WORLDWIDE AUTOMOTIVE LIGHTING

2009 ANNUAL REPORT

Year Ended March 31, 2009

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 that, without limitation, relate to economic conditions, worldwide competition in the automotive industry, customer demand, 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.

Koito publishes annual reports in Japanese to ensure fair disclosure, 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

Although the Koito Group's financial results for the fiscal year ended March 31, 2009 were relatively favorable in the first half of the fiscal year, from the second half of the year both net sales and earnings declined markedly. This was due to the large, abrupt fall in automobile production in Japan and overseas, which occurred in conjunction with deteriorating economic conditions worldwide.

In the fiscal year ending on March 31, 2010, we will strive to expand product orders for new automobile models and to increase sales of new products, and we will also aggressively promote various cost reduction measures. Nonetheless, due to the large impact of falling automobile production in Japan and overseas, we project that net sales will decline for the second consecutive year.

As for recent economic conditions, we are in the middle of a worldwide recession characterized by the global financial crisis, plummeting stock prices, and exchange rate fluctuations. The automobile industry has seen large production declines in various regions worldwide, primarily Japan, the United States, and Europe. In addition, even in Asia, where conditions had been favorable, the downtrend in production is strengthening. Consequently, the management environment surrounding the Koito Group is extremely challenging.

Amid such conditions, besides strengthening efforts to receive more orders, improving productivity, and enhancing our mutually complementary supply network and structure, we will also reduce fixed expenses by such measures as cutting personnel expenses and curtailing capital expenditure in order to aggressively reduce business scale until it is compatible with production quantities. In this way, we intend to make every effort to improve operating results.

The Koito Group produces automotive lighting equipment in eight 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 its customers, the Group companies are working together in a unified manner to strengthen the Group's 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 2009

Takashi Ohtake
Chairman & CEO

Masahiro Ohtake
President

FINANCIAL OVERVIEW AND MEDIUM-TERM OUTLOOK

Fiscal 2009 Results

During fiscal 2009, the year ended March 31, 2009, economic trends were relatively stable during the first half of the fiscal year, but this changed drastically due to global financial fears, including the collapse of a major US securities company; falling share prices; and exchange rate fluctuations. In the second half of the fiscal year, financial fears spread to the real economy, leading to a global recession, with industrialized economies such as Japan, the US, and Europe turning downward and economic growth slowing in emerging countries such as China.

The auto industry was also affected by economic contraction domestically and abroad, and domestic unit automobile production decreased significantly, falling below 10 million units for the first time in seven years, since fiscal 2002, as domestic demand declined and exports, which had been driving domestic production, also began to fall in the second half of the fiscal year. Overseas, auto production also fell drastically around the world, especially in North America and Europe, and the downtrend in production also strengthened in Asia, which had been performing well, and on the whole, worldwide unit automobile production shrank sharply, declining 20% year on year.

In this climate, Koito's consolidated net sales decreased 15.0% year on year to ¥400.2 billion as a result of a large decline in sales in the mainstay automotive lighting equipment segment, due to the impact of reduced automobile production.

On the earnings front, profit deteriorated significantly as a result of decreased automobile production around the world, particularly the large and sharp reductions in production by automakers in the fourth quarter, including inventory adjustments. In response to the decrease in order volume, Koito and Group companies downsized the scope of business by reducing capital investment and temporarily closing domestic plants, and took strong measures to streamline operations and reduce costs, including lowering director compensation and management salaries, but operating income fell 68.5% year on year to ¥9.1 billion, recurring profit declined 69.5% to ¥9.2 billion, and net income dropped 74.1% to ¥4.0 billion.

Regarding the year-end dividend per share, Koito has taken into account the large deterioration in earnings year on year, the forecast for a continued harsh business environment, and its intention to continuously pay dividends, and reluctantly decided on a ¥4 per share decrease from the previous year to ¥8 per share. Including the interim dividend, this results in a full-year dividend of ¥20 applicable to fiscal 2009, ¥3 per share lower than fiscal 2008.

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

Takashi Ohtake
Chairman & CEO

CONSOLIDATED FINANCIAL HIGHLIGHTS

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

	Millions of yen (except per share amounts)			Thousands of U.S. dollars (except per share amounts)
	2007	2008	**2009**	**2009**
Annual:				
Net sales	¥452,520	¥470,648	**¥400,232**	**$4,074,438**
Operating income	21,328	28,959	**9,131**	**92,955**
Net income	13,374	15,581	**4,042**	**41,148**
Per share (yen and U.S. dollars)**:**				
Net income	¥ 83.23	¥ 96.95	**¥ 25.16**	**$ 0.26**
Year-end:				
Total assets	¥385,300	¥388,585	**¥351,869**	**$3,582,093**
Total shareholders' equity	149,553	151,713	**142,184**	**1,447,460**

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, 2009 of ¥98.23=US$1.

Outlook for Fiscal 2010

Economies around the world are in the midst of a global recession due to the global financial crisis, large declines in share prices and exchange rate fluctuations, resulting in an exceedingly harsh business environment surrounding Koito.

Despite this, the Koito Group will work to expand orders, improve productivity, and improve its mutual complementary supply network and structure, as well as further downsize its business scope in line with production volume and take strong measures to reduce costs, with the goal of improving operating results.

For fiscal 2010, the Koito Group is projecting a second consecutive term of lower sales due to the large impact of reduced automobile production around the world, despite an expected increase in orders for products used in new automobile models and expected increased sales of new products. As for earnings, we will take further measures to reduce costs, but we have the very challenging outlook that earnings will deteriorate as a result of lower sales caused by lower automobile production.

Masahiro Ohtake
President

Medium-term Outlook

Advancing globalization in the automobile industry is spurring increasingly intense international competition, resulting in a decidedly harsher operating environment. In addition, unit automobile production is currently being cut back drastically in Japan, North America and Western Europe as a result of the global economic slowdown, leading to a shrinking global market. Over the medium and long term, however, there is hope for increasing demand thanks to the spread of motorization in emerging markets such as the BRICs, and we forecast production expansion.

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 12 companies in 8 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.

Looking at business segments, 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). 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, hydraulic equipment and biological control equipment as well as seats for aircraft and 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, conduct social contribution activities and cultivate personnel who can inherit our unique manufacturing philosophy.

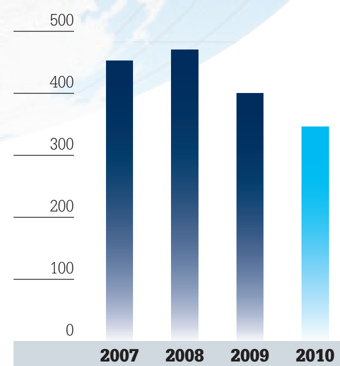
OPERATIONS BY REGION AND FUTURE DEVELOPMENTS

OUTLOOK FOR MEDIUM-TERM GLOBAL STRATEGIES

Automobile production was cut back drastically in Japan, North America, Europe and Asia due to the global economic slowdown, and our consolidated net sales decreased in the fiscal year ended March 31, 2009.

An even harsher business environment is forecast for the fiscal year ending March 31, 2010, so Koito and Group companies will downsize their business scope in line with order volume and strive for gains in quality, cost and delivery, aiming to expand market share and secure earnings.

