	**5,211**
Long-term loans to employees	**439**	441	**3,718**
Intangible assets	**3,257**	2,758	**27,586**
Deferred income taxes	**121**	1,276	**1,024**
Other assets	**2,976**	2,450	**25,211**
	16,857	15,101	**142,790**
Less: Allowance for doubtful accounts	**(34)**	(31)	**(290)**
	16,823	15,070	**142,500**
Total assets	**¥210,758**	¥196,126	**$1,785,326**

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars 2007
Current liabilities:			
Short-term bank loans	¥ 3,373	¥ 4,128	$ 28,575
Current portion of long-term debt	254	—	2,151
Notes and accounts payable—trade	36,778	35,201	311,549
Accrued expenses	9,745	9,475	82,547
Warranty reserve	994	1,354	8,419
Income taxes payable	1,479	3,389	12,532
Other current liabilities	6,909	5,776	58,518
Total current liabilities	59,532	59,323	504,291
Long-term liabilities:			
Long-term debt	389	44	3,298
Accrued retirement benefits:			
Directors and statutory auditors	408	452	3,452
Employees	3,008	2,995	25,479
Deferred income taxes	1,789	4,083	15,152
Other non-current liabilities	2,178	2,135	18,456
Total long-term liabilities	7,772	9,709	65,837
Total liabilities	67,304	69,032	570,128
Minority interests	—	16,602	—
Shareholders' equity:			
Common stock:			
Authorized: 240,000,000 shares			
Issued: 73,985,246 shares	—	6,932	—
Capital surplus	—	7,941	—
Earning surplus	—	93,371	—
Net unrealized gains on securities	—	3,498	—
Adjustment for foreign currency statement translation	—	(1,226)	—
	—	110,516	—
Less: Treasury common stock, at cost; 18,227 shares	—	(24)	—
Total shareholders' equity	—	110,492	—
Contingent liabilities			
Total liabilities, minority interests and shareholders' equity	—	¥196,126	—
Net assets:			
Shareholders' equity:			
Common stock, no par value:			
Authorized: 240,000,000 shares			
Issued: 73,985,246 shares	6,932	—	58,724
Capital surplus	7,941	—	67,266
Retained earnings	104,198	—	882,661
Less: Treasury stock, at cost; 19,062 shares	(27)	—	(225)
Total shareholders' equity	119,044	—	1,008,426
Valuation and translation adjustments:			
Net unrealized gains on securities	3,449	—	29,214
Foreign currency translation adjustments, net	1,029	—	8,715
Total valuation and translation adjustments	4,478	—	37,929
Minority interests	19,932	—	168,843
Total net assets	143,454	—	1,215,198
Contingent liabilities			
Total liabilities and net assets	¥210,758	—	$1,785,326

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income

Keihin Corporation and Consolidated Subsidiaries
For the years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Net sales	**¥330,612**	¥300,960	**$2,800,612**
Cost of sales	**285,466**	255,577	**2,418,178**
Gross profit	**45,146**	45,383	**382,434**
Selling, general and administrative expenses	**23,033**	20,537	**195,115**
Operating income	**22,113**	24,846	**187,319**
Other income (expenses):			
Interest and dividend income	**944**	627	**7,998**
Interest expense	**(233)**	(227)	**(1,970)**
Foreign exchange gain	**195**	1,158	**1,655**
Loss on disposal of property and equipment	**(317)**	(241)	**(2,685)**
Compensation cost for dies	**(105)**	(128)	**(888)**
Provision for warranty reserve	**—**	(566)	**—**
Impairment loss on fixed assets	**(57)**	(443)	**(482)**
Gain on settlement of substitutional portion of the employees' welfare pension fund	**—**	6,956	**—**
Loss on disposal/write-down of inventories	**(175)**	(519)	**(1,479)**
Product repair costs	**—**	(401)	**—**
Gain on sale of investments in securities	**383**	—	**3,247**
Loss on sale of property and equipment	**(148)**	—	**(1,253)**
Other, net	**954**	79	**8,064**
Income before income taxes and minority interests	**23,554**	31,141	**199,526**
Income taxes:			
Current	**7,924**	9,179	**67,123**
Deferred	**(752)**	1,367	**(6,373)**
Income before minority interests	**16,382**	20,595	**138,776**
Minority interests	**(3,536)**	(3,094)	**(29,954)**
Net income	**¥ 12,846**	¥ 17,501	**$ 108,822**
	Yen		U.S. dollars
Per share of common stock:			
Net income:			
Basic	**¥173.38**	¥236.60	**$1.47**
Cash dividends	**32.00**	23.00	**0.27**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Shareholders' Equity

Keihin Corporation and Consolidated Subsidiaries
For the year ended March 31, 2006

	Number of shares of common stock	Millions of yen					
		Common stock	Capital surplus	Earning surplus	Net unrealized gains on securities	Adjustment for foreign currency statement translation	Treasury common stock acquired
Balance at March 31, 2005	73,985,246	¥6,932	¥7,941	¥77,738	¥2,288	¥(4,795)	¥(19)
Net income for the year	—	—	—	17,501	—	—	—
Cash dividends paid	—	—	—	(1,405)	—	—	—
Bonuses to directors and statutory auditors	—	—	—	(26)	—	—	—
Decrease due to inclusion of a subsidiary into consolidation	—	—	—	(437)	—	—	—
Unrealized gains on securities	—	—	—	—	1,210	—	—
Foreign currency translation adjustments	—	—	—	—	—	3,569	—
Treasury common stock acquired	—	—	—	—	—	—	(5)
Balance at March 31, 2006	73,985,246	¥6,932	¥7,941	¥93,371	¥3,498	¥(1,226)	¥(24)

Consolidated Statements of Changes in Net Assets

Keihin Corporation and Consolidated Subsidiaries
For the year ended March 31, 2007

