

Consolidated Earnings Report for the First Half of Fiscal 2008

October 25, 2007

Company Name: **KOITO MANUFACTURING CO., LTD.**
 Stock Listing: First Section, Tokyo Stock Exchange
 Code Number: 7276
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 Planned Date of Filing of Interim Securities Report: December 26, 2007
 Planned Date of Dividends Payment: December 7, 2007

(¥ millions are rounded down)

1. Consolidated Results for the First Half of Fiscal 2008 (April 1, 2007 to September 30, 2007)

(1) Consolidated Operating Results

(Percentages show changes from the corresponding period of the previous fiscal year)

First Half	Net sales		Operating income		Recurring profit	
Fiscal 2008	214,860	5.5%	9,639	1.7%	10,474	△ 5.3%
Fiscal 2007	203,604	15.9%	9,476	14.7%	11,056	15.1%
Full Year Fiscal 2007	452,520		21,328		24,600	

First Half	Net income		Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2008	5,552	△ 5.6%	34.55	—
Fiscal 2007	5,879	18.9%	36.59	—
Full Year Fiscal 2007	13,374		83.23	—

Reference: Equity in earnings of affiliated companies:

September 30, 2007: ¥△1 million September 30, 2006: ¥48 million Fiscal 2007: ¥42 million

(2) Consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
First Half of Fiscal 2008	379,353	182,256	39.9	941.06
First Half of Fiscal 2007	370,315	173,362	38.6	889.54
Fiscal 2007	385,300	180,434	38.8	930.54

Reference: Equity: September 30, 2007: ¥151,242 million; September 30, 2006: ¥142,965 million; March 31, 2007: ¥149,553 million

(3) Consolidated Cash Flows

(¥ millions)

First Half	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of period
Fiscal 2008	20,799	△ 21,567	△ 2,931	16,359
Fiscal 2007	16,546	△ 21,508	661	11,529
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)

(¥ millions, 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

4. Others
- (1) Changes in Scope of Consolidation of Major Consolidated Subsidiaries: None
New —; Excluded —
- (2) Changes in Accounting Principles, Standards or Procedures for Preparing Consolidated Financial Statements
① Changes in accounting standards: Yes
② Other changes: None
- (3) Number of shares issued (common stock)
① Number of shares issued (including treasury stock):
September 30, 2007: 160,789,436, September 30, 2006: 160,789,436, March 31, 2007: 160,789,436
② Number of treasury stock: September 30, 2007: 74,369, September 30, 2006: 71,325, March 31, 2007: 72,713

《 For Reference Only 》

Non-consolidated Earnings Report for the First Half of Fiscal 2008

1. Non-consolidated Results for the First Half of Fiscal 2008 (April 1, 2007 to September 30, 2007)

(1) Non-consolidated Operating Results

(¥ millions)

(Percentages show changes from the corresponding period of the previous fiscal year)

First Half	Net sales		Operating income		Recurring profit	
Fiscal 2008	114,599	5.7%	5,794	6.6%	8,815	4.4%
Fiscal 2007	108,434	10.6%	5,437	6.3%	8,440	5.3%
Full Year Fiscal 2007	228,723		11,699		18,150	

First Half	Net income		Net income per share (¥)
Fiscal 2008	5,308	6.1%	33.03
Fiscal 2007	5,002	3.6%	31.13
Full Year Fiscal 2007	12,014		74.76

(2) Non-consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
First Half of Fiscal 2008	213,369	129,463	60.7	805.55
First Half of Fiscal 2007	206,348	122,241	59.2	760.59
Fiscal 2007	215,689	128,033	59.4	796.64

Reference: Equity: September 30, 2007: ¥129,463 million; September 30, 2006: ¥122,241 million;
March 31, 2007: ¥128,033 million

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

(¥ millions, 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

*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.

1. Results of Operations

(1) Analysis of Operations

—1. Overview of the First Half of Fiscal 2008

During the interim period under review, the Japanese economy experienced modest expansion with improved corporate earnings due to a weaker yen in the first half of the period, accompanied by higher capital expenditures and consumer spending. In the second half of the period however, economic uncertainties grew mainly due to recent financial developments stemming from the sub-prime loan problem in the U.S. The world economy grew overall, supported by strong economic growth in China and some other newly developing countries. This came despite low levels of growth in the U.S., European and some other economies due to such factors as persistently high crude oil and raw material prices and the negative impact of financial instability in the U.S.

In the automobile industry, domestic unit automobile production declined from the previous year's figures due to the impact of the July 2007 Niigata Chuetsu Offshore Earthquake, despite increased exports to Europe, Asia, the Middle and Near East, and elsewhere. Overseas, automobile production in North America and Europe remained mostly level, while expanded production was reported in Asian countries such as China and Thailand. On the whole, worldwide unit automobile production rose.

In this climate, the Koito Group is working to expand sales of automotive lighting equipment over the medium and long terms. Measures include boosting product development capabilities and production capacity, and aggressively implementing initiatives to win more orders.

In product development, in May 2007 Koito became the first company in the world to succeed in commercializing an LED (light-emitting diode) headlamp. Using a high-output white LED, and its own optical control system, Koito has achieved world-leading levels of brightness. LED headlamps are also promising from an environmental viewpoint, mainly since they have long working lives, and conserve energy and space.

As regards new production bases, operations commenced in October 2006 at a new plant of KOITO KYUSHU LIMITED, and in March 2007 at the new factory of GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD. In July 2007, Koito commenced production at the fourth plant at North American Lighting, Inc. in Alabama, U.S., and in the following September at the second plant at INDIA JAPAN LIGHTING PRIVATE LIMITED in the northern region of Haryana, India.

The Koito Group reported record consolidated net sales for the interim period, up 5.5% year on year to ¥214.8 billion. This reflected increased sales resulting from sales promotions for new products despite the impact of lower unit automobile production caused by the Japanese earthquake and a strong performance overseas by its mainstay automotive lighting equipment segment.

Results by business segment are outlined as follows.

[Automotive Lighting Equipment]

Segment sales rose 3.7% to ¥187.6 billion, fueled in Japan by greater adoption of discharge headlamps, intelligent Adaptive Front Lighting System (AFS) headlamps, LED rear combination lamps, and headlamp leveling systems in newly manufactured vehicles, as well as the launch of LED headlamps. Another contributing factor was steady growth of orders for both signaling lamps and headlamps at overseas subsidiaries mainly in North America, China and Thailand.

[Non-Automotive Electrical Equipment]

Segment sales increased 4.6% to ¥11.7 billion, reflecting steady sales of railroad car equipment, road information equipment, traffic systems, and other products.

[Other Products & Services]

Segment sales were ¥15.5 billion, up 34.3% from the previous fiscal year due to higher sales of aircraft and railroad car seats as well as automotive headlamp cleaners.

On the earnings front, amid intensifying price competition in automotive lighting equipment in Japan and overseas, operating income increased 1.7% year on year to ¥9.6 billion, despite increased startup costs for new production bases. The increase in operating income reflected efforts by Koito and Group companies to aggressively promote cost-cutting measures, and to streamline operations by strengthening quality measures. Recurring profit declined, partly due to exchange-rate losses caused by the yen's appreciation in the second half of the interim period. Net income decreased 5.6% year on year to ¥5.5 billion.

—2. Outlook for Fiscal 2008

In fiscal 2008, the year ending March 31, 2008, the Japanese economy is expected to maintain modest growth, driven by higher capital expenditures reflecting improvements in corporate earnings and greater consumer spending. At the same time, overseas, forecasts call for continued high growth in Asian regions. Nevertheless, recent financial developments caused by the sub-prime loan problem in the U.S. and economic slowdowns in the U.S., Europe and elsewhere, combined with other concerns including trends in crude oil and raw material prices and exchange rate fluctuations, are creating an unpredictable business environment for Koito.

As a global supplier with a product development and manufacturing network covering the world's four key markets, 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 further extend cost-cutting and other measures, with the goal of improving operating results.

In March 2007, Koito sold its shares in Innovative Hightech Lighting Corporation, a subsidiary in Korea which was consequently excluded from the scope of consolidation. Despite this, the Koito Group is projecting a rise in consolidated net sales to ¥456.4 billion, mainly reflecting a projected increase in orders for products used in new models of automobiles and increased sales of new products. Operating income, recurring profit and net income are each forecast to increase, mainly on expectations of improved non-consolidated results, the commencement of full-fledged operations at KOITO KYUSHU LIMITED and improved earnings at KOITO INDUSTRIES, LIMITED.

(2) Analysis of Financial Position

—1. Balance sheet

Total assets declined ¥5.9 billion from March 31, 2007 to ¥379.3 billion as of September 30, 2007. The main reason was a decrease in current assets stemming primarily from collections of accounts receivable, despite an increase in capital investments accompanying the commencement of operations at new production bases under fixed assets.