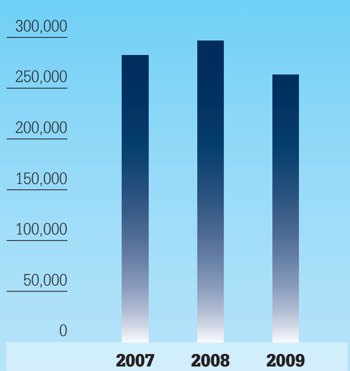
Medium-term Net Sales
Years ended March 31
(Billions of yen)



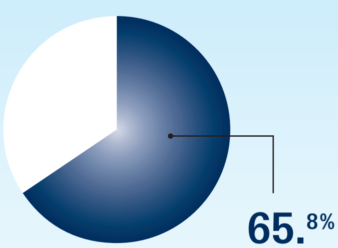
JAPAN

Japan's automobile industry cut back production significantly, decreasing 15.2% year on year to 9.99 million units, falling below 10 million units for the first time in seven years since fiscal 2002. Impacted by the worldwide economic slowdown, domestic demand declined and exports, which had been driving domestic production, also began to fall in the second half of the fiscal year.

Net Sales [Japan]
Years ended March 31
(Millions of yen)



Share of Sales [Japan]
Year ended March 31, 2009
(%)



KOITO MANUFACTURING CO., LTD.

In fiscal 2009, net sales at Koito in Japan significantly decreased 13.5% year on year to ¥214.4 billion due to the impact of cutbacks in automobile production, despite efforts to increase sales of new products in the mainstay automotive lighting equipment segment.

Results for each segment were as follows:

• Automotive Lighting Equipment Segment
Orders in this segment were running ahead of the previous year during the first half of the fiscal year, supported by steady demand for automobiles, but automobile production was cut back rapidly and drastically from the second half, leading to a sharp decline in Koito's orders as well, and net sales fell 14.8% year on year to ¥201.1 billion.

• Aircraft Equipment Segment
Segment sales declined 6.9% year on year to ¥3.1 billion as demand for aircraft decreased due to the effects of the economic slowdown.

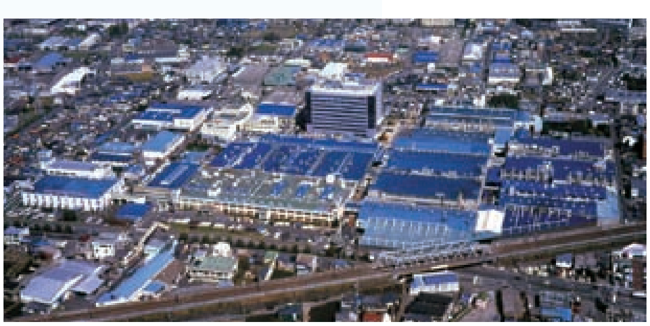
• Other Products Segment
Sales in this segment increased 19.2% year on year to ¥10.1 billion thanks to increases in electrical components for automobiles.

On the earnings front, profits deteriorated dramatically as a result of sharp cutbacks in production, including inventory adjustments, by automakers from the second half of the fiscal year amidst severe operating conditions such as intensified price competition in automotive lighting equipment and price hikes for plastics caused by soaring crude oil prices. In response to the decrease in order volume, Koito downsized the scope of business by reducing capital investment and temporarily closing the Kikkawa plant in Shizuoka Prefecture. Strong company-wide measures were also taken to improve earnings, including lowering director compensation and management salaries, and implemented other rationalization measures. Nevertheless, operating income fell 57.3% year on year to ¥6.4 billion and net income dropped 56.5% to ¥5.6 billion.

During fiscal 2009, Koito made total capital expenditures of ¥12.3 billion for the development of new products and model changes in the automotive lighting equipment segment. Expenditures also included new facilities needed for quality enhancements, rationalization and cost-cutting measures, as well as molds and industrial tools.

As for the future outlook for domestic automobile production volume, domestic and overseas economies are contracting, so downtrends are forecast to continue for both domestic sales and exports, resulting in further production cutbacks compared to the previous year.

Koito will work to expand sales of new products and gain market share and at the same time, 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.

Net sales in the year ended March 31, 2009 decreased 10.3% year on year to ¥19.4 billion due to lower domestic automobile production.


KOITO KYUSHU LIMITED Head Office and Plant

KOITO INDUSTRIES, LIMITED

In fiscal 2009, consolidated net sales at KOITO INDUSTRIES, LIMITED decreased 2.3% year on year to ¥61.4 billion despite the preservation of sales in the electrical equipment segment due to decreases in the transportation equipment segment and home appliances and environment segment.

Results by segment were as follows:

- **Transportation Equipment Segment**

The railroad car equipment division secured year-earlier levels, but the aircraft seat division decreased, and segment sales fell 4.5% year on year to ¥31.6 billion.

- **Electrical Equipment Segment**

Segment sales were flat at ¥26.8 billion with an increase in lighting equipment sales offset by sales declines in information systems equipment and traffic systems equipment.

- **Home Appliances and Environment Segment**

Despite an increase in sales of home appliances, segment sales declined 3.8% year on year to ¥2.9 billion due to lower sales of environmental systems.

On the earnings front, consolidated operating income jumped 29.8% year on year to ¥2.4 billion thanks to improved profitability resulting from reduced expenses and cost-cutting measures throughout the company, and the selection and focus policy. Consolidated net profit fell 24.6% year on year to ¥900 million due to the booking of ¥1.1 billion in extraordinary losses, including losses related to bond holdings that occurred in the second quarter.

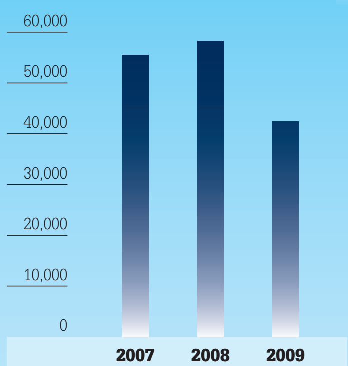

KOITO INDUSTRIES, LIMITED Head Office and Plant


KOITO INDUSTRIES, LIMITED Fuji Nagaizumi Plant

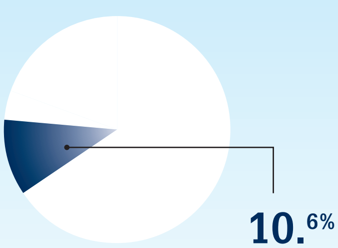
NORTH AMERICA

In fiscal 2009, North American automobile production decreased drastically due to weak personal consumption caused by the financial crisis, lower share prices, and a weak dollar as well as the economic slowdown, falling 29.3% year on year to 9.15 million units.

Net Sales [North America]
Years ended March 31
(Millions of yen)



Share of Sales [North America]
Year ended March 31, 2009
(%)



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.

Despite efforts to increase new orders, net sales in the year ended March 31, 2009 dropped 27.1% year on year to ¥42.4 billion due to the impact of rapid and large cutbacks in automobile production.