		Millions of yen							
		Shareholders' equity				Valuation and translation adjustments			
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized gains on securities	Foreign currency translation adjustments, net	Minority interests	Total net assets
Balance at March 31, 2006	73,985,246	¥6,932	¥7,941	¥93,371	¥(24)	¥3,498	¥(1,226)	¥16,602	¥127,094
Net income for the year	—	—	—	12,846	—	—	—	—	12,846
Cash dividends paid	—	—	—	(1,997)	—	—	—	—	(1,997)
Bonuses to directors and statutory auditors	—	—	—	(22)	—	—	—	—	(22)
Purchase of treasury stock	—	—	—	—	(3)	—	—	—	(3)
Net changes in unrealized gains on securities	—	—	—	—	—	(49)	—	—	(49)
Net changes in foreign currency translation adjustments	—	—	—	—	—	—	2,255	—	2,255
Net changes in minority interests	—	—	—	—	—	—	—	3,330	3,330
Balance at March 31, 2007	**73,985,246**	**¥6,932**	**¥7,941**	**¥104,198**	**¥(27)**	**¥3,449**	**¥ 1,029**	**¥19,932**	**¥143,454**

	Thousands of U.S. dollars							
	Shareholders' equity				Valuation and translation adjustments			
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized gains on securities	Foreign currency translation adjustments, net	Minority interests	Total net assets
Balance at March 31, 2006	$58,724	$67,266	$790,944	$(205)	$29,629	$(10,381)	$140,633	$1,076,610
Net income for the year	—	—	108,822	—	—	—	—	108,822
Cash dividends paid	—	—	(16,917)	—	—	—	—	(16,917)
Bonuses to directors and statutory auditors	—	—	(188)	—	—	—	—	(188)
Purchase of treasury stock	—	—	—	(20)	—	—	—	(20)
Net changes in unrealized gains on securities	—	—	—	—	(415)	—	—	(415)
Net changes in foreign currency translation adjustments	—	—	—	—	—	19,096	—	19,096
Net changes in minority interests	—	—	—	—	—	—	28,210	28,210
Balance at March 31, 2007	**$58,724**	**$67,266**	**$882,661**	**$(225)**	**$29,214**	**$8,715**	**$168,843**	**$1,215,198**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

Keihin Corporation and Consolidated Subsidiaries
For the years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Cash flows from operating activities:			
Income before income taxes and minority interests	¥23,554	¥31,141	$199,526
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	14,297	13,050	121,112
Impairment loss on fixed assets	57	443	482
Amortization of goodwill	—	78	—
Gain on sale of investments in securities	(383)	—	(3,247)
Loss on disposal of property and equipment	441	241	3,734
Decrease in warranty reserve	(366)	(214)	(3,104)
Decrease in accrued retirement benefits of employees	(81)	(7,440)	(690)
(Decrease) increase in accrued retirement benefits of directors and statutory auditors	(44)	15	(376)
Interest and dividend income	(944)	(627)	(7,998)
Interest expense	233	227	1,970
Decrease (increase) in notes and accounts receivable—trade	(848)	136	(7,187)
Increase in inventories	(1,068)	(2,420)	(9,047)
Increase in notes and accounts payable—trade	477	2,631	4,039
Payment of directors' bonuses	(43)	(48)	(367)
Other, net	1,595	(2,261)	13,537
Subtotal	36,877	34,952	312,384
Proceeds from interest and dividend income	944	627	7,998
Payment of interest expenses	(232)	(227)	(1,970)
Payment of income taxes	(9,900)	(9,918)	(83,860)
Net cash provided by operating activities	27,689	25,434	234,552
Cash flows from investing activities:			
Payment for purchases of property, plant and equipment and intangible assets	(24,612)	(16,648)	(208,490)
Proceeds from sale of property, plant and equipment	1,778	751	15,062
Payment for purchase of investment securities	(3,920)	—	(33,206)
Proceeds from sale of investment securities	2,505	—	21,219
Long-term loans made	(620)	—	(5,255)
Proceeds from collection on loans	105	47	890
Other, net	(345)	611	(2,916)
Net cash used in investing activities	(25,109)	(15,239)	(212,696)
Cash flows from financing activities:			
Decrease in short-term loans, net	(863)	(1,279)	(7,309)
Increase in long-term debt	618	98	5,235
Repayment of long-term debt	(116)	(54)	(983)
Issuance of common stock of subsidiary	—	270	—
Payment for purchases of treasury stock	(3)	(5)	(20)
Payment of cash dividends	(1,997)	(1,405)	(16,917)
Payment of cash dividends to minority interest shareholders	(1,330)	(797)	(11,274)
Net cash used in financing activities	(3,691)	(3,172)	(31,268)
Effect of exchange rate changes on cash and cash equivalents	1,214	1,385	10,283
Net change in cash and cash equivalents	103	8,408	871
Cash and cash equivalents at beginning of year	31,022	22,609	262,785
Increase in cash and cash equivalents due to inclusion of a subsidiary in consolidation	—	5	—
Cash and cash equivalents at end of year	¥31,125	¥31,022	$263,656

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of Keihin Corporation (the "Company") and its subsidiaries (together, the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

The accompanying consolidated financial statements incorporate certain reclassifications and rearrangements in order to present them in a form that is more familiar to readers outside Japan.

2. Summary of Significant Accounting Policies

(1) Consolidation and Investments in Affiliates

The consolidated financial statements include the accounts of the Company and all significant subsidiaries. All significant intercompany transactions, accounts and unrealized intercompany profits are eliminated on consolidation. Certain consolidated subsidiaries are consolidated on the basis of their fiscal years ended December 31 and material differences in intercompany transactions and accounts arising from the use of the different fiscal year-end are appropriately adjusted on consolidation. The difference between the cost and the underlying net equity of investment in consolidated subsidiaries at the time of acquisition is charged to income when recognized.

Investments of 50% or less in companies over which the parent company does not have control but has the ability to exercise significant influence, and investments in unconsolidated subsidiaries are stated at cost or less. The carrying value of the investments is written down to fair value when a decline in the fair value below cost is determined to be a permanent impairment of value. The equity method of accounting for investments in affiliates and unconsolidated subsidiaries has not been applied by the Company since the effect of its application is not material.

(2) Translation of Foreign Currency Transactions and Accounts

Foreign currency transactions are recorded using the foreign exchange rates prevailing at the transaction dates. Receivables and payables in foreign currencies are valued at year-end using the current exchange rates.

All the asset and liability accounts of foreign subsidiaries are translated at appropriate year-end current rates, and income and expense accounts are translated using average rates in the respective years. The resulting translation adjustments are accumulated as a component of valuation and translation adjustments and minority interests in fiscal 2007, and shareholders' equity in fiscal 2006.

(3) Valuation of Securities

Securities are classified as (a) securities held for trading purposes, (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, or (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities"). The Companies did not have any securities defined as (a) and the Company did not have any securities defined as (c) above for the year ended March 31, 2007.

