



KoiTo



**WORLDWIDE
AUTOMOTIVE LIGHTING**



2010 ANNUAL REPORT

Year ended March 31, 2010

KOITO MANUFACTURING CO., LTD.

PROFILE

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

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

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

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DISCLAIMER WITH RESPECT TO FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements concerning KOITO MANUFACTURING CO., LTD. and 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

In fiscal 2010, the year ended March 31, 2010, the business environment was severe amid major declines in the automotive industry in Japan and around the world as a result of the global economic upheaval. In response to these conditions, we took steps to secure orders and expand sales for environmentally friendly vehicles, and are pleased to report that we succeeded in raising sales year on year.

In terms of profit, we curbed capital expenditures and strengthened measures to reduce unit costs, including temporary closure of plants. As we took these steps, production declines contracted in line with measures enacted in Japan and other countries to stimulate automobile sales. As a result, we marked record highs in both operating income and recurring profit.

Nevertheless, during the year there were some incidents that we are sure caused our shareholders and investors worry and inconvenience. These included losses on sales of securities held by the Group, losses incurred due to impairment of principal, and issues concerning defects in seats for aircraft at subsidiary KOITO INDUSTRIES, LIMITED. We have reflected seriously on the circumstances that led to these incidents, and the entire Group is now working to further build up and strengthen our corporate governance and compliance systems to ensure such events do not occur again.

Although there are signs of a recovery in some areas of the economy, the environment remains challenging, with financial difficulties (sovereign risk) in various countries and fluctuations in stock and currency prices having a negative impact on corporate earnings, and the employment situation still unstable.

In the face of these conditions, the Koito Group will make efforts to increase order activities, boost productivity, enhance our mutually complementary supply network and structure, revise business frameworks to enable us to respond to changes in production volume, and implement more effective cost-cutting measures with a view to further improving 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. Thus we will continue to expand our business while aiming to create a safer, more comfortable society.

In order to remain a leading company in the automotive lighting equipment industry in the 21st century, we will work to educate and sharpen the skills of our employees. By 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 2010

Takashi Ohtake
Chairman & CEO

Masahiro Ohtake
President

FINANCIAL OVERVIEW AND MEDIUM-TERM OUTLOOK



Takashi Ohtake
Chairman & CEO

Fiscal 2010 Results

During fiscal 2010, the year ended March 31, 2010, economic trends in industrialized economies such as Japan, the United States and Europe were largely stagnant due to the global economic upheaval that began in the fall of 2008. Since the eruption of the financial crisis, countries have implemented various economic measures leading to recovery in some areas, but overall the world economy remained in a slump.

The auto industry appears to have shaken off the worst of the downturn thanks to a variety of government measures in Japan and overseas, including tax breaks on environmentally friendly vehicles and incentives to scrap old vehicles. Nevertheless, the recovery remains weak. In Japan both domestic demand and exports declined, with production down by over 10% compared to the previous year. Overseas, growth in production has resumed in China and some other emerging economies, but all regions fell short of a full recovery, with production down significantly in North America, Europe and other areas, and global auto production volume down across the board.

In this climate, Koito's consolidated net sales increased 2.0% year on year to ¥408.4 billion as a result of a sales upturn in the mainstay automotive lighting equipment segment due to a measured recovery in automobile production in the second half of the year.

On the earnings front, operating income rose 294.8% to an all-time high of ¥36.0 billion, and recurring profit also marked a record ¥35.9 billion, up 288.0% from the previous year. This was due in part to efforts at all Group companies to streamline business, including firm implementation of quality improvement activities, restraint in capital expenditure, temporary closure of plants and other cost-reduction measures, as well as to a lower rate of decline in automobile production thanks to various auto sale promotion policies in Japan and overseas. Net income rose 53.8% to ¥6.2 billion, despite the presence of a loss on sale of investment securities, loss on impairment of principal, loss on expenses for damages related to problems with seats for aircraft, and a reversal of deferred income tax assets.

Regarding the year-end dividend per share, although the forecast for the business environment remains uncertain, in light of the business performance in fiscal 2010 and with a view to maintaining a stable dividend, Koito has decided to raise the year-end dividend by ¥2 from the previous year to ¥10.

Looking ahead, Koito will continue to pursue further earnings improvements to meet the expectations of its shareholders.

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)
	2008	2009	2010	2010
Annual:				
Net sales	¥470,648	¥400,232	¥408,430	\$4,389,832
Operating income	28,959	9,131	36,054	387,511
Net income	15,581	4,042	6,217	66,821
Per share (yen and U.S. dollars):				
Net income	¥ 96.95	¥ 25.16	¥ 38.69	\$ 0.42
Year-end:				
Total assets	¥388,585	¥351,869	¥357,530	\$3,842,756
Total shareholders' equity	151,713	142,184	148,664	1,597,850

Note: U.S. dollar amounts have been converted from Japanese yen solely for the convenience of readers at the rate of exchange effective on March 31, 2010 of ¥93.04=US\$1.

Outlook for Fiscal 2011

Despite some signs of recovery in Japan and overseas, the environment remains challenging, with financial difficulties (sovereign risk) in various countries and fluctuations in stock and currency prices having a negative impact on corporate earnings, and the employment situation still unstable.

In the face of these conditions, the Koito Group will make efforts to increase order activities, boost productivity, enhance our mutually complementary supply network and structure, revise business frameworks to enable us to respond to changes in production volume, and implement more effective cost-cutting measures with a view to further improving our business results.

For fiscal 2011, we are forecasting higher sales as we gain orders, mainly for hybrid cars and other environmentally friendly vehicles, and develop sales of new products. In terms of profit, we will continue to strengthen measures in Japan and overseas to bolster productivity, reduce costs, curb capital expenditures and implement other activities to reduce expenses. Nevertheless, due to increased expenses related to problems with seats for aircraft, we expect both operating income and recurring profit to decline year on year. We project an increase in net income, however, due in part to a decrease in the extraordinary loss related to loss on sale of investment securities.



Masahiro Ohtake

President

Medium-term Outlook

The economic downturn led to significant declines in auto production in fiscal 2009, mainly in industrialized economies such as Japan, North America and Western Europe. However, the auto industry appears to have bottomed out thanks to a variety of government measures in Japan and overseas, including incentives to scrap old vehicles, and as of fiscal 2010 the world is on a recovery track. In the medium to long term, we expect to see growth in demand accompanying motorization in China, India and other emerging economies, which should lead to expanded production. At the same time, international competition will intensify as globalization progresses, creating an even more challenging business environment.

We believe these medium- and long-term trends in the automobile industry present major business opportunities for the Koito Group. Koito currently conducts its business centered on 19 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 further heighten competitiveness and profitability and handle globally optimized production. In Japan, Koito is accelerating efficient utilization of resources and optimization of business structures.

By business segment, in the core automotive 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 regions with sizeable untapped demand. We are aggressively launching value-added products, such as LED headlamps, discharge headlamps and the Adaptive Front Lighting System (AFS). At the same time, we are also unveiling headlamps for low-price vehicles in emerging economies and other products tailored to market characteristics. Our response to the standardization of specifications and quality standards accompanying the launch of global strategic vehicles will be to carry out technology transfers and promote our complementary supply structure. In this manner, we will work to win more orders and raise sales.

In the non-automotive electrical equipment segment, 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 N700 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, conduct social contribution activities and cultivate personnel who can inherit our unique manufacturing philosophy.



OPERATIONS BY REGION AND FUTURE DEVELOPMENTS



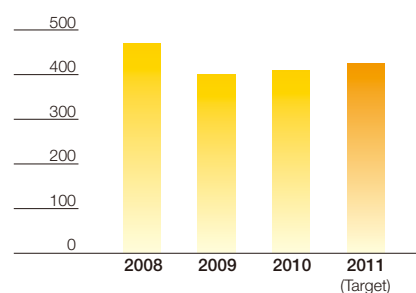
OUTLOOK FOR MEDIUM-TERM GLOBAL STRATEGIES

With automobile production down significantly around the world, mainly in Japan, North America and Europe, in fiscal 2010 Koito nevertheless achieved a year-on-year gain in consolidated net sales, underpinned by higher orders for hybrid cars and other environmentally friendly vehicles.

In fiscal 2011, business conditions are likely to grow even more challenging as sales promotion measures and other stimulus initiatives expire. In this climate, the Group aims to expand its market share and secure higher profits by working to further improve quality, cost, delivery timeframes and other key aspects of business. Efforts here will see Koito and the Group companies strive to optimize the scale of operations to meet order volume.

Consolidated Net Sales

Years ended March 31
(Billions of yen)

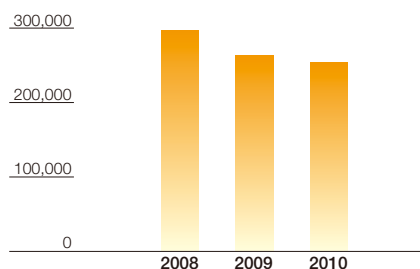


JAPAN

In fiscal 2010 Japan's auto industry down 10% year on year, falling below 9 million units for the first time in 31 years. This was due to declines in both domestic demand and exports as a result of the economic slowdown in Japan and overseas, despite growth in demand for environmentally friendly vehicles due to sales promotion policies such as subsidies and tax breaks for purchase of eco-cars.