Total liabilities declined ¥7.7 billion from March 31, 2007 to ¥197.0 billion. Current liabilities decreased due to the payment of accounts payable, and non-current liabilities decreased mainly reflecting repayment of long-term debt.

Total net assets increased ¥1.8 billion from March 31, 2007 to ¥182.2 billion. This was mainly attributable to an increase in retained earnings due to interim net income of ¥5.5 billion.

—2. Cash flows

Operating activities provided net cash of ¥20.7 billion. Cash inflows of ¥26.8 billion, including income before income taxes of ¥10.3 billion and depreciation of ¥11.5 billion, were partly offset by income taxes paid.

Investing activities used net cash of ¥21.5 billion, reflecting capital investments of ¥14.9 billion, primarily to increase production capacity of automotive lighting equipment, and to raise quality.

Financing activities used net cash of ¥2.9 billion. This cash outflow resulted from the repayment of ¥0.3 billion in loans and the payment of ¥2.5 billion in dividends.

As a result, cash and cash equivalents as of September 30, 2007 were ¥16.3 billion, ¥3.6 billion lower than March 31, 2007.

(3) Basic Earnings Distribution Policies and Dividend Payments

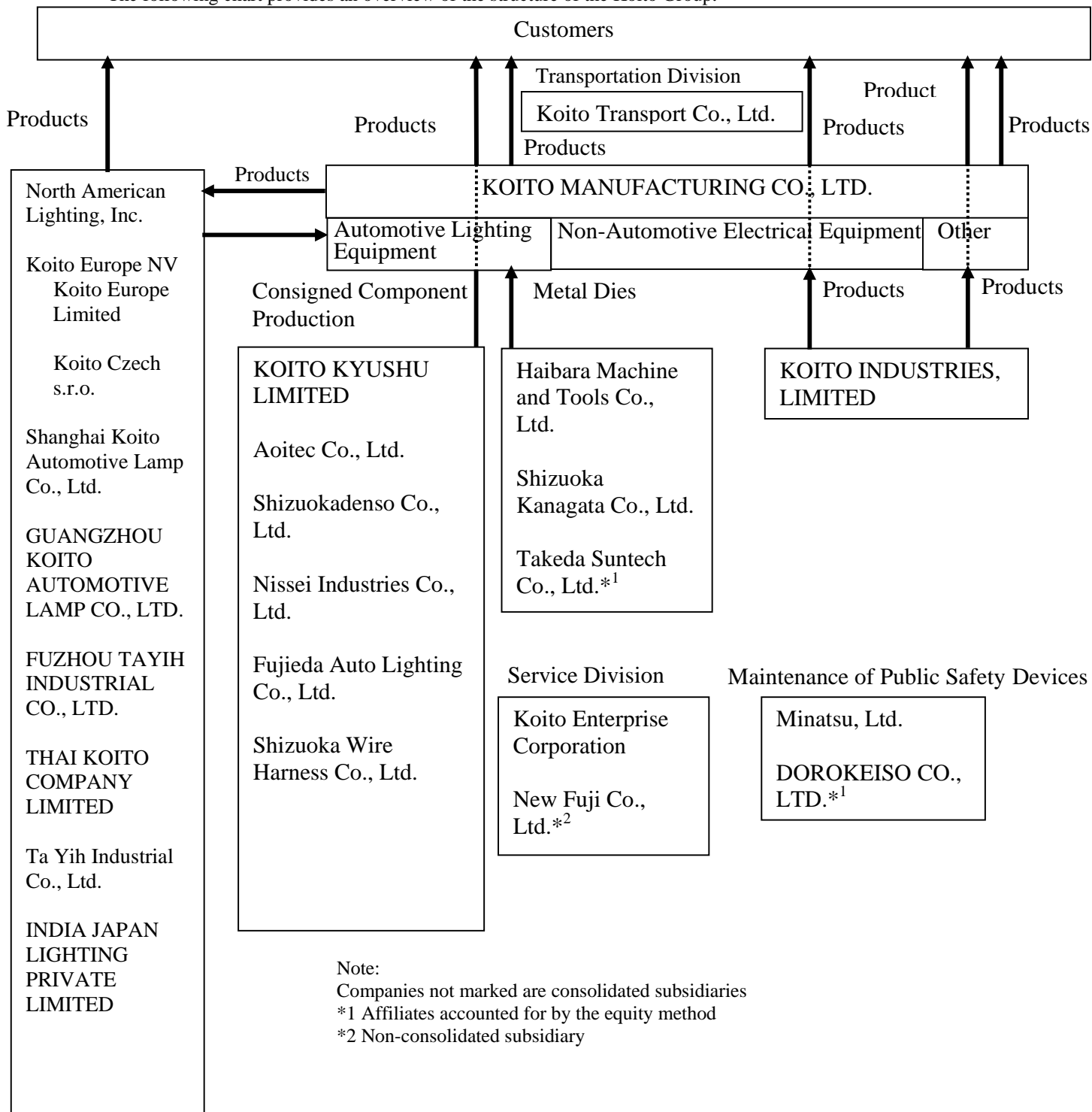
On the basis of maintaining stable dividends, the Koito Group sets dividends in light of a comprehensive range of factors including operating results and business conditions. Koito intends to use retained earnings mainly to maintain a corporate structure capable of responding to future changes in the operating environment, and to expand its business, develop new technologies and products, and streamline operations.

For the interim period under review, Koito will pay a dividend to shareholders of ¥11 per share, which is the same amount as the previous interim period. Koito plans to pay a year-end dividend of ¥11 per share, which is the same amount as the previous year. Including the interim dividend, this would result in a full-year dividend of ¥22 per share, which is also the same amount as the previous year. Looking ahead, we will continue in our efforts to meet the expectations of all shareholders by achieving even higher earnings, and give consideration to returning even more value to shareholders.

2. Koito Group

The Koito Group comprises KOITO MANUFACTURING CO., LTD., its 22 subsidiaries and 3 affiliates. It manufactures and sells automotive lighting equipments, components for airplanes, trains and railways, and a variety of electrical devices and measuring equipment. The Koito Group is also involved in related financial and distribution operations.

The following chart provides an overview of the structure of the Koito Group.



3. Management Policies

(1) Basic Management Policies

The Koito Group's basic management policies call for the stimulation of new customer demand for "lighting" while contributing to the progress of society and fostering mutually beneficial relationships with all stakeholders, including shareholders, customers, employees and business partners.

The Koito Group addresses CSR (corporate social responsibility) and other related activities by engaging in environmental preservation and social contribution programs that promote the policy of "manufacturing products that put people and the environment first" in all its business activities.

(2) Management Targets

To sustain its business and pay stable dividends to shareholders, the Koito Group views net sales, operating income, recurring profit and net income as important management targets to preserve earnings. Koito also considers ROE to be an important target from the viewpoint of investment efficiency and corporate evaluation.

Koito aims to strengthen and refine its corporate structure to enable it to respond with agility to future changes in the business environment, develop new technologies and products, and streamline operations. In doing so, Koito will strive to meet shareholders' expectations by expanding its business in the medium- and long-term, improving performance and paying stable dividends.

(3) Medium- and Long-Term Management Strategies

Under its corporate slogan of "Lighting for Your Safety," the Koito Group, as a manufacturer of automotive lighting and electrical equipment, is committed to playing a part in creating a better society through the creation of new value sought by customers. Strategies for taking Koito forward are as follows:

- 1 As a global supplier capable of meeting the needs of automobile manufacturers seeking to expand production, procurement and supply networks to optimal locations worldwide, the Koito Group will further reinforce the product development, manufacturing and sales functions of its overseas bases while establishing a system to respond to the world's four key regional automobile markets (Japan, North America, Europe and Asia). This will include promoting a complementary supply structure and network within the Group.
- 2 The Koito Group will bring attractive products to market in good time by developing cutting-edge technologies that stay ahead of customer and market needs, and commercializing products at the earliest opportunity.
- 3 The Koito Group will reinforce its corporate and earnings structure by acquiring and effectively allocating resources.
- 4 The Koito Group will pursue the highest standards of quality and safety, and enforce strict environmental safeguards.

These four undertakings encapsulate Koito's commitment to providing satisfaction to shareholders, customers, employees and business partners, while fulfilling its vital mission of helping to preserve the environment.

(4) Key Issues

As a global supplier, the Koito Group is working to realign and reinforce its management framework and organization to be able to respond flexibly to worldwide trends in the automobile industry, to establish development, production and sales systems, and enhance internal controls on corporate activities.

In this context, Koito is building a stronger management structure. Key to this will be developing innovative new technologies and products that anticipate market and customer needs, shortening development times, increasing environmental preservation measures, ramping up production capacity to respond to increased orders, and implementing cost cutting measures throughout the Group. Improving quality, allocating resources effectively and establishing a complementary structure for doing so are also of paramount importance.