Held-to-maturity debt securities are stated at amortized cost. Available-for-sale securities with fair market value are stated at fair market value as of the balance sheet date. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of valuation and translation adjustments in fiscal 2007 and shareholders' equity in fiscal 2006. Realized gains and losses on sale of such securities are computed using the moving-average method. Available-for-sale securities without fair market value are stated at the moving-average cost.

If the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies, and available-for-sale securities, declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as a loss in the period of the decline. Such cases are excepted when the fair market value is recognized as being capable of restoration. If securities do not have fair market value and the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, such securities should be written down to net asset value with a corresponding charge in the statements of income. The difference between net asset value and the carrying amount is recognized as a loss in the period of the decline in the event net asset value declines significantly. In these cases, such net asset value will be the carrying amount of the securities at the beginning of the next year.

(4) Derivative Financial Instruments

Derivative financial instruments, which include foreign currency forward exchange contracts and currency options, are used in the Company's risk management of foreign currency risk exposures of its financial assets and liabilities based on an internal policy that stipulates that at least 60% of the foreign currency receivables balance is to be hedged.

The Company evaluates the effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from their inception. The Company enters into foreign currency forward exchange contracts and currency options to limit exposure to changes in foreign currency exchange rates on accounts receivable and cash flows generated from anticipated transactions denominated in foreign currencies. With regard to foreign currency forward exchange contracts, which are designated and effective as hedges of such currency exchange rate risks on existing assets and liabilities, the Company adopted the accounting method whereby foreign-currency-denominated assets and liabilities are measured at the contract rate of the respective foreign currency forward exchange contract. With respect to foreign currency forward contracts and currency options on anticipated transactions, the contracts are marked to market and unrealized gains/losses are deferred in the balance sheets to be recorded in operations when exchange gains/losses on the hedged items or transactions are recognized.

(5) Inventories

Inventories of the Company are stated at cost determined principally by the average method, while inventories held by the consolidated subsidiaries are principally stated either at the lower of cost or market or at cost, determined by the first-in, first-out method.

Change in Accounting Policy

Prior to this fiscal year, the Company had determined the costs of finished goods, raw materials and work-in-process using the first-in, first-out method. At the beginning of this fiscal year, the Company changed its accounting policy to determine costs of finished goods, raw materials and work-in-process to the average method. The new accounting policy was triggered by the implementation of a new backbone system including a cost accounting system, and adopted in order to improve the efficiency of operating procedures, allowing more prompt monthly closing and period end closing.

The effect of the change is immaterial to segment information in the corresponding section as well as the accompanying consolidated financial statements.

(6) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed at rates based on the estimated useful lives of assets using the declining-balance method, except for depreciation of buildings of the Company and its domestic consolidated subsidiaries acquired on or after April 1, 1998, for which the straight-line method is applied. Depreciable assets of more than ¥100,000 and less than ¥200,000 are depreciated by the straight-line method over three years in accordance with the Corporate Income Tax Law in Japan. When assets are sold or otherwise disposed of, the profits or losses thereon, computed on the basis of the difference between depreciated cost and proceeds, are credited or charged to operations in the year of disposal, and cost and accumulated depreciation are removed from the respective accounts.

The ranges of estimated useful lives are as follows:

Buildings and structures	2–50 years
Machinery and equipment	2–12 years

(7) Amortization of Intangible Assets

The amortization of intangible assets is computed using the straight-line method. Software for internal usage purposes is amortized over five years, the estimated useful life, using the straight-line method.

(8) Research and Development

Research and development expenses are charged to income when incurred.

(9) Income Taxes

The asset-and-liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(10) Warranty Reserve

The reserve for warranty claims is provided based on the estimated amount of future expenditures for the servicing of after-sales returns of products based on warranty agreements with customers.

(11) Retirement Benefits and Pension Plans

Employees of the Companies whose services are terminated are, under most circumstances, entitled to lump-sum severance indemnities or are eligible for pension benefits.

Lump-sum severance indemnities provided for employees are determined by reference to an employee's current basic rate of pay, length of service, position in their respective companies and termination circumstances. The Company maintains a contributory defined benefit welfare pension plan, which is pursuant to the Japanese Welfare Pension Insurance Law. Also, the Company and certain consolidated subsidiaries act as trustees for non-contributory defined benefit pension plans.

Retirement benefits, including pension costs and related liabilities, were recognized and computed using an actuarial appraisal approach known as the projected unit credit method. Under a defined benefit plan, the net pension cost for a period includes: i) service cost, ii) interest cost, iii) expected return on plan assets, iv) amortization of unrecognized prior service cost, v) amortization of unrecognized actual differences and vi) amortization of transition assets or liabilities at the date of initial application of the accounting standard. Any difference between the net pension cost and the amount actually funded for the period is reported as unfunded accrued retirement benefits or prepaid pension costs on the balance sheets. In respect of the policy for the amortization of prior service cost and unrecognized actuarial differences, the Companies amortize on a straight-line basis over three years and 17 years, respectively, those that are within the period of the estimated remaining service periods.

The Company participates in the Honda Motor employees' pension fund (mutually established by Honda and Keihin). Under the Defined Benefit Corporate Pension Law, Keihin received approval from the Ministry of Health, Labour and Welfare on July 1, 2005, to return the past contributions of the substitutional portion of the employees' welfare pension fund. The amount returned to the national government (the minimum actuarial liability) was paid on March 9, 2006.

As a result, the Company recorded a gain of ¥6,956 million in the previous fiscal year.

(12) Appropriations of Retained Earnings

The Company's common stock has no par value in accordance with the Japanese Corporate Law (JCL). Under JCL, at least 50% of the amount actually paid in or provided in consideration for newly issued stocks is designated as stated common stock and proceeds in excess of the amount designated as stated common stock are recorded as capital surplus.

The JCL requires an amount equal to at least 10% of distributions of retained earnings to be appropriated as a legal reserve, which is included in capital surplus and retained earnings, until such legal reserve equals 25% of stated common stock. In addition, common stock, capital surplus and retained earnings, including legal reserves, can generally be transferred to each other upon resolution of the shareholders' meeting.

Capital surplus and retained earnings less legal reserves and certain adjustments thereto may be available for dividends by resolution of the board of directors' meeting.