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

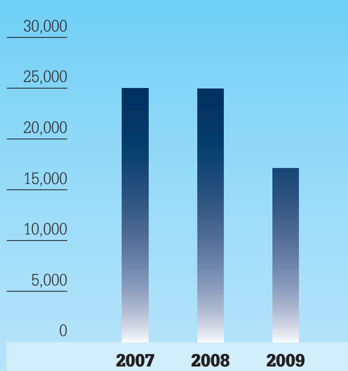
EUROPE

European automobile production in fiscal 2009 declined significantly due to the global economic slowdown, including production in Central and Eastern Europe and Russia, which had previously been brisk, declining 16.0% year on year overall to 17.21 million units.

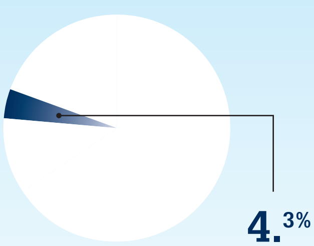
Under the control of Koito Europe NV (KENV), which oversees our European operations, Koito's automotive lighting equipment business in Europe is developed by two manufacturing bases: Koito Europe Limited (KEL) in Droitwich, England, and Koito Czech s.r.o. (KCZ) in Zatec, the Czech Republic.

In the year ended March 31, 2009, net sales in the European business declined 31.5% year on year to ¥17.1 billion amidst large decreases in automobile production, despite efforts to expand sales, mainly to local automakers. KENV 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.

Net Sales [Europe]
Years ended March 31
(Millions of yen)



Share of Sales [Europe]
Year ended March 31, 2009
(%)



KENV

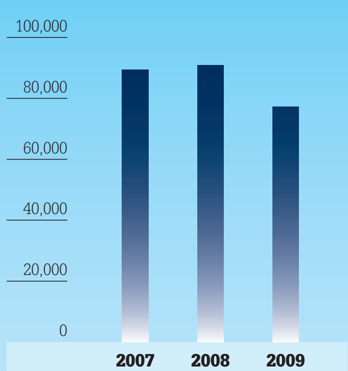
KEL

KCZ

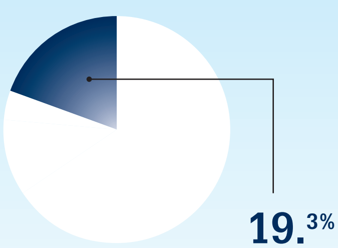
ASIA

In fiscal 2009, automobile production in Asia was affected by the global economic slowdown and production in emerging countries such as India and Thailand also decreased, with overall production down 3.7% year on year to 17.56 million units.

Net Sales [Asia]
Years ended March 31
(Millions of yen)



Share of Sales [Asia]
Year ended March 31, 2009
(%)



China

China's automobile production in fiscal 2009 increased 1.7% year on year to 9.36 million units, reflecting economic growth in the country.

Koito is developing its automotive lighting equipment business in China through three companies: Shanghai Koito Automotive Lamp Co., Ltd. (Shanghai Koito), a joint venture established in 1989; FUZHOU KOITO TAYIH AUTOMOTIVE LAMP CO., LTD. (FUZHOU KOITO TAYIH), consolidated as a subsidiary in September 2005; and GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD. (GUANGHZOU KOITO), established in November 2005. In April 2002, Shanghai Koito established a Technical Center in China, being 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 win high marks from 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 2009 decreased 6.3% year on year to ¥58.6 billion amidst a slight increase in unit automobile production, due to decreased orders for automobiles.

The Chinese auto industry is poised to develop further, spurred by high economic growth, and is forecast to reach production of 10 million units in fiscal 2010. Eyeing this trend, Koito will seek to expand operations and increase earnings by taking appropriate measures.

GUANGZHOU KOITO

FUZHOU KOITO TAYIH

Shanghai Koito First and Second Plants

Shanghai Koito Third Plant

Shanghai Koito Technical Center

Thailand

Automobile production in Thailand declined 9.7% year on year to 1.23 million units in fiscal 2009 due to lower production volume destined for export.

In Thailand, THAI KOITO COMPANY LIMITED (THAI KOITO), established in 1986, supplies automotive lighting equipment to all local Japanese automakers. 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 2009 decreased 24.9% year on year to ¥15.5 billion due to large production cutbacks 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

Taiwanese automobile production in fiscal 2009 fell 42.3% year on year to 160,000 units.

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 around 70% in both headlamps and rear combination lamps.

In fiscal 2009, there were advances in making larger headlamps with high-performance functions, such as discharge-type lamps, but net sales declined 29.3% year on year to ¥8.6 billion due to the fall in unit 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

Indian automobile production in fiscal 2009 declined 3.3% year on year to 2.24 million units because of production cutbacks in the second half of the year.

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 completed the construction of a second plant in Bawal, in the northern Indian state of Haryana, which started operations in September 2007.

Net sales fell 17.7% year on year to ¥3.0 billion in fiscal 2009 due to the impact of reduced automobile production. Production is expected to expand in the future in India, and IJL will continue working to improve earnings.

IJL Chennai Plant

IJL Bawal Plant

RESEARCH AND DEVELOPMENT

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 Belgium, 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, 2009, 2,042 personnel were engaged in the Koito Group's R&D activities.


KOITO MANUFACTURING Technical Center

In fiscal 2009, R&D costs totaled ¥18.8 billion. By segment, the automotive lighting equipment segment used ¥17.5 billion, the non-automotive electrical segment ¥0.4 billion and the other products segment ¥0.8 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

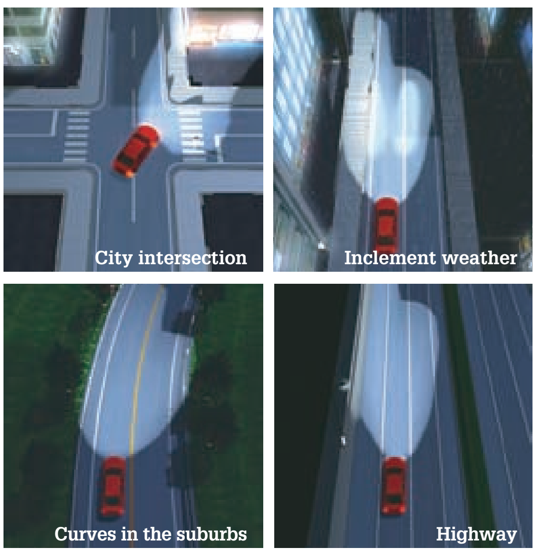
Other Products & Services

1. Non-lighting automotive components
2. Aircraft components and seats
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 in the world to achieve mass production of mercury-free discharge headlamps.

SOCIAL CONTRIBUTION AND ENVIRONMENTAL ACTIVITIES

Public Communication and Contributing to Society

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 has an Environmental Committee under which four committees have been established: the Environmental Protection Committee, Environmental Audit Committee, Energy and CO_2 Reduction Committee and Recycling Promotion Committee. This framework has been structured to promote sustained company-wide activities to lessen environmental burdens.