As regards internal controls, to ensure that the Koito Group remains trusted by shareholders and all other stakeholders, Koito recognizes the importance of corporate ethics, and is enhancing corporate governance and strengthening compliance to ensure sound management, and transparent and fair management decision-making and business execution.

4. Consolidated Financial Statement

Consolidated Balance Sheets

(¥ millions)

Item	Period	First Half of Fiscal 2008, As of September 30, 2007	Fiscal 2007 As of March 31, 2007	Change	First Half of Fiscal 2007, As of September 30, 2006
Assets					
Current assets:					
Cash and time deposits		10,876	12,624	△ 1,747	8,693
Trade notes and accounts receivable		82,031	98,092	△ 16,061	85,831
Marketable securities		16,382	16,603	△ 220	16,677
Inventories		43,386	38,547	4,839	39,315
Deferred income tax assets		6,100	6,036	63	6,039
Other current assets		11,077	9,107	1,969	11,525
Less: Allowance for doubtful receivables		△ 952	△ 1,127	175	△ 1,096
Total current assets		168,903	179,885	△ 10,981	166,986
Fixed assets:					
Property, plant and equipment:					
Buildings and structures		35,776	32,877	2,899	32,981
Machinery and transportation equipment		39,854	36,607	3,247	34,152
Fixtures, equipment and Tools		15,300	15,160	140	16,447
Land		12,399	12,415	△ 15	12,835
Construction in progress		2,949	5,985	△ 3,035	6,382
Total property, plant and equipment		106,281	103,045	3,236	102,800
Intangible fixed assets		921	966	△ 45	872
Investments and other assets:					
Investment securities		97,967	97,716	251	95,890
Loans		563	529	33	636
Deferred income tax assets		972	—	972	—
Other investments		3,985	3,399	585	3,371
Less: Allowance for doubtful receivables		△ 242	△ 242	—	△ 242
Total investments and other assets		103,246	101,403	1,843	99,655
Total fixed assets		210,449	205,415	5,033	203,328
Total assets		379,353	385,300	△ 5,947	370,315

(¥ millions)

Item	Period	First Half of Fiscal 2008, As of September 30, 2007	Fiscal 2007 As of March 31, 2007	Change	First Half of Fiscal 2007, As of September 30, 2006
Liabilities					
Current liabilities:					
Trade notes and accounts payable		73,899	80,395	△ 6,496	70,883
Short-term loans		38,826	36,313	2,512	29,746
Accrued expenses		16,649	18,229	△ 1,580	17,426
Income taxes payable		3,232	5,126	△ 1,894	2,986
Allowance for employees' bonuses		4,684	4,482	202	4,530
Allowance for directors' and corporate auditors' bonuses		140	280	△ 140	140
Reserve for product warranties		1,400	1,400	—	1,400
Other current liabilities		12,205	9,474	2,730	11,988
Total current liabilities		151,038	155,703	△ 4,665	139,100
Non-current liabilities:					
Long-term debt		17,334	19,936	△ 2,601	27,924
Allowance for employees' retirement benefits		26,481	26,107	374	26,316
Allowance for directors' and corporate auditors' retirement benefits		1,415	1,582	△ 167	1,445
Deferred income taxes		—	861	△ 861	1,592
Other non-current liabilities		827	675	151	573
Total non-current liabilities		46,057	49,162	△ 3,104	57,852
Total liabilities		197,096	204,866	△ 7,770	196,953
Net assets					
Shareholders' equity:					
Common stock		14,270	14,270	—	14,270
Additional paid-in capital		17,107	17,107	—	17,107
Retained earnings		103,084	99,299	3,784	93,657
Treasury common stock, at cost		△ 56	△ 54	△ 2	△ 50
Total shareholders' equity		134,406	130,624	3,782	124,985
Revaluation and translation adjustments:					
Valuation adjustment on investment securities		15,443	17,731	△ 2,288	17,190
Translation adjustments		1,392	1,196	195	789
Total revaluations and translation adjustments		16,835	18,928	△ 2,092	17,979
Minority interests		31,014	30,881	132	30,397
Total net assets		182,256	180,434	1,822	173,362
Total liabilities and net assets		379,353	385,300	△ 5,947	370,315

Consolidated Statements of Income

(¥ millions)

Item	Period		First Half of Fiscal 2008 April 1, 2007 to September 30, 2007		First Half of Fiscal 2007 April 1, 2006 to September 30, 2006		Y-o-Y change		Fiscal 2007 April 1, 2006 to March 31, 2007	
				%		%		%		%
Net sales	214,860	100.0	203,604	100.0	11,256	5.5	452,520	100.0		
Cost of sales	187,614	87.3	177,992	87.4	9,622		395,650	87.4		
Gross profit	27,245	12.7	25,612	12.6	1,633		56,869	12.6		
Selling, general and administrative expenses	17,606	8.2	16,135	7.9	1,470		35,540	7.9		
Operating income	9,639	4.5	9,476	4.7	162	1.7	21,328	4.7		
Non-operating income	2,527		2,453		74		5,091			
Interest income and dividends	(1,093)		(1,108)		(△ 15)		(1,893)			
Equity in earnings of affiliates	(△ 1)		(48)		(△ 50)		(42)			
Other non-operating income	(1,435)		(1,295)		(139)		(3,155)			
Non-operating expenses	1,693		873		819		1,819			
Interest expenses and discounts	(689)		(661)		(27)		(1,387)			
Other non-operating expenses	(1,003)		(211)		(792)		(432)			
Recurring profit	10,474	4.9	11,056	5.4	△ 582	△ 5.3	24,600	5.4		
Extraordinary gains	40		14		26		1,035			
Extraordinary losses	172		559		△ 386		837			
Income before income taxes	10,342	4.8	10,511	5.2	△ 169	△ 1.6	24,799	5.5		
Income taxes	4,345		3,203		1,141		10,411			
Income tax adjustment	△ 332		896		△ 1,228		△ 789			
Total	4,012		4,099		△ 86		9,622			
Minority interest in consolidated subsidiaries	△ 776		△ 533		△ 243		△ 1,802			
Net income	5,552	2.6	5,879	2.9	△ 326	△ 5.6	13,374	3.0		

Consolidated Changes in Shareholders' Equity

First half of Fiscal 2008 (April 1, 2007 to September 30, 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 first half					
Dividends from retained earnings	—	—	△ 1,767	—	△ 1,767
Net income for the first half	—	—	5,552	—	5,552
Purchases of treasury stock	—	—	0	△ 2	△ 2
Net change in non-shareholders' equity items for the first half	—	—	—	—	—
Total changes for the first half	—	—	3,784	△ 2	3,782
Balances as of September 30, 2007	14,270	17,107	103,084	△ 56	134,406

	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 first half					
Dividends from retained earnings	—	—	—	—	△ 1,767
Net income for the first half	—	—	—	—	5,552
Purchases of treasury stock	—	—	—	—	△ 2
Net change in non-shareholders' equity items for the first half	△ 2,288	195	△ 2,092	132	△ 1,959
Total changes for the first half	△ 2,288	195	△ 2,092	132	1,822
Balances as of September 30, 2007	15,443	1,392	16,835	31,014	182,256

First half of Fiscal 2007 (April 1, 2006 to September 30, 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 first half					
Dividends from retained earnings	—	—	△ 1,766	—	△ 1,766
Net income for the first half	—	—	5,879	—	5,879
Purchases of treasury stock	—	—	—	△ 2	△ 2
Disposal of treasury stock	—	—	△ 1	91	90
Other	—	—	△ 2	—	△ 2
Net change in non-shareholders' equity items for the first half	—	—	—	—	—
Total changes for the first half	—	—	4,109	89	4,198
Balances as of September 30, 2006	14,270	17,107	93,657	△ 50	124,985

	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, 2006	18,679	382	19,062	30,436	170,285
Changes in the first half					
Dividends from retained earnings	—	—	—	—	△ 1,766
Net income for the first half	—	—	—	—	5,879
Purchases of treasury stock	—	—	—	—	△ 2
Disposal of treasury stock	—	—	—	—	90
Other	—	—	—	—	△ 2
Net change in non-shareholders' equity items for the first half	△ 1,489	407	△ 1,082	△ 39	△ 1,121
Total changes for the first half	△ 1,489	407	△ 1,082	△ 39	3,076
Balances as of September 30, 2006	17,190	789	17,979	30,397	173,362

Consolidated Changes in Shareholders' Equity

Fiscal 2007 (April 1, 2006 to March 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, 2006	14,270	17,107	89,548	△ 140	120,786
Changes in the fiscal year					
Dividends from retained earnings	—	—	△ 3,534	—	△ 3,534
Net income for the fiscal year	—	—	13,374	—	13,374
Purchases of treasury stock	—	—	—	△ 6	△ 6
Disposal of treasury stock	—	—	0	92	92
Other	—	—	△ 88	—	△ 88
Net change in non-shareholders' equity items for the fiscal year	—	—	—	—	—
Total changes for the fiscal year	—	—	9,751	85	9,837
Balances as of March 31, 2007	14,270	17,107	99,299	△ 54	130,624

