

Consolidated Earnings Report for the First Quarter of Fiscal 2009

July 28, 2008

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 Stock Listing: First Section, Tokyo Stock Exchange
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(¥ millions are rounded down)

1. Consolidated Results for the First Quarter of Fiscal 2009 (April 1, 2008 to June 30, 2008)

(1) Consolidated Operating Results (¥ millions; the percentage figures represent year-on-year changes)

First Quarter,	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2009	112,835	—	6,185	—	7,862	—	4,242	—
Fiscal 2008	105,996	7.9 %	3,338	△2.6 %	4,533	12.7 %	2,501	14.0%

First Quarter,	Net income per share (¥)		Net income per share (diluted) (¥)	
Fiscal 2009	26.40		—	
Fiscal 2008	15.57		—	

(2) Consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
First Quarter of Fiscal 2009	397,094	190,929	39.6	979.61
Fiscal 2008	388,585	184,348	39.0	944.01

Reference: Equity: June 30, 2008: ¥157,435 million; March 31, 2008: ¥151,713 million

2. Dividends

(Recording Date)	Dividend per share (¥)				
	First Quarter	Second Quarter	Third Quarter	Year-end	Full year
Fiscal 2008	—	11.00	—	12.00	23.00
Fiscal 2009	—	—	—	—	—
Fiscal 2009 (forecast)	—	12.00	—	12.00	24.00

Note: Revisions to dividend forecasts during first quarter: None

3. Forecast of Consolidated Results for Fiscal 2009 (April 1, 2008 to March 31, 2009)

(¥ millions; the percentage figures represent changes over the corresponding period of the previous fiscal year)

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
First half	220,200	—	11,100	—	11,700	—	6,000	—	37.33
Full year	474,600	0.8%	29,500	1.9%	30,800	1.3%	15,800	1.4%	98.31

Note: Revisions to forecast of consolidated results during first quarter: None

4. Others

- (1) Changes to important subsidiaries during the first quarter (Changes in certain specified subsidiaries resulting in revised scope of consolidation): None
- (2) Application of simplified accounting methods, and of special accounting methods in the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting principles, procedures, methods of presentation, etc. associated with preparation of quarterly consolidated financial statements:
- ① Changes in accounting standards: Yes
 - ② Other changes: None

(1) Number of shares issued (common stock)

- ① Number of shares issued (including treasury stock):
June 30, 2008 160,789,436, June 30, 2007 160,789,436
- ② Number of treasury shares:
June 30, 2008 77,881, June 30, 2007 77,449
- ③ Average number of shares during the first quarter:
Fiscal 2009 first quarter 160,711,843, Fiscal 2008 first quarter 160,716,207

*Explanations concerning proper use of forecast of operating results and other noteworthy matters

1. The above forecasts are based on information available at the time of release of this report. Actual results could differ from forecasts due to a variety of factors.
2. Effective from fiscal 2009, Koito has applied the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Standard No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). Quarterly consolidated financial statements are prepared in accordance with specific rules governing the reporting of quarterly financial results in Japan.

《 For Reference Only 》

Forecast of Non-consolidated Results for Fiscal 2009 (April 1, 2008 to March 31, 2009)

(¥ millions; The percentage figures represent changes over the corresponding period of the previous fiscal year)

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
First half	123,000	—	6,500	—	10,300	—	6,200	—	38.58
Full year	259,700	4.8%	16,100	7.1%	22,900	7.9%	13,800	7.3%	85.87

Note: Revisions to forecast of non-consolidated results during first quarter: None

* Explanations concerning proper use of forecast of operating results and other noteworthy matters

The above forecasts are based on information available at the time of release of this report. Actual results could differ from forecasts due to a variety of factors.

Qualitative Information Concerning Financial Statements and Other Matters

1. Qualitative Information Concerning Consolidated Operating Results

During the first quarter of fiscal 2009, the period under review, the slowdown in the world economy became more apparent with sluggish economic growth in Japan, the U.S., Europe and elsewhere, despite continued economic growth in China and some other newly developing countries. This was mainly due to the negative impact of worldwide financial instability, fluctuations in share prices and exchange rates, and rising crude oil and various commodity prices.

In the auto industry, domestic unit automobile production increased year on year because higher exports to Europe, Asia, the Middle and Near East, and elsewhere more than compensated for lower domestic demand. Overseas, automobile production in North America declined, whereas production expanded in Asian countries such as China and Thailand. On the whole, worldwide unit automobile production was firm.