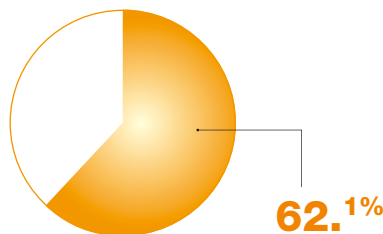
Net Sales [Japan]

Years ended March 31
(Millions of yen)



Share of Sales [Japan]

Year ended March 31, 2010
(%)



KOITO MANUFACTURING CO., LTD.

In fiscal 2010, net sales at Koito in Japan decreased 0.5% year on year to ¥213.4 billion due to the decrease in auto production, despite efforts to expand orders in the mainstay automotive lighting equipment segment, mainly for environmentally friendly vehicles. Results for each segment were as follows:

[Automotive Lighting Equipment Segment]

With auto production down, sales were on a par with the previous year at ¥201.6 billion, helped up by higher orders for hybrid cars and other environmentally friendly vehicles.

[Aircraft Equipment Segment]

Aircraft demand was sluggish due to the economic slowdown, and sales remained on a par with the previous year at ¥3.1 billion.

[Other Products Segment]

Sales were down 14.9% to ¥8.6 billion due to a decline in electrical components for automobiles.

In terms of profit, amid declining automobile production the Group promoted efforts to cut personnel and other expenses and curb capital expenditures in order to improve business performance. As a result of these and other measures to streamline,

operating income rose 139.5% year on year to ¥15.3 billion.

Net income declined by 13.9% to ¥4.8 billion due to ¥20.2 billion in extraordinary losses, including a provision for allowance for doubtful accounts.

During fiscal 2010 Koito made total capital expenditures of ¥5.2 billion for the development of new products and model changes in the automotive lighting equipment segment, and for new facilities needed for quality enhancements, rationalizations and cost-cutting measures, as well as molds and industrial tools.

Looking ahead, although there are signs of a recovery in unit production in the Japanese auto industry, as automobile sales promotion measures will expire and there is a risk of another decline in production, the outlook remains uncertain.

Koito will work to expand sales of new products and gain market share, and push through business improvement measures to strengthen profitability and raise operating efficiency.



KOITO MANUFACTURING Shizuoka Plant



KOITO MANUFACTURING Haibara Plant



KOITO MANUFACTURING Kikkawa 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 increased production by automakers in the Kyushu region, mainly in order to offset risks associated with an earthquake 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 2010 rose 69.8% year on year to ¥32.9 billion due to greater automobile production in the Kyushu region, as well as transfer of production from KOITO MANUFACTURING CO., LTD.



KOITO KYUSHU LIMITED Head Office and Plant

KOITO INDUSTRIES, LIMITED

In fiscal 2010, consolidated net sales at KOITO INDUSTRIES, LIMITED decreased 16.2% year on year to ¥51.5 billion due to decreases in the transportation equipment segment and home appliances and environment segment, despite year-on-year sales in the electrical equipment segment being the same level as in the previous fiscal year.

Results by segment were as follows:

[Transportation Equipment Segment]

Sales rose in the railroad car equipment division, but the aircraft seat division decreased significantly, and segment sales fell 28.1% year on year to ¥22.7 billion.

[Electrical Equipment Segment]

Segment sales were on a par with the previous year at ¥26.4 billion, with a decrease in lighting equipment sales offset by higher sales in information systems equipment and traffic systems equipment.

[Home Appliances and Environment Segment]

Segment sales declined 23.4% year on year to ¥2.2 billion due to lower sales of both home appliances and environmental systems.

On the earnings front, consolidated operating income jumped 28.1% year on year to ¥3.0 billion thanks to improved profitability resulting from reduced expenses and cost-cutting measures throughout the

company, and the selection and focus policy. Recurring profit was significantly lower than the previous year, at ¥0.4 billion, due to expenses related to safety measures in the aircraft seats division. The consolidated net loss amounted to ¥10.7 billion, due to the recording of an extraordinary loss of ¥3.6 billion on payment of damages in the aircraft seats division and reversal of deferred income tax assets.

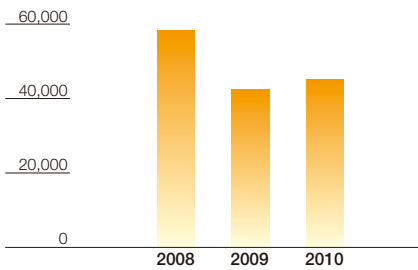
KOITO INDUSTRIES, LIMITED
Head Office and PlantKOITO INDUSTRIES, LIMITED
Fuji Nagaizumi Plant

NORTH AMERICA

Automobile production in North America decreased 10% year on year to 8.3 million units in fiscal 2010 due to stagnant consumer spending and a deteriorating employment situation against the backdrop of the economic slowdown, including the financial crisis, the fall in stock prices and the weakening dollar.

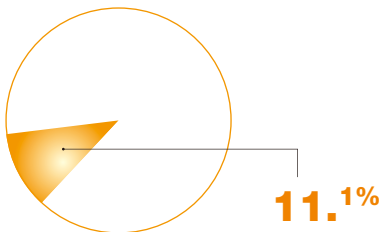
Net Sales [North America]

Years ended March 31
(Millions of yen)



Share of Sales [North America]

Year ended March 31, 2010
(%)



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. Now the largest independent manufacturer of lighting equipment in North America, NAL conducts its operations at the Paris, Flora and Salem plants in Illinois, in the U.S., and a fourth plant that started operating in Alabama in the southern U.S. in July 2007. NAL also has a Technical Center in Farmington Hills, Michigan.

In the non-automotive electrical equipment segment, KPS N.A. INC. sells

components for airplane seats, and manufactures and sells seats and electrical components for railroad cars.

In fiscal 2010, sales rose 6.4% to ¥45.1 billion despite the decline in the auto industry, thanks to increased orders for new vehicle types.

Looking ahead, the company will be working to strengthen its business framework and improve its earnings power by boosting order-winning activities, increasing productivity and engaging in cost-cutting activities.



NAL Paris Plant



NAL Flora Plant



NAL Salem Plant



NAL Alabama Plant



NAL Head Office (Paris)



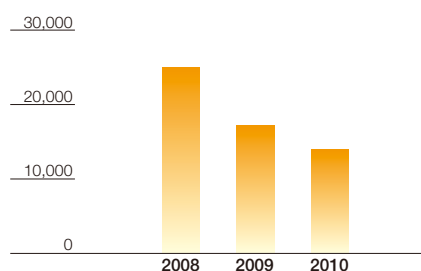
NAL Technical Center

EUROPE

Automobile production in Europe decreased 20% year on year to around 16.3 million units in fiscal 2010 as the auto market contracted due to the global economic recession.

Net Sales [Europe]

Years ended March 31
(Millions of yen)



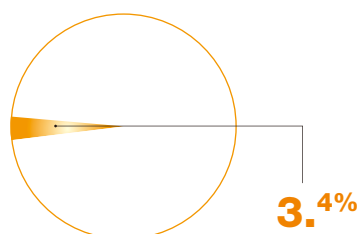
Under the control of Koito Europe NV (KENV), which oversees our European operations, Koito's automotive lighting equipment business in Europe is developed by two manufacturing bases: Koito Europe Limited (KEL) in Droitwich, England, and Koito Czech s.r.o. (KGZ) in Zatec, the Czech Republic.

In fiscal 2010, net sales in the European business declined 18.6% year on year to ¥13.9 billion amidst large decreases in automobile production, despite efforts to expand sales, mainly to local automakers.

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

Share of Sales [Europe]

Year ended March 31, 2010
(%)



Koito Europe NV



Koito Europe Limited



Koito Czech s.r.o.

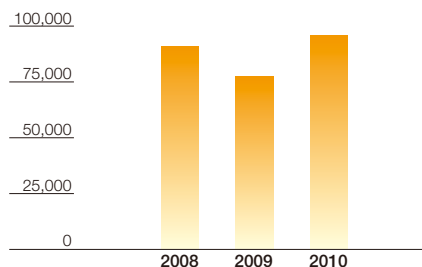


ASIA

Automobile production in Asia grew 40% year on year to roughly 25 million units in fiscal 2010 due to higher production in China, India and other countries, despite lower production in Thailand and certain other emerging economies amid the global economic slowdown.

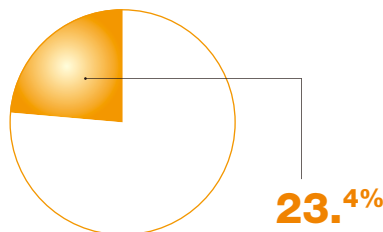
Net Sales [Asia]

Years ended March 31
(Millions of yen)



Share of Sales [Asia]

Year ended March 31, 2010
(%)



China

Automobile production in China grew 70% in fiscal 2010, resulting in the highest production volume in the world, due to greater domestic demand caused by economic growth and the effects of automobile sales promotion policies.

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. (GUANGZHOU 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. manufactures and sells electrical components for railroad cars.

