

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AND BUSINESS RESULTS

For the first quarter of the fiscal year ending March 31, 2010

(Results for the period April 1, 2009—June 30, 2009)

August 4, 2009

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Note: This document has been prepared in English for reference from a document originally published in Japanese. The original Japanese document remains definitive.

1. Consolidated financial results for the first quarter of the fiscal year ending March 31, 2010

(The three-month period April 1, 2009 to June 30, 2009)

(1) Consolidated operating results

Millions of yen, rounded down
Percentage figures denote change compared to previous period

	Three months ended June 30, 2009	%	Three months ended June 30, 2008	%
Net sales	72,695	(41.5)	124,221	—
Operating income	(778)	—	5,905	—
Ordinary income	(455)	—	6,091	—
Net income	(367)	—	3,926	—
Net income per share (¥)	(4.49)	—	48.06	—
Fully diluted net income per share (¥)	—	—	47.77	—

(2) Consolidated financial position

Millions of yen, rounded down

	As of June 30, 2009	As of March 31, 2009
Total assets	321,053	315,352
Net assets	146,441	145,379
Shareholders' equity ratio (%)	45.5	46.0
Net assets per share (¥)	1,781.43	1,768.98

For reference: Shareholders' equity as of June 30, 2009: ¥145,949 million; as of March 31, 2009: ¥144,929 million

2. Dividends

Yen

	Year ending March 31, 2010	Year ended March 31, 2009
Interim dividend per share		20.00
Year-end dividend per share		5.00
Annual dividend per share		25.00

Note: There has been no change in the forecast dividend.

The annual dividend for the year ending March 31, 2010 has not been determined.

3. Consolidated interim and full-year forecasts for the fiscal year ending March 31, 2010

Millions of yen, rounded down

Percentage figures denote change compared to equivalent period of previous year

	Interim	%	Full year	%
Net sales	150,000	(37.6)	310,000	(19.6)
Operating income	0	—	3,000	5.4
Ordinary income	0	—	1,500	305.7
Net Income	(1,200)	—	0	—
Basic net income per share (¥)	(14.65)	—	—	—

Note: There has been a change in the consolidated interim forecasts.

4. Other

- (1) Transfer of important subsidiaries during the period under review: None
- (2) Adoption of simplified accounting methods: Adopted

Note: For details see page 5, *Summary of Business and Financial Results*, 4. Other

- (3) Changes in accounting methods or disclosure since previous fiscal year
1. Change in accounting method: None
 2. Other changes: None
- (4) Number of shares outstanding (ordinary shares)

	Year ending March 31, 2010	Year ended March 31, 2009
Shares outstanding at end of first quarter (including treasury shares)	81,928,400	
Shares outstanding at end of year (including treasury shares)		81,928,400
Treasury shares held at June 30	196	
Treasury shares held at March 31		159
Average shares outstanding during first quarter	81,928,219	81,709,453

IMPORTANT NOTICE

1. Takata revised its consolidated interim forecasts in the consolidated forecasts it announced on May 12, 2009
2. Takata will decide on the payment or non-payment of interim and year-end dividends based on an assessment of business conditions.
3. This document contains forward-looking statements based on a number of assumptions and beliefs made in light of information available at the time of issue. Actual financial results may differ materially depending on changes in the business environment and other factors.

Summary of Business and Financial Results

Note: In the following section all comparisons are with the three-month period April 1, 2008 to June 30, 2008, unless stated otherwise.

I. Operating Results

Overview of results for the three-month period ended June 30, 2009

During the period under review, the global economy remained in the recession that originated in the financial crisis of last autumn, but there also emerged positive indications for the future in some areas.

In Europe and North America, the perception strengthened that while still weak, the situation was headed for improvement in the future. Similarly, there were mounting hopes in Japan that the economy was hitting bottom. Meanwhile, China, India, and other emerging markets continued to achieve strong economic growth, though not quite as robust as in the previous fiscal year.

Against this economic background, two leading automobile manufacturers in the US were forced to file for bankruptcy (under Chapter 11 of the U.S. Bankruptcy Code), however, indications gradually appeared that unit sales of automobiles in the US had started to stabilize. In Europe, government-sponsored incentive schemes for vehicle replacement began to result in an increase in car sales, though there were differences according to the country. Measures to support the market were also introduced in Japan—including tax breaks and subsidies for low-emission vehicles ('eco cars')—and as a result the downtrend in new car sales slowed. Meanwhile, in China, demand for automobiles stayed buoyant, with the result that car production continued to grow.

In this operational environment, although Takata's sales for the period were significantly impacted by the persistent slowdown in its principal markets (Japan, Europe, and the US), its efforts to boost business in China, where demand continued to surge, started to yield results. Combined with moves to further reduce fixed costs and other SG&A expenses in Japan and overseas, and to increase production efficiency, this was reflected in the figures for the period under review.

