

Consolidated Earnings Report for the First Quarter of Fiscal 2008

July 26, 2007

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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 2008 (April 1, 2007 to June 30, 2007)

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

First Quarter,	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2008	105,996	7.9 %	3,338	△2.6 %	4,533	12.7%	2,501	14.0%
Fiscal 2007	98,217	16.1 %	3,427	21.7 %	4,024	9.6 %	2,195	8.7 %
(Ref.) Full Year Fiscal 2007	452,520		21,328		24,600		13,374	

First Quarter,	Net income per share (¥)		Net income per share (diluted) (¥)	
Fiscal 2008	15.57		—	
Fiscal 2007	13.67		—	
(Ref.) Full Year Fiscal 2007	83.23		—	

(2) Consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
First Quarter of Fiscal 2008	389,298	183,765	39.1	947.41
First Quarter of Fiscal 2007	360,280	168,157	38.3	859.31
(Ref.) Fiscal 2007	385,300	180,434	38.8	930.54

(3) Consolidated Cash Flows

(¥ millions)

First Quarter,	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of period
Fiscal 2008	16,295	△ 10,913	△ 3,471	22,131
Fiscal 2007	15,040	△ 10,030	△ 2,256	18,497
(Ref.) Full Year Fiscal 2007	38,553	△ 32,640	△ 1,814	19,996

2. 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 the forecasts previously announced on April 24, 2007. As a result, the Company has not revised the forecasts.

(¥ 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	208,400	2.4%	8,600	△ 9.2%	8,700	△ 21.3%	5,000	△ 15.0%	31.11
Full year	447,000	△ 1.2%	24,800	16.3%	26,800	8.9%	14,400	7.7%	89.60

3. 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 of financial accounts in most recent fiscal year: None

《 For Reference Only 》

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

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

(1) Non-consolidated Operating Results

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

First Quarter,	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2008	56,223	6.3%	2,278	9.2%	3,490	11.3%	2,066	16.3%
Fiscal 2007	52,911	11.3%	2,086	△10.4%	3,137	△13.7%	1,776	△18.3%
(Ref.) Full Year Fiscal 2007	228,723		11,699		18,150		12,014	

First Quarter,	Net income per share (¥)		Net income per share (diluted) (¥)	
Fiscal 2008		12.86		—
Fiscal 2007		11.06		—
(Ref.) Full Year Fiscal 2007		74.76		—

(2) Non-consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
First Quarter of Fiscal 2008	214,778	129,152	60.1%	803.61
First Quarter of Fiscal 2007	202,206	118,476	58.6%	737.16
(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 the forecasts previously announced on April 24, 2007. As a result, it has not revised the forecasts.

(¥ 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	112,000	3.3%	5,600	3.0%	8,400	△0.5%	5,100	2.0%	31.73
Full year	234,100	2.4%	14,100	20.5%	20,100	10.7%	12,200	1.5%	75.91

*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. Also be aware that in the wake of the most recent Chuetsu Earthquake in Niigata Prefecture, Japan, the Company is in the process of gathering information from client automakers in the region regarding plans to resume operations and other pertinent matters.

[Qualitative Information Regarding Consolidated Operating Results]

In the first quarter of fiscal 2008, ending March 31, 2008, consolidated net sales rose 7.9% year on year to ¥105.9 billion. In addition to firm performance in Japan and overseas from the Group's core Automotive Lighting Equipment operations, sales were boosted by favorable growth from the special-feature seats division of the Other Products & Services segment. Turning to earnings, while operating income declined 2.6% to ¥3.3 billion, recurring profit climbed 12.7% to ¥4.5 billion, primarily reflecting foreign currency translation adjustments.

The slight decline in operating income was attributable to increased startup expenses associated with two new bases—KOITO KYUSHU LIMITED and GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD. At all other bases, business performance is improving atop promoting measures to cut unit costs.