(13) Net Income and Dividends per Share

Net income per share of common stock is based upon the weighted average number of shares of common stock outstanding during each year. Cash dividends per share shown for each year in the consolidated statements of income represent dividends declared as applicable to the respective period.

As there was no dilutive effect of convertible bonds and bonds with warrants on net income per share, such information is not required to be disclosed.

(14) Consumption Taxes

Consumption taxes are imposed at the flat rate of 5% on all domestic consumption of goods and services (with certain exemptions).

The consumption tax withheld upon sales is not included in net sales in the accompanying consolidated statements of income but is recorded as a liability. The balances of consumption tax withheld and consumption tax paid (an asset item), which is borne by the Company and its consolidated subsidiaries on purchases of goods and services, are not included in revenue and expenses in the consolidated statements of income but are offset, and the net balance is included in other current assets or other current liabilities in the consolidated balance sheets at March 31, 2006 and 2007.

(15) Accounting for Leases

Leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as capital leases, except for leases that do not transfer ownership of the assets at the end of the lease term, which are accounted for as operating leases, in accordance with accounting principles and practices generally accepted in Japan.

(16) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits able to be withdrawn on demand and short-term investments with original maturities of three months or less and which represent a minor risk of fluctuations in value.

(17) Reclassification

Certain accounts in the consolidated financial statements for the year ended March 31, 2006, have been reclassified to conform to the 2007 presentation.

(18) New Accounting Standards

(a) Impairment of Fixed Assets

On August 9, 2002, the Business Accounting Council of Japan issued a new accounting standard entitled "Statement of Opinion on the Establishment of Accounting Standards for Impairment of Fixed Assets." Further, on October 31, 2003, the Accounting Standards Board of Japan issued Financial Accounting Standards Implementation Guidance No. 6 – "Application Guidance on Accounting Standards for Impairment of Fixed Assets." These standards are effective from the fiscal years beginning April 1, 2005.

The Company and its domestic subsidiaries adopted these standards in the fiscal year ended March 31, 2006. As a result, property, plant and equipment as of March 31, 2006, decreased by ¥443 million ($3,769 thousand), and income before income taxes and minority interest for the year ended March 31, 2006, decreased by the same amount, as compared with the amount which would have been reported if the previous standards had been applied consistently. The accumulated impairment loss is deducted from the net book value of each asset.

(b) Presentation of Net Assets in the Balance Sheet

Effective for the year ended March 31, 2007, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" ("Accounting Standard No. 5" issued by the Accounting Standards Board of Japan on December 9, 2005), and "Guidance on the Accounting Standard for Presentation of Net Assets in the Balance Sheet" ("Accounting Implementation Guidance No. 8" issued by the Accounting Standards Board of Japan on December 9, 2005), have been adopted.

3. U.S. Dollar Amounts

The consolidated financial statements are prepared in yen. The U.S. dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating yen to dollars on the basis of ¥118.05= US$1, the approximate rate of exchange prevailing at March 31, 2007. The inclusion of dollar amounts is solely for the convenience of readers and is not intended to imply that yen amounts have been or could be converted, realized or settled in dollars at ¥118.05=US$1 or at any other rate.

4. Cash and Cash Equivalents

A reconciliation of cash in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows is as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Cash (balance sheets)	**¥31,747**	¥31,559	**$268,930**
Time deposits with deposit terms of over three months	**(622)**	(537)	**(5,274)**
Cash and cash equivalents	**¥31,125**	¥31,022	**$263,656**

5. Impairment Loss on Fixed Assets

The Companies have recognized impairment losses of ¥57 million ($482 thousand) and ¥443 million for the following group assets for the years ended March 31, 2007 and 2006, respectively, as follows:

Year ended March 31, 2007

Location	Use	Category	Millions of yen Impairment loss
Miyagi, Japan	Idle facilities	Machinery and equipment	¥57

Year ended March 31, 2006

Location	Use	Category	Millions of yen Impairment loss
Fukushima, Japan	Underutilized real estate	Land	¥ 80
Miyagi, Japan	Idle facilities	Machinery and equipment	209
Taichung, Taiwan	Underutilized real estate	Land	84
Guangdong, China	Idle facilities	Machinery and equipment	70

Year ended March 31, 2007

Location	Use	Category	Thousands of U.S. dollars Impairment loss
Miyagi, Japan	Idle facilities	Machinery and equipment	$482

The Company assessed the impairment of each group of assets, which are grouped on the basis of managerial accounting.

Due to the decline in the performance of assets, operating profitability has worsened substantially. Therefore, the Company has decided to mark the assets down to the recoverable value, and accrued an impairment loss of ¥57 million ($482 thousand) in fiscal 2007, which comprises machinery and equipment. The Companies had decided to mark the assets down to the recoverable value, and accrued impairment loss of ¥443 million, which comprises of land ¥165 million, and machinery ¥278 million in the previous year.

The recoverable value is determined as the higher of the net selling value and the value in use. The net selling value is based on appraisal provided by professional real estate assessors, and the value in use is memorandum price.

6. Investment Securities

As of March 31, 2007 and 2006, the carrying values and acquisition costs of investment securities were set out as follows:

(1) Held-to-Maturity Debt Securities with Fair Market Value

	Millions of yen		
As of March 31, 2007	Acquisition cost	Carrying value	Difference
Carrying value does not exceed acquisition cost:			
US Treasury	**¥1,241**	**¥1,232**	**¥(9)**
Other	**—**	**—**	**—**
Total	**¥1,241**	**¥1,232**	**¥(9)**

	Thousands of U.S. dollars		
As of March 31, 2007	Acquisition cost	Carrying value	Difference
Carrying value does not exceed acquisition cost:			
US Treasury	**$10,514**	**$10,434**	**$(80)**
Other	**—**	**—**	**—**
Total	**$10,514**	**$10,434**	**$(80)**

(2) Available-for-Sale Securities with Fair Market Value

As of March 31, 2007	Millions of yen Acquisition cost	Carrying value	Difference
Carrying value exceeds acquisition cost:			
Shares	¥ 760	¥6,523	¥5,763
Other	602	614	12
Subtotal	1,362	7,137	5,775
Carrying value does not exceed acquisition cost:			
Shares	59	57	(2)
Other	1,010	982	(28)
Subtotal	1,069	1,039	(30)
Total	¥2,431	¥8,176	¥5,745

