WORLDWIDE AUTOMOTIVE LIGHTING

2012 ANNUAL REPORT

Year ended March 31, 2012

KOITO MANUFACTURING CO., LTD.

PROFILE

KOITO MANUFACTURING CO., LTD. (Koito) has been marking a history of leadership in automotive lighting since its establishment in 1915.

Today, our lighting is used in various forms of applications worldwide in a wide range of fields. These include transportation, such as automobiles, aviation, railways and shipping, and traffic systems. In all these areas, the Koito Group's lighting is making contributions to safety.

Our products and technologies underpin our commitment to the slogan, "Lighting for Your Safety."

CONTENTS

DISCLAIMER WITH RESPECT TO FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements concerning KOITO MANUFACTURING CO., LTD. and its consolidated subsidiaries' future plans, strategies and performance. These forward-looking statements are not historical facts; rather they represent assumptions and beliefs based on economic, financial and competitive data currently available. Furthermore, they are subject to a number of risks and uncertainties including but not limited to economic conditions, worldwide competition in the automotive industry, market trends, foreign currency exchange rates, tax rules, regulations and other factors. Koito therefore wishes to caution readers that actual results may differ materially from our expectations.

In order to ensure fair disclose, Koito publishes annual reports in Japanese in addition to English annual reports. A certified public accountant reviews the financial sections of Koito's Japanese annual reports to ensure consistency in presentation between the Japanese and English versions. We hope the information presented in this annual report serves to deepen your understanding of Koito.

TO OUR SHAREHOLDERS AND OTHER INVESTORS

During fiscal 2012, the period under review, in the Japanese auto industry, despite drops in domestic and overseas demand in the first half of the fiscal year due mainly to the Great East Japan Earthquake of March 11, 2011 and the strong yen, production volume greatly increased year on year because of a recovery in production in the second half of the year accompanying expanded demand. Overseas, automobile production worldwide increased year on year. Robust expansion of production in North America and Central and Eastern Europe, as well as in emerging markets such as India, was marked against production cuts in Thailand due to the impact of the flooding.

Net sales for the Koito Group for fiscal 2012 were approximately the same as the previous fiscal year. However, both operating income and recurring profit decreased year on year because of a deterioration in earnings, mainly due to increased fixed expenses associated with production cutbacks of Japanese automobiles in Japan and overseas in the first half of the year. Net income improved year on year because of a decrease in extraordinary losses.

Looking ahead, the business environment both in Japan and abroad seems as difficult and uncertain as ever. In Japan, although the economic situation includes efforts to recover from the March 2011 earthquake, the real economy is extremely weak mainly due to the continuation of the strong yen and low stock prices, and also due to power supply issues and an unstable employment situation. In addition, overseas, economic recovery is lagging in the U.S., some European countries are undergoing credit uncertainty, and there is a deteriorating situation in the Middle East.

In the face of these conditions, the Koito Group will work to strengthen its order-winning activities, boost productivity, enhance its mutually complementary supply network and structure, build business systems that can quickly respond to changes in the environment, and implement more powerful cost-cutting measures. Through these and other initiatives, we aim to further improve our business results.

The Koito Group produces automotive lighting equipment in nine countries overseas in addition to Japan. As a global supplier focused on the four key economies of Japan, North America, Europe, and Asia, Koito supplies its products in countries around the world. To satisfy customers, the Group is working together in a unified manner to strengthen its corporate capabilities under the slogan of DQCDS. This entails implementing safe and environmentally friendly product development (Development), striving to improve quality (Quality), cost (Cost), and delivery periods (Delivery), as well as focusing on speedy responses to customers (Speed).

Under the corporate slogan of “Lighting for Your Safety,” the Koito Group is committed to developing products in its mainstay automotive lighting equipment segment and in all other transport equipment and transportation system fields, such as aerospace and shipping. Going forward, in order to remain a leading company in the automotive lighting equipment industry, we will work to educate and sharpen the skills of our employees. In doing so, our objective is to pursue the latest, most advanced technologies and to strive for improvement in product performance and quality. In parallel, we will stay true to our basic attitude of constantly adopting the perspective of our customers to supply products and services that meet their expectations.

We cordially ask for your continued support and good wishes as we work toward these goals.

September 2012

Takashi Ohtake
Chairman & CEO

Masahiro Ohtake
President

FINANCIAL OVERVIEW AND MEDIUM-TERM OUTLOOK

FISCAL 2012 RESULTS

During fiscal 2012, the period under review, in the first half of the year the Japanese economy saw a marked stagnation in economic activities due mainly to an electric power shortage resulting from the Great East Japan Earthquake and the associated accident at the nuclear power plant, but also due to unprofitability in export industries caused by the ongoing appreciation of the yen since the summer of 2011. In the second half of the fiscal year, there were signs of recovery, mainly due to reconstruction demand and accelerated production.

Overseas, despite the continued expansion of emerging markets such as China and India, growth in the world economy weakened, due to the flooding in Thailand and financial problems in Europe, among other factors.

In the auto industry, despite cutbacks in production of Japanese vehicles worldwide due to the impact of the earthquake and the flooding in Thailand, global production volume increased in the latter half of the year, mainly because of the subsequent recovery and the spread of motorization in India and other emerging countries.

In these circumstances, the Koito Group reported consolidated net sales of ¥430.9 billion, approximately the same as the previous fiscal year, due to a turn to growth in sales in the mainstay automotive lighting equipment segment, as a significant drop in sales in the first half of the fiscal year, primarily because of the earthquake, was recouped by a large increase in the second half of the year.

On the earnings front, the Company reported operating income of ¥31.7 billion, down 15.2% year on year. This decline reflected an increased burden of fixed expenses accompanying lower production of Japanese automobiles both domestically and overseas in the first half of the fiscal year. This was despite efforts with Group companies to improve business performance by enacting quality improvement programs and promoting robust measures to cut unit costs. Recurring profit amounted to ¥31.4 billion, down 8.2% due to the reduced operating income. However, net income increased 33.8% year on year to ¥13.3 billion due to a decrease in extraordinary losses.

At the end of the second quarter of the fiscal year under review, Koito paid a dividend to shareholders of ¥9 per share, which is the same figure as the year-end dividend for the previous year. Koito paid a year-end dividend for the fiscal year under review of ¥10, ¥1 per share higher year on year, under our policy of paying a dividend in a sustainable manner in line with operating results.

This has resulted in a full year dividend of ¥19 applicable to fiscal 2012, the same as the previous fiscal year.

Looking ahead, we will continue our efforts to achieve even higher earnings to meet the expectations of all shareholders.

Takashi Ohtake
Chairman & CEO

CONSOLIDATED FINANCIAL HIGHLIGHTS

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries
Years ended March 31,

	Millions of yen (except per share amounts)			Thousands of U.S. dollars (except per share amounts)
	2010	2011	**2012**	**2012**
Annual:				
Net sales	¥408,430	¥428,977	**¥430,929**	**$5,243,083**
Operating income	36,054	37,434	**31,725**	**385,996**
Net income	6,217	10,012	**13,391**	**162,927**
Per share (yen and U.S. dollars):				
Net income	¥ 38.69	¥ 62.30	**¥ 83.33**	**$ 1.01**
Year-end:				
Total assets	¥357,530	¥338,760	**¥363,273**	**$4,419,917**
Total equity	148,664	168,414	**182,916**	**2,225,526**

Notes: 1. Amounts in U.S. dollars are translated from yen, for convenience only, at the rate of ¥82.19=US$1, the rate prevailing on March 31, 2012.
2. The above total equity for fiscal 2011 and fiscal 2012 included noncontrolling interests.

OUTLOOK FOR FISCAL 2013

Looking at the global economic situation, economic growth is sluggish due to deepening financial instability in Europe, delayed economic recovery in the U.S., the worsening situation in the Middle East, and deteriorating corporate earnings arising from currency exchange rate fluctuations and low share prices. As a result, the operating environment for the Koito Group remains harsh.

As regards Koito's consolidated business outlook for fiscal 2013, sales are expected to increase on a rise in automobile production, mainly due to domestic financial subsidies and growing worldwide demand for environmentally friendly vehicles.

In terms of earnings, we expect operating income and recurring profit to increase year on year, mainly due to contributions accompanying the start of operations at new overseas plants, improved productivity, and the promotion of robust cost-cutting measures.

Masahiro Ohtake
President

MEDIUM-TERM OUTLOOK

In the automobile industry, production trends in and outside of Japan remain uncertain, as a variety of structural problems including the economic slump and the high yen are causing cutbacks in automobile production in Japan. In addition, there are financial crises in some European countries and instabilities in the Middle East. In the medium- to long-term, however, production is expected to expand to meet demand stemming from the spread of automobiles in emerging markets such as China, Thailand, Indonesia, and India. At the same time, international competition will intensify as globalization progresses, and the trend of companies increasingly shifting production to the optimum locations in the world will continue.

We believe these medium- and long-term trends in the automobile industry present major business opportunities for the Koito Group. The Group currently conducts its business centered on 23 production bases run by 13 companies in 9 overseas countries, and is working to strengthen and enhance the corporate structure of each Group company to achieve competitiveness and profitability and to handle globally optimized production. As one element of this, Koito is strengthening production systems in regions where orders are expected to expand as realized in the start of production in April 2011 at PT. INDONESIA KOITO, the second company in the ASEAN region, and the start of production in 2012 at North American Lighting Inc.'s Alabama Second Plant, and at THAI KOITO COMPANY LIMITED's Prachinburi Plant (4th Plant). In Japan, Koito is accelerating the efficient utilization of resources by way of the realignment of plants, and the optimization of business structures.

By business segment, in the core automobile lighting equipment business, Koito will pursue order-winning initiatives grounded in an accurate grasp of trends in areas where the world's leading automakers are boosting production, as well as in regions with sizeable untapped demand.

We are aggressively developing value-added products, such as LED headlamps, discharge headlamps and the Adaptive Front Lighting System (AFS). At the same time, we are also developing headlamps for low-priced vehicles in emerging economies, and other products tailored to market characteristics. These are required in response to the launch of global strategic vehicles that the world's major automakers are putting on the market. Such efforts come with the transfer of our technologies to our own affiliates and the establishing of a complementary supply structure among Koito Group companies. In this manner, we will work to win more orders and raise sales.

In other products and services, our priority is to drive business growth by winning more orders for road traffic control systems, LED displays, electronic aircraft components, and hydraulic equipment as well as seats for railroad cars such as the bullet train, and by developing new products and opening up new markets.

All of us at Koito will make concerted efforts to deliver products and services that satisfy our customers. To do so, we will continue to bring together the knowledge and energy of Koito and its Group companies as we strive on the basis of CSR (corporate social responsibility) to develop and provide environmentally friendly products such as LED headlamps, and cultivate personnel who can inherit our unique manufacturing philosophy.

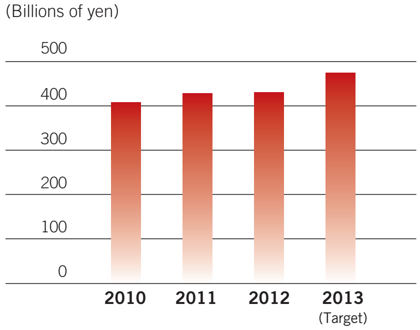
OPERATIONS BY REGION AND FUTURE DEVELOPMENTS

OUTLOOK FOR MEDIUM-TERM GLOBAL STRATEGIES

As regards the outlook for Koito's consolidated business results for fiscal 2013, Koito plans to increase both sales and earnings over the previous fiscal year. This is primarily expected as the result of a projected increase in the number of vehicles produced worldwide, improvements in productivity, and additional earnings due to the commencement of full-fledged operations at new plants overseas.

CONSOLIDATED NET SALES

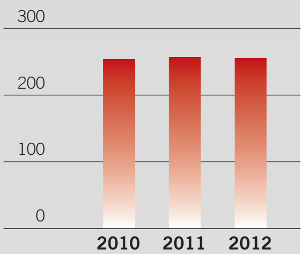
Years ended March 31,
(Billions of yen)



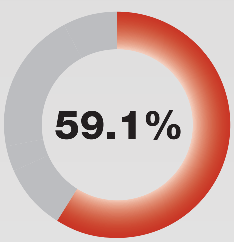
JAPAN

In fiscal 2012, Japan's automobile production increased year on year to the 9.2 million unit level. In the second half of the fiscal year, automobile production picked up as automakers strove to make up for lost production in the first half of the year due to the earthquake and the strong yen.