Net sales in fiscal 2010 increased 21.5% year on year to ¥71.3 billion amidst a rise in automobile production, due to stronger automobile orders.

The Chinese auto industry is poised to develop further, spurred by high economic growth, and unit production is expected to continue to climb in fiscal 2011. Eyeing this trend, Koito will seek to take appropriate measures to expand operations and increase earnings.



GUANGZHOU KOITO



FUZHOU KOITO TAYIH



Shanghai Koito First and Second Plants



Shanghai Koito Third Plant



Shanghai Koito Technical Center

Thailand

In Thailand, THAI KOITO COMPANY LIMITED (THAI KOITO), established in 1986, supplies automotive lighting equipment to all local Japanese auto-makers. In particular, THAI KOITO supplies the main lamps for global strategic vehicles such as Toyota's IMV and Camry, and Isuzu's D-MAX.

Net sales in fiscal 2010 increased 1.4% year on year to ¥15.8 billion due to increased orders for vehicles for which lamps are supplied. Koito will continue focusing on winning orders for lamps used in automakers' global strategic vehicles, and work to improve earnings.



THAI 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. Ta Yih Industrial commands high market shares of over 70% in both headlamps and rear combination lamps.

In fiscal 2010, sales rose 13.5% to ¥9.8 billion, reflecting advances in high-function, high-added-value products, such as larger headlamps and discharge-type lamps, as well as contributions from the recovery in automobile production.

Although automobile production in Taiwan is not expected to grow strongly, to achieve growth over the long term, Ta Yih Industrial plans to launch value-added lamps and actively develop products for new business fields such as aircraft and railroad cars.



Ta Yih Industrial

India

INDIA JAPAN LIGHTING PRIVATE LIMITED (IJL), a joint venture established in 1997 with Lucas-TVS Limited, is seeing its sales increase steadily.

In order to meet a medium- and long-term expansion in orders, IJL constructed a second plant in Bawal, in the northern Indian state of Haryana, which started operations in September 2007.

Net sales climbed 39.6% year on year to ¥4.3 billion in fiscal 2010 due to increased automobile production. 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 is committed to delivering attractive products that anticipate customer needs in a timely manner through R&D aimed at the pursuit and creation of leading-edge technologies, and through product line development for efficiently transforming those technologies into viable products. At the same time, Koito aims to conduct manufacturing activities that put people and the environment first. To this end, Koito is developing technologies to ensure safety and focusing 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 in the automotive lighting equipment segment are conducted by Koito's global R&D network of four bases, led by Koito Technical Center in Japan. The other bases include NAL's Technical Center in the U.S., KENV's Technical Section in Europe, and a Technical Center in China run by Shanghai Koito. This R&D network gives Koito the ability to meet the needs of automakers seeking to diversify their operations worldwide. R&D activities in the non-automotive electrical equipment and other products & services segments are conducted mainly by the technical centers of Koito and KOITO INDUSTRIES. As of March 31, 2010, 2,124 personnel were engaged in the Koito Group's R&D activities.

In fiscal 2010, R&D costs totaled ¥17.3 billion. By segment, the automotive lighting equipment segment used ¥16.6 billion, the non-automotive electrical segment ¥0.3 billion and the other products segment ¥0.4 billion. The main research themes in each segment are outlined below.

Automotive Lighting Equipment

1. Core technologies (optics, electronics, mechanical and structural engineering, etc.)
2. Production technologies
3. Simulation technologies and others



Non-Automotive Electrical Equipment

1. Electrical components for railroad rolling stock
2. System development for ITS-related equipment and materials
3. Internet-based systems and others



Other Products & Services

1. Non-lighting automotive components
2. Aircraft components
3. New products in new business domains and others

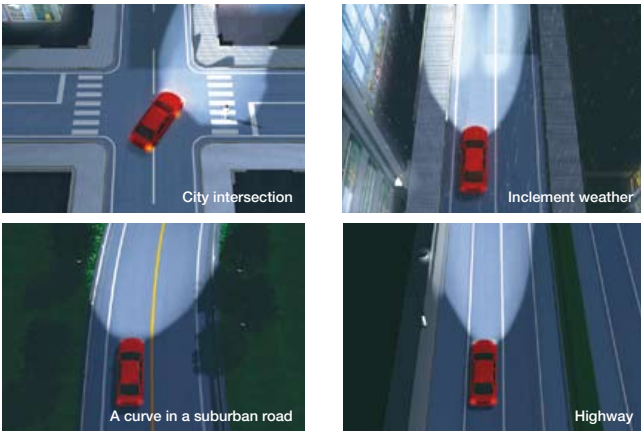




Development of LED Headlamps

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.

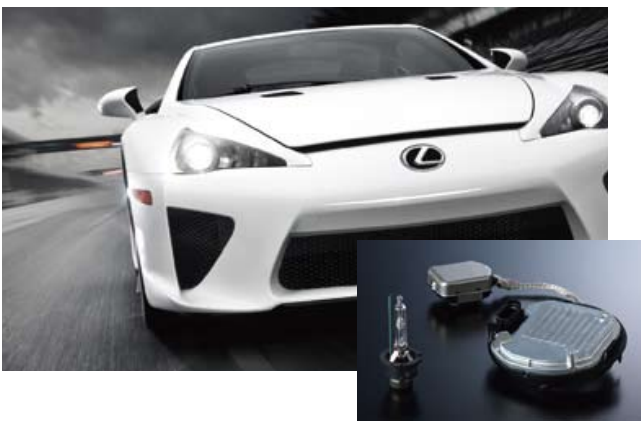
Koito is earnestly conducting committed research and development to produce LED headlamps offering even better performance and higher quality.



Development of the Adaptive Front Lighting System (AFS)

AFS is a headlamp system that provides optimal beam control according to driving conditions. The system's variable light distribution creates the right visual environment for safer driving. In February 2003, Koito succeeded in developing the first commercial AFS in the world and it is now deployed in many automobiles.

Koito is currently pursuing technological development to increase the applications of a full AFS capable of automatically adjusting the headlamp beam up and down or left and right in response to information from a range of sensors.



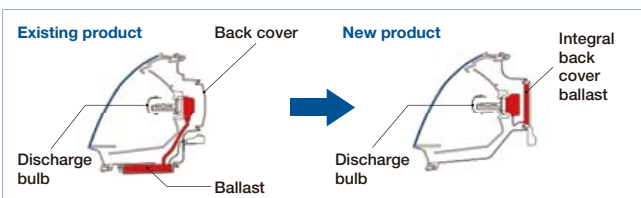
Development of Mercury-Free Discharge Headlamps

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.

Koito has also developed and commercialized an integral back cover ballast, which achieves smaller size, lighter weight, and lower cost.

This newly developed ballast is smaller than previous products, and is integrated with the back cover of the headlamp. Approximately 20% lighter than previous products, it is compatible with the mercury-free discharge bulb, making it environmentally friendly. This and other special features make it a truly next-generation ballast.



SOCIAL CONTRIBUTION AND ENVIRONMENTAL ACTIVITIES

Public Communication and Social Contribution Activities

Koito believes that managing business operations in a way that considers the interests of various stakeholders, including local communities, customers, suppliers and investors, is vital to building relationships of trust between companies and society. 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 include participation in community cleanup activities and other programs to keep the local natural environment clean, as well as environmental preservation initiatives. We intend that each and every employee should continue to actively engage in activities that contribute to society so as to help Koito fulfill its obligations as a good corporate citizen.

System for Promoting Environmental Management

Koito's Environmental Committee forms an umbrella over two sub-committees: the Environmental Protection Committee, and the Environmental Audit Committee. These committees spearhead sustained Company-wide activities to lessen environmental burdens, reduce energy consumption and CO₂, and promote recycling.

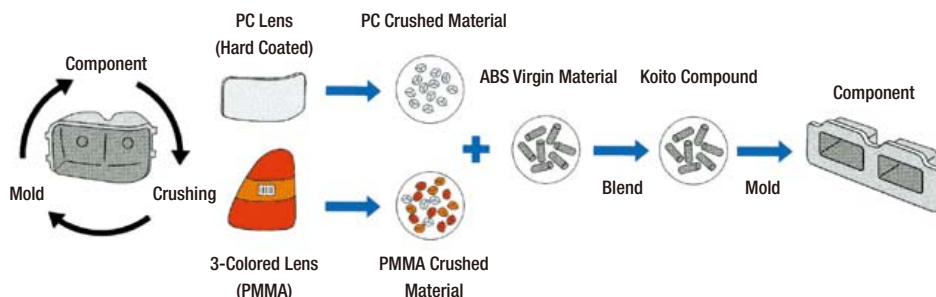
In addition, Koito has an integrated Company-wide environmental management system based on the international ISO 14001 standard for environmental management. This system covers all processes from development through manufacturing, and all employees participate in efforts to improve sustained performance by using the PDCA cycle. By January 2003, all five domestic plants had obtained ISO 14001 certification. Going further, as part of the Koito Group, affiliated companies are also working to better enhance their environmental preservation systems by building environmental management systems and supporting the acquisition of ISO 14001 certification. So far, 13 Koito Group companies, including 9 overseas subsidiaries, have obtained ISO 14001 certification. The Koito Group will continue to implement environmental activities appropriate to host countries and regions.