As of March 31, 2006	Millions of yen Acquisition cost	Carrying value	Difference
Carrying value exceeds acquisition cost:			
Shares	¥ 872	¥6,674	¥5,802
Other	—	—	—
Subtotal	872	6,674	5,802
Carrying value does not exceed acquisition cost:			
Shares	—	—	—
Other	1,010	1,008	(2)
Subtotal	1,010	1,008	(2)
Total	¥1,882	¥7,682	¥5,800

As of March 31, 2007	Thousands of U.S. dollars Acquisition cost	Carrying value	Difference
Carrying value exceeds acquisition cost:			
Shares	$ 6,440	$55,255	$48,815
Other	5,100	5,200	100
Subtotal	11,540	60,455	48,915
Carrying value does not exceed acquisition cost:			
Shares	501	485	(16)
Other	8,554	8,318	(236)
Subtotal	9,055	8,803	(252)
Total	$20,595	$69,258	$48,663

The proceeds from sale of available-for-sale securities with fair market value amounted to ¥2,505 million ($21,219 thousand) with an aggregate gain of ¥383 million ($3,247 thousand) for the year ended March 31, 2007.

(3) Available-for-Sale Securities without Fair Market Value

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Non-listed equity securities	¥32	¥32	$268
Other	—	36	—
Total	¥32	¥68	$268

(4) Contractual Maturities of Held-to-Maturity Debt Securities

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Due in one year or less	¥ —	—	$ —
Due after one year through five years	1,241	—	10,514
Total	¥1,241	—	$10,514

7. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans and long-term debt at March 31, 2007 and 2006, consisted of the following:

	Millions of yen				Thousands of U.S. dollars
	2007			2006	2007
	Amount	Weighted-average interest rate	Last due on		Amount
Short-term bank loans	¥ 4,430	5.29%	—	¥ 5,596	$ 37,525
Current portion of long-term debt	477	3.74%	March 31, 2008	—	4,040
Long-term debt	647	3.86%	September 30, 2010	57	5,478
Subtotal	5,554			5,653	47,043
Intercompany elimination	(1,538)			(1,481)	(13,019)
Total	¥ 4,016			¥ 4,172	$ 34,024

Average interest rates are calculated using weighted-average interest rates for the year ended March 31, 2007.

The maturities of long-term debt outstanding as of March 31, 2007, were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2008	¥ 477	$4,040
2009	477	4,040
2010	147	1,248
2011	23	190
2012	—	—
Total	¥1,124	$9,518

8. Income Taxes

The statutory tax rate used for calculating deferred tax assets and deferred tax liabilities as of March 31, 2006 and 2007, was 39.7%.

Reconciliations of the difference between the statutory tax rate and the effective income tax rate in the accompanying consolidated statements of income for the years ended March 31, 2007 and 2006, are as follows:

	2007	2006
Statutory tax rate	**39.7%**	39.7%
(Adjustment)		
Inhabitants' tax on a per-capita basis	**0.1**	0.1
Differences in subsidiaries' tax rates	**(5.2)**	(1.9)
Lower income tax rates applicable to income in certain foreign countries	**(2.4)**	—
Undistributed earnings of foreign subsidiaries	**1.0**	—
Foreign tax credits	**(4.2)**	(1.2)
Tax reduction for research and development expenses	**(2.3)**	(2.0)
Elimination of dividend income	**5.1**	—
Others	**(1.3)**	(0.8)
Effective income tax rate	**30.5%**	33.9%

At March 31, 2007 and 2006, significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Current:			
Deferred tax assets:			
Unrealized profits on inventories	**¥ 652**	¥ 642	**$ 5,521**
Write-down of inventories	**475**	445	**4,026**
Bonus reserve	**1,295**	1,330	**10,969**
Accrued enterprise taxes	**120**	221	**1,014**
Accrued expenses	**573**	534	**4,854**
Warranty reserve	**370**	481	**3,131**
Other	**590**	427	**5,004**
Total deferred tax assets	**4,075**	4,080	**34,519**
Offset against deferred tax liabilities	**365**	12	**3,094**
Net deferred tax assets	**¥3,710**	¥4,068	**$31,425**
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	**¥ 234**	¥ —	**$ 1,984**
Other	**131**	12	**1,110**
Total deferred tax liabilities	**365**	12	**3,094**
Offset against deferred tax assets	**365**	12	**3,094**
Net deferred tax liabilities	**¥ —**	¥ —	**$ —**
Non-Current:			
Deferred tax assets:			
Accrued retirement benefits:			
Directors and statutory auditors	**¥ 162**	¥ 180	**$ 1,373**
Employees	**530**	655	**4,494**
Unrealized profits on depreciable assets	**2,017**	1,192	**17,083**
Other	**387**	360	**3,280**
Subtotal	**3,096**	2,387	**26,230**
Allowance account	**54**	—	**457**
Total deferred tax assets	**3,042**	2,387	**25,773**
Offset against deferred tax liabilities	**2,921**	1,111	**24,749**
Net deferred tax assets	**¥ 121**	¥1,276	**$ 1,024**
Deferred tax liabilities:			
Depreciation of overseas subsidiaries	**¥1,721**	¥2,186	**$14,580**
Valuation of securities	**2,282**	2,303	**19,334**
Reserve for special depreciation	**443**	624	**3,753**
Other	**264**	81	**2,234**
Total deferred tax liabilities	**4,710**	5,194	**39,901**
Offset against deferred tax assets	**2,921**	1,111	**24,749**
Net deferred tax liabilities	**¥1,789**	¥4,083	**$15,152**

9. Derivative Transactions

The Company's policy is to enter into derivative transactions, such as foreign currency forward exchange contracts, only for hedging, rather than for speculative purposes.

All counterparties are financial institutions with high credit ratings; management believes that the credit risk through potential default is very low.

These derivative transactions are entered into in compliance with the Company's internal procedures, which include a requirement for reporting to the financial director and to the Board of Directors where appropriate.

10. Contingent Liabilities

At March 31, 2007, the Company was contingently liable as follows:

	Millions of yen	Thousands of U.S. dollars
As a guarantor of indebtedness of:		
Employees	¥291	$2,466

11. Related Party Transactions

The Company is a 42.2%-owned affiliate of Honda Motor Co., Ltd. Consolidated net sales included sales to Honda Motor Co., Ltd., in the amounts of ¥116,228 million (US$984,562 thousand) and ¥107,855 million for the years ended March 31, 2007 and 2006, respectively. The Company also holds an investment in Honda amounting to ¥5,733 million ($48,561 thousand) as of March 31, 2007.