	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, 2006	18,679	382	19,062	30,436	170,285
Changes in the fiscal year					
Dividends from retained earnings	—	—	—	—	△ 3,534
Net income for the fiscal year	—	—	—	—	13,374
Purchases of treasury stock	—	—	—	—	△ 6
Disposal of treasury stock	—	—	—	—	92
Other	—	—	—	—	△ 88
Net change in non-shareholders' equity items for the fiscal year	△ 948	814	△ 133	444	311
Total changes for the fiscal year	△ 948	814	△ 133	444	10,148
Balances as of March 31, 2007	17,731	1,196	18,928	30,881	180,434

Consolidated Statements of Cash Flows

(¥ millions)

Period	First Half of Fiscal 2008 April 1, 2007 to September 30, 2007	First Half of Fiscal 2007 April 1, 2006 to September 30, 2006	Fiscal 2007 April 1, 2006 to March 31, 2007
I. Cash flows from operating activities			
Income before income taxes	10,342	10,511	24,799
Depreciation	11,599	10,093	22,347
Equity in earnings of affiliates and companies	1	△48	△42
Provision for allowance for doubtful accounts	△155	4	82
Provision for accrued retirement benefits	207	945	1,892
Provision for reserve for bonuses	342	227	39
Interest and dividends received	△1,093	△1,108	△1,893
Interest payments	689	661	1,387
Loss on sale and revaluation of marketable securities	3	△161	△882
Loss on revaluation of golf memberships	—	—	—
Loss on sale and disposal of property and equipment	137	323	428
Changes in trade notes and accounts receivable	16,294	12,544	△2,910
Changes in inventories	△4,778	△9,001	△8,498
Changes in other receivables	△1,212	△596	2,124
Changes in trade notes and accounts payable	△6,756	△2,909	9,825
Changes in accrued expenses and other current liabilities	1,465	△3	△145
Directors' and corporate auditors' bonuses paid	△280	△270	△270
Sub total	26,805	21,212	48,283
Interest and dividends received	1,093	1,108	1,893
Interest paid	△689	△661	△1,387
Income taxes paid	△6,410	△5,113	△10,236
Net cash provided by operating activities	20,799	16,546	38,553
II. Cash flows from investing activities			
Payments into time deposits	△242	△376	△452
Proceeds from time deposits	355	216	356
Payments for purchase of marketable and investment securities	△20,982	△16,443	△29,592
Proceeds from sale of marketable and investment securities	14,858	13,266	32,523
Payments for purchase of property and equipment	△14,962	△17,571	△34,988
Proceeds from sale of property and equipment	194	△81	404
Payments for new loans	△332	△213	△461
Proceeds from loan repayments	156	278	488
Other payments relating to investments	△612	△584	△918
Net cash used in investing activities	△21,567	△21,508	△32,640
III. Cash flows from financing activities			
Increase in short-term loans	229	3,455	△961
Increase in long-term debt	—	607	4,548
Repayment of long-term debt	△586	△571	△727
Payments for purchase of treasury stock	△4	△3	△7
Proceeds from sale of treasury stock	1	93	93
Dividends paid by parent company	△1,767	△1,765	△3,532
Dividends paid to minority shareholders	△804	△1,155	△1,228
Net cash provided by or used in financing activities	△2,931	661	△1,814
IV. Effect of exchange rate change on cash and cash equivalents	62	57	159
V. Change in cash and cash equivalents	△3,637	△4,244	4,258
VI. Cash and cash equivalents at beginning of period	19,996	15,773	15,773
VII. Decrease in cash and cash equivalents due to exclusion from of a previously consolidated subsidiary	—	—	△35
VIII. Cash and cash equivalents at end of period	16,359	11,529	19,996

Significant Accounting Policies Used in Preparation of Interim Consolidated Financial Statements

1. Scope of Consolidation

Number of consolidated subsidiaries: 22

2. Application of the Equity Method

Number of affiliates accounted for using the equity method: 2

Non-consolidated subsidiary New Fuji Co., Ltd. has been excluded from the scope of affiliated companies accounted for by the equity method as it has a negligible effect on the interim consolidated net income and retained earnings of the Koito Group.

3. Interim period of Consolidated Subsidiaries

The interim period of consolidated subsidiaries KOITO INDUSTRIES, LIMITED, Koito Transport Co., Ltd., Minatsu, Ltd., KOITO KYUSHU LIMITED and INDIA JAPAN LIGHTING PRIVATE LIMITED is September 30, the same as for the parent company. Interim consolidated financial statements are prepared assuming an accounting period ending September 30 for the other consolidated subsidiaries (Aoitec Co., Ltd. and 16 other companies).

4. Summary of Significant Accounting Policies

(1) Valuation standards and accounting treatment for marketable securities

① Securities held for trading:	Market Value (the selling price is determined mainly by the moving average method)
② Securities held to maturity:	Depreciable cost method (straight-line method)
③ Other securities:	
Listed securities	Market Value, determined by the market price as of the end of the interim period, with unrealized gains or losses reported in shareholders' equity and the selling price determined by the moving average method.
Non-listed	Cost determined by the moving average method.

(2) Derivatives: Market Value

(3) Specified money trusts: Market Value

(4) Valuation standards and accounting treatment for inventories

At the Company and its domestic subsidiaries, finished products, semi-finished products and work-in-progress are stated at cost, cost being determined by the gross-average method, whereas raw materials and supplies are stated at cost determined by the moving-average method. At overseas consolidated subsidiaries, inventories are stated at the lower of cost or market, determined by the moving-average method.

(5) Method for depreciating and amortizing important assets

(a) Property, plant and equipment:

At the Company and its domestic consolidated subsidiaries, assets are depreciated using the declining-balance method in accordance with Japan's corporate tax laws. At overseas consolidated subsidiaries, assets are depreciated using the straight-line method. Buildings purchased by domestic consolidated subsidiaries on or after April 1, 1998, excluding fixtures, are depreciated using the straight-line method.

Estimated useful lives are as follows:	
Buildings and structures	7 – 50 years
Machinery and transportation equipment	3 – 7 years

(b) Intangible fixed assets:

Intangible fixed assets are amortized using the straight-line method.

(6) Accounting for important allowances

(a) Allowance for doubtful accounts:

The allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance comprises two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve for accounts receivable calculated based on historical default rates. Overseas consolidated subsidiaries provide for the estimated credit loss for certain doubtful receivables based on an individual assessment of each account.

(b) Allowance for bonuses:

At the Company and its domestic consolidated subsidiaries, the allowance for employees' bonuses is based on the estimated requirements for the fiscal year. The amount recorded is that applicable to the full period.

(c) Allowance for directors' and corporate auditors' bonuses:

At the Company and some of its domestic consolidated subsidiaries, an allowance is provided to pay bonuses to directors and corporate auditors as decided at the General Meeting of Shareholders.

(d) Reserve for product warranties:

The reserve for product warranties is provided to cover payments in response to possible liability claims made under product warranties based on historical claim rates.

(e) Allowance for employees' retirement benefits:

At the Company and its consolidated subsidiaries, an allowance for retirement benefits is provided to adequately cover the pension costs of employees. The retirement benefit allowance is determined as of the end of the interim period on the basis of projected retirement benefit liabilities and pension assets at the fiscal year balance sheet date.

Actuarial gains or losses are amortized from the accounting period following the period in which actuarial gains or losses arise, using the straight-line method over a fixed number of years (5 to 10 years), but no more than the average remaining years of service of employees in the accounting period in which actuarial gains or losses arise.

(f) Allowance for directors' and corporate auditors' retirement benefits:

The Company and its domestic consolidated subsidiaries provide an allowance for directors' and corporate auditors' retirement benefits to adequately cover payments of such benefits during the interim period under review, as prescribed by Company regulations.

(7) Accounting for foreign currency denominated transactions

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the balance sheet date and included in income. Assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen at the exchange rate prevailing at the balance date, while revenues and costs at overseas subsidiaries are translated into Japanese yen at the average exchange rate prevailing during the interim accounting period. Gains or losses on such foreign currency translations are listed under minority interests and reported in shareholders' equity as translation adjustments.

(8) Accounting for leases

Finance leases, other than those that transfer ownership of the leased assets to the lessees, are treated in the same way as ordinary operating leases for accounting purposes by the Company and domestic consolidated subsidiaries, and are treated by certain overseas subsidiaries as ordinary transactions.

(9) Accounting for hedging

Unrealized gains and losses arising from hedge transactions are recognized when the underlying hedge contracts are concluded and are included in income during the applicable accounting period.