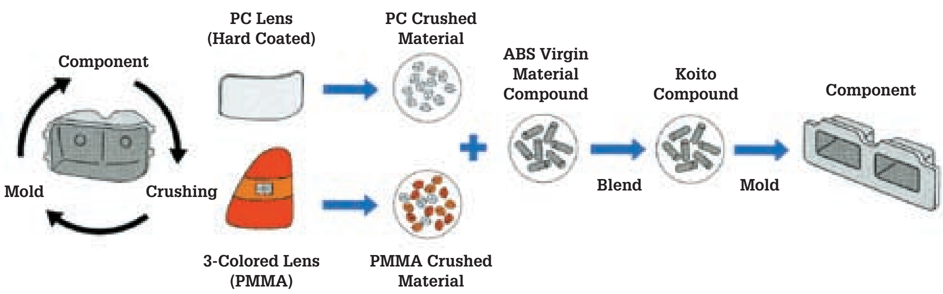
In addition, Koito has an integrated company-wide environmental management system based on the international ISO 14001 standard for environmental management. This system covers all processes from development through manufacturing, and all employees participate in efforts to improve sustained performance 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 further enhance their environmental preservation systems by building environmental management systems and supporting the acquisition of ISO 14001 certification. So far, thirteen Koito Group companies, including nine 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 implementing measures to conserve energy, as well as reduce waste and chemical substances, 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 are 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 5-year period fiscal 2008 – 2012.

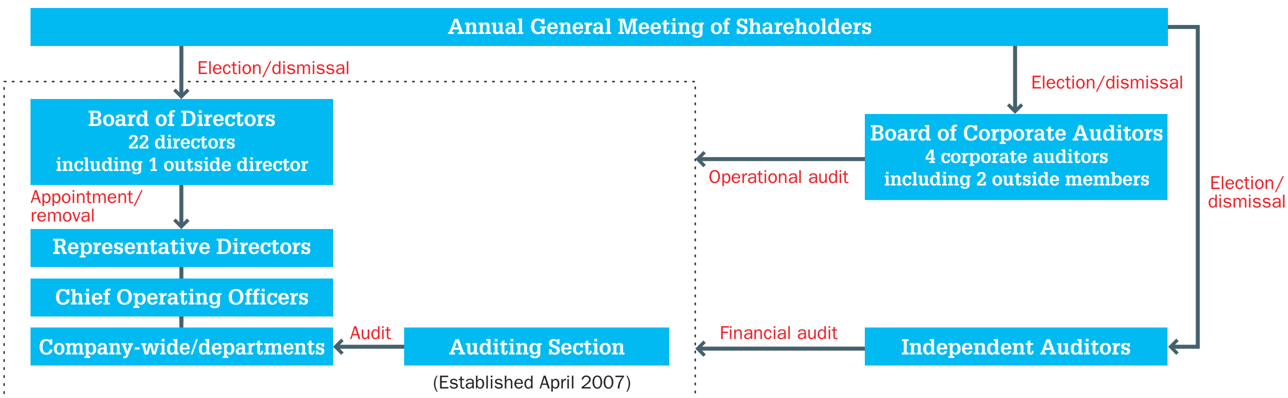
At Koito, along with our primary effort to keep waste emissions as close to zero as possible, we are striving to eliminate the use of environmentally harmful substances in manufacturing processes. We are also pursuing "3R compatibility" in the structural design of our lamps and in product and component 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 the strong awareness of the importance of observing 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. Koito has implemented measures to ensure greater transparency and fairness in management decision-making and operational execution. 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 Products Transaction Law (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 meetings of the Board of Managing Directors and other 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 Tachiji Mizuno, Kingo Sakurai and Akio Nagasawa. The audit was also supported by three other certified public accountants and one other staff member. When audit certification is performed by an individual accountant, a review is conducted by a third-party certified accountant.

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

Remuneration for directors, corporate auditors and the independent auditor for the fiscal year ended March 31, 2008 was as follows:

Remuneration for Directors and Corporate Auditors:	
For directors	¥1,047 million
For corporate auditors	¥91 million
Total	¥1,138 million

Remuneration for the Independent Auditor:	
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 26, 2009)

FINANCIAL SECTION

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AUDIT AND INTERNAL CONTROL OVER FINANCIAL REPORTING

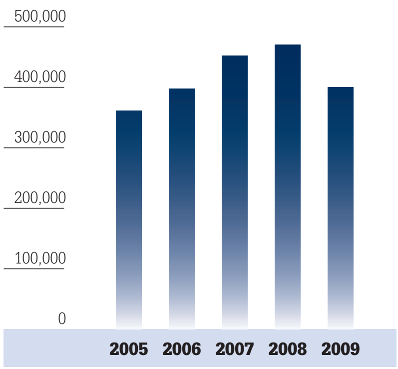
TEN-YEAR SUMMARY

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

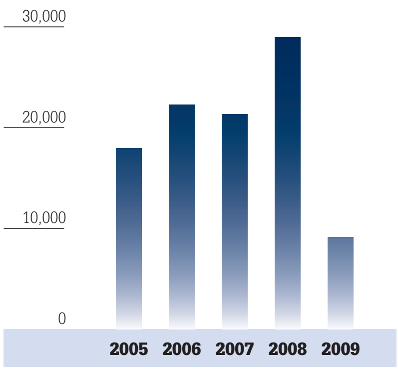
Consolidated	Millions of yen (except per share amounts) 2000	2001	2002	2003
For the year:				
Net sales	¥279,034	¥297,280	¥301,141	¥311,133
Operating income	9,288	10,991	9,779	13,157
Income before income taxes and minority interests	7,341	6,190	6,292	12,766
Income taxes	2,997	2,476	2,516	5,113
Net income	3,412	3,072	2,784	5,826
Amounts per share (yen and U.S. dollars):				
Net income	¥ 21.23	¥ 19.11	¥ 17.38	¥ 35.51
Cash dividends	10.00	8.00	8.00	10.00
At year-end:				
Working capital	¥ 51,060	¥ 16,724	¥ 27,340	¥ 26,663
Property, plant and equipment, less accumulated depreciation	61,448	64,856	69,148	66,342
Total assets	275,063	306,084	295,097	290,397
Total shareholders' equity	92,848	102,532	101,738	102,475

Note: Amounts in U.S. dollars are translated from yen, for convenience only, at the rate of ¥98.23=US$1, the rate prevailing on March 31, 2009.