The terms of transactions referred to above were negotiated and have been determined on an arm's length basis.

The purchase of raw materials and components totaled ¥21,727 million (US$184,049 thousand) in fiscal 2007, compared with ¥14,358 million in the previous fiscal year.

Trade notes and accounts receivable totaled ¥16,349 million ($138,489 thousand) in fiscal 2007, compared with ¥17,102 million in the previous fiscal year.

Trade notes and accounts payable totaled ¥2,221 million ($18,818 thousand) in fiscal 2007, compared with ¥2,234 million in the previous fiscal year.

Consolidated net sales included sales to Honda R&D Co., Ltd., which is a subsidiary of Honda Motor Co., Ltd., in the amounts of ¥4,375 million ($37,058 thousand) and ¥3,772 million for the years ended March 31, 2007 and 2006, respectively.

The terms of transactions referred to above were negotiated and have been determined on an arm's length basis. Trade notes and accounts receivable totaled ¥1,473 million ($12,474 thousand), compared with ¥1,106 million in the previous year.

12. Segment Information

(1) Geographic Areas

The operations of the Company and its consolidated subsidiaries for the years ended March 31, 2007 and 2006, by geographic area were as follows:

	Millions of yen						
Year ended March 31, 2007	Domestic (Japan)	Americas	Asia	Europe	Total	Elimination and/or corporate assets	Consolidated
Sales:							
Outside customers	**¥141,627**	**¥111,272**	**¥69,203**	**¥8,510**	**¥330,612**	**¥ —**	**¥330,612**
Intersegment	**43,956**	**535**	**6,357**	**194**	**51,042**	**(51,042)**	**—**
Total	**185,583**	**111,807**	**75,560**	**8,704**	**381,654**	**(51,042)**	**330,612**
Operating costs and expenses	**178,941**	**103,442**	**66,449**	**8,317**	**357,149**	**(48,650)**	**308,499**
Operating income	**¥ 6,642**	**¥ 8,365**	**¥ 9,111**	**¥ 387**	**¥ 24,505**	**¥ (2,392)**	**¥ 22,113**
Identifiable assets	**¥125,778**	**¥ 60,554**	**¥61,350**	**¥4,357**	**¥252,039**	**¥(41,281)**	**¥210,758**

	Millions of yen						
Year ended March 31, 2006	Domestic (Japan)	Americas	Asia	Europe	Total	Elimination and/or corporate assets	Consolidated
Sales:							
Outside customers	¥132,387	¥106,515	¥55,893	¥6,165	¥300,960	¥ —	¥300,960
Intersegment	48,026	288	5,154	139	53,607	(53,607)	—
Total	180,413	106,803	61,047	6,304	354,567	(53,607)	300,960
Operating costs and expenses	169,181	99,513	52,883	5,991	327,568	(51,454)	276,114
Operating income	¥ 11,232	¥ 7,290	¥ 8,164	¥ 313	¥ 26,999	¥ (2,153)	¥ 24,846
Identifiable assets	¥123,808	¥ 56,570	¥46,446	¥2,995	¥229,819	¥(33,693)	¥196,126

Year ended March 31, 2007	Thousands of U.S. dollars Domestic (Japan)	Americas	Asia	Europe	Total	Elimination and/or corporate assets	Consolidated
Sales:							
Outside customers	**$1,199,723**	**$942,581**	**$586,215**	**$72,093**	**$2,800,612**	**$ —**	**$2,800,612**
Intersegment	**372,350**	**4,536**	**53,850**	**1,637**	**432,373**	**(432,373)**	**—**
Total	**1,572,073**	**947,117**	**640,065**	**73,730**	**3,232,985**	**(432,373)**	**2,800,612**
Operating costs and expenses	**1,515,806**	**876,260**	**562,882**	**70,453**	**3,025,401**	**(412,108)**	**2,613,293**
Operating income	**$ 56,267**	**$ 70,857**	**$ 77,183**	**$ 3,277**	**$ 207,584**	**$ (20,265)**	**$ 187,319**
Identifiable assets	**$1,065,462**	**$512,956**	**$519,691**	**$36,907**	**$2,135,016**	**$(349,690)**	**$1,785,326**

Notes: 1. Classification of country and area are based on geographical distance.
2. Major countries or areas included in each segment except for Japan are as follows:
Americas U.S.A., Canada, Brazil
Asia China, Taiwan, Thailand, Philippines, India, Indonesia
Europe United Kingdom
3. As described in Note 2.(5) to the Consolidated Financial Statements, at the beginning of this fiscal year, the Company changed its accounting policy to determine costs of finished goods, raw materials and work-in-process to the average method. The effect of this change on segment information is immaterial.
4. Unallocated assets, amounting to ¥8,256 million ($69,941 thousand), included in “Elimination and/or corporate assets” consist mainly of long-term investments (investment in securities) and assets that belong to the administrative department of the Company.

(2) Overseas Sales

Overseas sales, which include export sales of the Company and sales (other than exports to Japan) of its foreign consolidated subsidiaries, for the years ended March 31, 2007 and 2006, were as follows:

Year ended March 31, 2007	Millions of yen Americas	Asia	Europe	Others	Consolidated
Overseas sales	**¥111,277**	**¥70,692**	**¥14,034**	**¥188**	**¥196,191**
Consolidated net sales					**330,612**
Ratio of overseas sales to consolidated sales	**33.7%**	**21.4%**	**4.2%**	**0.1%**	**59.4%**

Year ended March 31, 2006	Millions of yen Americas	Asia	Europe	Others	Consolidated
Overseas sales	¥106,618	¥55,990	¥10,518	¥137	¥173,263
Consolidated net sales	—	—	—	—	300,960
Ratio of overseas sales to consolidated sales	35.4%	18.6%	3.5%	0.1%	57.6%

Year ended March 31, 2007	Thousands of U.S. dollars Americas	Asia	Europe	Others	Consolidated
Overseas sales	**$942,623**	**$598,831**	**$118,879**	**$1,599**	**$1,661,932**
Consolidated net sales					**2,800,612**

Notes: 1. Overseas sales include export sales of the Company and sales (other than exports to Japan) of its foreign consolidated subsidiaries.
2. Classification of country and area are based on geographical distance. Major countries or areas included in each segment except for Japan are as follows:
Americas U.S.A., Canada, Brazil
Asia China, Taiwan, Thailand, Philippines, India, Indonesia
Europe Belgium, Italy, United Kingdom, Austria, Netherlands
Others South Africa

13. Retirement Benefit Plan

The Company has defined benefit pension plans, i.e., a welfare pension fund plan, a tax-qualified pension plan and a lump-sum payment plan, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. Certain consolidated subsidiaries have their own defined benefit pension plan and defined contribution pension plans.