(10) Accounting treatment of consumption tax

Financial statements are prepared exclusive of consumption taxes.

5. Scope of Cash and Cash Equivalents in the Statement of Cash Flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand, demand deposits, and highly liquid short-term investments with maturities of less than 3 months that can be readily converted into cash and carry little risk of fluctuation in value.

Significant Changes to Accounting Policies Used in Preparation of Interim Consolidated Financial Statements

(Changes to depreciation method for tangible fixed assets)

Recent revisions to the Corporate Tax Law have resulted in changes to the depreciation method for tangible fixed assets. Effective from the interim fiscal period under review, the method for calculating the depreciation of tangible fixed assets of domestic consolidated subsidiaries has been changed on the basis of the recent revisions to the Corporate Tax Law.

Notes

(¥ millions)

	First Half of Fiscal 2008, As of September 30, 2007	First Half of Fiscal 2007, As of September 30, 2006	Fiscal 2007 As of March 31, 2007
1. Cumulative depreciation of property, plant and equipment	188,895	178,694	182,515
2. Liabilities for guarantees	13	24	14
3. Assets pledged as collateral			
Buildings and structures	—	695	137
Machinery	1,719	2,130	354
Land	1,756	1,902	1,786
Total	3,476	4,728	2,278

4. Selling, general and administrative expenses

(¥ millions)

	First Half of Fiscal 2008 April 1, 2007 to September 30, 2007	First Half of Fiscal 2007 April 1, 2006 to September 30, 2006	Fiscal 2007 April 1, 2006 to March 31, 2007
(1) Selling expenses			
Freight expenses	1,643	1,373	3,058
Employee salaries	1,985	2,524	5,306
Packaging expenses	1,009	842	1,763
Transfer to allowance for bonuses	543	585	560
Retirement benefit expenses	230	309	719
(2) General and administrative expenses			
Employee salaries	2,989	3,440	6,397
Fringe benefits expenses	866	834	1,687
Transfer to allowance for bonuses	491	436	444
Transfer to allowance for directors' bonuses	140	140	280
Retirement benefit expenses	278	319	630
Transfer to allowance for directors' retirement benefits	137	152	296

5. Reconciliation between balance sheet accounts and term-end balance of cash and cash equivalents

(¥ millions)

	First Half of Fiscal 2008 As of September 30, 2007	First Half of Fiscal 2007 As of September 30, 2006	Fiscal 2007 As of March 31, 2007
Cash and deposits	10,876	8,693	12,624
Time deposits with maturities exceeding three months	△ 353	△ 660	△ 470
Marketable securities redeemable within three months	5,836	3,496	7,842
Cash and cash equivalents	16,359	11,529	19,996

Segment Information

(1) Industry Segment Information

First half of Fiscal 2008 (April 1, 2007 to September 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	187,627	11,711	15,521	214,860	—	214,860
(2) Inter-segment sales and transfers	59,923	220	1,750	61,894	(61,894)	—
Total	247,550	11,932	17,272	276,755	(61,894)	214,860
Operating expenses	237,173	11,842	17,614	266,630	(61,409)	205,220
Operating income or loss	10,376	90	△ 341	10,125	(485)	9,639

First half of Fiscal 2007 (April 1, 2006 to September 30, 2006)

(¥ millions)

	Automotive Lighting Equipment	Non-Automotive Electrical Equipment	Other Products & Services	Total	Corporate and elimination	Consolidated total
Sales						
(1) Sales to outside customers	180,853	11,197	11,553	203,604	—	203,604
(2) Inter-segment sales and transfers	42,070	194	1,617	43,881	(43,881)	—
Total	222,923	11,392	13,170	247,486	(43,881)	203,604
Operating expenses	212,171	11,976	13,263	237,411	(43,283)	194,127
Operating income or loss	10,751	△ 583	△ 92	10,074	(598)	9,476

Fiscal 2007 (April 1, 2006 to March 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	383,668	38,071	30,780	452,520	—	452,520
(2) Inter-segment sales and transfers	93,916	984	3,400	98,302	(98,302)	—
Total	477,585	39,055	34,181	550,822	(98,302)	452,520
Operating expenses	455,715	38,395	34,368	528,479	(97,287)	431,191
Operating income or loss	21,870	660	△ 187	22,343	(1,014)	21,328

Notes:

1. Industry segment figures are based on sales categories.

2. Major products of each division

(1) Automotive Lighting Equipment:

Headlamps, miscellaneous car lamps, discharge headlamp systems, signaling lamps, high-mount stop lamps, halogen bulbs, various miniature bulbs and other lighting products.

(2) Non-Automotive Electrical Equipment:

Control systems for rail transports, road traffic signals, and traffic control systems.

(3) Other Products & Services:

Aircraft equipments and electronic components, special-feature seats, environmental control systems, transportation, finance and insurance services.

3. Significant components of corporate and elimination

(¥ millions)

	First half of Fiscal 2008 April 1, 2007 to September 30, 2007	First half of Fiscal 2007 April 1, 2006 to September 30, 2006	Fiscal 2007 April 1, 2006 to March 30, 2007	Significant Items
Unallocated operating expenses in corporate and elimination	1,802	1,744	3,454	Expenses related to the General Affairs Department of the parent company's head office

(2) Geographical Segment Information

First half of Fiscal 2008 (April 1, 2007 to September 30, 2007)

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
Sales							
(1) Sales to outside customers	129,546	28,904	43,915	12,494	214,860	—	214,860
(2) Inter-segment sales and transfers	46,220	—	3,466	12,208	61,894	(61,894)	—
Total	175,766	28,904	47,381	24,703	276,755	(61,894)	214,860
Operating expenses	168,814	27,687	45,256	24,871	266,630	(61,409)	205,220
Operating income or loss	6,952	1,216	2,124	△ 168	10,125	(485)	9,639

First half of Fiscal 2007 (April 1, 2006 to September 30, 2006)

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
Sales							
(1) Sales to outside customers	124,238	26,308	41,422	11,635	203,604	—	203,604
(2) Inter-segment sales and transfers	30,606	—	1,759	11,515	43,881	(43,881)	—
Total	154,844	26,308	43,182	23,150	247,486	(43,881)	203,604
Operating expenses	147,991	25,155	41,252	23,012	237,411	(43,283)	194,127
Operating income or loss	6,853	1,153	1,929	138	10,074	(598)	9,476

Fiscal 2007 (April 1, 2006 to March 31, 2007)

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
Sales							
(1) Sales to outside customers	282,668	55,525	89,317	25,009	452,520	—	452,520
(2) Inter-segment sales and transfers	70,817	—	3,107	24,377	98,302	(98,302)	—
Total	353,485	55,525	92,425	49,386	550,822	(98,302)	452,520
Operating expenses	337,634	52,985	88,788	49,071	528,479	(97,287)	431,191
Operating income or loss	15,851	2,540	3,637	314	22,343	(1,014)	21,328

Notes:

- Country and regional segments are based on geographic proximity.
- Countries and regions included in each segment:
 - North America: United States
 - Asia: China, Taiwan, Korea, Thailand and India
 - Europe: United Kingdom, Czech Republic and Belgium
- Significant components of corporate and elimination

(¥ millions)

	First Half of Fiscal 2008 April 1, 2007 to September 30, 2007	First Half of Fiscal 2007 April 1, 2006 to September 30, 2006	Fiscal 2007 April 1, 2006 to March 31, 2007	Significant items
Unallocated operating expenses in corporate and elimination	1,802	1,744	3,454	Expenses related to the General Affairs Department of the parent company's head office

(3) Overseas Sales

First half of Fiscal 2008 (April 1, 2007 to September 30, 2007) (¥ millions)

	North America	Asia	Europe	Total
I Overseas sales	31,368	43,145	13,292	87,805
II Consolidated sales				214,860
III Overseas sales ratio (%)	14.6	20.1	6.2	40.9

First half of Fiscal 2007 (April 1, 2006 to September 30, 2006) (¥ millions)

	North America	Asia	Europe	Total
I Overseas sales	28,319	40,892	12,303	81,514
II Consolidated sales				203,604
III Overseas sales ratio (%)	13.9	20.1	6.0	40.0

Fiscal 2007 (April 1, 2006 to March 31, 2007) (¥ millions)

	North America	Asia	Europe	Total
I Overseas sales	59,990	88,346	27,378	175,714
II Consolidated sales				452,520
III Overseas sales ratio (%)	13.3	19.5	6.0	38.8

Notes:

- Country and regional segments are based on geographic proximity.
- Countries and regions included in each segment:
 - (1) North America: United States
 - (2) Asia: China, Taiwan, Korea, Thailand and India
 - (3) Europe: United Kingdom, Czech Republic and Belgium
- Overseas sales are those of the parent company and its consolidated subsidiaries to countries and regions other than the country or region in which each is based.