NET SALES [Japan]
Years ended March 31,
(Billions of yen)



SHARE OF SALES [Japan]
Year ended March 31, 2012
(%)



KOITO MANUFACTURING CO., LTD.

In fiscal 2012, net sales of Koito in Japan were flat year on year at ¥218.2 billion. A recovery in production since summer 2011 and winning more orders mainly for environmentally friendly vehicles outweighed the negative impact of the earthquake in the first half of the fiscal year.

On the earnings front, the Company reported operating income of ¥15.6 billion, on par with the previous year. Recurring profit increased 6.1% to ¥23.4 billion. Net income rose by 36.0% to ¥6.9 billion. In the first half of the fiscal year, sales decreased due to production cutbacks and fixed expenses increased. However, earnings recovered in the second half due to the recovery in production, increased orders, and streamlining activities.

During fiscal 2012, Koito made total capital expenditures of ¥4.7 billion primarily for the development of new products and model changes in the automotive lighting equipment segment, and for new facilities needed for quality enhancement, rationalization and cost-cutting measures, as well as molds and industrial tools.

Looking ahead at the prospects for the Japanese auto industry, we expect to see the impetus of sustainable production in 2013 due to the extension of government assistance programs and tax reductions for purchasing environmentally friendly vehicles.

Koito will work to expand sales of new products and gain market share, while at the same time working to achieve profitability by raising productivity.

KOITO MANUFACTURING Shizuoka Plant

KOITO MANUFACTURING Haibara Plant

KOITO MANUFACTURING Sagara Plant

KOITO MANUFACTURING Fujikawa Tooling Plant

KOITO KYUSHU LIMITED

KOITO KYUSHU LIMITED was established in November 2005 with the aim of responding to production by automakers in the Kyushu region, mainly in order to offset risks associated with an earthquake predicted in the Tokai region, and improve distribution efficiency. A new plant was constructed and operations commenced in October 2006, and a second plant commenced operations in September 2008 in line with growth in production volumes.

Net sales in fiscal 2012 leveled off at ¥35.7 billion due to recovery in production from the impact of the March 2011 earthquake and from the impact on export vehicles caused by the yen's appreciation.

KOITO KYUSHU LIMITED Head Office and Plant

KI HOLDINGS CO., LTD.

In August 2011, the former KOITO INDUSTRIES, LIMITED conducted an absorption-type demerger, splitting off its transportation equipment-related business, electrical equipment-related business, and home appliances and environment-related business to be succeeded by KOITO ELECTRIC INDUSTRIES, LTD. Retaining only the aircraft seat businesses, KOITO INDUSTRIES, LIMITED changed its company name to KI HOLDINGS CO., LTD., and changed its fiscal year-end from March to September. KI HOLDINGS' consolidated net sales for the accumulated first two quarters of the fiscal year ended September 2012 (the period from October 1, 2011 to March 31, 2012) declined to ¥29.4 billion for the same period year on year. This reflected a significant decline in the transportation equipment-related business despite increases in the electrical equipment-related business and the home appliances and environment-related business.

Results by segment were as follows:

[Transportation Equipment Segment]

Sales in the railroad car equipment division decreased for both Japan and China, and net sales in the segment declined year on year to ¥8.9 billion.

[Electrical Equipment Segment]

Segment sales increased year on year to ¥19.2 billion, as a result of increases in sales in the information systems and traffic systems sectors, despite decreased sales in the lighting sector.

[Home Appliances and Environment Segment]

Segment sales leveled off year on year at ¥1.3 billion due to increased sales of environmental systems despite lower sales of home appliances.

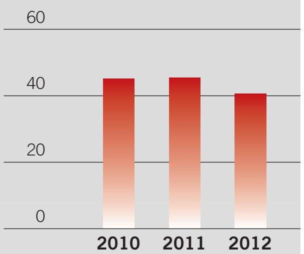
KI HOLDINGS CO., LTD. Head Office and Plant

KOITO ELECTRIC INDUSTRIES, LTD.
Head Office and Fuji Nagaizumi Plant

NORTH AMERICA

In fiscal 2012, automobile production in North America made a gradual recovery in demand to about 13.5 million units despite the impact of the Great East Japan Earthquake in the first half of the year.

NET SALES
[North America]
Years ended March 31,
(Billions of yen)



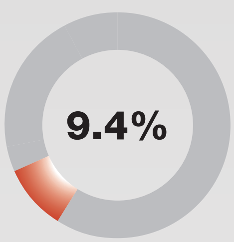
In North America, North American Lighting, Inc. (NAL), established in 1983, supplies automotive lighting equipment to the Big 3 automakers and all local plants of Japanese automakers. NAL is now the largest independent manufacturer of lighting equipment in North America.

NAL conducts its production operations at the four plants of the Paris, Flora and Salem plants in Illinois in the U.S., and a plant in Alabama in the southern U.S. In January 2012, the Alabama Plant opened a second plant, and now undertakes the production of headlamps and signaling lamps. In March 2012, a molding die plant opened in Indiana to improve cost competitiveness and strengthen development power by the internal production of molding dies. Research and development is conducted at its Technical Center in the city of Farmington Hills, Michigan.

In the non-automotive electrical equipment segment, KPS N.A., INC. manufactures and sells seats and electrical components for railroad cars.

In fiscal 2012, net sales in the North American business declined 10.4% from the previous fiscal year to ¥40.6 billion. This was due to cutbacks in Japanese automobile production after the earthquake and related factors, and the negative impact of exchange rates because of the strong yen.

SHARE OF SALES
[North America]
Year ended March 31, 2012
(%)

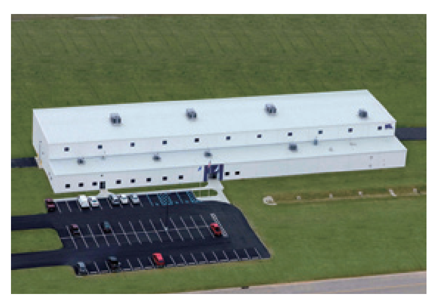


NAL Paris Plant

NAL Flora Plant

NAL Salem Plant

NAL Alabama Plant



NAL Indiana Tooling Plant

NAL Head Office (Paris)

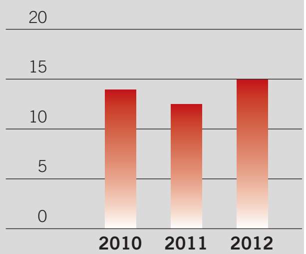
NAL Technical Center

EUROPE

Automobile production in Europe remained level year on year in fiscal 2012 at around 17.5 million vehicles as regional demand stagnated due to the protracted financial turmoil, despite increased demand in Middle and Eastern Europe and Russia.

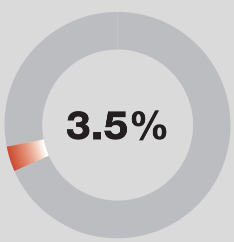
NET SALES [Europe]

Years ended March 31,
(Billions of yen)



SHARE OF SALES [Europe]

Year ended March 31, 2012
(%)



Under the control of Koito Europe NV (KENV), which oversees our European operations, Koito's automotive lighting equipment business in Europe is developed by two manufacturing bases: Koito Europe Limited (KEL) in Droitwich, England, and Koito Czech s.r.o. (KCZ) in Zatec, Czech Republic.

In fiscal 2012, net sales in the European business increased 19.8% year on year to ¥14.9 billion due to efforts to expand sales to both local automakers and Japanese automakers in Europe.

Koito will strengthen its local development structure, further develop strategic order-winning initiatives, and boost competitiveness and profitability, mainly through improved operational efficiency, aiming for further growth in orders and earnings improvement in Europe over the medium- and long-terms.

Koito Europe NV

Koito Europe Limited

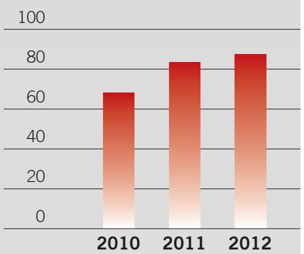
Koito Czech s.r.o.

CHINA

Automobile production in China was flat year on year at approximately 18.5 million units in fiscal 2012, mainly due to production cutbacks of Japanese automobiles from the spreading impact of the Great East Japan Earthquake and the Thai floods, and also due to the ending of some governmental subsidy programs.

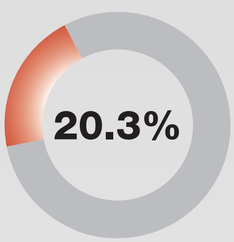
NET SALES [China]

Years ended March 31,
(Billions of yen)



SHARE OF SALES [China]

Year ended March 31, 2012
(%)



Koito is developing its automotive lighting equipment business in China through three companies: Shanghai Koito Automotive Lamp Co., Ltd. (Shanghai Koito), a joint venture established in 1989; FUZHOU KOITO TAYIH AUTOMOTIVE LAMP CO., LTD. (FUZHOU KOITO TAYIH), consolidated as a subsidiary in September 2005; and GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD. (GUANGHZOU KOITO), established in November 2005.

In April 2002, Shanghai Koito established a Technical Center in China, one of the first auto parts manufacturers to do so. This move has given the joint venture product development and molding die manufacturing capabilities, as well as quality assurance, enabling it to establish a strong reputation with automakers.

In the non-automotive electrical equipment segment, CHANGZHOU KOITO JINCHUANG TRANSPORTATION EQUIPMENT CO., LTD. produces and sells electrical components for railroad cars.

Net sales in China rose 4.7% to ¥87.5 billion, despite weak growth in Japanese automobile production. This increase was due to stronger order-winning activities and increased sales for local automobile manufacturers.

Shanghai Koito First and Second Plants

Shanghai Koito Third Plant

Shanghai Koito Technical Center

GUANGZHOU KOITO

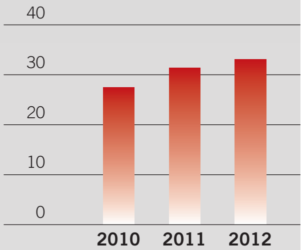
FUZHOU KOITO TAYIH

ASIA

Automobile production in Asia grew year on year in fiscal 2012 due to increased production in Indonesia, India and other countries, supported by high economic growth that overcame the impact of the flooding in Thailand.

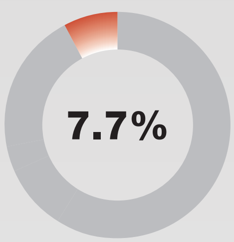
NET SALES [Asia]

Years ended March 31,
(Billions of yen)



SHARE OF SALES [Asia]

Year ended March 31, 2012
(%)



Thailand

In Thailand, THAI KOITO COMPANY LIMITED (THAI KOITO), established in 1986, supplies the automotive lighting equipment to all local Japanese automakers. THAI KOITO established the Prachinburi Plant (4th Plant) in response to the expansion of the Thai automobile market. The plant started operations in April 2012.

Net sales in fiscal 2012 increased 7.0% year on year to ¥20.5 billion. The impact of the earthquake in Japan and the flooding in Thailand was overcome by a recovery in production and orders for high-added-value products. Koito will continue focusing on winning orders for lamps used in automakers' global strategic vehicles, and work to improve earnings.

THAI KOITO Bangplee Plant

THAI KOITO Prachinburi Plant

Indonesia

Koito established PT. INDONESIA KOITO in Indonesia in June 2010. Beginning from April 2011, the company has been producing lamps for automobiles and motorcycles. Net sales for fiscal 2012 amounted to ¥1.3 billion.

Indonesia boasts the world's fourth largest population of 240 million people, and is blessed with natural gas, coal, and other resources. In tandem with its high economic growth, Indonesia's automobile industry is expected to expand.

INDONESIA KOITO

Taiwan

In Taiwan, operations are conducted by Ta Yih Industrial Co., Ltd. (Ta Yih Industrial), in which Koito took an equity interest in 1988.