Promoting Manufacturing That Puts the Environment First

The Koito Group is prioritizing measures to prevent global warming, reduce carbon dioxide emissions, and reduce its environmental burden, with the aim of lowering the environmental impact of its manufacturing operations. Understanding and minimizing the volume of use and emissions is thus a key priority. The Koito Group is also making efforts to reduce the overall environmental impact of its core automotive lamp products over the entire product lifecycle from product development to manufacturing, use, disposal and recycling.

In addition, we are actively working to reduce carbon dioxide emissions by such measures as saving energy and improving production efficiency, as a global warming countermeasure based on the Kyoto Protocol. From fiscal 2008, we have been strengthening these efforts, including by setting a target for total emissions of a 7% reduction compared with the fiscal 1990 level for the average emissions over the five-year period fiscal 2008–2012.

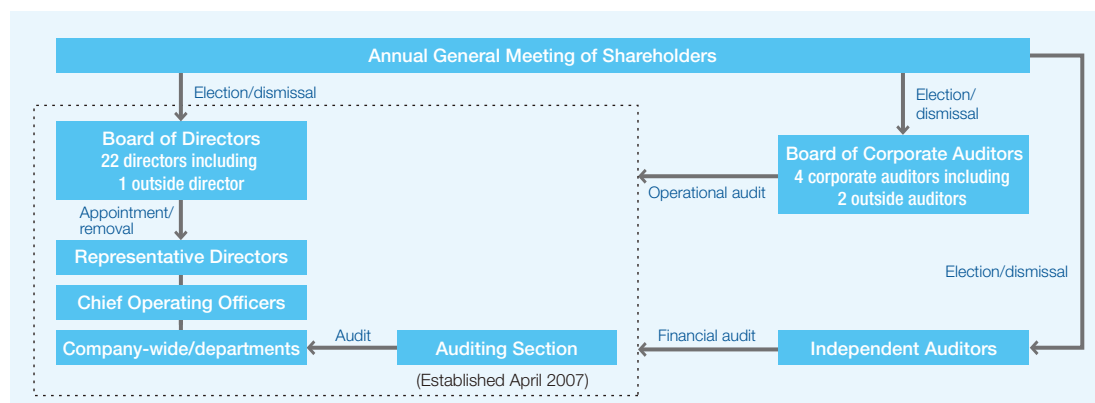
At Koito, along with our primary effort to keep waste emissions as close to zero as possible, we are striving to eliminate the use of environmentally harmful substances in manufacturing processes. We are also pursuing "3R compatibility" in the structural design of our lamps and in product and component development, which is the title for our aim to develop products that allow us to reduce, reuse and recycle. Koito is proactive in its efforts to preserve the global environment in line with internationally recognized targets. We are pursuing "3R"-related initiatives in a bid to realize a number of aims in this regard, including early attainment, and long-term maintenance, of zero-emission status.



CORPORATE GOVERNANCE

The Koito Group's basic approach to corporate governance is to recognize the importance of ethical standards and upholding the integrity of management if it is to retain the trust of all its stakeholders. Enhancing corporate governance and strengthening compliance is therefore viewed as a top management priority. These measures include the appointment of outside directors and other actions such as strengthening the role of corporate auditors and the Board of Auditors.

Furthermore, in response to the enforcement of the Financial Instruments and Exchange Act (the Japanese version of the U.S. Sarbanes-Oxley Act), Koito has established the Auditing Section and is strengthening internal control functions.



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

At Koito, business execution is supervised by the Board of Directors and audited by the Board of Corporate Auditors. The Board of Directors, which comprises 22 directors, including 1 outside director, 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 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.

The certified public accountants who executed Koito's audit were Makoto Yoshii and Atsushi Sasayama from accounting firm MEIJI AUDIT CORPORATION. The audit was also supported by four other certified public accountants and two other staff members.

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

Remuneration for directors, corporate auditors and the independent auditors for the fiscal year ended March 31, 2010 was as follows:

Remuneration for Directors and Corporate Auditors	
For directors:	¥1,118 million
For corporate auditors:	¥89 million
Total:	¥1,207 million

Remuneration for the Independent Auditors	
Fee for certification of audit:	¥40 million
(Remuneration based on work stipulated by Article 2, Paragraph 1 of the Certified Public Accountant Law)	

BOARD OF DIRECTORS



Takashi Ohtake
Chairman & CEO

Masahiro Ohtake
President

Shuichi Goto
Executive Vice President

Mitsuo Kikuchi
Executive Vice President

Chairman & CEO Takashi Ohtake

President Masahiro Ohtake

Executive Vice Presidents

Shuichi Goto

Mitsuo Kikuchi

Executive Senior Managing Directors

Hiroshi Koishihara

Toshiharu Suzuki

Yuji Yokoya

Koichi Sakakibara

Executive Managing Directors

Isao Sano

Youhei Kawaguchi

Hiroshi Mihara

Kazuo Ueki

Osami Takikawa

Directors

Ikusaburo Kashima

Kenji Arima

Michiaki Kato

Jun Toyota

Takao Yamanashi

Masami Uchiyama

Atsushi Inoue

Kiyoshi Sato

Hideharu Konagaya

Standing Corporate Auditors

Toyofumi Nakagawa

Akira Nagasawa

Corporate Auditors

Koichi Kusano

Nobuyoshi Kawashima

(As of June 29, 2010)

FINANCIAL SECTION

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TEN-YEAR SUMMARY

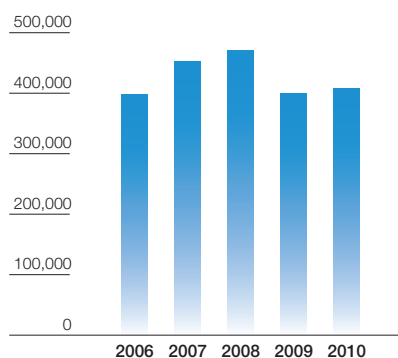
KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries
Years ended March 31

Consolidated	Millions of yen (except per share amounts)			
	2001	2002	2003	2004
For the year:				
Net sales	¥297,280	¥301,141	¥311,133	¥334,254
Operating income	10,991	9,779	13,157	13,723
Income before income taxes and noncontrolling interests	6,190	6,292	12,766	14,061
Income taxes	2,476	2,516	5,113	5,554
Net income	3,072	2,784	5,826	6,440
Amounts per share (yen and U.S. dollars):				
Net income	¥ 19.11	¥ 17.38	¥ 35.51	¥ 39.19
Cash dividends	8.00	8.00	10.00	12.00
At year-end:				
Working capital	¥ 16,724	¥ 27,340	¥ 26,663	¥ 18,085
Property, plant and equipment, less accumulated depreciation	64,856	69,148	66,342	66,981
Total assets	306,084	295,097	290,397	299,344
Total shareholders' equity	102,532	101,738	102,475	111,707

Note: Amounts in U.S. dollars are translated from yen, for convenience only, at the rate of ¥93.04=US\$1, the rate prevailing on March 31, 2010.

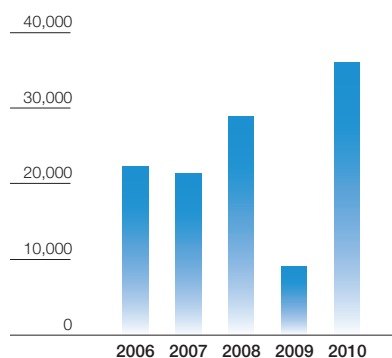
Net Sales

(Millions of yen)



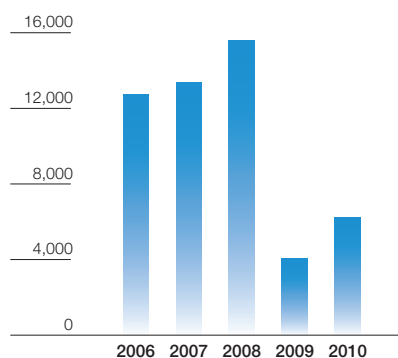
Operating Income

(Millions of yen)



Net Income

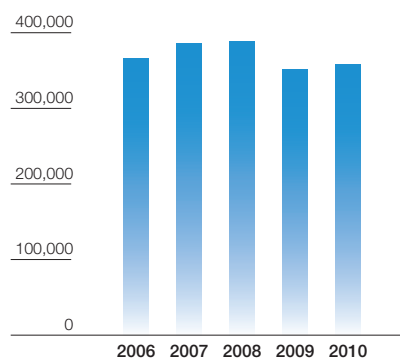
(Millions of yen)



						Thousands of U.S. dollars (except per share amounts)	
2005	2006	2007	2008	2009	2010	2010	
¥361,477	¥397,509	¥452,520	¥470,648	¥400,232	¥408,430	\$4,389,832	
17,962	22,262	21,328	28,959	9,131	36,054	387,511	
18,287	23,277	24,799	30,097	7,980	13,731	147,582	
7,225	9,078	9,622	11,678	2,051	9,736	104,643	
9,093	12,731	13,374	15,581	4,042	6,217	66,821	
¥ 55.62	¥ 79.39	¥ 83.23	¥ 96.95	¥ 25.16	¥ 38.69	\$ 0.42	
14.00	20.00	22.00	23.00	20.00	18.00	0.19	
¥ 24,043	¥ 27,993	¥ 24,182	¥ 26,813	¥ 13,091	¥ 39,512	\$ 424,678	
70,106	76,800	84,644	83,875	83,244	73,252	787,317	
318,739	366,254	385,300	388,585	351,869	357,530	3,842,756	
119,278	139,849	149,553	151,713	142,184	148,664	1,597,850	

