

# Consolidated Earnings Report for the Third Quarter of Fiscal 2008

January 25, 2008

Company Name: **KOITO MANUFACTURING CO., LTD.**  
 Stock Listing: First Section, Tokyo Stock Exchange  
 Code Number: 7276  
 URL: <http://www.koito.co.jp>  
 Representative Director: Masahiro Ohtake, President  
 Inquiries: Mizuo Yamamuro, Executive Senior Managing Director  
 Tel: +81-3-3443-7111

(¥ millions are rounded down)

## 1. Consolidated Results for the Third Quarter of Fiscal 2008 (April 1, 2007 to December 31, 2007)

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

Third Quarter,	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2008	338,039	5.4%	17,516	38.5%	18,422	23.2%	9,769	22.5%
Fiscal 2007	320,738	15.5%	12,644	1.1%	14,947	△1.6%	7,975	2.2%
(Ref.) Full Year Fiscal 2007	452,520		21,328		24,600		13,374	

Third Quarter,	Net income per share (¥)		Net income per share (diluted) (¥)	
Fiscal 2008	60.79		—	
Fiscal 2007	49.63		—	
(Ref.) Full Year Fiscal 2007	83.23		—	

### (2) Consolidated Financial Position (¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
Third Quarter of Fiscal 2008	381,944	184,386	40.0	950.42
Third Quarter of Fiscal 2007	378,180	177,403	38.7	910.50
(Ref.) Fiscal 2007	385,300	180,434	38.8	930.54

### (3) Consolidated Cash Flows (¥ millions)

Third Quarter,	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of period
Fiscal 2008	27,421	△ 27,587	△ 5,560	14,388
Fiscal 2007	26,962	△ 25,910	△ 2,773	14,201
(Ref.) Full Year Fiscal 2007	38,553	△ 32,640	△ 1,814	19,996

## 2. Dividends

(Recording Date)	Dividend per share (¥)		
	First half	Year-end	Full year
Fiscal 2007	11.00	11.00	22.00
Fiscal 2008	11.00	—	22.00
Fiscal 2008 (forecast)	—	11.00	

## 3. Forecast of Consolidated Results for Fiscal 2008 (April 1, 2007 to March 31, 2008)

The Koito Group's operating results remain largely on track with forecasts previously announced on October 25, 2007. As a result, the Company has not revised the forecasts.

(¥ millions; the percentages show changes from the previous fiscal year)

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
Full year	456,400	0.9%	26,000	21.9%	29,000	17.9%	15,200	13.7%	94.58

\*Explanations concerning proper use of forecast of operating results and other particularly 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.

4. Others

- (1) Changes in scope of consolidation or number of equity-method affiliates: None  
 (2) Application of simplified accounting methods: None  
 (3) Changes in accounting standards for financial accounts in most recent fiscal year: Yes

《 For Reference Only 》

**Non-consolidated Earnings Report for the Third Quarter of Fiscal 2008**

1. Non-consolidated Results for the Third Quarter of Fiscal 2008 (April 1, 2007 to December 31, 2007)

(1) Non-consolidated Operating Results

(¥ millions; the percentage figures represent year-on-year changes)

Third Quarter,	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2008	180,386	7.6%	10,320	30.9%	14,335	25.3%	8,669	26.6%
Fiscal 2007	167,591	11.2%	7,886	2.8%	11,444	0.0%	6,846	△ 0.6%
(Ref.) Full Year Fiscal 2007	228,723		11,699		18,150		12,014	

Third Quarter,	Net income per share (¥)		Net income per share (diluted) (¥)	
Fiscal 2008		53.94		—
Fiscal 2007		42.60		—
(Ref.) Full Year Fiscal 2007		74.76		—

(2) Non-consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
Third Quarter of Fiscal 2008	214,998	129,522	60.2	805.93
Third Quarter of Fiscal 2007	209,645	124,500	59.4	774.66
(Ref.) Fiscal 2007	215,689	128,033	59.4	796.64

2. Forecast of Non-consolidated Results for Fiscal 2008 (April 1, 2007 to March 31, 2008)

The Company's operating results remain largely on track with forecasts previously announced on October 25, 2007. As a result, it has not revised the forecasts.

(¥ millions; the percentages show changes from the previous fiscal year)

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
Full year	241,700	5.7%	14,300	22.2%	20,600	13.5%	12,400	3.2%	77.16

\*Explanations concerning proper use of forecast of operating results and other particularly 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 and Financial Statements, etc.]