In fiscal 2012, net sales were flat year on year at ¥11.0 billion.

Ta Yih Industrial

India

INDIA JAPAN LIGHTING PRIVATE LIMITED (IJL), a joint venture established in 1997 with Lucas-TVS Limited, is developing business in India.

Net sales declined 10.7% year on year to ¥3.7 billion in fiscal 2012, mainly due to reduced production of Japanese automobiles because of the earthquake in Japan and the impact of the Thai flooding.

Demand is expected to expand in India going forward, and IJL will continue working to further improve earnings.

IJL Chennai Plant

IJL Bawal Plant

RESEARCH AND DEVELOPMENT


KOITO MANUFACTURING Technical Center

The Koito Group makes full use of electronics and other cutting-edge technologies, and conducts R&D activities to develop creative systems and complex products in pursuit of improving safety.

At the same time, Koito aims to conduct manufacturing activities that put people and the environment first. To this end, Koito is developing technologies that focus on environmental themes that include recycling and the use of materials and manufacturing methods with low environmental impact.

The Koito Group's R&D activities are conducted by Koito's global R&D network of five bases, led by Koito Manufacturing Technical Center in Japan. The other bases include NAL Technical Center in the U.S., KENV's Technical Section in Europe, Shanghai Koito Technical Center in China, and Thai Koito Technical Center in Asia, which opened in April 2012. As of March 31, 2012, the number of personnel engaged in the Koito Group's R&D activities stood at 2,114.

In fiscal 2012, R&D costs totaled ¥17.6 billion, and the main research themes are outlined below.

Automobile Related Businesses

1. Core automotive lighting equipment technologies
   (optics, electronics, mechanical and structural engineering, etc.)
2. Production technologies
3. Simulation technologies
4. System development for ITS-related equipment and materials

Other Products & Services

1. Electrical components for railroad rolling stock
2. Internet-based systems
3. Aircraft components
4. New products in new business domains and others

Opening of Thai Koito Technical Center

Automobile production in the ASEAN region countries such as Thailand and Indonesia is increasing rapidly, and the major automakers are expanding their production capabilities and aggressively engaging in local development.

THAI KOITO COMPANY LIMITED (THAI KOITO) opened Thai Koito Technical Center in April 2012 to respond precisely to customers' local development and market needs.

Looking ahead, it will work to expand orders and improve integration by rapidly responding to any needed product development in Southeast Asia.

Development of LED Headlamps

In May 2007, Koito became the first company in the world to succeed in commercializing an LED headlamp. LED headlamps are next-generation headlamps that use a high-output white LED (light-emitting diode). Using Koito's own optical control system and optimum lighting system, Koito has achieved world-leading levels of brightness and lighting speed. LED headlamps are promising from an environmental viewpoint, mainly due to the fact that white LEDs have long working lives, and save energy and space.

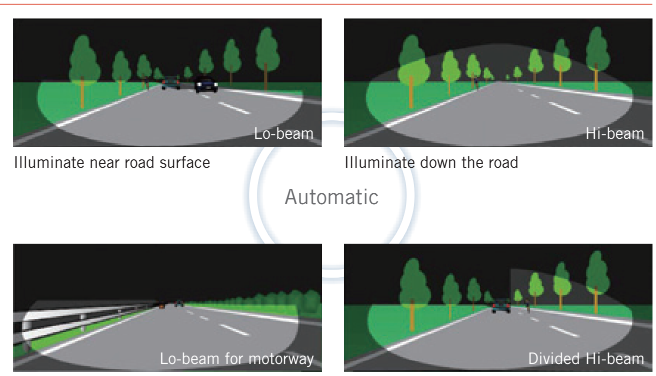
Koito is earnestly conducting committed research and development to produce LED headlamps offering even better performance and higher quality.

Development of the ADB (Adaptive Driving Beam System)

Based on the advanced safety technology it has developed over many years with AFS*, Koito is developing the ADB headlamp system for full automatic control of the driving beam. The system controls the hi-beam in response to the driving environment, such as driving at high speeds or in rainy weather.

With the ADB system, an onboard camera and image sensor automatically control the light distribution of the driving beam. The ADB headlamp system illuminates a wide visual environment in front of the driver without causing a glare from the beam to impact on oncoming vehicles or vehicles in front, thereby helping to provide a safer driving environment.

* AFS (Adaptive Front Lighting System):
A headlamp system that swivels the headlamp beam to the left or right according to the angle of steering



Illuminate near road surface

Illuminate down the road

Illuminate further distance road surface during motorway drive

Illuminate down the road without glare to vehicles in front

SOCIAL CONTRIBUTION AND ENVIRONMENTAL ACTIVITIES

Public Communication and Social Contribution Activities

In conducting business operations, as a good corporate citizen, Koito is watchful to foster harmony with all stakeholders, including local communities, customers, suppliers and investors. Koito also introduces some of its environmental initiatives and discloses environmental information through its environmental reports, annual reports and website. Disclosure of this kind is essential to fostering a deeper understanding of Koito's business and environmental protection activities.

In addition to working to raise the awareness of employees regarding environmental problems close at hand, other important areas where we are making proactive efforts to build relationships of trust with the regional community include participation in community cleanup and tree-planting activities and other programs to keep the local natural environment clean, and to preserve it. Koito will actively engage in activities that contribute to society to help fulfill its obligations as a good corporate citizen.

Promoting Manufacturing that Puts the Environment First

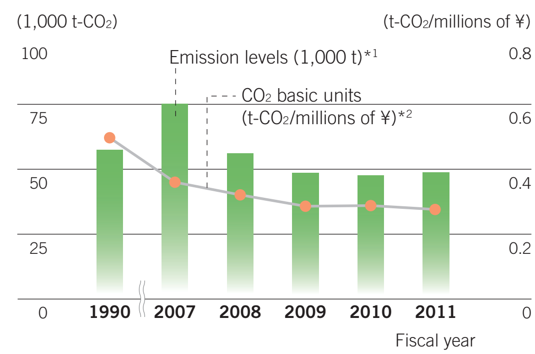
Koito has established an Environmental Committee as a top management mechanism that oversees two sub-committees: the Environmental Protection Committee, and the Environmental Audit Committee. These committees work to maintain environmental compliance, and to promote efforts to minimize the environmental burden of manufacturing while pursuing economic efficiency.

The Koito Group is making Group-wide efforts to reduce the overall environmental impact of its core automotive lamp products over the entire product life cycle from product development to manufacturing, use, disposal and recycling. Through these means, Koito is working in harmony with the regional community to preserve the environment and reduce the Group's overall environmental burden.

Under its Fiscal 2009–2013 Medium-term Environmental Management Plan, Koito is targeting a 7% reduction on average in CO_2 emissions compared with the fiscal 1991 level for the five-year period from fiscal 2009 to 2013 as part of efforts to prevent global warming. Koito is also taking steps to minimize energy wastage through energy-saving measures and production efficiency improvements.

In resource recycling, our primary focus is to keep waste emissions as close to zero as possible by promoting reuse of waste as a resource, namely through the 3Rs (Reduce, Reuse, Recycle). Similarly, we are striving to minimize environmentally harmful substances produced in manufacturing processes. Specifically, we are tightening our control over amounts of materials used and emission levels, using these substances more efficiently, replacing them with alternatives, and other measures. Our goal is to help form a recycling-oriented society by quickly achieving and maintaining zero-emission operations, among other means.

CO_2 Emissions and CO_2 Basic Units



*1 CO_2 emissions are assessed for the Shizuoka, Kikkawa, Haibara and Sagara plants, by using the power-generation CO_2 emissions coefficients of the Federation of Electric Power Companies of Japan for electricity and coefficients based on energy-saving laws for city gas, LPG and heavy kerosene.

*2 CO_2 emission levels (t-CO_2) per production monetary amount (millions of ¥)

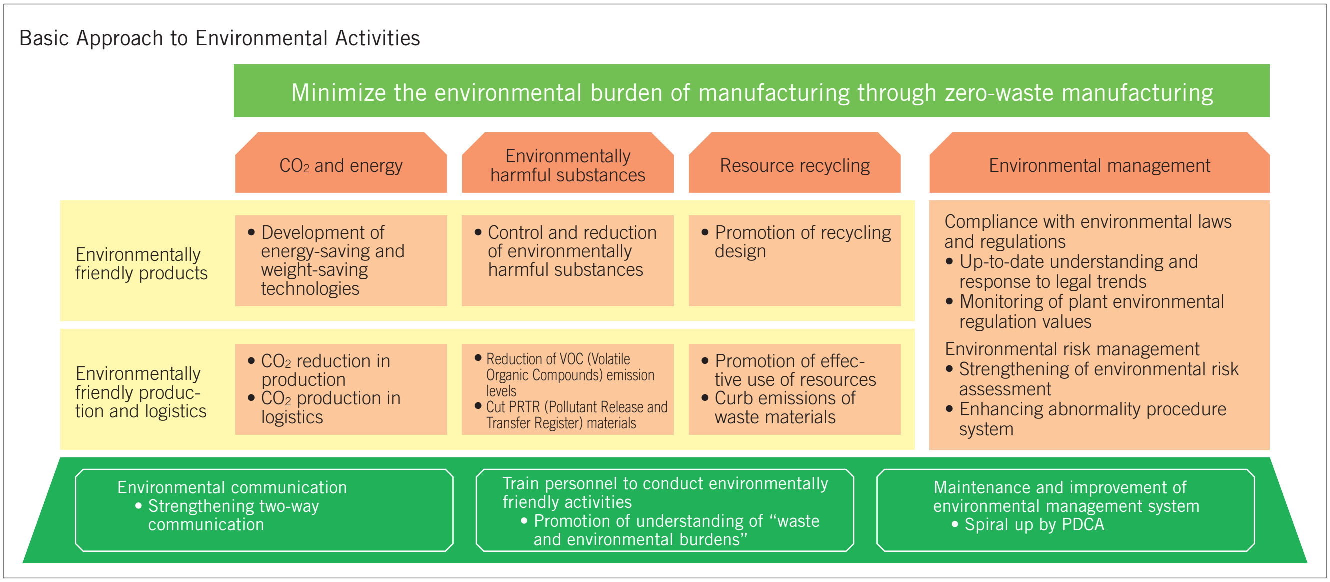
Koito Group Environmental Management System

In developing its operations globally, the Koito Group recognizes the need to further enhance its environmental preservation systems. Our ongoing efforts in this regard include building environmental management systems and obtaining environmental certification at our affiliated companies.

Koito has constructed a common company-wide environmental management system covering all stages from development to manufacturing that complies with the international ISO14001 standard. By January 2003, all 4 of our production bases in Japan obtained ISO14001 certification.

Meanwhile, 17 of our affiliated companies, including 9 overseas companies, have obtained ISO14001 certification, mainly at production sites.

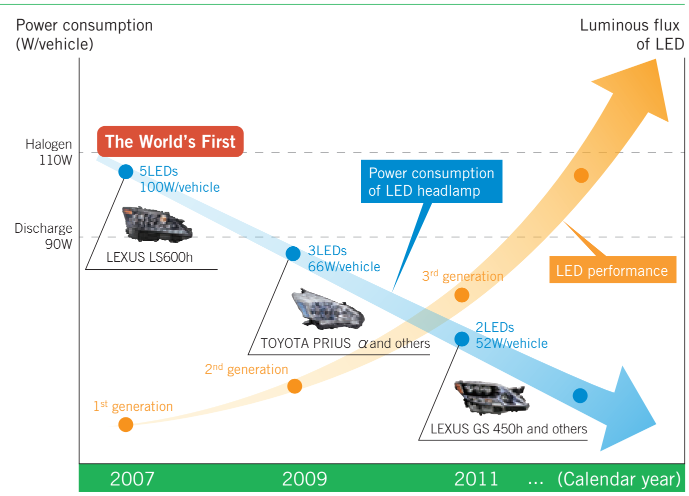
We will continue to develop locally-tailored environmental preservation activities in every country and region where we operate, as we respond to the demands of societies around the world for global environmental protection and sustainable societies.



Saving Electric Power with LED Headlamps

LED headlamps are finding increasing applications in environmentally friendly vehicles such as hybrid cars and electric vehicles, mainly due to the fact that they save electric power and have long working lives.