Lease Transactions

1. Finance leases that do not transfer ownership of leased property to lessee

① Acquisition cost, accumulated depreciation and balance equivalents of leased assets as of the interim balance date

(¥ millions)

		First Half of Fiscal 2008 April 1, 2007 to September 30, 2007	First Half of Fiscal 2007 April 1, 2006 to September 30, 2006	Fiscal 2007 April 1, 2006 to March 31, 2007
Acquisition cost equivalents	Buildings	2,495	2,495	2,495
	Machinery and transportation equipment	1,522	1,474	1,645
	Tools and equipment	821	836	928
	Total	4,840	4,807	5,070
Accumulated depreciation equivalents	Buildings	333	271	296
	Machinery and transportation equipment	845	790	889
	Tools and equipment	566	523	617
	Total	1,745	1,586	1,803
Term-end balance equivalents	Buildings	2,162	2,224	2,199
	Machinery and transportation equipment	677	684	755
	Tools and equipment	254	312	311
	Total	3,095	3,220	3,266

Note: Acquisition cost equivalents constituted an immaterial portion of term-end balances of property, plant and equipment. Consequently, acquisition cost equivalents are accounted for by the paid interest method.

② Interim (year-end) balances of outstanding lease commitments

(¥ millions)

	First Half of Fiscal 2008 April 1, 2007 to September 30, 2007	First Half of Fiscal 2007 April 1, 2006 to September 30, 2006	Fiscal 2007 April 1, 2006 to March 31, 2007
Within one year	302	334	440
More than one year	2,792	2,886	2,826
Total	3,095	3,220	3,266

Note: Outstanding lease commitments constituted an immaterial portion of interim term-end balances of property, plant and equipment. Consequently, outstanding lease commitments are accounted for by the paid interest method.

③ Lease charge payable and depreciation equivalents

(¥ millions)

	First of Half Fiscal 2008 April 1, 2007 to September 30, 2007	First Half of Fiscal 2007 April 1, 2006 to September 30, 2006	Fiscal 2007 April 1, 2006 to March 31, 2007
Lease charge payable	275	319	531
Depreciation equivalents	275	319	531

④ Accounting method for depreciation equivalents

Depreciation equivalents are accounted for by the straight-line method, assuming the lease period to be the useful lives and the residual value to be zero.

2. Operating lease transactions

(¥ millions)

	First Half of Fiscal 2008 April 1, 2007 to September 30, 2007	First Half of Fiscal 2007 April 1, 2006 to September 30, 2006	Fiscal 2007 April 1, 2006 to March 31, 2007
Outstanding lease commitments			
Within one year	53	294	372
More than one year	876	270	127
Total	929	565	500

Marketable Securities

Marketable securities as of September 30, 2007

1. Securities held to maturity (¥ millions)

	Book Value	Market Value	Difference
(1) Japanese Government bonds and municipal bonds	991	985	△ 5
(2) Corporate bonds	—	—	—
(3) Others	59,687	57,898	△ 1,788
Total	60,678	58,883	△ 1,794

2. Other listed securities (¥ millions)

	Acquisition Cost	Book Value	Difference
(1) Shares	10,658	20,664	10,006
(2) Bonds			
Japanese Government bonds and municipal bonds	—	—	—
Corporate bonds	100	102	2
Others	4,694	4,501	△ 192
(3) Other	7,435	7,479	43
Total	22,887	32,747	9,860

3. Schedule of non-listed securities (¥ millions)

	Book Value	Details
(1) Bonds held to maturity		
Non-listed foreign bonds	84	
(2) Other securities		
Non-listed shares	2,970	
Investments	349	

Marketable securities as of September 30, 2006

1. Securities held to maturity (¥ millions)

	Book Value	Market Value	Difference
(1) Japanese Government bonds and municipal bonds	991	983	△ 7
(2) Corporate bonds	100	100	0
(3) Others	52,306	51,048	△ 1,257
Total	53,397	52,132	△ 1,265

2. Other listed securities (¥ millions)

	Acquisition Cost	Book Value	Difference
(1) Shares	10,403	37,563	27,159
(2) Bonds			
Japanese Government bonds and municipal bonds	—	—	—
Corporate bonds	600	594	△ 5
Others	2,284	2,196	△ 87
(3) Other	8,271	8,163	△ 107
Total	21,558	48,517	26,958

3. Schedule of non-listed securities (¥ millions)

	Book Value	Details
(1) Bonds held to maturity		
Non-listed foreign bonds, other	158	
(2) Other securities		
Non-listed shares	5,779	
Investments	275	

Marketable securities as of March 31, 2007

1. Securities held to maturity (¥ millions)

	Book Value	Market Value	Difference
(1) Japanese government bonds and municipal bonds	991	980	△ 11
(2) Corporate bonds	—	—	—
(3) Others	58,887	57,990	△ 896
Total	59,878	58,970	△ 907

2. Other listed marketable securities (¥ millions)

	Acquisition cost	Book Value	Difference
(1) Shares	9,489	37,627	28,137
(2) Bonds			
Japanese government bonds and municipal bonds	—	—	—
Corporate bonds	600	603	3
Others	2,984	2,890	△ 93
(3) Others	6,789	6,751	△ 37
Total	19,863	47,873	28,010

3. Schedule of non-listed securities (¥ millions)

	Book Value	Details
(1) Bonds held to maturity		
Non-listed foreign bonds	83	
(2) Other securities		
Non-listed shares	2,975	
Investments	350	

Per Share Information

	First Half of Fiscal 2008	First Half of Fiscal 2007	Fiscal 2007
Net assets per share	¥941.06	¥889.54	¥930.54
Net income per share	¥ 34.55	¥ 36.59	¥ 83.23

Net income per share after adjustment for dilution is not shown for the first half of fiscal 2007 and fiscal 2007 since treasury stock for the Company's stock option program using the treasury stock method had no dilutive effect after adjustment.

Note: The following shows the basis for calculation of net income per share.

	First Half of Fiscal 2008	First Half of Fiscal 2007	Fiscal 2007
Net income	¥5,552 million	¥5,879 million	¥13,374 million
Amount not attributable to common stock	—	—	—
Net income associated with common stock	¥5,552 million	¥5,879 million	¥13,374 million
Average number of shares outstanding during the period	160,716,053 shares	160,674,323 shares	160,695,880 shares

5. Non-consolidated Financial Statement

Non-consolidated Balance Sheets

(¥ millions)

Item	Period	First Half of Fiscal 2008 As of September 30, 2007	Fiscal 2007 As of March 31, 2007	Change	First Half of Fiscal 2007 As of September 30, 2006
Assets					
Current assets:					
Cash and time deposits		672	962	△ 289	904
Notes receivable		470	513	△ 42	513
Accounts receivable—trade		47,189	49,175	△ 1,985	44,356
Marketable securities		6,905	7,590	△ 684	8,907
Finished and semi-finished products		4,905	4,565	340	4,451
Work in progress		1,063	978	85	1,193
Raw materials and supplies		2,610	2,958	△ 347	3,004
Accrued income		2,382	3,609	△ 1,227	2,467
Deferred income tax assets		2,862	2,818	44	2,862
Other current assets		625	151	473	527
Less: Allowance for doubtful receivables		△ 108	△ 123	15	△ 112
Total current assets		69,580	73,198	△ 3,618	69,076
Fixed assets:					
Property, plant and equipment					
Buildings		13,064	12,724	339	12,944
Structures		1,016	1,056	△ 40	1,026
Machinery		5,712	5,401	310	6,130
Vehicles		259	232	26	230
Tools and equipment		6,770	6,890	△ 119	7,843
Land		6,309	6,309	—	6,340
Construction in progress		—	—	—	0
Total property, plant and equipment		33,132	32,614	517	34,517
Intangible fixed assets		131	138	△ 6	127
Investments and other assets:					
Investment securities		57,933	55,502	2,430	51,493
Shares of affiliated companies		40,260	41,895	△ 1,635	39,241
Investments in affiliated companies		11,367	11,367	—	10,917
Other investments		1,173	1,181	△ 8	1,184
Less: Allowance for doubtful receivables		△ 210	△ 209	0	△ 209
Total Investments and other assets		110,524	109,737	786	102,627
Total fixed assets		143,788	142,490	1,297	137,271
Total assets		213,369	215,689	△ 2,320	206,348

(¥ millions)