In this climate, the Koito Group boosted production capacity, and aggressively sought to win more orders, with the view to expand sales of new products. For the first quarter, the Koito Group reported consolidated net sales of ¥112.8 billion, a 6.5% increase. This reflected steady sales particularly by the mainstay automotive lighting equipment segment.

Results by business segment are outlined as follows:

[Automotive Lighting Equipment]

Segment sales rose 2.2% to ¥96.4 billion, fueled in Japan by greater adoption of discharge headlamps, intelligent Adaptive Front Lighting System (AFS) headlamps, LED rear combination lamps and other automotive lighting equipment in new vehicles. Another contributing factor was higher unit automobile production in China, Thailand and some other newly developing countries amid declining revenues due mainly to fewer lighting orders in North America and Europe because of decreased unit automobile production.

[Non-Automotive Electrical Equipment]

Segment sales increased 53.5% to ¥6.3 billion, reflecting steady growth in sales of road information equipment, lighting equipment and certain other products, as well as increased sales of railroad car equipment for a bullet train and other uses.

[Other Products & Services]

Segment sales were ¥10.0 billion, up 33.7% from the previous fiscal year mainly due to increased orders for railroad car seats for the new bullet train and aircraft seats, as well as higher sales of automotive headlamp cleaners and other products.

On the earnings front, amid intensifying price-based competition in automotive lighting equipment worldwide, operating income increased 85.3% year on year to ¥6.1 billion. The increase in operating income reflected efforts by Koito and Group companies to streamline operations by conducting quality improvement activities and aggressively promoting cost-cutting measures. Recurring profit rose 73.4% to ¥7.8 billion, and net income for the quarter increased 69.6% to ¥4.2 billion.

2. Qualitative Information Concerning Consolidated Financial Position

— 1. Analysis of assets, liabilities and net assets

Total assets increased ¥8.5 billion from March 31, 2008 to ¥397.0 billion, the result mainly of an increase in fixed assets resulting from an increase in property, plant and equipment accompanying capital investments and an increase in investment securities, which outweighed a decrease in current assets such as trade notes and accounts receivable.

Total liabilities increased ¥1.9 billion from March 31, 2008 to ¥206.1 billion, reflecting an increase in accrued expenses and other payables.

Total net assets increased ¥6.5 billion from March 31, 2008 to ¥190.9 billion. This was mainly attributable to an increase in retained earnings due to net income of ¥4.2 billion and an increase in consolidated revaluations and translation adjustments.

— 2. Analysis of cash flows

Operating activities provided net cash of ¥19.4 billion. Cash of ¥23.8 billion, mainly reflecting income before income taxes of ¥7.8 billion and depreciation of ¥5.9 billion, was partly offset by income taxes paid.

Investing activities used net cash of ¥9.5 billion, mainly reflecting capital investments of ¥7.1 billion, primarily to increase production capacity of automotive lighting equipment, and acquisitions of marketable securities and investment securities totaling ¥2.1 billion.

Financing activities used net cash of ¥2.4 billion, the result mainly of a ¥2.0 billion total dividend payment.

As a result, cash and cash equivalents as of June 30, 2008 were ¥24.5 billion, ¥7.7 billion higher than March 31, 2008.

3. Qualitative Information Concerning Forecast of Consolidated Results for Fiscal 2009

In fiscal 2009, ending March 31, 2009, the outlook for the global economy is clouded by concerns about financial instability, exchange rate and share price fluctuations, and rising crude oil and material prices, as well as slowing U.S. and European economies. Consequently, the Koito Group faces an uncertain business environment that must be watched closely.

The Koito Group will continue working to expand orders and production capacity, and to improve its mutual complementary supply network and structure. The Company will also extend cost-cutting and other measures, with the goal of continuously improving operating results.

For fiscal 2009, the Koito Group has not changed its interim and full-year forecasts released with the previous earnings report (on April 23, 2008).

The Koito Group is projecting a year-on-year rise in net sales for both periods based on a projected increase in orders for products used in new models of automobiles, and in sales of new products.

As regards earnings, operating income, recurring profit and net income are each forecast to remain largely flat, despite an expected year-on-year increase in interim earnings based on projected non-consolidated results and improving earnings at Japanese and overseas affiliates. The full-year forecast mainly reflects the negative impact over the full year of increased fixed expenses associated with the start of operations of the second plant at KOITO KYUSHU LIMITED, a decrease in unit automobile production and an uncertainty in exchange rates.