The accrued retirement benefits for employees as of March 31, 2007 and 2006, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Projected benefit obligations	**¥(37,786)**	¥(34,551)	**$(320,088)**
Plan assets	**34,452**	31,368	**291,843**
Unrecognized prior service cost	**(328)**	(1,089)	**(2,774)**
Unrecognized actuarial differences	**2,090**	2,621	**17,701**
Prepaid pension expense	**(1,436)**	(1,344)	**(12,161)**
Reserve for retirement benefits	**¥ (3,008)**	¥ (2,995)	**$ (25,479)**

Note: The above table includes the amounts related to the portion subject to the Japanese Welfare Pension Insurance Law.

The net pension expense related to retirement benefits for the years ended March 31, 2007 and 2006, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Service cost	**¥1,871**	¥1,661	**$15,857**
Interest cost	**788**	774	**6,674**
Expected return on plan assets	**(1,199)**	(989)	**(10,158)**
Amortization of unrecognized actuarial differences	**302**	697	**2,556**
Amortization of prior service cost	**(459)**	(679)	**(3,887)**
Net pension expense	**¥1,303**	¥1,464	**$11,042**

Note: Net pension expense does not include contribution provided by certain foreign subsidiaries under defined contribution plan of ¥317 million ($2,683 thousand) for the year ended March 31, 2007.

Assumptions used in the calculation of the preceding information are as follows:

As of March 31	**2007**	2006
Discount rate	**mainly 2.0%**	2.0%
Expected rate of return on plan assets	**mainly 3.5%**	3.5%
Method of attributing the projected benefits to periods of service	**Straight-line basis**	Straight-line basis
Amortization of unrecognized prior service cost	**mainly 3 years**	3 years
Amortization of unrecognized actuarial differences	**mainly 17 years**	17 years

14. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2007 and 2006, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	**2007**
Research and development expenses	**¥1,067**	¥1,044	**$9,043**

15. Appropriations of Retained Earnings

The appropriations of retained earnings with respect to the year ended March 31, 2007, proposed by the Board of Directors and approved at the shareholders' meeting held on June 22, 2007, were as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥17 (US$0.14) per share)	**¥1,257**	**$10,652**
Transfer to voluntary reserves, net	**9,130**	**439**
Total appropriations	**¥10,387**	**$11,091**

16. Subsequent Events

One of the Company's major business partners, Honda Motor Co., Ltd., filed with the Japanese Ministry of Land, Infrastructure and Transport notice of a voluntary service campaign to replace defective parts on certain vehicles (a total of approximately 735,000 vehicles) manufactured between May 10, 1999, and February 10, 2004. The service campaign commenced on June 8, 2007.

As the parts in question were supplied by the Company, warranty expenses are expected to be incurred in the next fiscal year.

Detailed pro forma calculations of the impact on the Company's financial condition and result of operations for the next fiscal year are currently being prepared, but an initial approximation suggests that this service compaign will result in warranty expenses of ¥2 billion (US$16,942 million).

ERNST & YOUNG SHINNIHON

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Report of Independent Auditors

The Board of Directors
Keihin Corporation

We have audited the accompanying consolidated balance sheet of Keihin Corporation and consolidated subsidiaries as of March 31, 2007, and the related consolidated statements of income, changes in net assets, and cash flows for the year then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Keihin Corporation as of March 31, 2006, were audited by other auditors whose report dated June 22, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Keihin Corporation and consolidated subsidiaries as of March 31, 2007, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 16, warranty expenses are expected to be incurred in the next fiscal year.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007, are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Ernst & Young ShinNihon

June 22, 2007

Board of Directors

President & CEO
Kentaro Kato

Executive Vice President
Kunimichi Odagaki

Senior Managing Directors
Eiji Yamamoto
Kazuyuki Sasa
Kazuoki Ukiana

Managing Directors
Akihiro Yamato
Rikio Otomo
Masami Watanabe
Fumio Yamagata
Hiroshi Irino

Directors
Kazuhiro Hashiyama
Kouzou Kusakari
Syoichi Hatanaka
Fumio Kikuchi
Masashi Matsuo
Chugo Sato
Hiroshi Yoshizawa
Koki Onuma

Auditors
Tadashi Endo
Tetsuro Suzuki
Katsumi Oya
Katsunori Kanbe

(As of June 22, 2007)

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Kanagawa 211-8580, JAPAN
Tel: 044-411-6331 Fax: 044-433-2545

Hamamatsu Office
KI Bldg. 7F, 2-4, Tokiwacho, Hamamatsu-shi,
Shizuoka 430-0917, JAPAN
Tel: 053-457-3031 Fax: 053-457-3036

Suzuka Plant
3361-1, Ichigaya, Kou-cho, Suzuka-shi,
Mie 513-0836, JAPAN
Tel: 059-378-6701 Fax: 059-378-1024

Domestic Subsidiaries

Nasu Seiki Mfg. Co., Ltd.
818, Kanaga, Nasukarasuyama-shi,
Tochigi 321-0632, JAPAN
Tel: 0287-82-3641 Fax: 0287-84-3751

Kanazu Mfg. Co., Ltd.
125-3, Aramachi, Oyama, Kakuda-shi,
Miyagi 981-1502, JAPAN
Tel: 0224-63-2202 Fax: 0224-63-1201

Keihin Sogyo Co., Ltd.
7, Kurouchi, Oda, Kakuda-shi,
Miyagi 981-1514, JAPAN
Tel: 0224-62-0650 Fax: 0224-62-5910

Keihin Watari Co., Ltd.
1-5, Doda, Okuma-koya, Watari-cho,
Watari-gun, Miyagi 989-2324, JAPAN
Tel: 0223-34-0451 Fax: 0223-34-0453