Koito has worked to improve the performance of LED chips, and the power consumption of LED headlamps is becoming less every year. This contributes to improved fuel consumption together with CO_2 reductions, especially as their power consumption is approximately 60% less than conventional discharge headlamps.



Development of Mercury-Free Discharge Headlamps

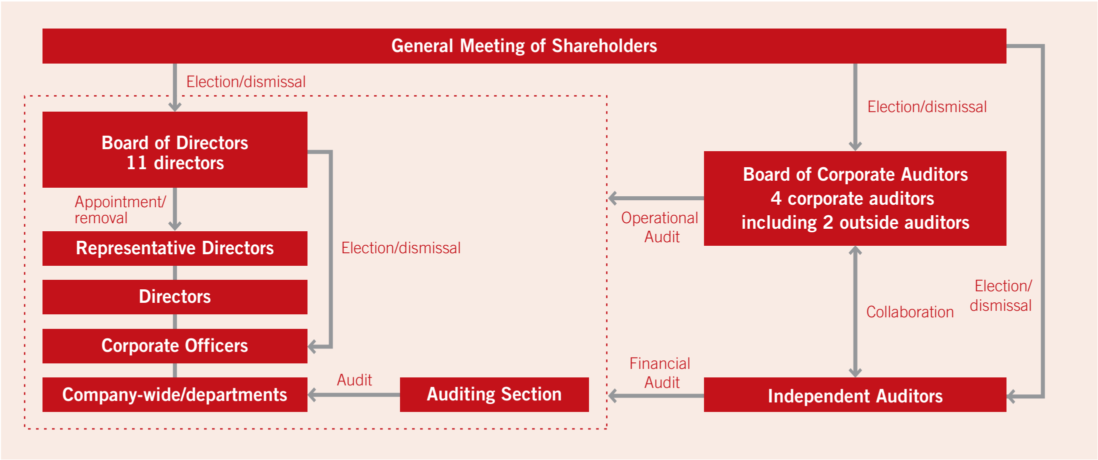
Current discharge bulbs contain trace amounts of mercury, a substance with a high environmental impact. However, developing an alternative technology to the mercury used in discharge bulbs was seen as a technical challenge as mercury is an indispensable substance for producing light with the stable electric characteristics and efficiency of an electric bulb.

To meet this challenge, Koito pressed ahead with R&D in collaboration with other related manufacturers. Through this initiative, the Koito Group successfully developed a mercury-free discharge bulb with a level of performance equivalent to existing bulbs, and also a super-small and lightweight ballast (lighting control unit) especially for mercury-free headlamps. In July 2004, the Koito Group became the first company in the world to achieve mass production of mercury-free discharge headlamps.

CORPORATE GOVERNANCE

The Koito Group's basic approach to corporate governance is to recognize the importance of ethical standards, if it is to retain the trust of all its stakeholders (people concerned). To do this, Koito places the highest managerial priority on enhancing its corporate governance and strengthening compliance.

As part of these efforts, Koito has introduced a system of corporate officers who undertake "business execution," while the Board of Directors focuses on its "decision making" and "supervising function" with a smaller number of members, thereby enabling prompter decision-making as the highest decision-making body in management. Koito also works to strengthen its auditing function though collaboration between the Board of Corporate Auditors and independent auditors.



(1) Corporate Governance Structure, Internal Control System and Risk Management System

At Koito, management decision making and supervision are conducted by the Board of Directors, business execution is conducted by the corporate officers, and business execution is audited by the Board of Corporate Auditors. The Board of Directors, which comprises 11 directors, in principle meets once per month and is attended by directors and corporate auditors. It reports on progress in business execution and makes decisions on important matters. The Managing Committee (chaired by the president) comprising full-time directors, is a body to aid the Board of Directors. The committee meets in principle 3 times per month and determines business execution, and reports on progress in and follows up on business execution. As determined by the Articles of Incorporation, the Board of Directors comprises 15 members or less.

The Board of Corporate Auditors comprises 4 corporate auditors, including 2 outside auditors. Each corporate auditor audits the performance of directors in line with auditing policies through such means as their participation in meetings of the Board of Directors, and surveys of the Company's operations and financial condition. Moreover, the standing corporate auditors attend important meetings and committees to audit business execution by directors. With regard to cooperation between auditors and the Auditing Section, internal auditing is conducted primarily by the General Affairs Department (Auditing Section) and Accounting Department. Corporate auditors receive regular reports from the Auditing Section regarding audit plans and audit inspection methods, as well as results of audits, and exchange information as necessary.

In the area of risk management, Koito implements measures to reduce and avoid risk, and divides the responsibility for day-to-day risk management between internal departments. In the event of a given risk transpiring, Koito will make a rapid and appropriate response based on leadership from top management.

Status of Financial Audits

To ensure the adequacy of financial statements, the Board of Corporate Auditors and Board of Directors periodically receive progress reports on the status of financial audits based on relevant directives and other laws from the independent auditors.

Koito's accounting audit was performed by certified public accountants Makoto Yoshii, Atsushi Sasayama, and Hirofumi Nikaido from Koito's independent auditor, accounting firm MEIJI AUDIT CORPORATION. Furthermore, 4 certified public accountants and 3 other staff assisted with the accounting audit.

(2) Remuneration for Directors, Corporate Auditors and the Independent Auditor

Remuneration for directors, corporate auditors, and the independent auditor for the fiscal year ended March 31, 2012 was as follows:

Remuneration for Directors and Corporate Auditors:

For directors:	¥1,073 million
For corporate auditors:	¥ 97 million
Total:	¥1,170 million

Remuneration for the Independent Auditor:

Fee for certification of audit:	¥62 million

(Remuneration based on work stipulated by Article 2, Paragraph 1 of the Certified Public Accountants Act)

(3) Introduction of a Corporate Officer System

At a meeting held on March 29, 2012, the Board of Directors resolved to introduce a corporate officer system. The Board of Directors then met again on June 28, 2012 and elected and appointed the executive officers.

(Objectives)

(1) To center the Board of Directors on its fundamental function as the highest decision-making body in management by decreasing the number of directors.
(2) To speed up management decisions with a smaller number of directors.
(3) To introduce younger persons as corporate officers and train them to be qualified as future director candidates.

BOARD OF DIRECTORS, CORPORATE OFFICERS AND AUDITORS

(As of June 28, 2012)

Takashi Ohtake
Chairman & CEO

Masahiro Ohtake
President

Mitsuo Kikuchi
Executive Vice President

Yuji Yokoya
Executive Vice President

Directors

Chairman & CEO

Takashi Ohtake

President

Masahiro Ohtake

Executive Vice Presidents

Mitsuo Kikuchi
Yuji Yokoya

Senior Managing Directors

Koichi Sakakibara
Hiroshi Mihara
Kazuo Ueki

Directors and Managing Corporate Officers

Kenji Arima
Masami Uchiyama
Katsuyuki Kusakawa
Hideo Yamamoto

Auditors

Standing Corporate Auditors

Shuichi Goto
Akira Nagasawa

Corporate Auditors

Koichi Kusano
Nobuyoshi Kawashima

Corporate Officers

(Excluding the members with an additional concurrent post in the Board of Directors)

Managing Corporate Officers

Youhei Kawaguchi
Osami Takikawa
Michiaki Kato

Corporate Officers

Jun Toyota
Takao Yamanashi
Atsushi Inoue
Kiyoshi Sato
Hideharu Konagaya
Kazuhito Iwaki
Koichi Toyoda

FINANCIAL SECTION

CONTENTS

TEN-YEAR SUMMARY

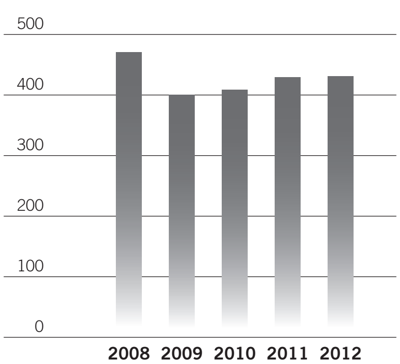
KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen (except per share amounts)			
Consolidated	2003	2004	2005	2006
For the year:				
Net sales	¥311,133	¥334,254	¥361,477	¥397,509
Operating income	13,157	13,723	17,962	22,262
Income before income taxes	12,766	14,061	18,287	23,277
Income taxes	5,113	5,554	7,225	9,078
Net income	5,826	6,440	9,093	12,731
Amounts per share (yen and U.S. dollars):				
Net income	¥ 35.51	¥ 39.19	¥ 55.62	¥ 79.39
Cash dividends	10.00	12.00	14.00	20.00
At year-end:				
Working capital	¥ 26,663	¥ 18,085	¥ 24,043	¥ 27,993
Property, plant and equipment, less accumulated depreciation	66,342	66,981	70,106	76,800
Total assets	290,397	299,344	318,739	366,254
Total equity	102,475	111,707	119,278	139,849

Notes: 1. Amounts in U.S. dollars are translated from yen, for convenience only, at the rate of ¥82.19=US$1, the rate prevailing on March 31, 2012.
2. The above total equity for fiscal 2011 and fiscal 2012 included noncontrolling interests.

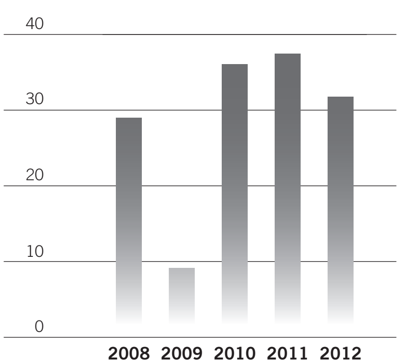
Net Sales

(Billions of yen)



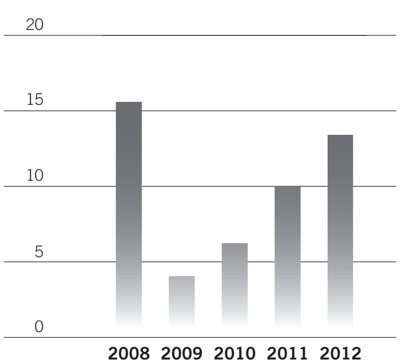
Operating Income

(Billions of yen)



Net Income

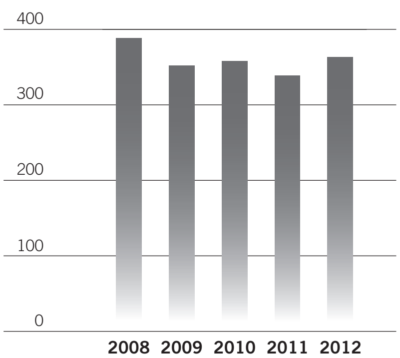
(Billions of yen)



2007	2008	2009	2010	2011	2012	Thousands of U.S. dollars (except per share amounts) 2012
¥452,520	¥470,648	¥400,232	¥408,430	¥428,977	**¥430,929**	**$5,243,083**
21,328	28,959	9,131	36,054	37,434	**31,725**	**385,996**
24,799	30,097	7,980	13,731	17,591	**27,093**	**329,639**
9,622	11,678	2,051	9,736	11,850	**10,599**	**128,957**
13,374	15,581	4,042	6,217	10,012	**13,391**	**162,927**
¥ 83.23	¥ 96.95	¥ 25.16	¥ 38.69	¥ 62.30	**¥ 83.33**	**$ 1.01**
22.00	23.00	20.00	18.00	19.00	**19.00**	**0.23**
¥ 24,182	¥ 26,813	¥ 13,091	¥ 39,512	¥ 58,015	**¥ 65,554**	**$ 797,591**
84,644	83,875	83,244	73,252	65,010	**66,791**	**812,641**
385,300	388,585	351,869	357,530	338,760	**363,273**	**4,419,917**
149,553	151,713	142,184	148,664	168,414	**182,916**	**2,225,526**

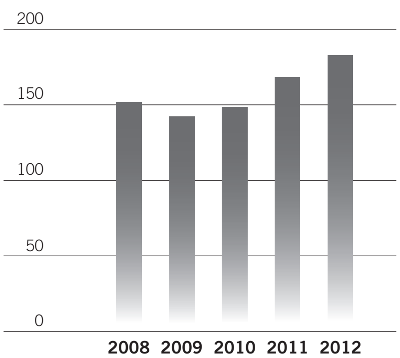
Total Assets

(Billions of yen)



Total Equity

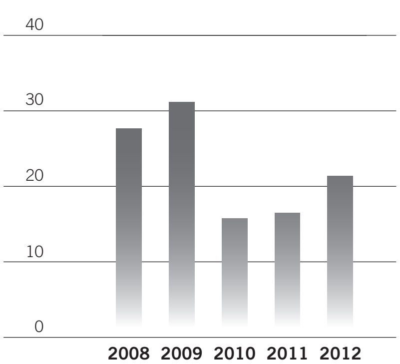
(Billions of yen)



* Fiscal 2011 and 2012 figures included noncontrolling interests.