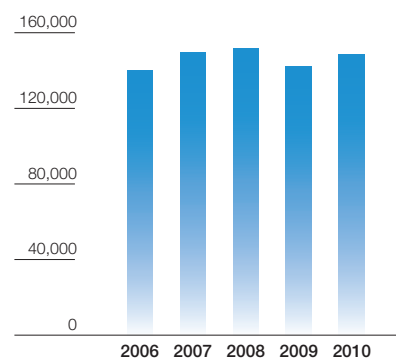
Total Assets

(Millions of yen)



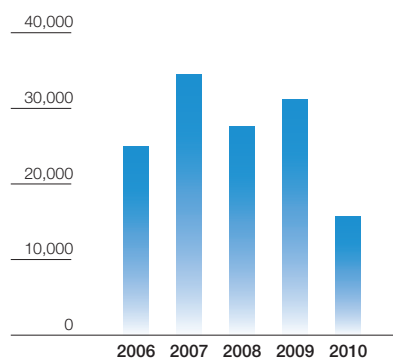
Total Shareholders' Equity

(Millions of yen)



Capital Expenditures

(Millions of yen)



MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

The Koito Group comprises the parent company (KOITO MANUFACTURING CO., LTD.), 27 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 auto industry, tax breaks on environmentally friendly vehicles, incentives to scrap old vehicles and other government stimulus initiatives worldwide helped the industry move beyond the worst of the recession, but the recovery is still weak. In Japan, both domestic demand and exports decreased, and production volume was down by over 10% from the previous year. Overseas, although China and other emerging economies resumed production increases, no other region has yet achieved a recovery, and production declined particularly in North America and Europe. Overall, global automobile production volume was lower than the previous year.

Under such an environment, with revenue from our mainstay automotive lighting equipment segment rising year on year as automobile production picked up slightly in the second half of the year, consolidated net sales in the fiscal year ended March 31, 2010, rose by 2.0% to ¥408.4 billion.

Earnings

In terms of profit, all Group companies implemented quality improvement activities, curbed capital expenditures and strengthened measures to reduce unit costs, including temporary closure of factories. As a result of these and other rationalization efforts, combined with various measures in Japan and overseas to promote automobile sales, Koito recorded operating income of ¥36.0 billion, up 294.8% from the previous year, and recurring profit of ¥35.9 billion, up 288.0%, both record highs. Net income rose 53.8% to ¥6.2 billion, ending higher year on year despite a loss on sale of investment securities, loss on impairment of principal, loss on expenses for damages related to problems with seats for aircraft, and a reversal of deferred income tax assets.

Results by Business Segment

Automotive Lighting Equipment

With automobile production down around the world, notably in Japan, North America, and Europe, sales were supported by an increase in orders for hybrid cars and other environmentally friendly vehicles. As a result, net sales increased by 6.7% year on year to ¥338.4 billion, while operating income rose 375.4% to ¥31.0 billion.

Non-Automotive Electrical Equipment

Although sales of information system equipment rose, sales of lighting equipment and train and railway equipment declined. As a result, net sales decreased by 2.6% year on year to ¥43.1 billion. Profitability improved for lighting and train and railway equipment, however, resulting in a 59.4% increase in operating income to ¥4.5 billion.

Other Products & Services

Railway car seats performed favorably, but seats for aircraft declined. As a result, net sales declined by 30.9% to ¥26.7 billion, and operating income fell by 42.3% to ¥0.8 billion.

Results by Geographical Segment

Japan

In the mainstay automotive lighting equipment segment, sales decreased by 3.7% to ¥253.5 billion due to the decline in automobile production in Japan and overseas. However, orders for hybrid cars and other environmentally friendly vehicles rose, and the new car installation ratio for value-added automotive lighting equipment such as LED headlamps, discharge headlamps, Adaptive Front Lighting System (AFS) headlamps, and LED rear combination lamps increased further, resulting in a 142.7% rise in operating income, to ¥25.3 billion.

North America

With automobile production down significantly, Koito conducted major order-winning activities. As a result, net sales rose 6.4% year on year to ¥45.1 billion, and operating income was ¥4.1 billion.

Asia

Automobile production began to rise again in China, India, and other countries in Asia, leading to a 23.8% rise in net sales to ¥95.7 billion. As a result of efforts to reduce unit costs and other measures to improve business results, operating income climbed 58.9% to ¥9.1 billion.

Europe

Koito is developing sales expansion activities for automotive lighting, targeting mainly local automobile manufacturers. However, the significant decline in automobile production resulted in an 18.6% decline in sales to ¥13.9 billion, and an operating loss of ¥2.3 billion.

Financial Position

In the assets section, total assets as of March 31, 2010 rose ¥5.6 billion year on year to ¥357.5 billion. While fixed assets fell due to a decline in property, plant and equipment resulting from restraint in capital investment and from a decline in investment securities, current assets including cash and cash equivalents and trade notes and accounts receivable rose.

Total liabilities increased ¥2.5 billion from the end of the previous fiscal year to ¥179.9 billion. This reflected an increase in accounts payable and other trade notes and accounts payable, despite repayment of loans.

Cash Flows

Operating activities provided net cash flow of ¥48.4 billion, an increase of ¥17.1 billion from the previous fiscal year. This was mainly due to an increase in net income.

Investing activities used net cash flow of ¥16.8 billion, ¥12.0 billion less than in the previous fiscal year. This reflected restraint in capital investment and decreased acquisition of property, plant and equipment.

Financing activities used net cash of ¥20.9 billion, mainly for repayment of loans and payment of dividends.

As a result, cash and cash equivalents as of March 31, 2010, were ¥30.1 billion, ¥10.5 billion higher than at March 31, 2009.

Capital Expenditures

Capital expenditures, primarily for the automotive lighting equipment segment, totaled ¥15.7 billion, with the goal of streamlining production, boosting product quality, and reducing costs. A breakdown of capital expenditures for the fiscal year under review, by segment on the basis of property, plant and equipment and transfers, excluding consumption tax, is as follows.

In the automotive lighting equipment segment, we invested ¥14.5 billion for development of new products and model changes, productivity improvement, enhancement of quality, and facilities to streamline production and cut costs. In the non-automotive electrical equipment segment, we invested ¥0.7 billion, mainly to upgrade development and manufacturing equipment for railway equipment and seats. In the other products and services segment, we invested ¥0.4 billion, primarily for capital expenditures related to new products such as electronic components.

The funds required for capital expenditures, moreover, 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 2010, the year ended March 31, 2010, economic trends in industrialized economies such as Japan, the United States and Europe were largely stagnant due to the global economic upheaval that began in the fall of 2008. Since the eruption of the financial crisis, countries have implemented various economic measures leading to recovery in some areas, but overall the world economy remains in a slump, and the future is still uncertain.

In the face of these conditions, the Koito Group will make efforts to increase order activities, boost productivity, enhance our mutually complementary supply network and structure, and implement more effective 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 issue of establishing a research, production and sales structure for responding flexibly to trends in the world automobile industry, the issue of reorganizing and strengthening its management structure and organization, and the issue of 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, shortening development times, and preserving the environment, in addition to constructing a business structure that can adapt to order volumes, boosting productivity, implementing Group-wide cost reduction measures, promoting quality improvement activities and mutual complementarity, and making effective use of management resources.

Furthermore, in the area of internal control, the Koito Group is working to enhance corporate governance and strengthen compliance in order to continue retaining the trust of all 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

As a manufacturer of automotive lighting and electrical equipment, based on its corporate slogan of "Lighting for your Safety," the Koito Group will create new value demanded by customers and contribute to achieving a better society. Furthermore, the Group will work to expand its global market share and ensure profits overseas by striving to improve its product capabilities through innovative improvements in development capabilities and the pursuit of cutting-edge technologies, by continuing with efforts to shorten development timeframes and implement various cost reduction measures, by enhancing its market competitiveness, as well as by promoting even greater business efficiency.

(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 the system to respond to the world's four key regional automobile markets (Japan, North America, Europe and Asia). This will include promoting a complementary supply structure and network within the Group.
- ② The Koito Group will 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 protection of the environment.
- ④ The Koito Group plans to further reinforce its profit structure and operations by securing and effectively allocating resources.

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 30, 2010.

(1) Economic Conditions

Demand for automotive lighting equipment, which represents a material share of the Koito Group's operating revenues 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 Asia, North America 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 (particularly the U.S. dollar, in which a material portion of the Group's sales are denominated) 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 Koito Group's production, logistics, sales and other bases could be damaged by an earthquake, 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. 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.