Keihin Electronics Technology Inc.
Senshu Bldg. 2F, 5-1-12 Tsutsujigaoka,
Miyagino-ku, Sendai-shi,
Miyagi 981-1581, JAPAN
Tel: 022-257-6201 Fax: 022-257-6217

Keihin Valve Corp.
1-9-1 Maruyama, Isogo-ku, Yokohama-shi,
Kanagawa 235-0011, JAPAN
Tel: 045-752-6391 Fax: 045-752-6281

Overseas Network

United States
Keihin Fuel Systems, Inc.
16341 West Lincoln Ave., New Berlin,
WI 53151, U.S.A.
Tel: +1-262-860-6000 Fax: +1-262-860-6001

Keihin Indiana Precision Technology, Inc.
400 West New Rd., Greenfield, IN 46140, U.S.A.
Tel: +1-317-462-3015 Fax: +1-317-462-2983

Keihin IPT Manufacturing, Inc.
400 West New Rd., Greenfield, IN 46140, U.S.A.
Tel: +1-317-462-3015 Fax: +1-317-462-2983

Keihin Carolina System Technology, Inc.
4047 McNair Rd., Tarboro, NC 27886, U.S.A.
Tel: +1-252-641-6750 Fax: +1-252-824-1446

Keihin Aircon North America, Inc.
4400 North Superior Dr., Muncie, IN 47303, U.S.A.
Tel: +1-765-213-4915 Fax: +1-765-213-4930

Canada
Keihin Canada Service, Inc.
46 Wellington St. West, Unit #5,
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Brazil
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Manaus, Amazonas, BRAZIL 69048-660
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Keihin Tecnologia do Brasil Ltda. - São Paulo
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Bairro Liberdade, São Paulo, SP, BRAZIL 01506-000
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Taiwan
Taiwan Keihin Carburetor Co., Ltd.
No. 7, 7th Rd., Industrial Zone, Shi-ton District,
Taichung, TAIWAN
Tel: +886-4-2359-1483 Fax: +886-4-2359-3625

Thailand
Keihin (Thailand) Co., Ltd.
Northern Region Industrial Estate 74, Moo 4,
Tambon Ban-klang, Amphur Muang,
Lamphun 51000, THAILAND
Tel: +66-53-58-1189 Fax: +66-53-58-1193

Keihin (Thailand) Co., Ltd., Bangkok Office
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North Klongton, Wattana,
Bangkok 10110, THAILAND
Tel: +66-2-261-0251 Fax: +66-2-261-0254

Keihin Auto Parts (Thailand) Co., Ltd.
Rojana Industrial Park 1/74, Moo 5,
Rojana Road, Tambol Karnharm,
Amphur U-thai, Pranakorn,
Sri Ayutthaya Province 13210, THAILAND
Tel: +66-35-33-0916 Fax: +66-35-33-0915

Keihin Auto Parts (Thailand) Co., Ltd. 2nd Plant
Rojana Industrial Park 21/9, Moo 9,
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13210 THAILAND
Tel: +66-35-356-962 Fax: +66-35-356-960

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Laguna Technopark Brgy Loma,
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A-1 & A-2, Sector 81, NOIDA Phase-II,
Uttar Pradesh 201 301, INDIA
Tel: +91-120-256-8941 Fax: +91-120-256-8155

Keihin FIE Pvt. Ltd.
B-3, MIDC, Chakan, Phase 1,
Village Mahalunge, Taluka-Khed,
District-Pune, Maharashtra, INDIA
Tel: +91-2135-563126~8 Fax: +91-2135-561454

Keihin FIE Pvt. Ltd. Bawal Plant
Plot No.81-83&94-96, Sector 6,
HSIDC Growth Centre,
Bawal, Distt.-Rewri, Hayana, INDIA
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China
Nanjing Keihin Carburetor Co., Ltd.
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Zhanjiang Deni Carburetor Co., Ltd.
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Dongguan Keihin Engine Management System
Co., Ltd.
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Guangdong Province, CHINA
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West New Area of Songjiang Industrial Zone,
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Fax: +49-(0)89-92333-78-69

(As of June 30, 2007)

Corporate Data

Date Established	December 19, 1956		
Capital	¥6,932,340,000		
Network	Head Office	Shinjuku Nomura Bldg. 39F, 1-26-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0539, Japan	
	Plants		8
	Research and Development Centers		3
	Offices		2
	Consolidated Subsidiaries	Japan	6
		Americas	7
		Asia	11
		Europe	1

(As of June 30, 2007)

Number of Employees	13,949
Independent Auditors	Ernst & Young ShinNihon
Common Stock	Authorized: 240,000,000 shares, Issued: 73,985,246 shares
Number of Shareholders	4,448
Stock Listing	Tokyo Stock Exchange
Share Registrar	The Mitsubishi Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan
Home Page	http://www.keihin-corp.co.jp

Principal Shareholders

	Number of shares held (thousands)	Percentage of total shares outstanding (%)
Honda Motor Co., Ltd.	30,581	41.33
The Master Trust Bank of Japan, Ltd.	3,363	4.55
State Street Bank and Trust Company	2,850	3.85
Bank of Tokyo–Mitsubishi UFJ, Ltd.	2,758	3.73
Japan Trustee Services Bank, Ltd.	1,792	2.42
Dexia BIL S/A Pool Julius Baer Multipartner Multistock	1,217	1.65
JP Morgan Chase Bank 380084	1,052	1.42
Luxemburg Offshore Jasdec Lending Account	964	1.30
The Chase Manhattan Bank NA London, SL Omnibus Account	790	1.07
Mitsubishi UFJ Trust and Banking Corporation	780	1.05

Stock Price (Yen)

		FY2003	FY2004	FY2005	FY2006	FY2007
First Quarter	High	1,460	1,270	1,417	1,895	3,550
	Low	1,214	1,004	1,084	1,590	2,220
Second Quarter	High	1,440	1,258	1,767	2,395	3,050
	Low	1,151	940	1,215	1,808	2,075
Third Quarter	High	1,375	1,218	1,834	3,250	3,220
	Low	1,070	954	1,420	2,240	2,545
Fourth Quarter	High	1,273	1,195	2,000	3,400	3,220
	Low	1,020	966	1,669	2,655	2,630

Retroactively adjusted for stock split

(As of March 31, 2007)

KEIHIN CORPORATION
Shinjuku Nomura Bldg. 39F, 1-26-2,
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http://www.keihin-corp.co.jp

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