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

[Qualitative Information Regarding Consolidated Financial Position]

As stated earlier under Consolidated Financial Position, for the first quarter, total assets as of June 30, 2007 stood at ¥389.2 billion, up ¥3.9 billion from the previous fiscal year-end (March 31, 2007). Total assets were mainly lifted by an increase in property, plant and equipment, reflecting capital investments, as well as an increase in investment securities in line with investment activities. Net assets, meanwhile, rose ¥3.3 billion to ¥183.7 billion. The equity ratio was 39.1%.

Consolidated Balance Sheets

(¥ millions)

Item	Period	First Quarter of Fiscal 2008 As of June 30, 2007	Fiscal 2007 As of March 31, 2007	Change	First Quarter of Fiscal 2007 As of June 30, 2006
Assets					
Current assets:					
Cash and time deposits		12,781	12,624	156	10,802
Trade notes and accounts receivable		86,351	98,092	△ 11,741	80,394
Marketable securities		16,907	16,603	304	15,249
Inventories		41,857	38,547	3,310	35,988
Deferred income tax assets		6,011	6,036	△ 25	6,120
Other current assets		10,241	9,107	1,133	12,048
Less: Allowance for doubtful receivables		△ 911	△ 1,127	216	△ 1,057
Total current assets		173,239	179,885	△ 6,645	159,546
Fixed assets :					
Property, plant and equipment					
Buildings and structures		33,883	32,877	1,006	29,722
Machinery and transportation equipment		39,303	36,607	2,695	32,614
Fixtures, equipment and tools		15,373	15,160	212	15,654
Land		12,540	12,415	125	12,815
Construction in progress		6,267	5,985	282	5,450
Total property, plant and equipment		107,368	103,045	4,323	96,256
Intangible fixed assets		968	966	1	857
Investments and other assets :					
Investment securities		103,732	97,716	6,016	100,251
Loans		573	529	43	725
Other investments		3,657	3,399	257	2,882
Less: Allowance for doubtful accounts		△ 242	△ 242	—	△ 241
Total investments and other assets		107,721	101,403	6,318	103,619
Total fixed assets		216,058	205,415	10,642	200,733
Total assets		389,298	385,300	3,997	360,280

(¥ millions)

Item	Period	First Quarter of Fiscal 2008 As of June 30, 2007	Fiscal 2007 As of March 31, 2007	Change	First Quarter of Fiscal 2007 As of June 30, 2006
Liabilities					
Current liabilities:					
Trade notes and accounts payable		78,445	80,395	△ 1,950	70,701
Short-term loans		38,396	36,313	2,082	24,182
Accrued expenses		21,320	18,229	3,090	20,314
Income taxes payable		1,958	5,126	△ 3,168	2,215
Allowance for employees' bonuses		4,733	4,482	251	4,461
Allowance for directors' and corporate auditors' bonuses		69	280	△ 211	69
Reserve for product warranties		1,400	1,400	—	1,400
Other current liabilities		11,479	9,474	2,004	11,460
Total current liabilities		157,802	155,703	2,099	134,804
Non-current liabilities:					
Long-term debt		17,689	19,936	△ 2,246	28,582
Allowance for employees' retirement benefits		26,441	26,107	334	26,184
Allowance for directors' and corporate auditors' retirement benefits		1,447	1,582	△ 134	1,374
Deferred income tax liabilities		1,294	861	433	629
Other non-current liabilities		856	675	180	546
Total non-current liabilities		47,730	49,162	△ 1,432	57,318
Total liabilities		205,533	204,866	666	192,122
Net assets					
Shareholders' equity:					
Common stock		14,270	14,270	—	14,270
Additional paid-in capital		17,107	17,107	—	17,107
Retained earnings		100,033	99,299	734	89,975
Treasury common stock, at cost		△ 55	△ 54	△ 1	△ 62
Total shareholders' equity		131,357	130,624	732	121,292
Revaluations and translation adjustments:					
Valuation adjustment on investment securities		18,534	17,731	802	16,586
Translation adjustments		2,371	1,196	1,174	200
Total revaluations and translation adjustments		20,905	18,928	1,977	16,786
Minority interests		31,502	30,881	620	30,078
Total net assets		183,765	180,434	3,330	168,157
Total liabilities and net assets		389,298	385,300	3,997	360,280