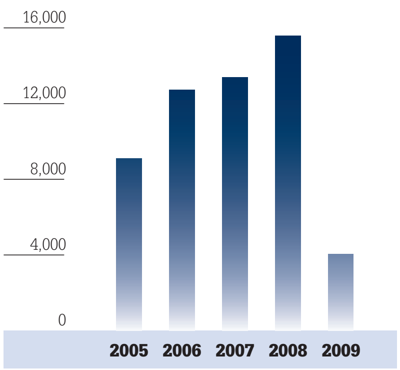
Net Sales
(Millions of yen)



Operating Income
(Millions of yen)

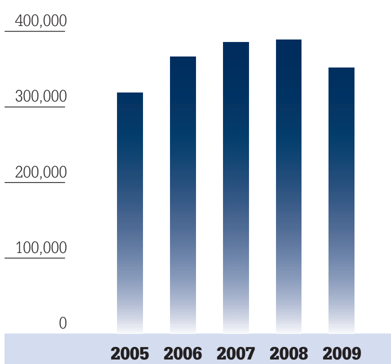


Net Income
(Millions of yen)

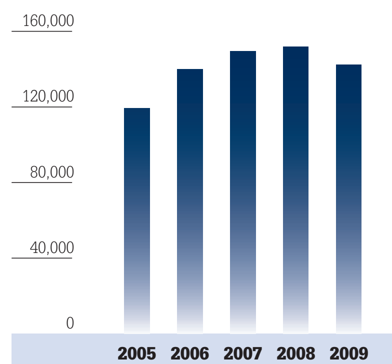


						Thousands of U.S. dollars (except per share amounts)
2004	2005	2006	2007	2008	**2009**	**2009**
¥334,254	¥361,477	¥397,509	¥452,520	¥470,648	**¥400,232**	**$4,074,438**
13,723	17,962	22,262	21,328	28,959	**9,131**	**92,955**
14,061	18,287	23,277	24,799	30,097	**7,980**	**81,238**
5,554	7,225	9,078	9,622	11,678	**2,051**	**20,880**
6,440	9,093	12,731	13,374	15,581	**4,042**	**41,148**
¥ 39.19	¥ 55.62	¥ 79.39	¥ 83.23	¥ 96.95	**¥ 25.16**	**$ 0.26**
12.00	14.00	20.00	22.00	23.00	**20.00**	**0.20**
¥ 18,085	¥ 24,043	¥ 27,993	¥ 24,182	¥ 26,813	**¥ 13,091**	**$ 133,269**
66,981	70,106	76,800	84,644	83,875	**83,244**	**847,440**
299,344	318,739	366,254	385,300	388,585	**351,869**	**3,582,093**
111,707	119,278	139,849	149,553	151,713	**142,184**	**1,447,460**

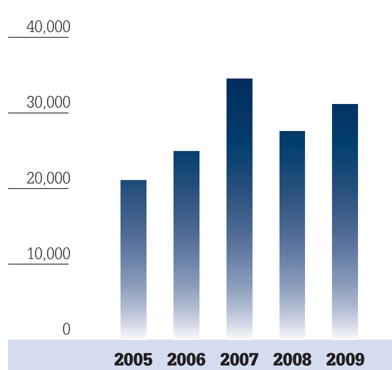
Total Assets
(Millions of yen)



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.), 26 subsidiaries, 2 affiliates 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 financial and distribution operations.

Net Sales

In the auto industry, due to the impact of the economic downturn in Japan and overseas, domestic unit automobile production fell considerably as domestic demand declined and exports, the driving force of the industry, also decreased from the second half of the fiscal year. Unit auto production fell below ten million units for the first time in seven years since fiscal 2002. Regarding overseas markets, production declined markedly in various regions worldwide, primarily North America and Europe, with the downtrend in production affecting even Asia. Overall, the number of automobiles produced worldwide contracted abruptly, falling 20% from the previous fiscal year.

Due to these conditions, with revenue from our mainstay automotive lighting equipment segment declining sharply on the impact of decreased automobile production, consolidated net sales in the fiscal year ended March 31, 2009, fell considerably to ¥400.2 billion, a 15% decline from the previous fiscal year.

Earnings

Earnings deteriorated markedly on the fall in domestic and overseas automobile production—especially the large, rapid production decline that occurred in the fourth quarter of the fiscal year and that included inventory adjustments by each automobile manufacturer. In order to cope with the decline in our order volume, we aggressively promoted various group-wide cost reduction measures and rationalization, such as reducing our business scale mainly by restraining capital investment and temporarily closing domestic production bases, as well as reducing executive compensation and managerial pay. Nonetheless, operating income fell 68.5% to ¥9.1 billion, recurring profit dropped 69.5% to ¥9.2 billion, and net income declined 74.1% to ¥4.0 billion.

Results by Business Segment

Automotive Lighting Equipment

In the first half of the fiscal year, orders for automotive lighting were supported by favorable automobile demand and remained above those in the previous term. From the second half of the year, however, there was a large, abrupt decline in automobile production in various regions worldwide, primarily Japan, North America, and Europe. The Koito Group's order volume plunged, with net sales falling 19.0% year on year to ¥317.2 billion and operating income dropping 75.8% to ¥6.5 billion.

Non-Automotive Electrical Equipment

Amid sluggish sales of information system equipment and lighting equipment, sales of train and railway equipment, including bullet train equipment, remained favorable. Therefore, net sales rose 3.1% year on year to ¥44.2 billion, and operating income rose 5.9% to ¥2.8 billion.

Other Products & Services

While sales of airplane and railway car seats declined, sales of automotive headlamp cleaners increased, with net sales rising 8.0% to ¥38.7 billion and operating income rising 321.0% to ¥1.4 billion.

Results by Geographical Segment

Japan

In the mainstay automotive lighting equipment segment, 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, but due to falling production in Japan and overseas, net sales dropped 11.2% year on year to ¥263.3 billion, and operating income fell 52.5% to ¥10.4 billion.

North America

Due to the impact of the large, abrupt fall in automobile production, net sales fell 27.1% to ¥42.4 billion, resulting in an operating loss of ¥1.5 billion.

Asia

Under the impact of the worldwide fall in automobile production, automotive lighting equipment sales declined, with net sales falling 14.9% from the previous fiscal year to ¥77.3 billion. Nonetheless, as a result of efforts to promote various cost reduction measures and rationalization, operating income rose 0.1% year on year to ¥5.7 billion, and we succeeded in ensuring results roughly the same as those in the previous fiscal year.

Europe

Amid falling automobile production, we conducted activities to expand sales of automotive lighting equipment to local automakers. Net sales, however, fell 31.5% to ¥17.1 billion, with an operating loss of ¥3.8 billion.

Financial Position

In the assets section, total assets as of March 31, 2009 declined ¥36.7 billion year on year to ¥351.8 billion. The primary factor was a fall in fixed assets resulting from a decline in tangible fixed assets due to capital investment restraints, and from a decline in investment securities.

Total liabilities declined ¥26.8 billion from the end of the previous fiscal year to ¥177.3 billion, reflecting a decrease in accounts payable and other trade notes and accounts payable.

Total shareholders' equity amounted to ¥142.1 billion, mainly due to a decrease in valuation and translation adjustments.

Cash Flows

Operating activities provided net cash flow of ¥31.2 billion, a ¥9.3 billion drop from the previous fiscal year. This was mainly due to a decrease in net income.

Investing activities used net cash flow of ¥28.8 billion, ¥13.7 billion less than in the previous fiscal year. This reflected capital investment restraints and decreased acquisition of marketable securities and investment securities.

Financing activities provided net cash of ¥0.4 billion, ¥1.4 billion more than in the previous fiscal year. This mainly reflected fundraising by means of loans, which outweighed dividends paid.

As a result, cash and cash equivalents as of March 31, 2009, were ¥19.6 billion, ¥2.9 billion higher than at March 31, 2008.

Capital Expenditures

Capital expenditures, primarily for the automotive lighting equipment segment, totaled ¥31.1 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 tangible fixed assets and transfers, excluding consumption tax, is as follows.