Item	Period	First Half of Fiscal 2008 As of September 30, 2007	Fiscal 2007 As of March 31, 2007	Change	First Half of Fiscal 2007 As of September 30, 2006
Liabilities					
Current liabilities:					
Notes and accounts payable		41,710	44,290	△ 2,579	39,921
Payables		3,883	2,578	1,304	5,408
Accrued expenses		8,988	9,503	△ 514	9,810
Allowance for employees' bonuses		3,463	3,414	49	3,411
Allowance for directors' and corporate auditors' bonuses		140	280	△ 140	140
Reserve for product warranties		1,400	1,400	—	1,400
Income taxes payable		3,323	4,421	△ 1,098	2,833
Other current liabilities		599	576	22	440
Total current liabilities		63,508	66,465	△ 2,956	63,365
Non-current liabilities:					
Allowance for employees' retirement benefits		16,638	16,148	490	15,265
Allowance for directors' retirement benefits		1,110	1,218	△ 108	1,104
Allowance for losses on overseas investments		1,500	1,500	—	1,500
Deferred income taxes		1,145	2,320	△ 1,175	2,868
Others		2	2	—	2
Total non-current liabilities		20,396	21,190	△ 793	20,741
Total liabilities		83,905	87,655	△ 3,749	84,107
Net assets					
Shareholders' equity:					
Common stock		14,270	14,270	—	14,270
Additional paid-in capital					
Capital reserve		17,107	17,107	—	17,107
Total additional paid-in capital		17,107	17,107	—	17,107
Retained earnings					
Profit reserve		3,567	3,567	—	3,567
Other retained earnings					
Reserve for reductions of asset costs		847	847	—	866
Other reserve		70,000	62,000	8,000	62,000
Retained earnings brought forward		8,758	13,217	△ 4,459	7,952
Total retained earnings		83,173	79,632	3,540	74,387
Treasury stock		△ 56	△ 54	△ 2	△ 50
Total shareholders' equity		114,495	110,957	3,538	105,715
Revaluations and translation adjustments					
Valuation adjustment on investment securities		14,968	17,076	△ 2,108	16,526
Total revaluations and translation adjustments		14,968	17,076	△ 2,108	16,526
Total net assets		129,463	128,033	1,429	122,241
Total liabilities and net assets equity		213,369	215,689	△ 2,320	206,348

Non-consolidated Statements of Income

(¥ millions)

Item	Period		First Half of Fiscal 2008 April 1, 2007 to September 30, 2007		First Half of Fiscal 2007 April 1, 2006 to September 30, 2006		Y-o-Y change		Fiscal 2007 April 1, 2006 to March 31, 2007	
		%		%		%		%		%
Net sales	114,599	100.0	108,434	100.0	6,165	5.7	228,723	100.0		
Cost of sales	99,548	86.9	93,946	86.6	5,601		198,786	86.9		
Gross profit	15,051	13.1	14,487	13.4	563		29,936	13.1		
Selling, general and administrative expenses	9,256	8.0	9,050	8.4	206		18,236	8.0		
Operating income	5,794	5.1	5,437	5.0	357	6.6	11,699	5.1		
Non-operating income	3,046		3,038		8		6,505			
Interest income and dividends	(1,704)		(1,813)		(△ 108)		(3,088)			
Other non-operating income	(1,342)		(1,224)		(117)		(3,416)			
Non-operating expenses	25		34		△ 8		54			
Recurring profit	8,815	7.7	8,440	7.8	374	4.4	18,150	7.9		
Extraordinary gains	—		10		△ 10		1,758			
Gains on sales of marketable securities	(—)		(—)		(—)		(1,728)			
Gains on sales of property, plant and equipment	(—)		(10)		(△ 10)		(29)			
Extraordinary losses	141		251		△ 109		277			
Losses on sales and disposal of property, plant and equipment	(141)		(239)		(△ 98)		(266)			
Losses on revaluation of landholdings	(—)		(11)		(△ 11)		(11)			
Income before income taxes	8,673	7.6	8,200	7.6	473	5.8	19,631	8.6		
Income taxes	3,156		2,772		384		8,047			
Deferred taxes	208		425		△ 216		△ 430			
Total	3,365		3,198		167		7,617			
Net income	5,308	4.6	5,002	4.6	306	6.1	12,014	5.3		

Non-consolidated Changes in Shareholders' Equity

First half of Fiscal 2008 (April 1, 2007 to September 30, 2007)

(¥ millions)

	Shareholders' equity									
	Common stock	Additional paid-in capital		Retained earnings					Treasury stock	Total shareholders' equity
		Capital reserve	Total additional paid-in capital	Profit reserve	Other retained earnings			Total retained earnings		
					Reduction of assets cost	Other reserve	Retained earnings brought forward			
Balances as of March 31, 2007	14,270	17,107	17,107	3,567	847	62,000	13,217	79,632	△ 54	110,957
Changes during first half										
Provision of other reserve	—	—	—	—	—	8,000	△ 8,000	—	—	—
Dividends from retained earnings	—	—	—	—	—	—	△ 1,767	△ 1,767	—	△ 1,767
Net income for the first half	—	—	—	—	—	—	5,308	5,308	—	5,308
Purchases of treasury stock	—	—	—	—	—	—	0	0	△ 2	△ 2
Net change in non-shareholders' equity items for the first half	—	—	—	—	—	—	—	—	—	—
Total change for the first half	—	—	—	—	—	8,000	△ 4,459	3,540	△ 2	3,538
Balances as of September 30, 2007	14,270	17,107	17,107	3,567	847	70,000	8,758	83,173	△ 56	114,495

	Revaluations and translation adjustments		Total net assets
	Valuation adjustment on investment securities	Total revaluations and translation adjustments	
Balances as of March 31, 2007	17,076	17,076	128,033
Changes in the first half			
Provision of other reserve	—	—	—
Dividends from retained earnings	—	—	△ 1,767
Net income for the first half	—	—	5,308
Purchases of treasury stock	—	—	△ 2
Net change in non-shareholders' equity items for the first half	△ 2,108	△ 2,108	△ 2,108
Total change for the first half	△ 2,108	△ 2,108	1,429
Balances as of September 30, 2007	14,968	14,968	129,463

First half of Fiscal 2007 (April 1, 2006 to September 30, 2006)

(¥ millions)

	Shareholders' equity									
	Common stock	Additional paid-in capital		Retained earnings					Treasury stock	Total shareholders' equity
		Capital reserve	Total additional paid-in capital	Profit reserve	Other retained earnings			Total retained earnings		
					Reduction of assets cost	Other reserve	Retained earnings brought forward			
Balances as of March 31, 2006	14,270	17,107	17,107	3,567	920	55,000	11,663	71,152	△ 120	102,411
Changes during first half										
Reversal of reduction of assets cost	—	—	—	—	△ 54	—	54	—	—	—
Provision of other reserve	—	—	—	—	—	7,000	△ 7,000	—	—	—
Dividends from retained earnings	—	—	—	—	—	—	△ 1,766	△ 1,766	—	△ 1,766
Net income for the first half	—	—	—	—	—	—	5,002	5,002	—	5,002
Purchases of treasury stock	—	—	—	—	—	—	—	—	△ 2	△ 2
Disposal of treasury stock	—	—	—	—	—	—	△ 1	△ 1	72	71
Net change in non-shareholders' equity items for the first half	—	—	—	—	—	—	—	—	—	—
Total change for the first half	—	—	—	—	△ 54	7,000	△ 3,711	3,234	69	3,303
Balances as of September 30, 2006	14,270	17,107	17,107	3,567	866	62,000	7,952	74,387	△ 50	105,715

	Revaluations and translation adjustments		Total net assets
	Valuation adjustment on investment securities	Total revaluations and translation adjustments	
Balances as of March 31, 2006	18,003	18,003	120,414
Changes in the first half			
Reversal of reduction of assets cost	—	—	—
Provision of other reserve	—	—	—
Dividends from retained earnings	—	—	△ 1,766
Net income for the first half	—	—	5,002
Purchases of treasury stock	—	—	△ 2
Disposal of treasury stock	—	—	71
Net change in non-shareholders' equity items for the first half	△ 1,477	△ 1,477	△ 1,477
Total change for the first half	△ 1,477	△ 1,477	1,826
Balances as of September 30, 2006	16,526	16,526	122,241

Fiscal 2007 (April 1, 2006 to March 31, 2007)

(¥ millions)

	Shareholders' equity									
	Common stock	Additional paid-in capital		Profit reserve	Retained earnings			Total retained earnings	Treasury stock	Total shareholders' equity
		Capital reserve	Total additional paid-in capital		Other retained earnings					
					Reduction of assets cost	Other reserve	Retained earnings brought forward			
Balances as of March 31, 2006	14,270	17,107	17,107	3,567	920	55,000	11,663	71,152	△ 120	102,411
Changes in the fiscal year										
Reversal of reduction of assets cost (previous year)	—	—	—	—	△ 54	—	54	—	—	—
Reversal of reduction of assets cost (current year)	—	—	—	—	△ 23	—	23	—	—	—
Provision for reduction of assets cost	—	—	—	—	3	—	△ 3	—	—	—
Provision of other reserve	—	—	—	—	—	7,000	△ 7,000	—	—	—
Dividends from retained earnings	—	—	—	—	—	—	△ 3,534	△ 3,534	—	△ 3,534
Net income for the fiscal year	—	—	—	—	—	—	12,014	12,014	—	12,014
Purchases of treasury stock	—	—	—	—	—	—	—	—	△ 6	△ 6
Disposal of treasury stock	—	—	—	—	—	—	0	0	72	72
Net change in non-shareholders' equity items for the fiscal year	—	—	—	—	—	—	—	—	—	—
Total change for the fiscal year	—	—	—	—	△ 73	7,000	1,553	8,479	66	8,546
Balances as of March 31, 2007	14,270	17,107	17,107	3,567	847	62,000	13,217	79,632	△ 54	110,957