Consolidated net sales in the three-month period under review decreased 41.5% to ¥72,695 million. At the operating level, the company incurred a loss of ¥778 million (compared to operating income of ¥5,905 million a year earlier), and the ordinary loss amounted to ¥455 million (compared to ordinary income of ¥6,091 million a year earlier). The net loss was ¥367 million (down from net income of ¥3,926 million a year earlier).

Results by product category were as follows:

(1) Seat belts

Mainly due to depressed conditions in the principal markets (Japan, Europe, and the US), sales declined in all regions. As a result, total seat belt revenue fell 42.4% to ¥21,375 million.

(2) Airbags

There was only a small decline in the Asian region, but the slowdown in the principal markets (Japan, Europe, and the US) significantly affected results, sales in all regions were lower, and total airbag revenue contracted 38.5% to ¥33,020 million.

(3) Others

Although orders from Asia for steering wheels were brisk, there were pronounced slowdowns in sales of trim products, especially in Europe and the US, and of sensor products, notably in Japan and the US. As a consequence, total revenue from other products declined 45.2% to ¥18,300 million.

Results by geographical region were as follows:

(1) Japan

Sales of all products decreased in Japan. Despite the benefits of comprehensive cost-cutting, the decline in automobile sales affected results significantly, with the result that total sales in Japan dropped 43.1% to ¥21,204 million, and operating income declined 69.4% to ¥394 million.

(2) The Americas

The economic recession had a major effect on automobile sales, and sales of all product groups declined. Overall, sales contracted 43.5% to ¥28,831 million, and there was an operating loss of ¥2,574 million (compared to operating income of ¥640 million a year earlier).

(3) Europe

In Europe too, economic recession severely affected automobile sales, and sales of all product groups declined. As a result, sales in Europe dropped 46.6% to ¥21,315 million, and the region recorded an operating loss of ¥337 million (compared to operating income of ¥1,275 million a year earlier).

(4) Asia

Although there were positive developments in the Asian region, such as increased sales in China, overall sales in the region declined. Total sales in Asia were down 19.6% to ¥15,552 million, and operating income fell 32.1% to ¥1,693 million.

2. Consolidated Financial Position

Total cash and cash equivalents ("cash") as of June 30, 2009 was ¥96,418 million, down ¥1,929 million compared to March 31, 2009.

A summary of cash flows in the three-month period under review is as follows.

Operating activity cash flows

Net cash provided by operating activities was ¥4,465 million. The main factors increasing operating cash flow were depreciation of ¥4,525 million, and an increase in purchasing payables of ¥2,227 million. Factors decreasing cash flow included the net loss before income taxes of ¥958 million, and an increase in account receivables of ¥4,106 million.

Investing activity cash flows

Net cash used in investing activities was ¥3,077 million. The main factor contributing to this was payment of ¥2,428 million for the purchase of fixed assets and intangible assets for capital investment.

Financing activity cash flows

Net cash used in financing activities was ¥3,562 million. The main factor contributing to an increase in

financing cash flow was net proceeds of ¥13,963 million from long-term borrowings. The main factor contributing to a decrease in financing cash flows was a net reduction of ¥15,106 million in short-term borrowings.

3. Consolidated Financial Forecasts

The consolidated interim forecasts have been revised to reflect a current trend among Takata's customers (car manufacturers) to slightly increase output, a weaker yen than anticipated at the beginning of the term, and cost-cutting efforts that are likely to yield larger benefits than expected. As a result, revised interim forecasts are for sales of ¥150,000 million (down ¥90,200 million, or 37.6% from the year-earlier period), operating income of ¥0 (compared to ¥9,424 million a year earlier), ordinary income of ¥0 (compared to ¥9,316 million a year earlier), and a net loss of ¥1,200 million (compared to net income of ¥6,146 million a year earlier). However, considering the lack of visibility for the third quarter and thereafter, there are no changes to the consolidated full-year forecasts.

4. Other

(1) Transfer of important subsidiaries during the period

(Transfers of subsidiaries resulting in changes in the scope of consolidation): None

(2) Utilization of simplified method of accounting:

1. In respect of the depreciation charge for fixed assets that are depreciated under the fixed-rate method, the annual depreciation charge is allocated proportionately to each quarterly period.
2. In assessing the recoverability of deferred tax assets, in cases where Takata has deemed that since the end of the previous fiscal year there have been no marked differences to the situation with respect to the operating environment or the occurrence of one-off differences and so forth, the calculation method is based on earnings forecasts used in the previous fiscal year along with tax planning and other such methods.
3. The effective tax rate for the first quarter is estimated by making a reasonable estimation of the effective tax rate on net income before income taxes for the full year after the application of tax effect accounting, and applying this rate to net income before income taxes for the first quarter. In these financial statements corporate tax adjustments are included in Corporate, inhabitant, enterprise and other taxes.