Capital Expenditures

(Billions of yen)



MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

The Koito Group comprises the parent company (KOITO MANUFACTURING CO., LTD.), 28 subsidiaries, 1 affiliate and 1 associated company. The Group manufactures and sells automotive lighting equipment; components for airplanes, trains and railways; a wide variety of electrical devices; and measuring equipment. It is also involved in related distribution operations.

NET SALES

In the Japanese auto industry, despite drops in domestic and overseas demand in the first half of the fiscal year due mainly to the Great East Japan Earthquake and the strong yen, production volume increased year on year because of recovery in production for expanded demand in the second half of the year.

Overseas, automobile production worldwide increased year on year, as robust expansion of production in North America and Central and Eastern Europe, as well as emerging markets such as India, largely offset the impact of production cuts in Thailand.

In this climate, the Koito Group reported consolidated net sales of ¥430.9 billion, approximately the same as the previous fiscal year, due to a turnaround to growth in sales in the mainstay automotive lighting equipment segment. A significant drop in sales in the first half of the fiscal year was exceeded by a large increase in the second half of the year.

EARNINGS

On the earnings front, the Company reported operating income of ¥31.7 billion, down 15.2% year on year. This decline in operating income was due to a deterioration in earnings that reflected the burden of fixed expenses accompanying lower production of Japanese automakers both domestically and overseas. This was despite efforts with Group companies to improve business performance by enacting quality improvement programs and promoting robust measures to cut unit costs.

Recurring profit amounted to ¥31.4 billion, down 8.2%, due to the reduced operating income despite reduced expenses for safety measures in the aircraft business. However, net income increased 33.8% year on year to ¥13.3 billion due to a decrease in extraordinary losses.

RESULTS BY GEOGRAPHICAL SEGMENT

JAPAN

Sales in Japan were largely unchanged at ¥254.7 billion. This reflected the fact that automobile production picked up as automakers strove to make up for lost production in the second half of the fiscal year, mainly due to the earthquake in Japan and the strong yen, in the first half of the year.

NORTH AMERICA

Sales in North America dropped 10.4% to ¥40.6 billion due to cutbacks in Japanese automobile production after the earthquake in Japan and related factors, and the negative impact of currency exchange rates due to the strong yen.

CHINA

Sales in China rose 4.7% to ¥87.5 billion, despite weak growth in Japanese automobile production. This increase was due to stronger order-winning activities for local automobile manufacturers, and efforts to expand sales to them.

ASIA

Sales in Asia rose 5.4% to ¥33.0 billion, despite concerns about the impact of the earthquake in Japan and the flooding in Thailand. Sales growth was driven by the winning of increased orders in Thailand and steadily robust production in Indonesia.

EUROPE

Sales in Europe increased 19.8% to ¥14.9 billion. As the economies of Europe continued to slump, the Company worked to expand sales of automotive lighting equipment, mainly to local manufacturers.

FINANCIAL POSITION

Total assets as of March 31, 2012 increased ¥24.5 billion from March 31, 2011 to ¥363.2 billion, mainly due to an increase in cash and cash equivalents and an increase in trade notes and accounts receivable.

Total liabilities as of March 31, 2012 increased ¥10.0 billion from March 31, 2011 to ¥180.3 billion. This reflected an increase in trade notes and accounts payable.

Total equity as of March 31, 2012 increased ¥14.5 billion from March 31, 2011 to ¥182.9 billion. This increase was mainly due to an increase in retained earnings because of an increase in net income and an increase in total accumulated other comprehensive income.

CASH FLOWS

Operating activities provided net cash of ¥32.0 billion. This amount reflects the deduction of the payment of tax from funds that increased ¥43.8 billion mainly due to income before income taxes of ¥27.0 billion and depreciation of ¥19.5 billion.

Investing activities used net cash of ¥27.1 billion, mainly reflecting payments for acquisition of property and equipment of ¥22.9 billion.

Financing activities used net cash of ¥4.6 billion, the result of ¥4.6 billion for the payment of dividends.

As a result, cash and cash equivalents as of March 31, 2012 were ¥23.2 billion, ¥0.3 billion higher than on March 31, 2011.

CAPITAL EXPENDITURES

Capital expenditures totaled ¥21.4 billion mainly in Japan, and were made with the aims of streamlining production, boosting product quality, and reducing costs. A breakdown of capital expenditures for the fiscal year under review, by segment and excluding consumption tax, is as follows.

Capital expenditures in Japan totaled ¥7.3 billion, in North America, ¥4.7 billion, in China, ¥5.7 billion, in Asia, ¥3.2 billion, and ¥0.3 billion in Europe.

The funds required for capital expenditures were allocated from internal funds and debt.

There were no disposals or sales of key facilities during the fiscal year under review.

PRESSING ISSUES

(1) THE KOITO GROUP'S CURRENT OUTLOOK

During fiscal 2012, the economic situation in Japan sounded a weak note. In the first half of the fiscal year, economic activities stagnated due to power supply shortages and issues arising from the Great East Japan Earthquake and the associated nuclear power plant accident. In addition, profits have deteriorated in export industries due to the ongoing appreciation of the yen since the summer of 2011. In the second half of the year, there were signs of an economic recovery mainly due to reconstruction demand and a recovery in production. Overseas, global economic growth was sluggish despite some economic growth in China, India and other emerging countries due to such factors as the impact of the Thai flooding and the financial problems in some European countries.

The Koito Group will make efforts to increase order activities, boost productivity, enhance our mutually complementary supply network and structure, and implement more cost-cutting measures. All of these activities are aimed at further improving the Group's business results as a global supplier with four development and production bases.

(2) KEY ISSUES IN THE NEAR TERM

As a global supplier, the Koito Group faces the challenges of establishing a research, production and sales structure for responding flexibly to trends in the global automobile industry, reorganizing and strengthening its management structure and organization, and enhancing internal control over corporate activities.

To accomplish this, the Group is striving to improve management practices by developing innovative new technologies and products that anticipate market and customer needs, and preserving the environment, as well as boosting productivity, implementing cost-cutting measures, promoting quality improvement activities and strengthening the corporate structure.

In March 2012, Koito underwent an on-site inspection by the Japan Fair Trade Commission on suspicion of violating the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, concerning transactions for automotive lighting equipment. Koito takes the above situation very seriously and is complying with the inspection by the authorities. Koito apologizes for any trouble or inconvenience this may have caused its shareholders or other stakeholders.

Looking ahead, in the area of internal control, the Koito Group is working to enhance corporate governance and enforce strict adherence to laws and regulations in order to continue retaining the trust of all our stakeholders. This will be achieved by maintaining our awareness of the importance of corporate ethics, by upholding the soundness of management, and by ensuring transparency and fairness in management decision-making and operational execution.

(3) POLICIES

In line with its corporate slogan of “Lighting for Your Safety,” the Koito Group will create new markets and contribute to achieving a better society. At the same time, the basic policy of management is to work together for mutual harmony and benefit with all stakeholders, including shareholders, customers, employees and business partners. Furthermore, from the perspective of CSR (corporate social responsibility), Koito aims to be a trusted company that strengthens compliance and conducts environmental preservation and social contribution activities.

(4) SPECIFIC MEASURES

To advance to the next stage of growth, the Koito Group will take the following measures:

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 reinforce the product development, manufacturing and sales functions of its overseas bases, while enhancing its systems 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 develop cutting-edge technologies that stay ahead of customer and market needs and commercialize products at the earliest opportunity. Moreover, the Group will bring attractive products to market in a timely manner.

③ The Koito Group aims to pursue the highest quality and safety standards, and the protection of the environment.

④ The Koito Group plans to further reinforce its profit structure and operations by securing and effectively allocating resources.

⑤ By such measures as the introduction of the corporate officer system, Koito will ensure transparency and fairness in decision making and execution of duties.

The Koito Group will formulate specific policies related to these measures, and strive to increase the satisfaction of our shareholders, customers, employees and business partners, and to preserve the environment, and to enhance internal control.

BUSINESS RISK FACTORS

The following factors could affect the Koito Group’s operating results, share price and financial position. Forward-looking statements in this annual report are based on the management’s judgment as of June 29, 2012.

(1) ECONOMIC CONDITIONS

Demand for automotive lighting equipment, which represents a material share of the Koito Group’s operating income around the world, is subject to economic conditions in countries and regions in which the Group’s products are sold. Consequently, an economic downturn and accompanying contraction of demand in the Koito Group’s main markets, including Japan and elsewhere in North America, Asia and Europe, may adversely affect its operating results and financial position.

(2) LEGAL REGULATIONS

Automotive lighting equipment, the mainstay product of the Koito Group, is subject to various legal regulations, including road transportation vehicle laws and safety standards, in Japan as well as all other countries where the Group conducts business to provide key safety components of vehicles. Consequently, unexpected changes in legal regulations could adversely affect the Koito Group's operating results and financial position.

(3) EXCHANGE RATE MOVEMENTS

The Koito Group produces and sells products around the world. Sales, expenses, assets, liabilities and other accounts denominated in the local currencies of each region in which the Group operates are converted into yen for the purpose of preparing Koito's consolidated financial statements. Accordingly, the exchange rate prevailing on the conversion date may affect the post-conversion yen value of these accounts. Generally speaking, an appreciation of the yen relative to other currencies may adversely affect the Koito Group's operating results and financial position.

(4) POTENTIAL RISKS OF EXPANDING OVERSEAS

The Koito Group is rapidly becoming more dependent on overseas-based production and sales activities. The expansion of these business activities in overseas markets carries the following inherent risks:

① Unanticipated changes in laws and regulations
② Disadvantageous changes in political and economic conditions
③ Social unrest caused by terrorism, war or other factors

(5) PRODUCT DEFECTS

The Koito Group manufactures products in accordance with quality control standards approved in Japan and other countries where it conducts business. Nevertheless, there is no guarantee that all products will be free of defects and that recall and other costs will not arise from defects in the future. Therefore, product defects could adversely affect the Koito Group's operating results and financial position.

(6) CHANGES IN RAW MATERIAL PRICES

The Koito Group currently faces the risk of raw material price fluctuations. In particular, prices for plastics, key raw materials for the Koito Group's businesses, have been rising along with changing market prices for crude oil. This trend could cause a rise in procurement costs for the Koito Group, which could adversely affect the Koito Group's operating results and financial position.

(7) NATURAL DISASTERS, ETC.

There is a risk that the production, logistics, sales and other bases of the Koito Group, its customers or its suppliers could be damaged by an earthquake, tsunami, typhoon or other natural disaster. While the Koito Group conducts disaster prevention activities and carries out inspections of facilities, these efforts do not guarantee that bases will be completely shielded from their effects. In particular, the Koito Group production bases in Japan are concentrated in the prefecture of Shizuoka, and there is a Koito plant in the vicinity of Chubu Electric Power Co., Inc.'s Hamaoka nuclear power station. Therefore, a major disaster could dramatically lower the Koito Group's capacity to produce automotive lighting equipment and other products and in turn adversely affect its operating results and financial position.

(8) OTHER RISKS

In March 2012, Koito underwent an on-site inspection by the Japan Fair Trade Commission, on suspicion of violating the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, concerning transactions for automotive lighting equipment. As a global supplier, the Koito Group engages in business in many countries worldwide, and is subject to the application of the various laws about competition in Japan and overseas. Therefore, becoming involved in legal action could adversely affect the Koito Group's operating results and financial position.