	Revaluations and translation adjustments		Total net assets
	Valuation adjustment on investment securities	Total revaluations and translation adjustments	
Balances as of March 31, 2006	18,003	18,003	120,414
Changes in the fiscal year			
Reversal of reduction of assets cost (previous year)	—	—	—
Reversal of reduction of assets cost (current year)	—	—	—
Provision for reduction of assets cost	—	—	—
Provision of other reserve	—	—	—
Dividends from retained earnings	—	—	△ 3,534
Net income for the fiscal year	—	—	12,014
Purchases of treasury stock	—	—	△ 6
Disposal of treasury stock	—	—	72
Net change in non-shareholders' equity items for the fiscal year	△ 926	△ 926	△ 926
Total change for the fiscal year	△ 926	△ 926	7,619
Balances as of March 31, 2007	17,076	17,076	128,033

Breakdown of Non-Consolidated Net Sales

(¥ millions)

	First Half of Fiscal 2008 April 1, 2007 to September 30, 2007		First Half of Fiscal 2007 April 1, 2006 to September 30, 2006		Y-o-Y change		Fiscal 2007 April 1, 2006 to March 31, 2007	
		%		%		%		%
Automotive Lighting Equipment	109,345	95.4	104,437	96.3	4,908	4.7	219,876	96.1
Aircraft Equipment	1,629	1.4	1,399	1.3	230	16.4	3,087	1.4
Others	3,624	3.2	2,596	2.4	1,028	39.6	5,759	2.5
Total	114,599	100.0	108,434	100.0	6,165	5.7	228,723	100.0
(Portion accounted for by exports)	(13,421)	(11.7)	(12,353)	(11.4)	(1,068)	(8.6)	(24,592)	(10.8)

Significant Accounting Policies Used in Preparation of Interim Non-consolidated Financial Statements

1. Marketable securities

<ul style="list-style-type: none"> Securities held for trading Securities held to maturity Securities of subsidiaries and affiliates Other securities <ul style="list-style-type: none"> Listed securities Non-listed 	<ul style="list-style-type: none"> Market Value (the selling price is mainly determined by the moving-average method) Depreciable-cost method (straight-line method) Cost as determined by the moving-average method Market Value, determined by the market price as of the end of the interim period, with unrealized gains or losses reported in shareholders' equity and the selling price determined by the moving-average method Cost determined by the moving-average method
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2. Derivatives
3. Money trusts
4. Inventories

<ul style="list-style-type: none"> Finished and semi-finished products and work in progress Raw materials and supplies 	<ul style="list-style-type: none"> Market Value Market Value Stated at cost, determined mainly by the gross-average method Stated at cost, determined by the moving-average method
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5. Method for depreciating and amortizing property, plant and equipment

Property, plant and equipment are depreciated using the declining-balance method, based on the estimated useful lives of the assets as permitted by the corporate tax laws. Intangible fixed assets are depreciated using the straight-line method. Estimate useful lives are as follows:

Buildings and structures	7 – 50 years
Machinery and transportation equipment	3 – 7 years
6. Allowance for doubtful receivables

The allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up by two components: a reserve for general receivables calculated based on historical default rates, and the estimated credit loss for doubtful receivables based on an individual assessment of each account.
7. Allowance for bonuses

Provisions for employees' bonuses are based on the estimated requirements for the fiscal year. The amount recorded is that applicable to the interim period.
8. Allowance for directors' and corporate auditors' bonuses

Provisions for directors' and corporate auditors' bonuses are subject to the approval of the General Meeting of Shareholders. The amount recorded is that applicable to the interim period.
9. Reserve for product warranties

The Company provides for a reserve for possible expenses related to quality assurance issues.
10. Allowance for retirement benefits

An allowance for retirement benefits is provided to adequately cover the pension costs of employees. The allowance is determined as of the end of the six-month period on the basis of projected retirement benefit liabilities and pension assets at the fiscal year balance sheet date.

Actuarial gains or losses are amortized from the fiscal year following the fiscal year in which actuarial gains or losses arise, using the straight-line method over a fixed number of years (5 years), but no more than the average remaining years of service of employees in the fiscal year in which actuarial gains or losses arise.
11. Allowance for directors' and corporate auditors' retirement benefits

The Company and its subsidiaries provide an allowance for directors' retirement benefits to cover estimated payments of such benefits during the interim accounting period under review, as prescribed by Company regulations.
12. Reserve for losses on overseas investments

The allowance for losses on overseas investments provides for possible losses is made up by the estimated credit loss for investment losses based on an individual assessment of country risk and the financial soundness of overseas affiliates.
13. Accounting for translation of foreign currency transactions

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate in effect at the end of the interim period with gains and losses included in income.
14. Accounting for leases

Finance leases, other than those that transfer ownership of the leased assets to the lessees, are treated in the same way as ordinary operating leases for accounting purposes.
15. Accounting for hedging

Unrealized gains and losses arising from hedge transactions are recognized when the underlying hedge contracts are concluded and are included in income during the applicable accounting period.
16. Accounting treatment of consumption taxes

Financial statements are prepared exclusive of consumption taxes and regional consumption taxes.

Notes

	First Half of Fiscal 2008 As of September 30, 2007	First Half of Fiscal 2007 As of September 30, 2006	Fiscal 2007 As of March 31, 2007
1. Cumulative depreciation of property, plant and equipment	¥ 96,935 million	¥ 94,942 million	¥ 96,918 million
2. Guarantees	¥ 31,442 million	¥ 31,585 million	¥ 31,428 million

Lease Transactions

1. Finance leases that do not transfer ownership of leased property to the lessee

① Acquisition cost, accumulated depreciation and balance equivalents of leased assets as of the interim year-end

(¥ millions)

		First Half of Fiscal 2008 April 1, 2007 to September 30, 2007	First Half of Fiscal 2007 April 1, 2006 to September 30, 2006	Fiscal 2007 April 1, 2006 to March 31, 2007
Acquisition cost equivalents	Machinery and transportation equipment	459	459	459
	Tools and equipment	39	35	72
	Total	499	494	531
Accumulated depreciation equivalents	Machinery and transportation equipment	408	357	357
	Tools and equipment	7	34	40
	Total	416	391	397
Balance equivalents	Machinery and transportation equipment	51	102	102
	Tools and equipment	31	0	31
	Total	82	102	134

Note: Acquisition cost equivalents constituted an immaterial portion of term-end balances of property, plant and equipment. Consequently, acquisition cost equivalents are accounted for by the paid interest method.

② Balance of outstanding lease commitments

(¥ millions)

	First Half of Fiscal 2008 April 1, 2007 to September 30, 2007	First Half of Fiscal 2007 April 1, 2006 to September 30, 2006	Fiscal 2007 April 1, 2006 to March 31, 2007
Within one year	59	51	59
More than one year	23	51	75
Total	82	102	134

Note: Outstanding lease commitments constituted an immaterial portion of interim term-end balances of property, plant and equipment. Consequently, outstanding lease commitments are accounted for by the paid interest method.

③ Lease charge payable and depreciation equivalents

(¥ millions)

	First Half of Fiscal 2008 April 1, 2007 to September 30, 2007	First Half of Fiscal 2007 April 1, 2006 to September 30, 2006	Fiscal 2007 April 1, 2006 to March 31, 2007
Lease charge payable	51	58	66
Depreciation equivalents	51	58	66

④ Accounting method for depreciation equivalents

Depreciation equivalents are accounted for by the straight-line method, assuming the lease period to be the useful lives and the residual value to be zero.

Marketable Securities

Shares held by subsidiaries and affiliated companies with market quotations

First half of Fiscal 2008 as of September 30, 2007

(¥ millions)

	Book Value	Market Value	Difference
① Subsidiaries	7,370	8,213	843
② Affiliated companies	15,734	16,641	906
Total	23,104	24,855	1,750

First half of Fiscal 2007 as of September 30, 2006

(¥ millions)

	Book Value	Market Value	Difference
① Subsidiaries	7,370	10,189	2,819
② Affiliated companies	1,332	2,127	794
Total	8,702	12,316	3,613

Fiscal 2007 as of March 31, 2007

(¥ millions)

	Book Value	Market Value	Difference
① Subsidiaries	7,370	8,941	1,571
② Affiliated companies	1,332	2,564	1,232
Total	8,702	11,506	2,803