### 1. Qualitative Information Regarding Consolidated Operating Results

In the third quarter of fiscal 2008, the nine-month period from April 1, 2007 to December 31, 2007, consolidated net sales rose 5.4% year on year to ¥338.0 billion. This result reflected firm performance in Japan and overseas from the Group's core Automotive Lighting Equipment operations. Earnings, meanwhile, increased substantially, with operating income up 38.5% to ¥17.5 billion, and recurring profit up 23.2% to ¥18.4 billion.

Compared with our original targets, net sales, operating income, recurring profit, and net income for this quarter were all largely on target.

### 2. Qualitative Information Regarding Consolidated Financial Position

As stated earlier under "Consolidated Financial Position," total assets as of December 31, 2007 stood at ¥381.9 billion, down ¥3.3 billion from the previous fiscal year-end (March 31, 2007). This was the net result of an increase in retained earnings, primarily due to the net income recorded for the quarter, combined with a reduction in trade receivables. Net assets, meanwhile, rose ¥3.9 billion to ¥184.3 billion. The equity ratio was 40.0%.

### 3. Qualitative Information Regarding Consolidated Financial Forecasts

Crude oil and raw material prices continue to be high, while currency movements are extremely uncertain. The Company has therefore decided not to revise the financial forecasts made when it announced its interim results.

### 4. Other

Changes in accounting standards for financial accounts in most recent fiscal year

(Change in method for depreciating property, plant and equipment)

The Company's consolidated subsidiaries in Japan changed their depreciation method in line with revisions to the Corporation Tax Law.

## Consolidated Balance Sheets

(¥ millions)

Item	Period	Third Quarter of Fiscal 2008 As of December 31, 2007	Fiscal 2007 As of March 31, 2007	Change	Third Quarter of Fiscal 2007 As of December 31, 2006
<b>Assets</b>					
<b>Current assets:</b>					
Cash and time deposits		10,887	12,624	△ 1,736	12,910
Trade notes and accounts receivable		84,859	98,092	△ 13,233	85,125
Marketable securities		8,784	16,603	△ 7,818	8,101
Inventories		44,032	38,547	5,485	42,312
Deferred income tax assets		6,199	6,036	162	6,104
Other current assets		14,502	9,107	5,394	11,556
Less: Allowance for doubtful accounts		△ 1,023	△ 1,127	104	△ 1,125
<b>Total current assets</b>		<b>168,243</b>	<b>179,885</b>	<b>△ 11,641</b>	<b>164,984</b>
<b>Fixed assets:</b>					
<b>Property, plant and equipment</b>					
Buildings and structures		35,707	32,877	2,830	33,638
Machinery and transportation equipment		39,226	36,607	2,619	37,247
Fixtures, equipment and tools		14,674	15,160	△ 485	17,184
Land		12,498	12,415	83	12,888
Construction in progress		3,718	5,985	△ 2,266	5,935
<b>Total property, plant and equipment</b>		<b>105,827</b>	<b>103,045</b>	<b>2,781</b>	<b>106,893</b>
<b>Intangible fixed assets</b>		<b>814</b>	<b>966</b>	<b>△ 151</b>	<b>760</b>
<b>Investments and other assets:</b>					
Investment securities		100,843	97,716	3,126	101,787
Loans		571	529	41	568
Deferred income tax assets		1,461	—	1,461	—
Other investments		4,423	3,399	1,023	3,427
Less: Allowance for doubtful accounts		△ 240	△ 242	1	△ 242
<b>Total investments and other assets</b>		<b>107,058</b>	<b>101,403</b>	<b>5,655</b>	<b>105,541</b>
<b>Total fixed assets</b>		<b>213,700</b>	<b>205,415</b>	<b>8,285</b>	<b>213,195</b>
<b>Total assets</b>		<b>381,944</b>	<b>385,300</b>	<b>△ 3,356</b>	<b>378,180</b>

(¥ millions)