CONSOLIDATED BALANCE SHEETS

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
At March 31,	2011	2012	2012
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 22,902	¥ 23,217	$ 282,480
Trade notes and accounts receivable	73,405	93,916	1,142,669
Less: Allowance for doubtful accounts	(13,040)	(12,804)	(155,785)
	60,365	81,112	986,884
Marketable securities	394	–	–
Inventories	41,121	37,817	460,117
Deferred income tax assets—current (Note 6)	3,317	3,029	36,854
Prepaid expenses and others	53,947	57,818	703,468
Total current assets	182,048	202,995	2,469,826
Investments:			
Investment securities	60,107	61,722	750,967
Loans	145	99	1,205
Deferred income tax assets—non-current (Note 6)	11,617	10,400	126,536
Other investments	3,566	3,159	38,435
Less: Allowance for doubtful accounts	(215)	(174)	(2,117)
Total investments	75,220	75,208	915,050
Property, plant and equipment, at cost:			
Buildings and structures	83,152	84,559	1,028,823
Machinery, equipment and tools	201,423	212,513	2,585,631
Less: Accumulated depreciation	(219,564)	(230,280)	(2,801,801)
	65,010	66,791	812,641
Land	13,533	13,497	164,217
Construction in progress	2,944	4,778	58,134
Property, plant and equipment, net	81,490	85,068	1,035,016
Total assets	¥ 338,760	¥ 363,273	$ 4,419,917

At March 31,	Millions of yen 2011	Millions of yen 2012	Thousands of U.S. dollars 2012
LIABILITIES AND EQUITY			
Current liabilities:			
Trade notes and accounts payable	¥ 69,303	¥ 78,443	$ 954,411
Short-term loans (Note 4)	20,265	22,854	278,063
Income taxes payable	6,103	5,175	62,964
Accrued expenses and other current liabilities	28,359	30,966	376,761
Total current liabilities	124,033	137,441	1,672,235
Non-current liabilities:			
Long-term debt (Note 4)	5,964	2,883	35,077
Accrued retirement benefits (Note 5)	28,549	29,313	356,649
Other non-current liabilities	11,797	10,715	130,369
Total non-current liabilities	46,311	42,915	522,144
Equity:			
KOITO MANUFACTURING CO., LTD. shareholders' equity			
Common stock	14,270	14,270	173,622
320,000,000 shares authorized and 160,789,436 shares issued at March 31, 2011 and 2012			
Additional paid-in capital	17,107	17,108	208,152
Retained earnings	117,139	127,638	1,552,963
Treasury stock, at cost:			
89,084 shares in 2011 and 90,680 shares in 2012	(74)	(76)	(925)
Total KOITO MANUFACTURING CO., LTD. shareholders' equity	148,443	158,940	1,933,812
Accumulated other comprehensive income:			
Valuation adjustments on investment securities	1,614	4,014	48,838
Translation adjustments	(3,410)	(2,676)	(32,559)
Total accumulated other comprehensive income	(1,796)	1,338	16,279
Noncontrolling interests	21,767	22,638	275,435
Total equity	168,414	182,916	2,225,526
Total liabilities and equity	¥338,760	¥363,273	$4,419,917

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2011	2012	2012
Net sales	¥428,977	¥430,929	$5,243,083
Cost of sales	358,300	365,193	4,443,278
Gross profit	70,677	65,736	799,805
Selling, general and administrative expenses	33,242	34,010	413,797
Operating income	37,434	31,725	385,996
Other income (expenses):			
Interest income	707	584	7,105
Interest expenses	(759)	(666)	(8,103)
Loss on sale and disposal of property and equipment	(218)	(62)	(754)
Other, net	(19,573)	(4,488)	(54,605)
Income before income taxes and noncontrolling interests	17,591	27,093	329,639
Income taxes	11,850	10,599	128,957
Income before noncontrolling interests income	5,740	16,493	200,669
Noncontrolling interests income in consolidated subsidiaries	(4,271)	3,102	37,742
Net income	¥ 10,012	¥ 13,391	$ 162,927
Noncontrolling interests income in consolidated subsidiaries	(4,271)	3,102	37,742
Income before noncontrolling interests income	5,740	16,493	200,669
Other comprehensive income:			
Valuation adjustments on investment securities	(5,161)	2,550	31,026
Translation adjustments	(2,684)	944	11,486
Total other comprehensive income	(7,846)	3,495	42,523
Comprehensive income	¥ (2,105)	¥ 19,989	$ 243,205
Attributable to:			
Shareholders of the parent company	¥ 3,485	¥ 16,525	$ 201,059
Noncontrolling interests	¥ (5,591)	¥ 3,463	$ 42,134

	Yen		U.S. dollars
	2011	2012	2012
Per share:			
Net income	¥ 62.30	¥ 83.33	$ 1.01
Cash dividends	19.00	19.00	0.23
Average total number of shares during the year (thousands of shares)	160,702	160,700	160,700

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

For the years ended March 31,	Millions of yen 2011	Millions of yen 2012	Thousands of U.S. dollars 2012
KOITO MANUFACTURING CO., LTD. shareholders' equity			
Common stock:			
Beginning balance	¥ 14,270	¥ 14,270	$ 173,622
Ending balance	¥ 14,270	¥ 14,270	$ 173,622
Additional paid-in capital:			
Beginning balance	¥ 17,107	¥ 17,107	$ 208,140
Disposal of treasury stock	–	0	12
Ending balance	¥ 17,107	¥ 17,108	$ 208,152
Retained earnings:			
Beginning balance	¥112,626	¥117,139	$1,425,222
Net income	10,012	13,391	162,927
Deductions:			
Cash dividends applicable to the year	(3,214)	(2,892)	(35,187)
Other	(2,284)	–	–
Ending balance	¥117,139	¥127,638	$1,552,963
Treasury stock	¥ (74)	¥ (76)	$ (925)
KOITO MANUFACTURING CO., LTD. shareholders' equity	¥148,443	¥158,940	$1,933,812
Total accumulated other comprehensive income			
Valuation adjustment on investment securities	1,614	4,014	48,838
Translation adjustments	(3,410)	(2,676)	(32,559)
	¥ (1,796)	¥ 1,338	$ 16,279
Noncontrolling interests	¥ 21,767	¥ 22,638	$ 275,435
Total equity	¥168,414	¥182,916	$2,225,526

CONSOLIDATED STATEMENTS OF CASH FLOWS

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2011	2012	2012
Cash flows from operating activities:			
Net income	¥ 10,012	¥ 13,391	$ 162,927
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	21,253	19,517	237,462
Noncontrolling interests in consolidated subsidiaries	(4,271)	3,102	37,742
Provision for allowance for doubtful accounts	(216)	(252)	(3,066)
Provision for accrued retirement benefits	624	545	6,631
(Profit) loss on revaluation of marketable securities	2,328	2,949	35,880
Loss on sale and disposal of property and equipment	495	51	621
Changes in operating assets and liabilities:			
Trade notes and accounts receivable	11,986	(20,744)	(252,391)
Inventories	28	3,509	42,694
Prepaid expenses and others	(2,567)	(14)	(170)
Trade notes and accounts payable	(3,893)	8,791	106,959
Accrued expenses and other current liabilities	2,649	6,851	83,356
Others, net	12,560	(5,624)	(68,427)
Net cash provided by operating activities	50,988	32,074	390,242
Cash flows from investing activities:			
Decrease in time deposits and other due over three months, net	(24,213)	(3,852)	(46,867)
Purchase of marketable and investment securities	(1,340)	(2,408)	(29,298)
Proceeds from sale of marketable and investment securities	5,373	1,758	21,389
Acquisition of property and equipment	(17,765)	(22,933)	(279,024)
Proceeds from sale of property and equipment	102	219	2,665
Increase in long-term loans	72	53	645
Decrease in other investments and other assets	(16)	(22)	(268)
Net cash used in investing activities	(37,787)	(27,185)	(330,758)
Cash flows from financing activities:			
(Decrease) increase in short-term bank loans	(17,858)	997	12,130
Increase (decrease) in long-term bank loans	2,459	(973)	(11,838)
(Increase) decrease in treasury stock	(4)	(2)	(24)
Cash dividends	(4,620)	(4,626)	(56,284)
Net cash used in financing activities	(20,023)	(4,604)	(56,017)
Foreign currency translation adjustment on cash and cash equivalents	(465)	30	365
Change in cash and cash equivalents	(7,287)	315	3,833
Cash and cash equivalents at beginning of the year	30,189	22,902	278,647
Cash and cash equivalents at end of the year	¥ 22,902	¥ 23,217	$ 282,480

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presentation

KOITO MANUFACTURING CO., LTD. (the "Company") and its subsidiaries maintain their accounts in conformity with the financial accounting standards of Japan, and its foreign subsidiaries maintain their accounts in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan.

In preparing the consolidated financial statements, certain rearrangements and reclassifications have been made and certain additional financial information has been included in the consolidated financial statements issued in Japan for the convenience of readers outside Japan.

2. Summary of significant accounting policies

(1) The accompanying consolidated financial statements for the years ended March 31, 2011 and 2012 include the accounts for the Company and the 27 subsidiaries listed below:

Names of consolidated subsidiaries	Equity ownership percentage (*) %
KOITO KYUSHU LIMITED	100
Koito Transport Co., Ltd.	100
Aoitec Co., Ltd.	70
Shizuokadenso Co., Ltd.	100
Nissei Industries Co., Ltd.	62
Fujieda Auto Lighting Co., Ltd.	100
Shizuoka Wire Harness Co., Ltd.	100
Haibara Machine and Tools Co., Ltd.	100
Shizuoka Kanagata Co., Ltd.	40
Koito Insurance Services Co., Ltd.	100
KI HOLDINGS CO., LTD. (Note)	50
KOITO ELECTRIC INDUSTRIES, LTD. (Note)	100
Minatsu, Ltd.	100
Okayama Industry Co., Ltd.	51
North American Lighting, Inc.	100
Koito Europe NV	100
Koito Europe Limited	100
Koito Czech s.r.o.	100
Shanghai Koito Automotive Lamp Co., Ltd.	45
GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD.	100
FUZHOU KOITO TAYIH AUTOMOTIVE LAMP CO., LTD.	100
THAI KOITO COMPANY LIMITED	62
PT. INDONESIA KOITO	90
Ta Yih Industrial Co., Ltd.	33
INDIA JAPAN LIGHTING PRIVATE LIMITED	50
KPS N.A., INC.	100
CHANGZHOU KOITO JINCHUANG TRANSPORTATION EQUIPMENT CO., LTD.	50

(*) Represents ownership at March 31, 2012 and includes shares owned through consolidated subsidiaries.

Note: In August 2011, KOITO INDUSTRIES, LIMITED renamed itself as KI HOLDINGS CO., LTD. and split the electric equipment division, etc. to a newly established company named KOITO ELECTRIC INDUSTRIES, LTD.

(2) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The excess of the costs over the underlying net equity of investments in the consolidated subsidiaries is amortized over five years.

Investments in one affiliate (owned 20% to 50%) are stated at cost plus equity in their undistributed earnings.

Consolidated net income or loss includes the Company's equity in the current net income or loss of such companies, after the elimination of unrealized intercompany profits.

(3) Translation of foreign currency financial statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into yen at the rate of exchange in effect at the balance sheet date, except for the components of shareholders' equity, which are translated at exchange rates in effect at acquisition dates. Revenue and expense accounts are translated at the average rate of exchange in effect during the year.

Foreign currency translation adjustments are included in noncontrolling interests and shareholders' equity in the accompanying consolidated financial statements.

(4) Inventories

Inventories are stated principally at cost. The cost of finished products and work in process are determined primarily by the weighted-average method.

Raw materials and supplies are determined by the moving-average method. Inventories in the consolidated foreign subsidiaries are stated at the lower of cost or market value as determined by the moving-average method.

(5) Securities

Securities for the year are valued by type of security as follows:

Securities held for trading:	Market value
Securities held to maturity:	Depreciable cost
Other securities	
Where there is a market quotation:	Market value as determined by the quoted price at the end of the fiscal year
Where there is no market quotation:	Cost as determined by the moving-average method
Specified money trusts:	Market value

(6) Property, plant and equipment and depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is computed with the declining-balance method or straight-line method, at rates based on the estimated useful lives of the assets.