In the automotive lighting equipment segment, we invested ¥29.2 billion for development of new products and model changes, for enhancement of quality, and for facilities to streamline production and cut costs. In the non-automotive electrical equipment segment, we invested ¥1.3 billion, mainly to upgrade manufacturing equipment for traffic management systems. In the other products and services segment, we invested ¥0.6 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

Regarding economic conditions in Japan and overseas, we are in the middle of a worldwide recession resulting from the worldwide financial crisis, plummeting stock prices, and exchange rate fluctuations. Consequently, the management environment surrounding the company is extremely challenging.

Amid such conditions, the Koito Group will continue to work to improve operating results by expanding orders, improving productivity, and improving its mutually complementary supply network and structure, while also reducing business scale further to achieve compatibility with production quantities, and making every effort to implement various cost reduction measures.

(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 compatible with order volume, boosting productivity, implementing group-wide cost reduction measures, promoting quality improvement activities and mutual complementariness, 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 the stakeholders. This will be achieved by maintaining our awareness of the importance of corporate ethics, by upholding the soundness of management, by ensuring transparency and fairness in management decision-making and operational execution, and by implementing appropriate responses to the Financial Products Transaction Law (the Japanese version of the U.S. Sarbanes-Oxley Act).

(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 the Koito Group to the next stage of growth, the following measures will be taken:

- 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.
- 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.
- The Koito Group aims to pursue the highest quality and safety standards, and protection of the environment.
- 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 29, 2009.

(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 2008	Millions of yen 2009	Thousands of U.S. Dollars 2009
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 16,709	¥ 19,672	$ 200,265
Trade notes and accounts receivable	95,951	70,209	714,741
Less: Allowance for doubtful accounts	(936)	(1,089)	(11,086)
	95,015	69,120	703,655
Marketable securities	7,666	3,866	39,357
Inventories	39,810	37,452	381,268
Deferred income taxes assets-current (Note 6)	6,365	4,138	42,126
Prepaid expenses and others	12,929	9,712	98,870
Total current assets	178,494	143,962	1,465,560
Investments:			
Investment securities	98,921	90,456	920,859
Loans	598	595	6,057
Deferred income taxes assets-noncurrent (Note 6)	3,502	14,578	148,407
Other investments	5,616	4,051	41,240
Less: Allowance for doubtful accounts	(227)	(234)	(2,382)
Total investments	108,412	109,447	1,114,191
Property, plant and equipment, at cost:			
Buildings and structures	79,573	82,820	843,123
Machinery, equipment and tools	194,712	201,437	2,050,667
Less: Accumulated depreciation	(190,410)	(201,012)	(2,046,340)
	83,875	83,244	847,440
Land	12,591	12,928	131,609
Construction in progress	5,211	2,286	23,272
Property, plant and equipment, net	101,677	98,458	1,002,321
Total assets	¥ 388,585	¥ 351,869	$ 3,582,093

At March 31,	Millions of yen 2008	Millions of yen 2009	Thousands of U.S. dollars 2009
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade notes and accounts payable	¥ 78,378	¥ 57,641	$ 586,796
Short-term loans (Note 4)	33,846	43,737	445,251
Income taxes payable	5,101	841	8,562
Accrued expenses and other current liabilities	34,356	28,652	291,683
Total current liabilities	151,681	130,871	1,332,292
Non-current liabilities:			
Long-term debt (Note 4)	23,513	17,198	175,079
Accrued retirement benefits (Note 5)	26,549	26,740	272,218
Other non-current liabilities	2,492	2,574	26,204
Total non-current liabilities	52,554	46,512	473,501
Contingent liabilities (Note 7)			
Minority interests	32,635	32,301	328,830
Shareholders' equity:			
Common stock	14,270	14,270	145,271
320,000,000 shares authorized and 160,789,436 shares issued at 31 March, 2008 and 2009			
Additional paid-in capital	17,107	17,107	174,152
Retained earnings	110,980	109,289	1,112,583
Valuation adjustment on investment securities	10,292	3,246	33,045
Translation adjustments	(876)	(1,664)	(16,940)
Treasury common stock, at cost:			
77,000 shares in 2008 and 82,000 shares in 2009	(61)	(66)	(672)
Total	151,713	142,184	1,447,460
Total liabilities and shareholders' equity	¥388,585	¥351,869	$3,582,093

CONSOLIDATED STATEMENTS OF INCOME

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

For the years ended March 31,	Millions of yen 2008	Millions of yen 2009	Thousands of U.S. dollars 2009
Net sales	¥470,648	**¥400,232**	**$4,074,438**
Cost of sales	404,414	**355,703**	**3,621,124**
Gross profit	66,234	**44,529**	**453,314**
Selling, general and administrative expenses	37,274	**35,397**	**360,348**
Operating income	28,959	**9,131**	**92,955**
Other income (expenses):			
Interest income	1,614	**1,656**	**16,858**
Interest expenses	(1,399)	**(1,178)**	**(11,992)**
Loss on sale and disposal of property and equipment	(275)	**(378)**	**(3,848)**
Others, net	1,198	**(1,251)**	**(12,735)**
Income before income taxes and minority interests	30,097	**7,980**	**81,238**
Income taxes	11,678	**2,051**	**20,880**
Income before minority interests	18,419	**5,929**	**60,358**
Minority interests in consolidated subsidiaries	2,837	**1,886**	**19,200**
Net income	¥ 15,581	**¥ 4,042**	**$ 41,148**

	Yen 2008	Yen 2009	U.S. dollars 2009
Per share:			
Net income	¥ 96.95	**¥ 25.16**	**$ 0.26**
Cash dividends	23	**20**	**0.20**
Average total number of shares during the year (thousands of shares)	160,714	**160,709**	**160,709**

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2008	2009	2009
Common stock:			
Beginning balance	¥ 14,270	¥ 14,270	$ 145,271
Ending balance	¥ 14,270	¥ 14,270	$ 145,271
Additional paid-in capital:			
Beginning balance	¥ 17,107	¥ 17,107	$ 174,152
Ending balance	¥ 17,107	¥ 17,107	$ 174,152
Retained earnings:			
Beginning balance	¥ 99,299	¥110,980	$1,129,797
Net income	15,581	4,042	41,148
Deductions:			
Cash dividends applicable to the year	(3,535)	(3,857)	(39,265)
Change of retained earnings due to newly acquired subsidiaries	(365)	–	–
Other	–	(1,876)	(19,098)
Ending balance	¥110,980	¥109,289	$1,112,583
Valuation adjustment on investment securities	¥ 10,292	¥ 3,246	$ 33,045
Translation adjustments	(876)	(1,664)	(16,940)
Treasury stock	(61)	(66)	(672)
Total	¥151,713	¥142,184	$1,447,460