(3) Changes in accounting principles, procedures and method of presentation associated with the preparation of the consolidated financial statements:

None

5. Consolidated Quarterly Financial Statements

(1) Consolidated First Quarter Balance Sheets (abbreviated)

Millions of yen, rounded down

	As of June 30, 2009	As of March 31, 2009
ASSETS		
Current assets		
Cash	97,441	97,572
Notes & accounts receivable	45,852	41,516
Inventories	38,563	38,617
Other.....	23,603	22,906
Allowance for doubtful accounts	(1,248)	(1,144)
Total current assets.....	204,212	199,468
Fixed assets		
Tangible assets	85,264	86,316
Intangible assets.....	4,341	4,629
Investments and other assets.....	27,234	24,938
Total fixed assets	116,840	115,884
Total assets	321,053	315,352
LIABILITIES		
Current liabilities		
Accounts payable	17,865	15,576
Short-term borrowings	31,514	45,865
Commercial paper	2,000	4,000
Current portion of long-term borrowings	13,600	12,194
Bonds payable within one year	1,500	1,500
Accrued income taxes	1,377	513
Warranty reserve	14,001	12,481
Other.....	26,804	25,313
Total current liabilities.....	108,663	117,445
Long-term liabilities		
Long-term borrowings	45,468	32,708
Reserve for retirement benefits.....	8,005	7,690
Reserve for directors' retirement benefits	1,879	1,833
Other.....	10,594	10,294
Total long-term liabilities.....	65,948	52,527
Total liabilities	174,612	169,972
NET ASSETS		
Shareholders' equity		
Capital.....	40,727	40,727
Capital surplus.....	41,193	41,193
Retained earnings.....	81,424	82,180
Treasury shares	(0)	(0)
Total shareholders' equity	163,345	164,100
Valuation, translation adjustments and other		
Unrealized gains on available-for-sale securities	3,677	2,725
Unrealized gains from hedging Instruments.....	15	
Translation adjustments	(21,089)	(21,896)
Total valuation, translation adjustments and other	(17,395)	(19,171)
Minority interests	492	450
Total net assets.....	146,441	145,379
Total liabilities and net assets	321,053	315,352



(2) Consolidated First Quarter Statements of Income (abbreviated)

Millions of yen, rounded down

	Three months ended June 30, 2009	Three months ended June 30, 2008
Net sales	72,695	124,221
Cost of sales	62,525	100,635
Gross profit.....	10,170	23,586
Selling, general and administrative expenses	10,949	17,681
Operating income (loss).....	(778)	5,905
Non-operating income	932	929
Interest income.....	147	304
Dividend income	42	99
Exchange gain.....	511	367
Other.....	230	157
Non-operating expenses	609	742
Interest expenses.....	424	561
Other	185	180
Ordinary income (loss).....	(455)	6,091
Special gains	3	102
Gain on sale of fixed assets	3	88
Insurance proceeds.....		13
Other		
Special losses	506	9
Loss on sale of fixed assets		7
Loss on disposal of fixed assets.....	23	2
Loss from business restructuring.....	239	
Other	243	
Net income before income taxes or net loss before income taxes	(958)	6,184
Income taxes	(620)	2,220
Income attributable to minority interests	29	36
Net income or net loss	(367)	3,926



(3) Consolidated First Quarter Statements of Cash Flows (abbreviated)

Millions of yen, rounded down

	Three months ended June 30, 2009	Three months ended June 30, 2008
Operating activities		
Net income (loss) before income taxes	(958)	6,184
Depreciation and amortization	4,525	5,152
Gain (loss) on disposal of fixed assets	19	(78)
Insurance proceeds		(13)
Interest and dividend income	(189)	(404)
Interest expenses	424	561
Decrease (increase) in notes and accounts receivable	(4,106)	131
Decrease (increase) in inventories	1,162	(1,526)
Increase (decrease) in accounts payable	2,227	(1,153)
Decrease (increase) in other current assets	(881)	370
Increase (decrease) in other current liabilities	676	40
Increase (decrease) in other non-current liabilities	94	131
Other	1,750	1,391
Subtotal	4,744	10,786
Interest and dividend received	189	404
Interest paid	(255)	(377)
Proceeds from insurance		13
Income taxes paid	(213)	(1,433)
Net cash provided by operating activities	4,465	9,392
Investing activities		
Purchases of fixed assets	(2,388)	(6,170)
Proceeds from sales of fixed assets	141	178
Purchases of intangible assets	(39)	(367)
Other	(790)	56
Net cash provided by (used in) investing activities	(3,077)	(6,302)
Financing Activities		
Increase (decrease) in short-term borrowings	(15,106)	(4,252)
Increase (decrease) in commercial paper	(2,000)	8,000
Proceeds from long-term borrowings	15,687	2,200
Repayments of long-term borrowings	(1,724)	(4,072)
Proceeds from issuance of new shares		747
Payments of dividends	(409)	(1,630)
Other	(10)	(25)
Net cash provided by (used in) financing activities	(3,562)	967
Effects of exchange rate changes on cash and cash equivalents	245	1,866
Net increase (decrease) in cash and cash equivalents	(1,929)	5,923
Cash and cash equivalents at beginning of period	98,348	54,896
Cash and cash equivalents at end of period	96,418	60,820