Machinery held by the Company is depreciated over the useful lives estimated by the Company, which are between 3 to 7 years. Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(7) Accrued retirement benefits

Under the terms of the retirement plans of the Company, certain employees are entitled to severance payments upon retirement or termination from the Company. The amount of the payment is based on the length of service, salary at the time of severance, and the cause of the severance.

The Company has a non-contributory funded pension plan which covers substantially all of the benefits at the retirement age under the above retirement plan.

Accrued retirement benefits are recorded based on the amount that would be required if all eligible employees retired at the balance sheet date less the amount funded by plan assets.

Consolidated subsidiary KI HOLDINGS CO., LTD. has two types of defined benefit retirement plan: a fund-type corporate pension plan and a lump-sum retirement benefit plan. Other domestic consolidated subsidiaries have qualified retirement plans and lump-sum retirement benefit plans. Certain overseas subsidiaries have defined contribution retirement plans or defined benefit retirement plans.

The directors and corporate auditors of the Company are covered by a retirement benefit plan which allows retiring directors and corporate auditors to receive lump-sum retirement benefits. The amount of such benefits is determined based on the length of service and the level of remuneration at the time of retirement.

The amount of the retirement benefits for directors and auditors is recorded in other non-current liabilities.

(8) Income taxes

The Company and its subsidiaries adopt tax-effect accounting and account for income taxes using the asset and liability method. Under this method deferred tax assets and deferred tax liabilities are recognized for the future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities using enacted rates.

(9) Appropriation of retained earnings

Under the Companies Act of Japan, proposals by the Board of Directors for the appropriation of retained earnings (principally the payment of annual cash dividends) should be approved by a shareholders' meeting that must be held within three months of the end of each financial year. In addition to such appropriation, the Act permits the Board of Directors to distribute cash to shareholders at an interim date (interim dividend). The appropriation of retained earnings reflected in the accompanying consolidated financial statements for each financial year represents the appropriation which was approved by the shareholders' meeting or by the Board of Directors and disposed of during that year.

(10) Research and development costs

Research and development costs are charged to income as incurred.

(11) Net income and dividends per share

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Cash dividends per share represent dividends, including "interim dividends" declared, as applicable to the respective periods.

(12) Cash equivalents

Cash and cash equivalents include time deposits and readily marketable securities with original maturities of three months or less.

(13) Consumption tax

Consumption tax is imposed at the flat rate of 5 percent on all domestic consumption of goods and services with certain exceptions. The consumption tax withheld on sales and consumption tax paid by the Companies on the purchases of goods and services is not included in the amounts of respective income or costs and expenses in the accompanying consolidated statements of income, but is recorded as an asset or a liability, as the case may be, and the net balance is included in other current liabilities.

(14) Derivative transactions

The Company utilizes foreign exchange forward contracts and interest rate swap agreements designated as hedges. The hedge transactions are only utilized on foreign exchange forward transactions and interest rate swap transactions when the transactions are fixed to hedge any risk anticipated from these transactions and to fix the cash flow value resulting from future transactions denominated in foreign currencies and loans bearing interest. Due to the nature of the hedging arrangements, no significant losses are anticipated.

3. U.S. dollar amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥82.19=US$1, the approximate rate of exchange on March 31, 2012, has been used. This translation should not be construed as a representation that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

4. Short-term loans and long-term debt

At March 31, 2011 and 2012, short-term loans consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Loans, principally from banks:			
To the Company	¥ 2,020	¥ –	$ –
To consolidated subsidiaries	18,245	22,854	278,063
Total	¥20,265	¥22,854	$278,063

At March 31, 2011 and 2012, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Loans, principally from banks:			
To the Company	¥ 160	¥ –	$ –
To consolidated subsidiaries	5,804	2,883	35,077
Total	¥5,964	¥2,883	$35,077

5. Employee retirement benefits

Retirement benefit obligations at March 31, 2011 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Projected benefit obligations	¥(57,424)	¥(55,851)	$(679,535)
Plan assets	26,131	24,706	300,596
Unfunded pension liabilities	(31,292)	(31,145)	(378,939)
Unrecognized net transition obligation	–	–	–
Unrecognized actuarial differences	2,743	1,831	22,278
Accrued retirement benefits on balance sheet	¥(28,549)	¥(29,313)	$(356,649)

Net periodic cost for the fiscal years ended March 31, 2011 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Service cost	¥2,530	¥2,467	$30,016
Interest cost	1,127	1,081	13,152
Expected return on plan assets	(507)	(492)	(5,986)
Amortization of transition obligation	–	–	–
Actuarial loss	1,122	1,125	13,688
Total	¥4,273	¥4,183	$50,894

6. Income taxes

The Company and its domestic subsidiaries are subject to Japanese national and local taxes based on income, which in the aggregate resulted in a normal statutory tax rate of approximately 40%.

Foreign subsidiaries are subject to income taxes of the countries in which they operate.

(a) The significant components of deferred tax assets and liabilities at March 31, 2011 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
At March 31,	2011	2012	2012
Deferred income tax assets:			
Excess accrued bonuses	¥ 1,838	¥ 1,588	$ 19,321
Excess accrued retirement benefits	11,415	10,346	125,879
Disallowed retirement allowances to directors	641	492	5,986
Excess depreciation	1,138	86	1,046
Loss on revaluation of investment securities, other	3,396	4,447	54,106
Reserve for liability claims	1,187	1,679	20,428
Loss on revaluation of land	663	583	7,093
Reserve for product warranties	558	634	7,714
Excess allowance for doubtful accounts	629	305	3,711
Tax loss carry-forwards	5,598	7,412	90,181
Others	5,482	3,695	44,957
	32,548	31,271	380,472
Less valuation allowance	(15,905)	(15,196)	(184,889)
Deferred income tax assets total	¥ 16,642	¥ 16,074	$ 195,571
Deferred tax liabilities:			
Reserve for reduction of asset costs	¥ (505)	¥ (436)	$ (5,305)
Valuation adjustment on investment securities	(1,203)	(2,208)	(26,865)
Deferred income tax liabilities total	¥ (1,708)	¥ (2,644)	$ (32,169)
Net deferred income tax assets (liabilities)	¥ 14,934	¥ 13,430	$ 163,402

(b) The net deferred income tax assets and liabilities at March 31, 2011 and 2012 were included in the balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
At March 31,	2011	2012	2012
Deferred income tax assets—current	¥ 3,317	¥ 3,029	$ 36,854
Deferred income tax assets (liabilities)—non-current	11,617	10,401	126,548
Net deferred income tax assets (liabilities)	¥14,934	¥13,430	$163,402

With the issuance of the “Act Regarding Revision of Part of the Income Tax Act and other Related Laws/Regulations, in order to Establish a Taxation System that Reflects Structural Changes in the Economy and Society” (Law No. 114 of 2011) and the “Act Regarding Securing Funds Necessary for Implementing Programs Promoting Recovery from the Great East Japan Earthquake” (Law No. 117 of 2011) on December 2, 2011, corporate income tax rates have been revised for fiscal years beginning on and after April 1, 2012. In accordance with this revision, the effective statutory tax rates that are used to measure deferred tax assets and deferred tax liabilities will be reduced to 37.3% from 39.9% between April 1, 2012 and March 31, 2015 and to 35.0% from 39.9% on and after April 1, 2015.

This revision has had the effect of decreasing deferred tax assets (net of deferred tax liabilities) by ¥1,974 million ($24,017 thousand), increasing income tax—deferred by ¥2,341 million ($28,483 thousand).

7. Contingent liabilities

At March 31, 2011 and 2012, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
As guarantor of employees' housing loans and other from financial institutions and others	¥5	¥–	$–

8. Segment information

REPORTING SEGMENT INFORMATION

The Company has manufacturing operations in Japan and other countries, mainly producing automotive lighting equipment, and supplies products all over the world. Each of the Group companies located in its respective area is an independent management unit, and conducts business activities in line with a comprehensive business plan for its respective area. Segment information of the Company is therefore presented by regions, based on the geographical distribution of manufacturing and sales operations. The segments are Japan, North America, China, Asia, and Europe. Some segments include manufacturing and sales operations of control systems for rail transports, aircraft equipment, and aircraft and train seats, in addition to the mainstay automotive lighting equipment.

	Millions of yen							
	Japan	North America	China	Asia	Europe	Total	Adjustments	Consolidated Total
For the year ended March 31, 2012								
Sales:								
Sales to outside customers	¥254,742	¥40,680	¥87,506	¥33,056	¥14,944	¥430,929	¥ –	¥430,929
Inter-area sales and transfers	103,571	9	2,192	3,553	13,316	122,643	(122,643)	–
Total	¥358,313	¥40,689	¥89,698	¥36,609	¥28,260	¥553,572	¥(122,643)	¥430,929
Segment income (loss)	¥ 24,427	¥ (13)	¥ 6,291	¥ 3,064	¥ (1,445)	¥ 32,324	¥ (598)	¥ 31,725
Segment assets	¥192,636	¥24,477	¥56,022	¥28,112	¥13,008	¥314,257	¥ 49,015	¥363,273
Others								
Depreciation	¥ 11,203	¥ 1,595	¥ 4,474	¥ 1,608	¥ 562	¥ 19,444	¥ 72	¥ 19,517
Increase on fixed assets and intangible assets	¥ 7,337	¥ 4,750	¥ 5,788	¥ 3,209	¥ 359	¥ 21,445	¥ –	¥ 21,445

	Thousands of U.S. dollars							
	Japan	North America	China	Asia	Europe	Total	Adjustments	Consolidated Total
For the year ended March 31, 2012								
Sales:								
Sales to outside customers	$3,099,428	$494,951	$1,064,679	$402,190	$181,823	$5,243,083	$ –	$5,243,083
Inter-area sales and transfers	1,260,141	110	26,670	43,229	162,015	1,492,189	(1,492,189)	–
Total	$4,359,569	$495,060	$1,091,349	$445,419	$343,837	$6,735,272	$(1,492,189)	$5,243,083
Segment income (loss)	$ 297,202	$ (158)	$ 76,542	$ 37,279	$ (17,581)	$ 393,284	$ (7,276)	$ 385,996
Segment assets	$2,343,789	$297,810	$ 681,616	$342,037	$158,267	$3,823,543	$ 596,362	$4,419,917
Others								
Depreciation	$ 136,306	$ 19,406	$ 54,435	$ 19,564	$ 6,838	$ 236,574	$ 876	$ 237,462
Increase on fixed assets and intangible assets	$ 89,269	$ 57,793	$ 70,422	$ 39,044	$ 4,368	$ 260,920	$ –	$ 260,920

9. Subsequent events

At the General Shareholders' Meeting held by the Company on June 28, 2012, appropriations of retained earnings were duly approved as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥10 per share ($121.67 per 1,000 shares)	¥1,606	$19,540

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENT AUDIT AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors
KOITO MANUFACTURING CO., LTD.

(Financial statement audit)

MEIJI AUDIT CORPORATION (We, hereinafter) have examined the consolidated balance sheets of KOITO MANUFACTURING CO., LTD. and its subsidiaries at March 31, 2011 and 2012, and the related consolidated statements of income and comprehensive income, changes in equity and cash flows for the years ended March 31, 2011 and 2012, all expressed in Japanese yen. The consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express our opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of KOITO MANUFACTURING CO., LTD. and its subsidiaries at March 31, 2011 and 2012, and the consolidated results of their operations and their cash flows for the years ended March 31, 2011 and 2012, in conformity with generally accepted accounting principles in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

(Internal control audit)

We also have audited the accompanying Internal Control Report of KOITO MANUFACTURING CO., LTD. and its subsidiaries at March 31, 2012. The design and operation of the internal control over financial reporting and the preparation of the Internal Control Report are the responsibility of the Company's management and our responsibility is to independently express an opinion on the Internal Control Report based on our audit. The internal control over financial reporting may not completely prevent or detect financial misstatements.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan.