CONSOLIDATED BALANCE SHEETS

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

At March 31,	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 19,672	¥ 30,189	\$ 324,473
Trade notes and accounts receivable	70,209	86,937	934,405
Less: Allowance for doubtful accounts	(1,089)	(13,320)	(143,164)
	69,120	73,617	791,240
Marketable securities	3,866	2,571	27,633
Inventories	37,452	42,153	453,063
Deferred income taxes assets—current (Note 6)	4,138	6,238	67,046
Prepaid expenses and others	9,712	27,446	294,991
Total current assets	143,962	182,216	1,958,469
Investments:			
Investment securities	90,456	75,384	810,232
Loans	595	207	2,225
Deferred income taxes assets—noncurrent (Note 6)	14,578	7,949	85,436
Other investments	4,051	4,017	43,175
Less: Allowance for doubtful accounts	(234)	(234)	(2,515)
Total investments	109,447	87,323	938,553
Property, plant and equipment, at cost:			
Buildings and structures	82,820	82,988	891,960
Machinery, equipment and tools	201,437	204,012	2,192,734
Less: Accumulated depreciation	(201,012)	(213,748)	(2,297,377)
	83,244	73,252	787,317
Land	12,928	13,206	141,939
Construction in progress	2,286	1,530	16,445
Property, plant and equipment, net	98,458	87,989	945,712
Total assets	¥ 351,869	¥ 357,530	\$ 3,842,756

At March 31,	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade notes and accounts payable	¥ 57,641	¥ 75,174	\$ 807,975
Short-term loans (Note 4)	43,737	35,714	383,856
Income taxes payable	841	3,305	35,522
Accrued expenses and other current liabilities	28,652	28,509	306,417
Total current liabilities	130,871	142,704	1,533,792
Non-current liabilities:			
Long-term debt (Note 4)	17,198	6,967	74,882
Accrued retirement benefits (Note 5)	26,740	27,999	300,935
Other non-current liabilities	2,574	2,241	24,086
Total non-current liabilities	46,512	37,209	399,925
Contingent liabilities (Note 7)			
Equity:			
KOITO MANUFACTURING CO., LTD. shareholders' equity			
Common stock	14,270	14,270	153,375
320,000,000 shares authorized and 160,789,436 shares issued at March 31, 2009 and 2010			
Additional paid-in capital	17,107	17,107	183,867
Retained earnings	109,289	112,626	1,210,512
Valuation adjustment on investment securities	3,246	6,776	72,829
Translation adjustments	(1,664)	(2,046)	(21,991)
Treasury common stock, at cost:			
82,000 shares in 2009 and 85,000 shares in 2010	(66)	(70)	(752)
Total KOITO MANUFACTURING CO., LTD. shareholders' equity	142,184	148,664	1,597,850
Noncontrolling interests	32,301	28,951	311,167
Total equity	174,485	177,615	1,909,018
Total liabilities and shareholders' equity	¥351,869	¥357,530	\$3,842,756

CONSOLIDATED STATEMENTS OF INCOME

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

For the years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Net sales	¥400,232	¥408,430	\$4,389,832
Cost of sales	355,703	339,072	3,644,368
Gross profit	44,529	69,357	745,454
Selling, general and administrative expenses	35,397	33,303	357,943
Operating income	9,131	36,054	387,511
Other income (expenses):			
Interest income	1,656	921	9,899
Interest expenses	(1,178)	(740)	(7,954)
Loss on sale and disposal of property and equipment	(378)	(179)	(1,924)
Others, net	(1,251)	(22,325)	(239,951)
Income before income taxes and noncontrolling interests	7,980	13,731	147,582
Income taxes	2,051	9,736	104,643
Income before noncontrolling interests income	5,929	3,996	42,949
Noncontrolling interests income in consolidated subsidiaries	1,886	(2,222)	(23,882)
Net income	¥ 4,042	¥ 6,217	\$ 66,821

	Yen		U.S. dollars
	2009	2010	2010
Per share:			
Net income	¥ 25.16	¥ 38.69	\$ 0.42
Cash dividends	20	18	0.19
Average total number of shares during the year (thousands of shares) . .	160,709	160,705	160,705

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

For the years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
KOITO MANUFACTURING CO., LTD. shareholders' equity			
Common stock:			
Beginning balance	¥ 14,270	¥ 14,270	\$ 153,375
Ending balance	¥ 14,270	¥ 14,270	\$ 153,375
Additional paid-in capital:			
Beginning balance	¥ 17,107	¥ 17,107	\$ 183,867
Ending balance	¥ 17,107	¥ 17,107	\$ 183,867
Retained earnings:			
Beginning balance	¥110,980	¥109,289	\$1,174,645
Net income	4,042	6,217	66,821
Deductions:			
Cash dividends applicable to the year	(3,857)	(2,571)	(27,633)
Other	(1,876)	—	—
Ending balance	¥109,289	¥112,626	\$1,210,512
Valuation adjustment on investment securities	¥ 3,246	¥ 6,776	\$ 72,829
Translation adjustments	(1,664)	(2,046)	(21,991)
Treasury stock	(66)	(70)	(752)
KOITO MANUFACTURING CO., LTD. shareholders' equity	¥142,184	¥148,664	\$1,597,850
Noncontrolling interests	¥ 32,301	¥ 28,951	\$ 311,167
Total equity	¥174,485	¥177,615	\$1,909,018

CONSOLIDATED STATEMENTS OF CASH FLOWS

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

For the years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Cash flows from operating activities:			
Net income	¥ 4,042	¥ 6,217	\$ 66,821
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	26,716	24,296	261,135
Noncontrolling interests in consolidated subsidiaries	1,886	(2,222)	(23,882)
Provision for allowance for doubtful accounts	179	12,263	131,804
Provision for accrued retirement benefits	440	977	10,501
(Profit) loss on revaluation of marketable securities	460	17,351	186,490
Loss on sale and disposal of property and equipment	658	180	1,935
Changes in operating assets and liabilities:			
Trade notes and accounts receivable	24,390	(18,394)	(197,700)
Inventories	895	(4,989)	(53,622)
Prepaid expenses and others	3,130	(10,151)	(109,104)
Trade notes and accounts payable	(18,876)	18,057	194,078
Accrued expenses and other current liabilities	(4,618)	2,323	24,968
Others, net	(8,031)	2,560	27,515
Net cash provided by operating activities	31,271	48,468	520,937
Cash flows from investing activities:			
Purchase of marketable and investment securities	(17,036)	(6,563)	(70,540)
Proceeds from sale of marketable and investment securities	15,679	11,994	128,912
Acquisition of property and equipment	(27,189)	(14,447)	(155,277)
Proceeds from sale of property and equipment	225	(102)	(1,096)
(Decrease) increase in long-term loans	14	349	3,751
Increase (decrease) in other investments and other assets	(533)	(8,034)	(86,350)
Net cash used in investing activities	(28,840)	(16,803)	(180,600)
Cash flows from financing activities:			
(Decrease) increase in short-term bank loans	3,252	(19,576)	(210,404)
Increase (decrease) in long-term bank loans	2,729	2,184	23,474
Decrease (increase) in treasury stock	(5)	(4)	(43)
Cash dividends	(5,545)	(3,550)	(38,156)
Net cash used in financing activities	431	(20,946)	(225,129)
Foreign currency translation adjustment on cash and cash equivalents			
	103	(201)	(2,160)
Change in cash and cash equivalents	2,964	10,518	113,048
Cash and cash equivalents at beginning of the year	16,709	19,672	211,436
Cash and cash equivalents at end of the year	¥ 19,672	¥ 30,189	\$ 324,473

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 Instruments and Exchange Law 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, 2009 and 2010 include the accounts for the Company and the 26 subsidiaries listed below:

Names of consolidated subsidiaries	Equity ownership percentage (*) %
KOITO KYUSHU LIMITED	100
KOITO INDUSTRIES, LIMITED	50
Koito Transport Co., Ltd.	100
Koito Enterprise Corporation (Note 1)	100
Aoitec Co., Ltd.	70
Shizuokadense 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. (Note 2)	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.	67
THAI KOITO COMPANY LIMITED	62
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, 2010 and includes shares owned through consolidated subsidiaries.

Note: 1. Koito Enterprise Corporation was dissolved in February 2010 and is now under liquidation procedures.