(4) Items related to assumptions used for going concerns

No applicable items

(5) Segment Information

[Business segment information]

Takata Group, as a specialized maker of automotive safety products, manufactures and sells products such as seat belts and airbags that belong to a single segment. As such, there are no applicable items for a breakdown of sales by segment.

[Geographical segment information]

For the three-month period ended June 30, 2008

Millions of yen, rounded down

	Japan	The Americas	Europe	Asia	Total	Eliminations or Corporate	Consolidated
Sales							
(1) Sales to external customers	25,647	46,961	39,157	12,454	124,221	—	124,221
(2) Inter-segment sales or transfers	11,587	4,036	733	6,895	23,253	(23,253)	—
Total sales	37,235	50,998	39,891	19,349	147,475	(23,253)	124,221
Operating income	1,287	640	1,275	2,492	5,696	209	5,905

Notes:

- Country and regional segments are categorized on the basis of geographic proximity
- Main countries and regions in segments other than Japan are:
 - The Americas: United States, Brazil and Mexico
 - Europe: Germany, England, Holland, Romania, Poland and the Czech Republic
 - Asia: Singapore, Thailand, The Philippines, Malaysia, China and Korea
- Previously, Takata Corporation recorded royalties and other such revenues derived from the provision of technical or operational support to subsidiaries as non-operating income. From the current fiscal year, however, such revenues are being recorded as sales. This change has been adopted to better reflect the materiality of this revenue, and to ensure the most appropriate treatment of this category in light of its potential to increase. As a result of this change, sales and operating income in the geographical segment of Japan for the first quarter period under review have increased by ¥551 million respectively compared to calculations using the previous method.

For the three-month period ended June 30, 2009

Millions of yen, rounded down

	Japan	The Americas	Europe	Asia	Total	Eliminations or Corporate	Consolidated
Sales							
(1) Sales to external customers	13,819	26,361	20,701	11,813	72,695	—	72,695
(2) Inter-segment sales or transfers	7,384	2,469	613	3,739	14,207	(14,207)	—
Total sales	21,204	28,831	21,315	15,552	86,903	(14,207)	72,695
Operating income (loss)	394	(2,574)	(337)	1,693	(824)	46	(778)

Notes:

- Country and regional segments are categorized on the basis of geographic proximity
- Main countries and regions in segments other than Japan are:
 - The Americas: United States, Brazil and Mexico
 - Europe: Germany, England, Holland, Romania, Poland and the Czech Republic
 - Asia: Singapore, Thailand, The Philippines, Malaysia, China, Korea and India

Overseas sales

For the three-month period ended June 30, 2008

Millions of yen, rounded down; %

	The Americas	Europe	Asia	Total
Overseas sales	47,249	38,831	11,713	97,795
Consolidated sales	—	—	—	124,221
Overseas sales as percentage of consolidated sales (%)	38.0%	31.3%	9.4%	78.7%

Notes:

- Country and regional segments are categorized on the basis of geographic proximity
- Main countries and regions in segments other than Japan are:
 - The Americas: United States, Brazil and Mexico
 - Europe: Germany, England, Holland, Romania, Poland and the Czech Republic
 - Asia: Singapore, Thailand, The Philippines, Malaysia, China and Korea

For the three-month period ended June 30, 2009

Millions of yen, rounded down; %

	The Americas	Europe	Asia	Total
Overseas sales	26,465	20,272	12,136	58,874
Consolidated sales	—	—	—	72,695
Overseas sales as percentage of consolidated sales (%)	36.4%	27.9%	16.7%	81.0%

Notes:

- Country and regional segments are categorized on the basis of geographic proximity
- Main countries and regions in segments other than Japan are:
 - The Americas: United States, Brazil and Mexico
 - Europe: Germany, England, Holland, Romania, Poland and the Czech Republic
 - Asia: Singapore, Thailand, The Philippines, Malaysia, China, Korea and India

(6) Items related to significant change in shareholders' equity

None