MEIJI AUDIT CORPORATION

Responsible Auditor
Certified Public Accountant
M. Yoshii

Responsible Auditor
Certified Public Accountant
A. Sasayama

Responsible Auditor
Certified Public Accountant
H.Nikaido

June 28, 2012

CORPORATE INFORMATION

As of March 31, 2012

KOITO MANUFACTURING CO., LTD.

Head office:	4-8-3, Takanawa, Minato-ku, Tokyo 108-8711, Japan
Founded:	April 1, 1915
Incorporated:	April 1, 1936
Capital:	¥14,270 million
Employees:	16,212 (Consolidated) 4,205 (Non-consolidated)
Common stock:	
Authorized:	320,000,000 shares
Issued:	160,789,436 shares
Number of shareholders:	5,939
Transfer agent:	Mitsubishi UFJ Trust and Banking Corporation
Contact address of account management agent for special accounts:	Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Department 10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan Phone: 81-3-3212-1211
Principal shareholders:	TOYOTA MOTOR CORPORATION Japan Trustee Services Bank, Ltd. (Trust account) Japan Trustee Services Bank, Ltd. (Trust account 9) The Master Trust Bank of Japan, Ltd. (Trust account) Nippon Life Insurance Company Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Panasonic Corporation The Dai-ichi Life Insurance Company, Limited The Chase Manhattan Bank, N.A. London S.L. Omnibus Account
For further information, please contact:	KOITO MANUFACTURING CO., LTD. 4-8-3, Takanawa, Minato-ku, Tokyo 108-8711, Japan Phone: 81-3-3443-7111 Facsimile: 81-3-3447-1520 Or via our website at: http://www.koito.co.jp/english

CORPORATE DIRECTORY

HEAD OFFICE

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Phone: 81-3-3443-7111
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Facsimile: 81-3-3447-5173
European Operations
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Facsimile: 81-54-345-4959
China Operations
Phone: 81-3-3447-5165
Facsimile: 81-3-3447-5173
Asia Operations
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Facsimile: 81-54-345-4959

PLANTS

Shizuoka Plant (Shizuoka Pref.)
Phone: 81-54-345-2251
Facsimile: 81-54-346-9174
Haibara Plant (Shizuoka Pref.)
Kikkawa Plant (Shizuoka Pref.)
Sagara Plant (Shizuoka Pref.)
Fujikawa Tooling Plant (Shizuoka Pref.)

LABORATORY

Laboratory (Shizuoka Pref.)

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Tokyo Branch (Tokyo)
Phone: 81-3-3447-5161
Facsimile: 81-3-3447-1660
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Phone: 81-28-636-4066
Facsimile: 81-28-636-4050
Toyota Branch (Aichi Pref.)
Phone: 81-565-28-1129
Facsimile: 81-565-29-1217
Osaka Branch (Osaka Pref.)
Phone: 81-6-6391-6731
Facsimile: 81-6-6395-1154
Hiroshima Branch (Hiroshima Pref.)
Phone: 81-82-893-1281
Facsimile: 81-82-893-1341

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Sendai Sales Office (Miyagi Pref.)
Tokyo Sales Office (Tokyo)
Kitakanto Sales Office (Gunma Pref.)
Nagoya Sales Office (Aichi Pref.)
Osaka Sales Office (Osaka Pref.)
Fukuoka Sales Office (Fukuoka Pref.)

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c/o North American Lighting, Inc.
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Suite 1160, 701 5th Avenue,
Seattle, Washington 98104, U.S.A.
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Koito Europe Limited
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Droitwich, Worcestershire WR9 0QH, U.K.
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Facsimile: 44-1905-794-466

Koito Czech s.r.o.
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Facsimile: 420-415-930-109

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767 Ye-cheng RD. Jia Ding South Door,
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Facsimile: 66-2-315-3281

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Karawang, Jawa Barat, 41373, Indonesia
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Facsimile: 886-6-264-4614

INDIA JAPAN LIGHTING PRIVATE LIMITED
No.1, Puduchathram, (Via) Tirumazhisai,
Tiruvellore High Road,
Tamilnadu 602-107, India
Phone: 91-44-3910-6151
Facsimile: 91-44-3910-6106

KPS N.A., INC.
149 Wheeler Ave., Pleasantville, NY 10570, U.S.A.
Phone: 1-914-747-8035
Facsimile: 1-914-747-8038

CHANGZHOU KOITO JINCHUANG TRANSPORTATION EQUIPMENT CO., LTD.
Industrial Park, Yaoguan Town, Wujin District,
Changzhou City, Jiangsu 213011,
People's Republic of China
Phone: 86-519-8837-6007
Facsimile: 86-519-8837-6006

OVERSEAS TECHNICAL ASSOCIATES

North American Lighting, Inc. (U.S.A.)

KPS N.A., INC. (U.S.A.)

Hella Automotive Mexico S.A. de C.V. (Mexico)

Industrias Arteb S.A. (Brazil)

Koito Europe NV (Belgium)

Koito Europe Limited (U.K.)

Automotive Lighting UK Ltd. (U.K.)

Koito Czech s.r.o. (Czech Republic)

HELLA KGaA HUECK & CO. (Germany)

Senalizacion y Accesorios del Automovil Yorka, S.A. (Spain)

Farba Otomotiv Aydinlatma ve Plastik Fabrikalari A.S. (Turkey)

Automotive Lighting Italia S.p.A. (Italy)

Shanghai Koito Automotive Lamp Co., Ltd. (China)

GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD. (China)

FUZHOU KOITO TAYIH AUTOMOTIVE LAMP CO., LTD. (China)

Chongqing Koito Automotive Lamp Co., Ltd. (China)

CHANGZHOU KOITO JINCHUANG TRANSPORTATION EQUIPMENT CO., LTD. (China)

Shanghai TanDa Railway Vehicle Seat System Co., Ltd. (China)

THAI KOITO COMPANY LIMITED (Thailand)

Bangkok Diecasting and Injection Co., Ltd. (Thailand)

PT. INDONESIA KOITO (Indonesia)

Ta Yih Industrial Co., Ltd. (Taiwan)

INDIA JAPAN LIGHTING PRIVATE LIMITED (India)

Hella Australia Pty Ltd. (Australia)

Hella-Phil., Inc. (Philippines)

Lumotech (Pty.) Ltd. (South Africa)

EP Polymers (M) Sdn. Bhd. (Malaysia)

AuVitronics Limited (Pakistan)

DOMESTIC SUBSIDIARIES AND AFFILIATES

KOITO KYUSHU LIMITED (Saga Pref.)
Business lines: Manufacturing and marketing of automotive lighting equipment

Koito Transport Co., Ltd. (Shizuoka Pref.)
Business lines: Transportation services and logistics

Aoitec Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of electronic components, electrical devices, telecommunications equipment and precision machinery

Shizuokadenso Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of automotive lighting equipment

Nissei Industries Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of miniature bulbs and electrical equipment

Fujieda Auto Lighting Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of automotive lighting equipment

Shizuoka Wire Harness Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of automotive lighting equipment

Haibara Machine and Tools Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of resin metal molds

Shizuoka Kanagata Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of resin metal molds

Koito Insurance Services Co., Ltd. (Tokyo)
Business lines: Insurance agent

Takeda Suntech Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of resin metal molds

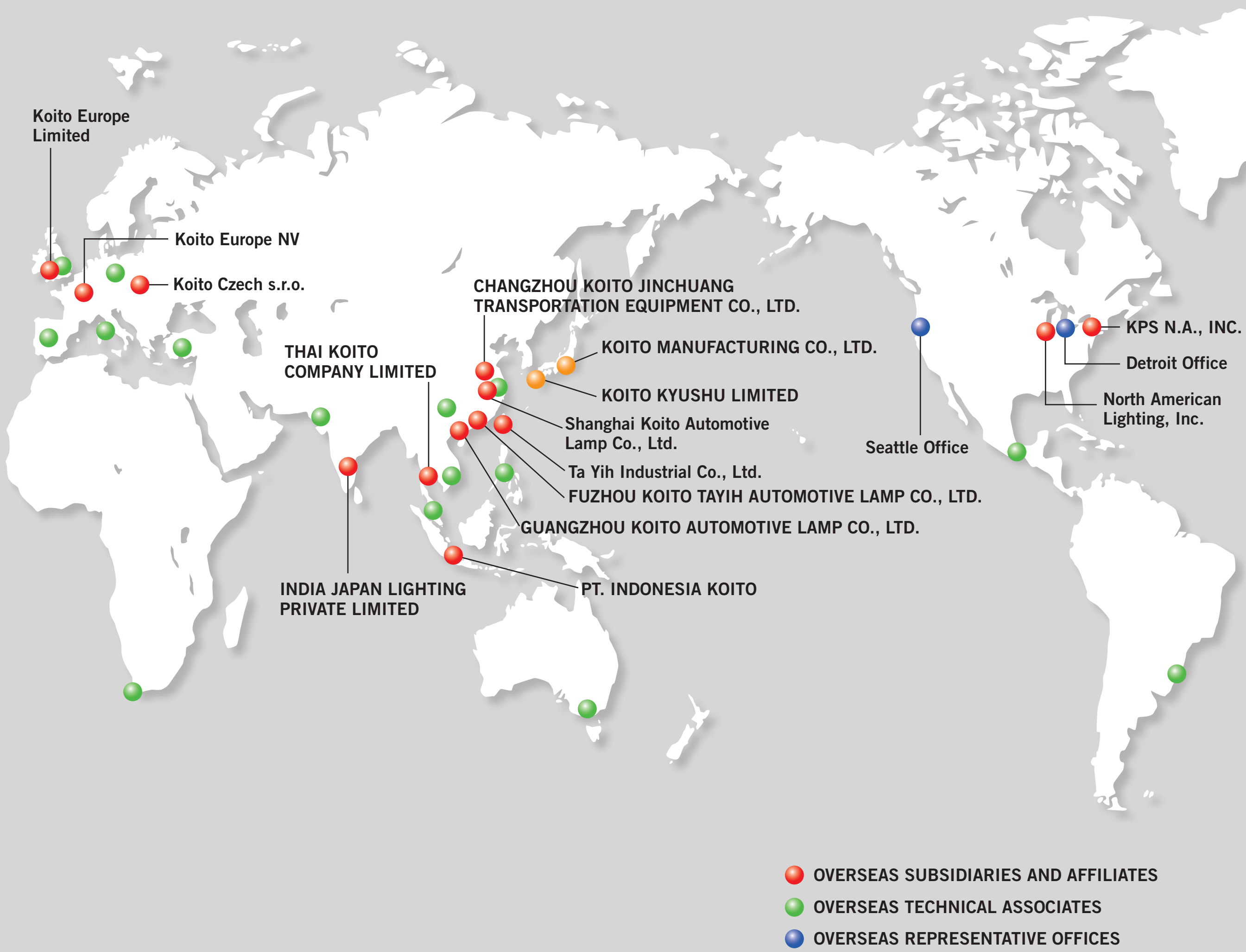
New Fuji Co., Ltd. (Shizuoka Pref.)
Business lines: Service businesses

KI HOLDINGS CO., LTD. (Kanagawa Pref.)
Business lines: Manufacturing and marketing of seats for aircraft

KOITO ELECTRIC INDUSTRIES, LTD. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of railroad car electrical components, seats for railroad cars, road information system equipment and road traffic signals

Minatsu, Ltd. (Kanagawa Pref.)
Business lines: Maintenance of traffic signals and safety equipment, and road information equipment

Okayama Industry Co., Ltd. (Gunma Pref.)
Business lines: Manufacturing and marketing of railroad car seats


Koito Europe Limited
Koito Europe NV
Koito Czech s.r.o.
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KOITO MANUFACTURING CO., LTD.
KOITO KYUSHU LIMITED
THAI KOITO COMPANY LIMITED
Shanghai Koito Automotive Lamp Co., Ltd.
Ta Yih Industrial Co., Ltd.
FUZHOU KOITO TAYIH AUTOMOTIVE LAMP CO., LTD.
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Seattle Office
KPS N.A., INC.
Detroit Office
North American Lighting, Inc.
OVERSEAS SUBSIDIARIES AND AFFILIATES
OVERSEAS TECHNICAL ASSOCIATES
OVERSEAS REPRESENTATIVE OFFICES

KOITO MANUFACTURING CO., LTD.

VEGETABLE OIL INK

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