2. Koito Insurance Services Co., Ltd. was established in January 2010 and is owned 100% by the company.

(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 two affiliates (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 interest 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 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 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 KOITO INDUSTRIES, LIMITED 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 Corporation Law 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 shareholders' meeting that must be held within three months of the end of each financial year. In addition to such appropriation, the Law 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 revenues 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 anticipating from these transactions and to fix the cash flows 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 ¥93.04=US\$1, the approximate rate of exchange at March 31, 2010, 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, 2009 and 2010, short-term loans consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Loans, principally from banks			
To the Company	—	—	—
To consolidated subsidiaries	¥43,737	¥35,714	\$383,856
Total	¥43,737	¥35,714	\$383,856

At March 31, 2009 and 2010, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Loans, principally from banks			
To the Company	—	—	—
To consolidated subsidiaries	¥17,198	¥6,967	\$74,882
Total	¥17,198	¥6,967	\$74,882

5. Employee retirement benefits

Retirement benefit obligations at March 31, 2009 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Projected benefit obligations	¥(57,290)	¥(56,994)	\$(612,575)
Plan assets	27,822	23,261	250,011
Unfunded pension liabilities	(29,467)	(33,732)	(362,554)
Unrecognized net transition obligation	—	—	—
Unrecognized actuarial differences	2,727	5,733	61,619
Accrued retirement benefits on balance sheet	¥(26,740)	¥(27,999)	\$(300,935)

Net periodic cost for the fiscal years ended March 31, 2009 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Service cost	¥2,455	¥2,556	\$27,472
Interest cost	1,124	1,134	12,188
Expected return on plan assets	(536)	(459)	(4,933)
Amortization of transition obligation	—	—	—
Actuarial loss	734	2,044	21,969
Total	¥3,777	¥5,276	\$56,707

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, 2009 and 2010 were as follows:

At March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Deferred income tax assets:			
Excess accrued bonus	¥ 1,935	¥ 1,900	\$ 20,421
Excess accrued retirement benefits	11,215	11,166	120,013
Disallowed retirement allowance to directors	719	604	6,492
Excess depreciation	1,430	1,115	11,984
Loss on revaluation of investment securities, other	874	873	9,303
Reserve for liability claims	1,275	1,246	13,392
Loss on revaluation of land	664	496	5,331
Reserve for product warranties	679	558	5,997
Excess allowance for doubtful account	–	3,746	40,262
Tax loss carry-forward	–	5,398	58,018
Others	4,556	3,331	35,802
	23,352	30,438	327,150
Less valuation allowance	(1,955)	(11,110)	(119,411)
Deferred income tax assets total	¥21,397	¥ 19,328	\$ 207,739
Deferred tax liabilities:			
Reserve for reduction of asset costs	¥ (524)	¥ (514)	\$ (5,525)
Valuation adjustment on investment securities	(2,155)	(4,625)	(49,710)
Deferred income tax liabilities total	¥ (2,680)	¥ (5,140)	\$ (55,245)
Net deferred income tax assets (liabilities)	¥18,716	¥ 14,187	\$ 152,483

(b) The net deferred income tax assets and liabilities at March 31, 2009 and 2010 were included in the balance sheets as follows:

At March 31	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Deferred income tax assets–current	¥ 4,138	¥ 6,238	\$ 67,046
Deferred income tax assets (liabilities)–non-current	14,578	7,949	85,436
Net deferred income tax assets (liabilities)	¥18,716	¥14,187	\$152,483

7. Contingent liabilities

At March 31, 2009 and 2010, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
As guarantor of employees' housing loans and other from financial institutions and others	¥6	¥6	\$64

8. Segment information

INDUSTRY SEGMENT INFORMATION

The Companies operate principally in three industrial segments. Each segment has the following main products:

Automotive Lighting Equipment: LED headlamps, discharge headlamps, headlamps, miscellaneous car lamps, rear lamps, indicators, high-mount stop lamps and halogen bulbs, various miniature bulbs and other lighting products.

Non-automotive Electrical Equipment: Control systems for rail transports, road traffic signals and traffic control systems.

Other Products & Services: Aircraft lights and electronic components, aircraft and train seats, environmental control systems, transportation services, finance and insurance services.

	Millions of yen					
	Automotive Lighting Equipment	Non-automotive Electrical Equipment	Other Products & Services	Total	Corporate and Elimination	Consolidated Total
For the year ended March 31, 2009						
Sales:						
Sales to outside customers	¥317,208	¥44,292	¥38,732	¥400,232	¥ -	¥400,232
Inter-segment sales and transfers . .	96,527	1,951	14,732	113,211	(113,211)	-
Total	<u>¥413,735</u>	<u>¥46,243</u>	<u>¥53,464</u>	<u>¥513,444</u>	<u>¥(113,211)</u>	<u>¥400,232</u>
Operating expenses	407,211	43,367	52,058	502,636	(111,535)	391,100
Operating income (loss)	<u>¥ 6,524</u>	<u>¥ 2,876</u>	<u>¥ 1,406</u>	<u>¥ 10,807</u>	<u>¥ (1,676)</u>	<u>¥ 9,131</u>
Identifiable assets						
at March 31, 2009	<u>¥195,716</u>	<u>¥50,670</u>	<u>¥56,154</u>	<u>¥302,540</u>	<u>¥ 49,329</u>	<u>¥351,869</u>
Depreciation	<u>¥ 24,325</u>	<u>¥ 1,048</u>	<u>¥ 1,275</u>	<u>¥ 26,648</u>	<u>¥ 68</u>	<u>¥ 26,716</u>
Capital expenditures	<u>¥ 29,200</u>	<u>¥ 1,353</u>	<u>¥ 611</u>	<u>¥ 31,164</u>	<u>¥ -</u>	<u>¥ 31,164</u>

	Millions of yen					
	Automotive Lighting Equipment	Non-automotive Electrical Equipment	Other Products & Services	Total	Corporate and Elimination	Consolidated Total
For the year ended March 31, 2010						
Sales:						
Sales to outside customers	¥338,499	¥43,160	¥26,770	¥408,430	¥ -	¥408,430
Inter-segment sales and transfers . .	102,257	2,011	12,925	117,195	(117,195)	-
Total	<u>¥440,757</u>	<u>¥45,172</u>	<u>¥39,696</u>	<u>¥525,625</u>	<u>¥(117,195)</u>	<u>¥408,430</u>
Operating expenses	409,742	40,587	38,884	489,213	(116,837)	372,375
Operating income (loss)	<u>¥ 31,015</u>	<u>¥ 4,584</u>	<u>¥ 811</u>	<u>¥ 36,411</u>	<u>¥ (357)</u>	<u>¥ 36,054</u>
Identifiable assets						
at March 31, 2010	<u>¥221,965</u>	<u>¥47,284</u>	<u>¥22,880</u>	<u>¥292,129</u>	<u>¥ 65,401</u>	<u>¥357,530</u>
Depreciation	<u>¥ 22,235</u>	<u>¥ 1,269</u>	<u>¥ 700</u>	<u>¥ 24,204</u>	<u>¥ 92</u>	<u>¥ 24,296</u>
Capital expenditures	<u>¥ 14,564</u>	<u>¥ 705</u>	<u>¥ 488</u>	<u>¥ 15,757</u>	<u>¥ -</u>	<u>¥ 15,757</u>

	Thousands of U.S. dollars					
	Automotive Lighting Equipment	Non-automotive Electrical Equipment	Other Products & Services	Total	Corporate and Elimination	Consolidated Total
For the year ended March 31, 2010						
Sales:						
Sales to outside customers	\$3,638,209	\$463,887	\$287,726	\$4,389,832	\$ -	\$4,389,832
Inter-segment sales and transfers . .	1,099,065	21,614	138,919	1,259,620	(1,259,620)	-
Total	\$4,737,285	\$485,512	\$426,655	\$5,649,452	\$(1,259,620)	\$4,389,832
Operating expenses	4,403,934	436,232	417,928	5,258,093	(1,255,772)	4,002,311
Operating income (loss)	\$ 333,351	\$ 49,269	\$ 8,717	\$ 391,348	\$ (3,837)	\$ 387,511
Identifiable assets						
at March 31, 2010	\$2,385,694	\$508,212	\$245,916	\$3,139,822	\$ 702,934	\$3,842,756
Depreciation	\$ 238,983	\$ 13,639	\$ 7,524	\$ 260,146	\$ 989	\$ 261,135
Capital expenditures	\$ 156,535	\$ 7,577	\$ 5,245	\$ 169,357	\$ -	\$ 169,357

GEOGRAPHIC SEGMENT INFORMATION

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sales of products in the automotive lighting equipment and electric equipment segment. These products are sold in Japan and overseas, principally North America, Asia and Europe.

The geographic segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2009 and 2010 is as follows:

	Millions of yen						
	Japan	North America	Asia	Europe	Total	Corporate and Elimination	Consolidated Total
For the year ended							
March 31, 2009							
Sales:							
Sales to outside customers	¥263,359	¥42,447	¥77,324	¥17,101	¥400,232	¥ -	¥400,232
Inter-area sales and transfers	88,130	71	8,709	16,299	113,211	(113,211)	-
Total	¥351,490	¥42,518	¥86,034	¥33,401	¥513,444	¥(113,211)	¥400,232
Operating							
expenses	341,027	44,106	80,254	37,248	502,636	(111,535)	391,100
Operating income (loss) . .	¥ 10,463	¥ (1,587)	¥ 5,779	¥ (3,846)	¥ 10,807	¥ (1,676)	¥ 9,131
Total assets	¥211,161	¥24,114	¥54,362	¥12,903	¥302,540	¥ 49,329	¥351,869

	Millions of yen						
	Japan	North America	Asia	Europe	Total	Corporate and Elimination	Consolidated Total
For the year ended March 31, 2010							
Sales:							
Sales to outside customers	¥253,591	¥45,171	¥ 95,744	¥13,923	¥408,430	¥ -	¥408,430
Inter-area sales and transfers	98,111	49	5,542	13,491	117,195	(117,195)	-
Total	¥351,702	¥45,220	¥101,287	¥27,414	¥525,625	¥(117,195)	¥408,430
Operating expenses	326,308	41,087	92,102	29,714	489,213	(116,837)	372,375
Operating income (loss) . .	¥ 25,393	¥ 4,133	¥ 9,185	¥ (2,300)	¥ 36,411	¥ (357)	¥ 36,054
Total assets	¥195,338	¥20,129	¥ 63,897	¥12,765	¥292,129	¥ 65,401	¥357,530