For fiscal 2009, Koito plans to pay a full-year dividend of ¥24 per share, comprising interim and year-end dividends of ¥12 per share each. This would represent a seventh consecutive year of dividend growth. Looking ahead, we will continue our efforts to achieve even higher earnings to meet the expectations of all shareholders.

4. Others

(1) Changes to important subsidiaries during the first quarter (Changes in certain specified subsidiaries resulting in revised scope of consolidation):

None

(2) Application of simplified accounting methods, and of special accounting methods in the preparation of quarterly consolidated financial statements:

None

(3) Changes in accounting principles, procedures, methods of presentation, etc. associated with preparation of quarterly consolidated financial statements:

Effective from fiscal 2009, Koito has applied the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Standard No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). Quarterly consolidated financial statements are prepared in accordance with specific rules governing the reporting of quarterly financial results in Japan.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(¥ millions)

	First Quarter of Fiscal 2009 As of June 30, 2008	Fiscal 2008 As of March 31, 2008
Assets		
Current assets:		
Cash and time deposits	15,642	11,609
Trade notes and accounts receivable	84,517	95,951
Marketable securities	14,286	13,107
Finished products	17,893	15,385
Semi-finished products	2,016	2,094
Work in progress	9,007	10,593
Raw materials	10,012	7,205
Supplies	5,471	4,532
Deferred income taxes	6,367	6,365
Other current assets	12,465	12,587
Less: Allowance for doubtful accounts	△1,014	△936
Total current assets	176,667	178,494
Fixed assets:		
Property, plant and equipment		
Buildings and structures (net)	34,829	34,096
Machinery and transportation equipment (net)	38,733	36,598
Fixtures, equipment and tools (net)	13,283	13,180
Land	12,708	12,591
Construction in progress	6,476	5,211
Total property, plant and equipment	106,032	101,677
Intangible fixed assets	966	972
Investments and other assets:		
Investment securities	105,779	98,921
Loans	638	598
Deferred income taxes	2,373	3,502
Other investments	4,865	4,644
Less: Allowance for doubtful accounts	△227	△227
Total investments and other assets	113,428	107,440
Total fixed assets	220,427	210,090
Total assets	397,094	388,585

(¥ millions)

	First Quarter of Fiscal 2009 As of June 30, 2008	Fiscal 2008 As of March 31, 2008
Liabilities		
Current liabilities:		
Notes and accounts payable	76,964	78,378
Short-term loans	30,158	33,846
Accrued expenses	21,913	17,948
Income taxes payable	2,836	5,101
Allowance for employees' bonuses	5,082	4,865
Allowance for directors' and corporate auditors' bonuses	91	397
Reserve for product warranties	1,400	1,400
Other current liabilities	10,530	9,745
Total current liabilities	148,976	151,681
Non-current liabilities:		
Long-term debt	27,963	23,513
Allowance for employees' retirement benefits	26,701	26,549
Allowance for directors' and corporate auditors' retirement benefits	1,579	1,543
Other non-current liabilities	944	948
Total non-current liabilities	57,188	52,554
Total liabilities	206,165	204,236
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital	17,107	17,107
Retained earnings	113,294	110,980
Treasury common stock, at cost	△62	△61
Total shareholders' equity	144,610	142,297
Revaluations and translation adjustments:		
Valuation adjustment on investment securities	11,365	10,292
Translation adjustments	1,459	△876
Total revaluations and translation adjustments	12,824	9,415
Minority interests	33,494	32,635
Total net assets	190,929	184,348
Total liabilities and net assets	397,094	388,585

(2) Consolidated Statement of Income for First Quarter of Fiscal 2009

(First quarter, for the three months ended June 30, 2008)

(¥ millions)

	First Quarter of Fiscal 2009 April 1, 2008 to June 30, 2008
Net sales	112,835
Cost of sales	96,941
Gross profit	15,893
Selling, general and administrative expenses	9,708
Operating income	6,185
Non-operating income:	
Interest income and dividends	978
Equity in earnings of affiliates	5
Other non-operating income	1,070
Total non-operating income	2,054
Non-operating expenses:	
Interest expenses	329
Other non-operating expense	48
Total non-operating expenses	377
Recurring profit	7,862
Extraordinary gains:	
Gains on sales of investment securities	98
Others	0
Total extraordinary gains	98
Extraordinary losses:	
Losses on sales and disposal of property, plant and equipment	134
Other	18
Total extraordinary losses	152
Income before income taxes	7,808
Income taxes	2,829
Income tax adjustment	200
Total income taxes	3,029
Minority interest in consolidated subsidiaries	536
Net income	4,242