Item	Period	Third Quarter of Fiscal 2008 As of December 31, 2007	Fiscal 2007 As of March 31, 2007	Change	Third Quarter of Fiscal 2007 As of December 31, 2006
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Trade notes and accounts payable		76,116	80,395	△ 4,279	76,325
Short-term loans		37,954	36,313	1,640	29,398
Accrued expenses		17,795	18,229	△ 434	16,628
Income taxes payable		1,788	5,126	△ 3,338	1,577
Allowance for employees' bonuses		4,595	4,482	113	4,504
Allowance for directors' and corporate auditors' bonuses		209	280	△ 70	209
Reserve for product warranties		1,400	1,400	—	1,400
Other current liabilities		11,247	9,474	1,771	11,812
<b>Total current liabilities</b>		<b>151,107</b>	<b>155,703</b>	<b>△ 4,596</b>	<b>141,856</b>
<b>Non-current liabilities:</b>					
Long-term debt		17,444	19,936	△ 2,491	27,482
Allowance for employees' retirement benefits		26,655	26,107	547	26,909
Allowance for directors' and corporate auditors' retirement benefits		1,478	1,582	△ 104	1,516
Deferred income taxes		—	861	△ 861	2,359
Other non-current liabilities		873	675	198	652
<b>Total non-current liabilities</b>		<b>46,450</b>	<b>49,162</b>	<b>△ 2,711</b>	<b>58,920</b>
<b>Total liabilities</b>		<b>197,558</b>	<b>204,866</b>	<b>△ 7,307</b>	<b>200,776</b>
<b>Net assets</b>					
<b>Shareholders' equity:</b>					
Common stock		14,270	14,270	—	14,270
Additional paid-in capital		17,107	17,107	—	17,107
Retained earnings		105,534	99,299	6,234	93,985
Treasury common stock, at cost		△ 61	△ 54	△ 7	△ 51
<b>Total shareholders' equity</b>		<b>136,851</b>	<b>130,624</b>	<b>6,226</b>	<b>125,312</b>
<b>Revaluations and translation adjustments:</b>					
Valuation adjustment on investment securities		13,790	17,731	△ 3,940	19,345
Translation adjustments		2,101	1,196	904	1,674
<b>Total revaluations and translation adjustments</b>		<b>15,892</b>	<b>18,928</b>	<b>△ 3,036</b>	<b>21,020</b>
<b>Minority interests</b>		<b>31,642</b>	<b>30,881</b>	<b>761</b>	<b>31,070</b>
<b>Total net assets</b>		<b>184,386</b>	<b>180,434</b>	<b>3,951</b>	<b>177,403</b>
<b>Total liabilities and net assets</b>		<b>381,944</b>	<b>385,300</b>	<b>△ 3,356</b>	<b>378,180</b>

**Consolidated Statements of Income**

(¥ millions)

Item	Third Quarter of Fiscal 2008 April 1, 2007 to December 31, 2007		Third Quarter of Fiscal 2007 April 1, 2006 to December 31, 2006		Y-o-Y change		Fiscal 2007 April 1, 2006 to March 31, 2007	
		%		%		%		%
<b>Net sales</b>	338,039	100.0	320,738	100.0	17,300	5.4	452,520	100.0
Cost of sales	292,934	86.7	282,038	87.9	10,895		395,650	87.4
<b>Gross profit</b>	45,105	13.3	38,700	12.1	6,405		56,869	12.6
Selling, general and administrative expenses	27,589	8.1	26,055	8.2	1,533		35,540	7.9
<b>Operating income</b>	17,516	5.2	12,644	3.9	4,871	38.5	21,328	4.7
Non-operating income	3,611		3,606		4		5,091	
Interest income and dividends	( 1,778 )		( 1,557 )		( 220 )		( 1,893 )	
Equity in earnings of affiliates	( △ 3 )		( 57 )		( △ 60 )		( 42 )	
Other non-operating income	( 1,836 )		( 1,991 )		( △ 154 )		( 3,155 )	
Non-operating expenses	2,704		1,303		1,401		1,819	
Interest expenses and discounts	( 1,035 )		( 1,037 )		( △ 1 )		( 1,387 )	
Other non-operating expenses	( 1,669 )		( 266 )		( 1,402 )		( 432 )	
<b>Recurring profit</b>	18,422	5.4	14,947	4.7	3,474	23.2	24,600	5.4
Extraordinary gains	47		118		△ 71		1,035	
Extraordinary losses	217		596		△ 378		837	
<b>Income before income taxes</b>	18,252	5.4	14,470	4.5	3,781	26.1	24,799	5.5
Income taxes	6,869		5,439		1,430		10,411	
Income tax adjustment	212		204		8		△ 789	
Total	7,082		5,643		1,438		9,622	
Minority interest in consolidated subsidiaries	△1,400		△ 851		△ 549		△ 1,802	
<b>Net income</b>	9,769	2.9	7,975	2.5	1,794	22.5	13,374	3.0

## Consolidated Changes in Shareholders' Equity

Third Quarter of Fiscal 2008 (April 1, 2007 to December 31, 2007)