	Thousands of U.S. dollars						
	Japan	North America	Asia	Europe	Total	Corporate and Elimination	Consolidated Total
For the year ended March 31, 2010							
Sales:							
Sales to outside customers	\$2,725,613	\$485,501	\$1,029,063	\$149,645	\$4,389,832	\$ -	\$4,389,832
Inter-area sales and transfers	1,054,503	527	59,566	145,002	1,259,620	(1,259,620)	-
Total	\$3,780,116	\$486,028	\$1,088,639	\$294,647	\$5,649,452	\$(1,259,620)	\$4,389,832
Operating expenses	3,507,180	441,606	989,918	319,368	5,258,093	(1,255,772)	4,002,311
Operating income (loss) . .	\$ 272,926	\$ 44,422	\$ 98,721	\$ (24,721)	\$ 391,348	\$ (3,837)	\$ 387,511
Total assets	\$2,099,506	\$216,348	\$ 686,769	\$137,199	\$3,139,822	\$ 702,934	\$3,842,756

9. Subsequent events

At the general shareholders' meeting held by the Company on June 29, 2010, appropriations of retained earnings were duly approved as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥10 per share (\$107.48 per 1,000 shares)	¥1,607	\$17,272

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, 2009 and 2010, and the related consolidated statements of income, shareholders' equity and cash flows for the years ended March 31, 2009 and 2010, 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, 2009 and 2010, and the consolidated results of their operations and their cash flows for the years ended March 31, 2009 and 2010, 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, 2010 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, 2010. 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 statement misstatements.

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

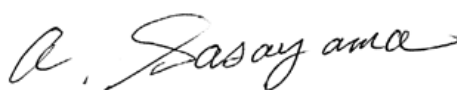
MEIJI AUDIT CORPORATION

Responsible Auditor
Certified Public Accountant

Responsible Auditor
Certified Public Accountant



M. Yoshii



A. Sasayama

June 29, 2010

CORPORATE INFORMATION

As of March 31, 2010

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:	15,041 (Consolidated) 4,387 (Non-consolidated)
Common stock:	
Authorized:	320,000,000 shares
Issued:	160,789,436 shares
Number of shareholders:	7,017
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) Panasonic Corporation Nippon Life Insurance Company The Master Trust Bank of Japan, Ltd. (Trust account) Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Japan Trustee Services Bank, Ltd. (Trust account 9) The Dai-ichi Mutual Life Insurance Company
	Note: The Dai-ichi Mutual Life Insurance Company reorganized from a mutual company to a stock company as of April 1, 2010.

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
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European Operations

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Facsimile: 81-3-3447-5173

East-Asia Operations

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Facsimile: 81-3-3447-5173

Pan-Pacific Operations

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Facsimile: 81-3-3447-5173

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Kikkawa Plant (Shizuoka Pref.)

Sagara Plant (Shizuoka Pref.)

Fujikawa Tooling Plant (Shizuoka Pref.)

LABORATORY

Laboratory (Shizuoka Pref.)

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Sendai Sales Office (Miyagi Pref.)

Tokyo Sales Office (Tokyo)

Utsunomiya Sales Office (Tochigi Pref.)

Ohta Sales Office (Gunma Pref.)

Atsugi Sales Office (Kanagawa Pref.)

Shizuoka Sales Office (Shizuoka Pref.)

Nagoya Sales Office (Aichi Pref.)

Osaka Sales Office (Osaka)

Fukuoka Sales Office (Fukuoka Pref.)

OVERSEAS REPRESENTATIVE OFFICES

Detroit Office (U.S.A.)

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Seattle Office (U.S.A.)

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Facsimile: 1-217-465-6607

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Koito Europe Limited

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Koito Czech s.r.o.

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No. B01, Transnational Industry Park,
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Facsimile: 66-2-315-3281

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Kabupaten Karawang, Propinsi Jawa Barat,
Republic of Indonesia

Ta Yih Industrial Co., Ltd.

No.11 Shin-Sin Road, An-Ping Industrial District,
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Facsimile: 886-6-264-4614

INDIA JAPAN LIGHTING PRIVATE LIMITED

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Facsimile: 91-44-3910-6106

KPS N.A., INC.

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10523-1212, U.S.A.
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Facsimile: 1-914-593-0035

CHANGZHOU KOITO JINCHUANG TRANSPORTATION EQUIPMENT CO., LTD.

Industrial Park, Yaoguan Town, Wujin District,
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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.)

Electro Optica, S.A. de C.V. (Mexico)

Industrias Ardeb 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)

Senalización 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 (Republic of 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 INDUSTRIES, LIMITED (Kanagawa Pref.)

Business lines: Manufacturing and marketing of railroad car electrical components, seats for railroad cars and aircraft, road information system equipment and road traffic signals

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.)

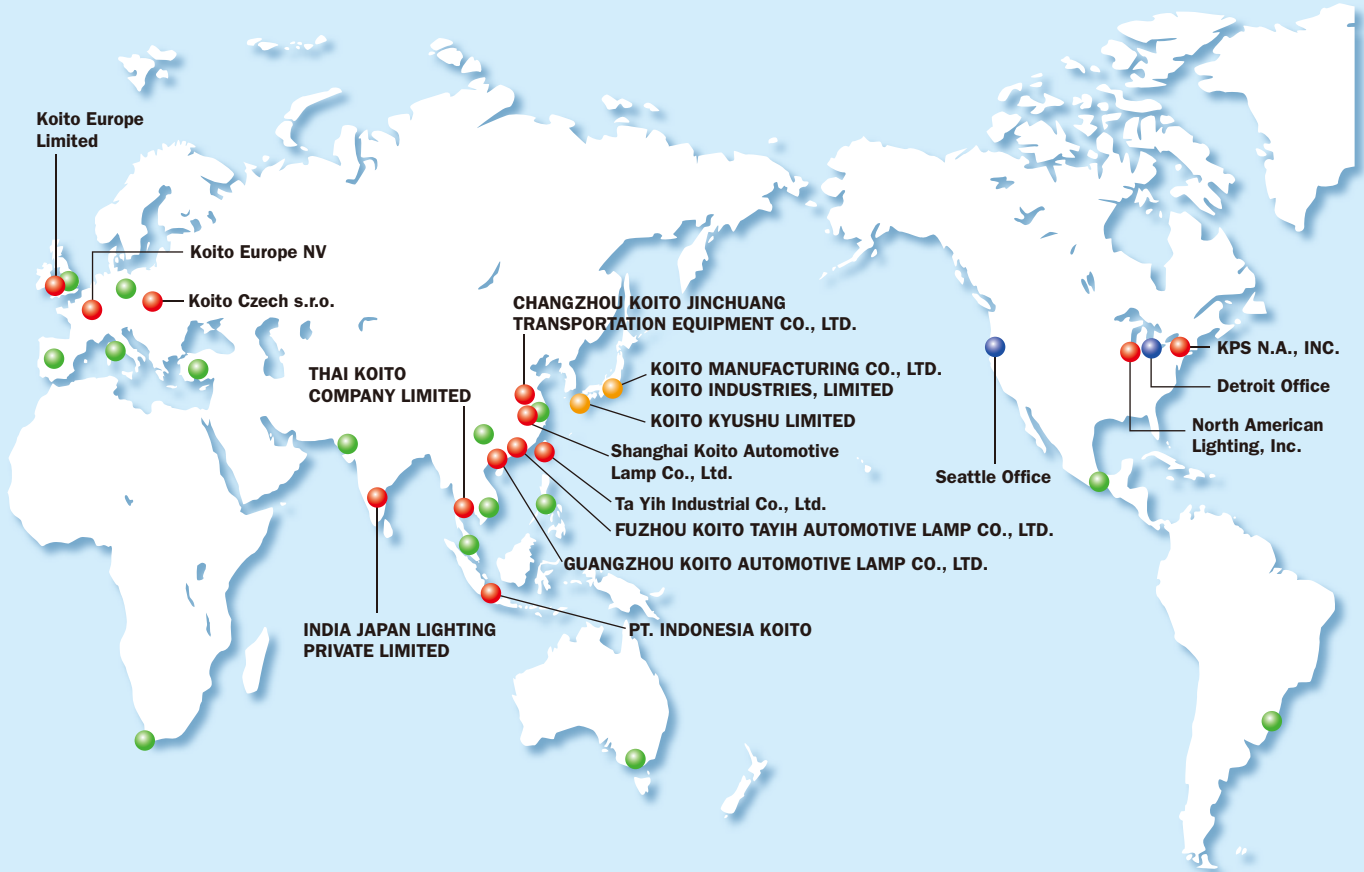
Business lines: Service businesses

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



- OVERSEAS SUBSIDIARIES AND AFFILIATES
- OVERSEAS TECHNICAL ASSOCIATES
- OVERSEAS REPRESENTATIVE OFFICES



KOITO MANUFACTURING CO., LTD.



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