(3) Consolidated Statement of Cash Flows

(¥ millions)

First Quarter of Fiscal 2009
April 1, 2008 to June 30, 2008

Cash flows from operating activities	
Income before income taxes	7,808
Depreciation	5,999
Equity in earnings of affiliated companies	△5
Provision for allowance for doubtful accounts	31
Provision for accrued retirement benefits	182
Provision for reserve for bonuses	675
Interest and dividends received	△978
Interest payments	329
Loss on sale and revaluation of marketable securities	△3
Loss on sale of property and equipment	152
Changes in trade notes and accounts receivable	12,869
Changes in inventories	△3,438
Changes in other current assets	766
Changes in trade notes and accounts payable	△3,496
Changes in accrued expenses and other current liabilities	3,527
Directors' and corporate auditors' bonuses paid	△397
Others	△140
Sub total	23,881
Interest and dividends received	978
Interest paid	△329
Income taxes paid	△5,098
Net cash provided by operating activities	19,432
Cash flows from investing activities	
Payments into time deposits	△197
Proceeds from time deposits	98
Payments for purchase of marketable and investment securities	△6,390
Proceeds from sale of marketable and investment securities	4,198
Payments for purchase of property and equipment	△7,140
Proceeds from sale of property and equipment	△15
Payments for new loans	△214
Proceeds from loan repayments	120
Others	28
Net cash used in investing activities	△9,512
Cash flows from financing activities	
Decrease in short-term loans	△4,803
Increase in long-term debt	5,185
Repayment of long-term debt	△833
Payments for repurchase of treasury stock	△1
Dividends paid by parent company	△1,713
Dividends paid to minority shareholders	△326
Net cash provided by or used in financing activities	△2,491
Effect of exchange rate changes on cash and cash equivalents	368
Change in cash and cash equivalents	7,797
Cash and cash equivalents at beginning of quarter	16,709
Cash and cash equivalents at end of quarter	24,506

Effective from fiscal 2009, Koito has applied the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Standard No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). Quarterly consolidated financial statements are prepared in accordance with specific rules governing the reporting of quarterly financial results in Japan.

(4) Going Concern Assumption

None

(5) Segment Information

a. Industry Segment Information

First quarter of Fiscal 2009 (April 1, 2008 to June 30, 2008)

(¥ millions)

	Automotive Lighting Equipment	Non-Automotive Electrical Equipment	Other Products & Services	Total	Corporate and elimination	Consolidated total
Sales						
(1) Sales to outside customers	96,412	6,353	10,069	112,835	—	112,835
(2) Inter-segment sales and transfers	30,549	299	3,464	34,314	(34,314)	—
Total	126,962	6,653	13,534	147,150	(34,314)	112,835
Operating expenses	120,045	7,209	12,760	140,015	(33,365)	106,650
Operating income or loss	6,917	△556	774	7,135	(949)	6,185

b. Geographical Segment Information

First quarter of Fiscal 2009 (April 1, 2008 to June 30, 2008)

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
Sales							
(1) Sales to outside customers	70,240	14,050	23,229	5,315	112,835	—	112,835
(2) Inter-segment sales and transfers	26,508	18	2,588	5,199	34,314	(34,314)	—
Total	96,749	14,068	25,818	10,514	147,150	(34,314)	112,835
Operating expenses	91,731	13,668	23,617	10,998	140,015	(33,365)	106,650
Operating income or loss	5,017	400	2,200	△483	7,135	(949)	6,185

c. Overseas Sales

First quarter of Fiscal 2009 (April 1, 2008 to June 30, 2008)

(¥ millions)

	North America	Asia	Europe	Total
I. Overseas sales	15,979	23,088	5,885	44,952
II. Consolidated sales	—	—	—	112,835
III. Overseas sales ratio (%)	14.1	20.5	5.2	39.8

