

Results of Operations

(1) Achievements for the First Quarter Ended June 30, 2006

Sales within the Auto Parts segment increased 14.5% (¥534,966million) compared with the same quarter of the previous fiscal year (¥467,171million) due to clients' production expansions, in addition to aggressive sales activities for automatic transmissions, manual transmissions, car navigation systems, and power sliding doors. Furthermore, sales of the Life & Energy related products and other business increased 0.6% (¥21,549million) compared with the same quarter of the previous fiscal year (¥21,421million).

As a result, total sales increased 13.9% (¥556,516million) compared to the same quarter of the last fiscal year (¥488,592million).

Despite higher depreciation and amortization expenses and raw materials prices, the favorable activities to streamline and raise efficiency in all areas of operations through cost reductions and other measures resulted in a 5.8% increase in operating income from ¥25,769million to ¥27,274million.

Ordinary income increased 2.7% to ¥28,879million. (Previous: ¥28,125million) Net income increased 0.9% to ¥13,335million. (Previous: ¥13,218million)

(2) Future Outlook

With an increasing oil price, surging material costs such as oil, steel and aluminum, fluctuating exchange rates, and price competitions, environments surrounding the company are still uncertain.

In such conditions, the corporate group would respond to its tasks appropriately and would cooperate together aiming to become a world top brand, through achieving market competitiveness and sophisticated management system.

With regard to the forecast for the first half year, net sales, operating income, ordinary income, and net income would be revised to ¥1,100,000million, ¥50,000million, ¥51,000million, and ¥23,000million respectively. (Estimated exchange rate for dollar: 1US\$=¥114) Net sales, operating income, ordinary income, and net income in the fiscal 2007 would be ¥2,250,000million, ¥117,000million, ¥120,000million, and ¥58,000million respectively. (Estimated exchange rate for dollar: 1US\$=¥113)