Consolidated Statements of Income

(¥ millions)

Item	Period		First Quarter of Fiscal 2008 April 1, 2007 to June 30, 2007		First Quarter of Fiscal 2007 April 1, 2006 to June 30, 2006		Y-o-Y change		Fiscal 2007 April 1, 2006 to March 31, 2007	
		%		%		%		%		%
Net sales	105,996	100.0	98,217	100.0	7,778	7.9	452,520	100.0		
Cost of sales	93,082	87.8	86,170	87.7	6,912		395,650	87.4		
Gross profit	12,914	12.2	12,047	12.3	866		56,869	12.6		
Selling, general and administrative expenses	9,575	9.1	8,619	8.8	955		35,540	7.9		
Operating income	3,338	3.1	3,427	3.5	△ 89	△ 2.6	21,328	4.7		
Non-operating income	1,702		1,038		664		5,091			
Interest income and dividends	(733)		(677)		(56)		(1,893)			
Equity in earnings of affiliates	(△ 3)		(△ 3)		(0)		(42)			
Other non-operating income	(972)		(364)		(608)		(3,155)			
Non-operating expenses	508		442		65		1,819			
Interest expenses and discounts	(318)		(317)		(1)		(1,387)			
Other non-operating expenses	(189)		(125)		(64)		(432)			
Recurring profit	4,533	4.3	4,024	4.1	509	12.7	24,600	5.4		
Extraordinary gains	34		—		34		1,035			
Extraordinary losses	126		238		△ 111		837			
Income before income taxes	4,440	4.2	3,786	3.9	654	17.3	24,799	5.5		
Income taxes	1,812		1,202		609		10,411			
Income tax adjustment	△ 89		273		△ 363		△ 789			
Total	1,723		1,476		246		9,622			
Minority interest in consolidated subsidiaries	△ 215		△ 114		△ 101		△ 1,802			
Net income	2,501	2.4	2,195	2.2	306	14.0	13,374	3.0		

Consolidated Changes in Shareholders' Equity

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

(¥ millions)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury 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	—	—	△ 1,767	—	△ 1,767
Net income for the quarter	—	—	2,501	—	2,501
Purchases of treasury stock	—	—	—	△ 1	△ 1
Net change in non-shareholders' equity items for the quarter	—	—	—	—	—
Total changes for the quarter	—	—	734	△ 1	732
Balances as of June 30, 2007	14,270	17,107	100,033	△ 55	131,357

(¥ millions)

	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	—	—	—	—	△ 1,767
Net income for the quarter	—	—	—	—	2,501
Purchases of treasury stock	—	—	—	—	△ 1
Net change in non-shareholders' equity items for the quarter	802	1,174	1,977	620	2,597
Total changes for the quarter	802	1,174	1,977	620	3,330
Balances as of June 30, 2007	18,534	2,371	20,905	31,502	183,765

First quarter of Fiscal 2007 (April 1, 2006 to June 30, 2006)

(¥ millions)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury 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	—	—	△ 1,766	—	△ 1,766
Net income for the quarter	—	—	2,195	—	2,195
Purchases of treasury stock	—	—	—	△ 0	△ 0
Disposal of treasury stock	—	—	△ 1	78	77
Net change in non-shareholders' equity items for the quarter	—	—	—	—	—
Total change for the quarter	—	—	427	78	505
Balances as of June 30, 2006	14,270	17,107	89,975	△ 62	121,292

(¥ millions)

	Revaluations and translation adjustments			Minority interests	Total net assets
	Valuation adjustments 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 quarter					
Dividends from retained earnings	—	—	—	—	△ 1,766
Net income for the quarter	—	—	—	—	2,195
Purchases of treasury stock	—	—	—	—	△ 0
Disposal of treasury stock	—	—	—	—	77
Net change in non-shareholders' equity items for the quarter	△ 2,092	△ 182	△ 2,275	△ 358	△ 2,633
Total change for the quarter	△ 2,092	△ 182	△ 2,275	△ 358	△ 2,128
Balances as of June 30, 2006	16,586	200	16,786	30,078	168,157