(¥ millions)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury common stock, at cost	Total shareholders' equity
Balances as of March 31, 2007	14,270	17,107	99,299	△ 54	130,624
Changes in the quarter					
Dividends from retained earnings	—	—	△ 3,535	—	△ 3,535
Net income for the quarter	—	—	9,769	—	9,769
Purchases of treasury stock	—	—	0	△ 7	△ 6
Net change in non-shareholders' equity items for the quarter	—	—	—	—	—
Total changes for the quarter	—	—	6,234	△ 7	6,226
Balances as of December 31, 2007	14,270	17,107	105,534	△ 61	136,851

	Revaluations and translation adjustments			Minority interests	Total net assets
	Valuation adjustment on investment securities	Translation adjustments	Total revaluations and translation adjustments		
Balances as of March 31, 2007	17,731	1,196	18,928	30,881	180,434
Changes in the quarter					
Dividends from retained earnings	—	—	—	—	△ 3,535
Net income for the quarter	—	—	—	—	9,769
Purchases of treasury stock	—	—	—	—	△ 6
Net change in non-shareholders' equity items for the quarter	△ 3,940	904	△ 3,036	761	△ 2,275
Total changes for the quarter	△ 3,940	904	△ 3,036	761	3,951
Balances as of December 31, 2007	13,790	2,101	15,892	31,642	184,386

Third Quarter of Fiscal 2007 (April 1, 2006 to December 31, 2006)

(¥ millions)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury common stock, at cost	Total shareholders' equity
Balances as of March 31, 2006	14,270	17,107	89,548	△ 140	120,786
Changes in the quarter					
Dividends from retained earnings	—	—	△ 3,534	—	△ 3,534
Net income for the quarter	—	—	7,975	—	7,975
Purchases of treasury stock	—	—	—	△ 3	△ 3
Disposal of treasury stock	—	—	△ 1	91	90
Other	—	—	△ 2	—	△ 2
Net change in non-shareholders' equity items for the quarter	—	—	—	—	—
Total change for the quarter	—	—	4,437	88	4,525
Balances as of December 31, 2006	14,270	17,107	93,985	△ 51	125,312

	Revaluations and translation adjustments				
	Valuation adjustments on investment securities	Translation adjustments	Total revaluations and translation adjustments	Minority interests	Total net assets
Balances as of March 31, 2006	18,679	382	19,062	30,436	170,285
Changes in the quarter					
Dividends from retained earnings	—	—	—	—	△ 3,534
Net income for the quarter	—	—	—	—	7,975
Purchases of treasury stock	—	—	—	—	△ 3
Disposal of treasury stock	—	—	—	—	90
Other	—	—	—	—	△ 2
Net change in non-shareholders' equity items for the quarter	665	1,292	1,958	633	2,591
Total change for the quarter	665	1,292	1,958	633	7,117
Balances as of December 31, 2006	19,345	1,674	21,020	31,070	177,403



## Consolidated Statements of Cash Flows

(¥ millions)