(6) Significant changes in shareholders' equity

None

《 For Reference Only 》

Financial Statements for Previous First Quarter

(1) (Summary) Consolidated Statement of Income for First Quarter of Fiscal 2008

(April 1, 2007 to June 30, 2007)

(¥ millions)

Item	First Quarter of Fiscal 2008 April 1, 2007 to June 30, 2007	
		%
Net sales	105,996	100.0
Cost of sales	93,082	87.8
Gross profit	12,914	12.2
Selling, general and administrative expenses	9,575	9.1
Operating income	3,338	3.1
Non-operating income	1,702	
Interest income and dividends	(733)	
Equity in earnings of affiliates	(△3)	
Other non-operating income	(972)	
Non-operating expenses	508	
Interest expenses and discounts	(318)	
Other non-operating expenses	(189)	
Recurring profit	4,533	4.3
Extraordinary gains	34	
Extraordinary losses	126	
Income before income taxes	4,440	4.2
Income taxes	1,812	
Income tax adjustment	△89	
Total income taxes	1,723	
Minority interest in consolidated subsidiaries	△215	
Net income	2,501	2.4

(2) (Summary) Consolidated Statement of Cash Flows for First Quarter of Fiscal 2008
 (April 1, 2007 to June 30, 2007)

(¥ millions)

	First Quarter of Fiscal 2008 April 1, 2007 to June 30, 2007
I. Cash flows from operating activities	
Income before income taxes	4,440
Depreciation	5,715
Equity in earnings of affiliated companies	3
Provision for allowance for doubtful accounts	△258
Provision for accrued retirement benefits	187
Provision for reserve for bonuses	320
Interest and dividends received	△733
Interest payments	318
Loss on sale and revaluation of marketable securities	△32
Loss on sale of property and equipment	92
Changes in trade notes and accounts receivable	13,348
Changes in inventories	△2,440
Changes in other current assets	△654
Changes in trade notes and accounts payable	△3,618
Changes in accrued expenses and other current liabilities	4,714
Directors' and corporate auditors' bonuses paid	△280
Sub total	21,122
Interest and dividends received	733
Interest paid	△318
Income taxes paid	△5,242
Net cash provided by operating activities	16,295
II. Cash flows from investing activities	
Payments into time deposits	△38
Proceeds from time deposits	84
Payments for purchase of marketable and investment securities	△9,412
Proceeds from sale of marketable and investment securities	6,274
Payments for purchase of property and equipment	△7,507
Proceeds from sale of property and equipment	93
Payments for new loans	△258
Proceeds from loan repayments	78
Other payments relating to investments	△227
Net cash used in investing activities	△10,913
III. Cash flows from financing activities	
Decrease in short-term loans	△1,117
Repayment of long-term debt	△536
Payments for repurchase of treasury stock	△1
Dividends paid by parent company	△1,581
Dividends paid to minority shareholders	△236
Net cash provided by or used in financing activities	△3,471
IV. Effect of exchange rate changes on cash and cash equivalents	224
V. Change in cash and cash equivalents	2,135
VI. Cash and cash equivalents at beginning of period	19,996
VII. Cash and cash equivalents at end of period	22,131

(3) Segment Information**【Industry Segment Information】**

First quarter of Fiscal 2008 (April 1, 2007 to June 30, 2007)

(¥ millions)

	Automotive Lighting Equipment	Non-Automotive Electrical Equipment	Other Products & Services	Total	Corporate and elimination	Consolidated total
Sales						
(1) Sales to outside customers	94,323	4,140	7,533	105,996	—	105,996
(2) Inter-segment sales and transfers	29,786	67	861	30,715	(30,715)	—
Total	124,109	4,208	8,394	136,711	(30,715)	105,996
Operating expenses	119,438	4,836	8,422	132,697	(30,039)	102,658
Operating income or loss	4,671	△628	△28	4,014	(675)	3,338

【Geographical Segment Information】

First quarter of Fiscal 2008 (April 1, 2007 to June 30, 2007)

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
Sales							
(1) Sales to outside customers	61,727	15,187	22,483	6,598	105,996	—	105,996
(2) Inter-segment sales and transfers	22,766	—	1,458	6,489	30,715	(30,715)	—
Total	84,493	15,187	23,942	13,088	136,711	(30,715)	105,996
Operating expenses	82,193	14,224	23,182	13,097	132,697	(30,039)	102,658
Operating income or loss	2,300	962	760	△8	4,014	(675)	3,338