Consolidated Statements of Cash Flows

(¥ millions)

Period	First Quarter of Fiscal 2008 April 1, 2007 to June 30, 2007	First Quarter of Fiscal 2007 April 1, 2006 to June 30, 2006	Fiscal 2007 April 1, 2006 to March 31, 2007
I. Cash flows from operating activities			
Income before income taxes	4,440	3,786	24,799
Depreciation	5,715	5,033	22,347
Equity in earnings of affiliated companies	3	3	△42
Provision for allowance for doubtful accounts	△258	△17	82
Provision for accrued retirement benefits	187	800	1,892
Provision for reserve for bonuses	320	87	39
Interest and dividends received	△733	△677	△1,893
Interest payments	318	317	1,387
Loss on sale and revaluation of marketable securities	△32	△71	△882
Loss on sale and disposal of property and equipment	92	196	428
Changes in trade notes and accounts receivable	13,348	17,015	△2,910
Changes in inventories	△2,440	△6,046	△8,498
Changes in other current assets	△654	△1,458	2,124
Changes in trade notes and accounts payable	△3,618	△2,387	9,825
Changes in accrued expenses and other current liabilities	4,714	2,486	△145
Directors' and corporate auditors' bonuses paid	△280	△270	△270
Sub total	21,122	18,797	48,283
Interest and dividends received	733	677	1,893
Interest paid	△318	△317	△1,387
Income taxes paid	△5,242	△4,117	△10,236
Net cash provided by operating activities	16,295	15,040	38,553
II. Cash flows from investing activities			
Payments into time deposits	△38	△3	△452
Proceeds from time deposits	84	37	356
Payments for purchase of marketable and investment securities	△9,412	△9,378	△29,592
Proceeds from sale of marketable and investment securities	6,274	6,724	32,523
Payments for purchase of property and equipment	△7,507	△7,192	△34,988
Proceeds from sale of property and equipment	93	△111	404
Payments for new loans	△258	△128	△461
Proceeds from loan repayments	78	103	488
Other payments relating to investments	△227	△82	△918
Net cash used in investing activities	△10,913	△10,030	△32,640
III. Cash flows from financing activities			
Increase in short-term loans	△1,117	△787	△961
Increase in long-term debt	–	252	4,548
Repayment of long-term debt	△536	△43	△727
Payments for repurchase of treasury stock	△1	0	△7
Proceeds from sale of treasury stock	–	78	93
Dividends paid by parent company	△1,581	△1,535	△3,532
Dividends paid to minority shareholders	△236	△221	△1,228
Net cash provided by or used in financing activities	△3,471	△2,256	△1,814
IV. Effect of exchange rate changes on cash and cash equivalents	224	△30	159
V. Change in cash and cash equivalents	2,135	2,724	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 of a previously consolidated subsidiary	–	–	△35
VIII. Cash and cash equivalents at end of period	22,131	18,497	19,996

Segment Information

(1) 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

First quarter of Fiscal 2007 (April 1, 2006 to June 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	89,376	3,891	4,949	98,217	—	98,217
(2) Inter-segment sales and transfers	21,061	67	800	21,929	(21,929)	—
Total	110,437	3,959	5,749	120,147	(21,929)	98,217
Operating expenses	105,269	4,684	6,005	115,959	(21,169)	94,789
Operating income or loss	5,168	△ 725	△ 255	4,187	(759)	3,427

(2) 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

First quarter of Fiscal 2007 (April 1, 2006 to June 30, 2006)

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
Sales							
(1) Sales to outside customers	58,499	13,180	20,285	6,251	98,217	—	98,217
(2) Inter-segment sales and transfers	14,736	—	975	6,217	21,929	(21,929)	—
Total	73,236	13,180	21,260	12,468	120,147	(21,929)	98,217
Operating expenses	71,145	12,251	20,186	12,376	115,959	(21,169)	94,789
Operating income or loss	2,090	929	1,074	92	4,187	(759)	3,427