CONSOLIDATED STATEMENTS OF CASH FLOWS

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2008	2009	2009
Cash flows from operating activities:			
Net income	¥ 15,581	¥ 4,042	$ 41,148
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	25,140	26,716	271,974
Minority interests in consolidated subsidiaries	2,837	1,886	19,200
Provision for allowance for doubtful accounts	(71)	179	1,822
Provision for accrued retirement benefits	426	440	4,479
(Profit) loss on revaluation of marketable securities	(4)	460	4,683
Loss on sale and disposal of property and equipment	225	658	6,699
Changes in operating assets and liabilities:			
Trade notes and accounts receivable	(231)	24,390	248,295
Inventories	(2,534)	895	9,111
Prepaid expenses and others	(3,663)	3,130	31,864
Trade notes and accounts payable	158	(18,876)	(192,161)
Accrued expenses and other current liabilities	1,772	(4,618)	(47,012)
Others, net	886	(8,031)	(81,757)
Net cash provided by operating activities	40,522	31,271	318,345
Cash flows from investing activities:			
Acquisition of property and equipment	(28,306)	(27,189)	(276,789)
Proceeds from sale of property and equipment	403	225	2,291
Purchase of marketable and investment securities	(41,830)	(17,036)	(173,430)
Proceeds from sale of marketable and investment securities	28,829	15,679	159,615
(Decrease) increase in long-term loans	(312)	14	143
Increase (decrease) in other investments and other assets	(1,375)	(533)	(5,426)
Net cash used in investing activities	(42,591)	(28,840)	(293,597)
Cash flows from financing activities:			
(Decrease) increase in short-term bank loans	(6,242)	3,252	33,106
Increase (decrease) in long-term bank loans	9,598	2,729	27,782
Decrease (increase) in treasury stock	(7)	(5)	(51)
Cash dividends	(4,368)	(5,545)	(56,449)
Net cash used in financing activities	(1,019)	431	4,388
Foreign currency translation adjustment on cash and cash equivalents	(199)	103	1,049
Change in cash and cash equivalents	(3,287)	2,964	30,174
Cash and cash equivalents at beginning of the year	19,996	16,709	170,101
Cash and cash equivalents at end of the year	¥ 16,709	¥ 19,672	$ 200,265

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, 2008 and 2009 include the accounts for the Company and the 25 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	100
Aoitec Co., Ltd.	70
Shizuokadenso Co., Ltd.	100
Nissei Industries Co., Ltd.	62
Fujieda Auto Lighting Co., Ltd.	100
Shizuoka Wire Harness Co., Ltd.	100
Haibara Machine and Tools Co., Ltd.	100
Shizuoka Kanagata Co., Ltd.	40
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, 2009 and includes shares owned through consolidated subsidiaries.

(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 minority 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 ¥98.23=US$1, the approximate rate of exchange at March 31, 2009, 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, 2008 and 2009, short-term loans consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	**2009**	**2009**
Loans, principally from banks			
To the Company	–	**–**	**–**
To consolidated subsidiaries	¥33,846	**¥43,737**	**$445,251**
Total	¥33,846	**¥43,737**	**$445,251**

At March 31, 2008 and 2009, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	**2009**	**2009**
Loans, principally from banks			
To the Company	–	**–**	**–**
To consolidated subsidiaries	¥23,513	**¥17,198**	**$175,079**
Total	¥23,513	**¥17,198**	**$175,079**

5. Employee retirement benefits

Retirement benefit obligations at March 31, 2008 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	**2009**	**2009**
Projected benefit obligations	¥(56,084)	**¥(57,290)**	**$(583,223)**
Plan assets	29,916	**27,822**	**283,233**
Unfunded pension liabilities	(26,168)	**(29,467)**	**(299,980)**
Unrecognized net transition obligation	–	**–**	**–**
Unrecognized actuarial differences	(381)	**2,727**	**27,761**
Accrued retirement benefits on balance sheet	¥(26,549)	**¥(26,740)**	**$(272,218)**

Net periodic cost for the fiscal years ended March 31, 2008 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	**2009**	**2009**
Service cost	¥2,363	**¥2,455**	**$24,992**
Interest cost	1,106	**1,124**	**11,443**
Expected return on plan assets	(578)	**(536)**	**(5,457)**
Amortization of transition obligation	–	**–**	**–**
Actuarial loss	1,291	**734**	**7,472**
Total	¥4,183	**¥3,777**	**$38,451**

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, 2008 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
At March 31	2008	**2009**	**2009**
Deferred income tax assets:			
Excess accrued bonus	¥ 1,908	**¥ 1,935**	**$ 19,699**
Excess accrued retirement benefits	9,823	**11,215**	**114,171**
Disallowed retirement allowance to directors	614	**719**	**7,320**
Excess depreciation, other	1,731	**1,430**	**14,558**
Loss on revaluation of investment securities, other	551	**874**	**8,897**
Loss on revaluation of land	478	**664**	**6,760**
Reserve for liability claims	1,278	**1,275**	**12,980**
Reserve for product warranties	528	**679**	**6,912**
Others	7	**2,606**	**26,530**
Deferred income tax assets total	¥16,921	**¥21,397**	**$217,826**
Deferred tax liabilities:			
Reserve for reduction of asset costs	¥ (528)	**¥ (524)**	**$ (5,334)**
Valuation adjustment on investment securities	(6,525)	**(2,155)**	**(21,938)**
Deferred income tax liabilities total	¥ (7,053)	**¥ (2,680)**	**$ (27,283)**
Net deferred income tax assets (liabilities)	¥ 9,868	**¥18,716**	**$190,532**

(b) The net deferred income tax assets and liabilities at March 31, 2008 and 2009 were included in the balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
At March 31	2008	**2009**	**2009**
Deferred income tax assets—current	¥ 6,365	**¥ 4,138**	**$ 42,126**
Deferred income tax assets (liabilities)—non-current	3,502	**14,578**	**148,407**
Net deferred income tax assets (liabilities)	¥ 9,868	**¥18,716**	**$190,532**

7. Contingent liabilities

At March 31, 2008 and 2009, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars
	2008	**2009**	**2009**
As guarantor of employees' housing loans and other from financial institutions and others	¥7	**¥6**	**$61**

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, traffic control systems.

Other Products & Services: Aircraft lights and electronic components, headlamp cleaners, aircraft and train seats, environmental control systems, 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, 2008						
Sales:						
Sales to outside customers	¥391,829	¥42,943	¥35,875	¥470,648	¥ –	¥470,648
Inter-segment sales and transfers	125,284	2,058	10,132	137,475	(137,475)	–
Total	¥517,114	¥45,001	¥46,007	¥608,124	¥(137,475)	¥470,648
Operating expenses	490,132	42,284	45,673	578,090	(136,400)	441,689
Operating income (loss)	¥ 26,981	¥ 2,717	¥ 334	¥ 30,034	¥ (1,075)	¥ 28,959
Identifiable assets at March 31, 2008	¥232,751	¥46,781	¥62,008	¥341,540	¥ 47,045	¥388,585
Depreciation	¥ 23,129	¥ 927	¥ 1,032	¥ 25,088	¥ 52	¥ 25,140
Capital expenditures	¥ 26,295	¥ 778	¥ 604	¥ 27,677	¥ –	¥ 27,677