Item	Period	Third Quarter of Fiscal 2008 April 1, 2007 to December 31, 2007	Third Quarter of Fiscal 2007 April 1, 2006 to December 31, 2006	Fiscal 2007 April 1, 2006 to March 31, 2007
<b>I. Cash flows from operating activities</b>				
Income before income taxes		18,252	14,470	24,799
Depreciation		18,299	16,404	22,347
Equity in earnings of affiliated companies		3	△57	△42
Provision for allowance for doubtful accounts		△75	22	82
Provision for accrued retirement benefits		448	1,577	1,892
Provision for reserve for bonuses		322	270	39
Interest and dividends received		△1,778	△1,557	△1,893
Interest payments		1,035	1,037	1,387
Loss on sale and revaluation of marketable securities		△41	△150	△882
Loss on sale of property and equipment		179	321	428
Changes in trade notes and accounts receivable		13,796	14,412	△2,910
Changes in inventories		△5,278	△11,571	△8,498
Changes in other current assets		△4,997	△147	2,124
Changes in trade notes and accounts payable		△4,648	1,660	9,825
Changes in accrued expenses and other current liabilities		1,676	△1,198	△145
Directors' and corporate auditors' bonuses paid		△280	△270	△270
Sub total		36,913	35,223	48,283
Interest and dividends received		1,778	1,557	1,893
Interest paid		△1,035	△1,037	△1,387
Income taxes paid		△10,235	△8,781	△10,236
<b>Net cash provided by operating activities</b>		<b>27,421</b>	<b>26,962</b>	<b>38,553</b>
<b>II. Cash flows from investing activities</b>				
Payments into time deposits		△290	△409	△452
Proceeds from time deposits		462	285	356
Payments for purchase of marketable and investment securities		△27,385	△20,977	△29,592
Proceeds from sale of marketable and investment securities		21,030	22,458	32,523
Payments for purchase of property and equipment		△20,509	△27,073	△34,988
Proceeds from sale of property and equipment		357	322	404
Payments for new loans		△535	△406	△461
Proceeds from loan repayments		242	395	488
Other payments relating to investments		△959	△505	△918
<b>Net cash used in investing activities</b>		<b>△27,587</b>	<b>△25,910</b>	<b>△32,640</b>
<b>III. Cash flows from financing activities</b>				
Decrease in short-term loans		△960	644	△961
Increase in long-term debt		240	1,705	4,548
Repayment of long-term debt		△692	△717	△727
Payments for repurchase of treasury stock		△8	△4	△7
Proceeds from sale of treasury stock		1	93	93
Dividends paid by parent company		△3,307	△3,324	△3,532
Dividends paid to minority shareholders		△834	△1,170	△1,228
<b>Net cash provided by or used in financing activities</b>		<b>△5,560</b>	<b>△2,773</b>	<b>△1,814</b>
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>		<b>118</b>	<b>149</b>	<b>159</b>
<b>V. Change in cash and cash equivalents</b>		<b>△5,608</b>	<b>△1,572</b>	<b>4,258</b>
<b>VI. Cash and cash equivalents at beginning of period</b>		<b>19,996</b>	<b>15,773</b>	<b>15,773</b>
<b>VII. Decrease in cash and cash equivalents due to exclusion of a previously consolidated subsidiary</b>		<b>-</b>	<b>-</b>	<b>△35</b>
<b>VIII. Cash and cash equivalents at end of period</b>		<b>14,388</b>	<b>14,201</b>	<b>19,996</b>

## Segment Information

### (1) Industry Segment Information

Third quarter of Fiscal 2008 (April 1, 2007 to December 31, 2007)

(¥ millions)

	Automotive Lighting Equipment	Non-Automotive Electrical Equipment	Other Products & Services	Total	Corporate and elimination	Consolidated total
Sales						
(1) Sales to outside customers	290,185	22,998	24,854	338,039	—	338,039
(2) Inter-segment sales and transfers	93,217	428	4,580	98,225	(98,225)	—
Total	383,402	23,426	29,435	436,264	(98,225)	338,039
Operating expenses	365,123	22,935	29,613	417,671	(97,148)	320,523
Operating income or loss	18,279	491	△ 178	18,592	(1,076)	17,516

Third quarter of Fiscal 2007 (April 1, 2006 to December 31, 2006)

(¥ millions)

	Automotive Lighting Equipment	Non-Automotive Electrical Equipment	Other Products & Services	Total	Corporate and elimination	Consolidated total
Sales						
(1) Sales to outside customers	280,576	20,089	20,072	320,738	—	320,738
(2) Inter-segment sales and transfers	67,019	401	2,506	69,927	(69,927)	—
Total	347,596	20,490	22,579	390,666	(69,927)	320,738
Operating expenses	332,401	21,437	22,783	376,621	(68,528)	308,093
Operating income or loss	15,195	△ 946	△ 204	14,044	(1,399)	12,644

### (2) Geographical Segment Information

Third quarter of Fiscal 2008 (April 1, 2007 to December 31, 2007)

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
Sales							
(1) Sales to outside customers	209,145	42,742	66,862	19,289	338,039	—	338,039
(2) Inter-segment sales and transfers	73,391	—	5,942	18,890	98,225	(98,225)	—
Total	282,536	42,742	72,805	38,179	436,264	(98,225)	338,039
Operating expenses	269,179	40,963	69,309	38,218	417,671	(97,148)	320,523
Operating income or loss	13,357	1,778	3,495	△ 38	18,592	(1,076)	17,516

Third quarter of Fiscal 2007 (April 1, 2006 to December 31, 2006)

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
Sales							
(1) Sales to outside customers	196,996	40,657	64,992	18,090	320,738	—	320,738
(2) Inter-segment sales and transfers	49,797	—	2,580	17,549	69,927	(69,927)	—
Total	246,794	40,657	67,573	35,640	390,666	(69,927)	320,738
Operating expenses	237,559	38,906	64,613	35,541	376,621	(68,528)	308,093
Operating income or loss	9,234	1,751	2,960	98	14,044	(1,399)	12,644