	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	**¥413,735**	**¥46,243**	**¥53,464**	**¥513,444**	**¥(113,211)**	**¥400,232**
Operating expenses	**407,211**	**43,367**	**52,058**	**502,636**	**(111,535)**	**391,100**
Operating income (loss)	**¥ 6,524**	**¥ 2,876**	**¥ 1,406**	**¥ 10,807**	**¥ (1,676)**	**¥ 9,131**
Identifiable assets at March 31, 2009	**¥195,716**	**¥50,670**	**¥56,154**	**¥302,540**	**¥ 49,329**	**¥351,869**
Depreciation	**¥ 24,325**	**¥ 1,048**	**¥ 1,275**	**¥ 26,648**	**¥ 68**	**¥ 26,716**
Capital expenditures	**¥ 29,200**	**¥ 1,353**	**¥ 611**	**¥ 31,164**	**¥ –**	**¥ 31,164**

	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, 2009						
Sales:						
Sales to outside customers	**$3,229,238**	**$450,901**	**$394,299**	**$4,074,438**	**$ –**	**$4,074,438**
Inter-segment sales and transfers	**982,663**	**19,862**	**149,975**	**1,152,509**	**(1,152,509)**	**–**
Total	**$4,211,901**	**$470,762**	**$544,274**	**$5,226,957**	**$(1,152,509)**	**$4,074,438**
Operating expenses	**4,145,485**	**441,484**	**529,960**	**5,116,930**	**(1,135,447)**	**3,981,472**
Operating income (loss)	**$ 66,416**	**$ 29,278**	**$ 14,313**	**$ 110,017**	**$ (17,062)**	**$ 92,955**
Identifiable assets at March 31, 2009	**$1,992,426**	**$515,830**	**$571,658**	**$3,079,914**	**$ 502,179**	**$3,582,093**
Depreciation	**$ 247,633**	**$ 10,669**	**$ 12,980**	**$ 271,282**	**$ 692**	**$ 271,974**
Capital expenditures	**$ 297,262**	**$ 13,774**	**$ 6,220**	**$ 317,255**	**$ –**	**$ 317,255**

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, 2008 and 2009 is as follows:

	Millions of yen						
	Japan	North America	Asia	Europe	Total	Corporate and Elimination	Consolidated Total
For the year ended March 31, 2008							
Sales:							
Sales to outside customers	¥296,554	¥58,241	¥90,881	¥24,971	¥470,648	¥ –	¥470,648
Inter-area sales and transfers	104,365	8	8,499	24,602	137,475	(137,475)	–
Total	¥400,919	¥58,250	¥99,380	¥49,574	¥608,124	¥(137,475)	¥470,648
Operating expenses	378,905	56,047	93,607	49,529	578,090	(136,400)	441,689
Operating income (loss)	¥ 22,014	¥ 2,202	¥ 5,773	¥ 44	¥ 30,034	¥ (1,075)	¥ 28,959
Total assets	¥234,675	¥24,394	¥57,302	¥25,169	¥341,540	¥ 47,045	¥388,585

	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

	Thousands of U.S. dollars						
	Japan	North America	Asia	Europe	Total	Corporate and Elimination	Consolidated Total
For the year ended March 31, 2009							
Sales:							
Sales to outside customers	$2,681,044	$432,118	$787,173	$174,091	$4,074,438	$ –	$4,074,438
Inter-area sales and transfers	897,180	723	88,659	165,927	1,152,509	(1,152,509)	–
Total	$3,578,235	$432,841	$875,842	$340,029	$5,226,957	$(1,152,509)	$4,074,438
Operating expenses	3,471,719	449,007	817,001	379,192	5,116,930	(1,135,447)	3,981,472
Operating income (loss)	$ 106,515	$ (16,156)	$ 58,831	$ (39,153)	$ 110,017	$ (17,062)	$ 92,955
Total assets	$2,149,659	$245,485	$553,415	$131,355	$3,079,914	$ 502,179	$3,582,093

9. Subsequent events

At the general shareholders' meeting held by the Company on June 26, 2009, appropriations of retained earnings were duly approved as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥8 per share ($81.44 per 1,000 shares)	¥1,285	$13,082

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

The Board of Directors
KOITO MANUFACTURING CO., LTD.

(Financial statements audit)
We have examined the consolidated balance sheets of KOITO MANUFACTURING CO., LTD. and its subsidiaries at March 31, 2008 and 2009, and the related consolidated statements of income, shareholders' equity and cash flows for the years ended March 31, 2008 and 2009, 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, 2008 and 2009, and the consolidated results of their operations and their cash flows for the years ended March 31, 2008 and 2009, 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, 2009 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, 2009. 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.

Tachiji Mizuno Kingo Sakurai Akio Nagasawa

TACHIJI MIZUNO KINGO SAKURAI AKIO NAGASAWA

Certified Public Accountants
June 19, 2009

CORPORATE INFORMATION

As of March 31, 2009

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:	14,562 (Consolidated) 4,307 (Non-consolidated)
Common stock:	
Authorized:	320,000,000 shares
Issued:	160,789,436 shares
Number of shareholders:	6,772
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: 0120-232-711 (Toll-free in Japan)
Principal shareholders:	TOYOTA MOTOR CORPORATION Japan Trustee Services Bank, Ltd. (Trust account) Japan Trustee Services Bank, Ltd. (Trust account 4G) Panasonic Corporation The Master Trust Bank of Japan, Ltd. (Trust account) NIPPON LIFE INSURANCE COMPANY Sumitomo Mitsui Banking Corporation
For further information, please contact:	KOITO MANUFACTURING CO., LTD. 4-8-3, Takanawa, Minato-ku, Tokyo 108-8711, Japan Phone: 81-3-3443-7111 Facsimile: 81-3-3447-1520 Or via our website at: http://www.koito.co.jp/english

CORPORATE DIRECTORY

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Phone: 81-3-3447-5164
Facsimile: 81-3-3447-5173
Pan-Pacific Operations
Phone: 81-3-3447-5172
Facsimile: 81-3-3447-5173

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

LABORATORY
Laboratory (Shizuoka Pref.)

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

Sapporo Sales Office (Hokkaido Pref.)
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.)
c/o North American Lighting, Inc.
38900 Hills Tech Drive,
Farmington Hills, Michigan 48331, U.S.A.
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Seattle Office (U.S.A.)
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Facsimile: 1-217-465-6610

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People's Republic of China
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Facsimile: 86-591-2276-7466

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Amphur Bangsaothong,
Samutprakarn 10540, Thailand
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Facsimile: 66-2-315-3281

Ta Yih Industrial Co., Ltd.
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Tainan, Taiwan, Republic of China
Phone: 886-6-261-5151
Facsimile: 886-6-264-4614

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Tamilnadu 602-107, India
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Facsimile: 91-44-3910-6106

KPS N.A., INC.
350 Executive Boulevard, Elmsford, New York
10523-1212, U.S.A.
Phone: 1-914-593-0037
Facsimile: 1-914-593-0035

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

OVERSEAS TECHNICAL ASSOCIATES

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

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

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Industrias Arteb S.A. (Brazil)

Koito Europe NV (Belgium)

Koito Europe Limited (U.K.)

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Hella-Phil., Inc. (Philippines)

Hella (South Africa) (Pty.) Ltd. (South Africa)

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AuVitronics Limited (Pakistan)

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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

Koito Enterprise Corporation (Tokyo)
Business lines: Financial services, insurance, leasing

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

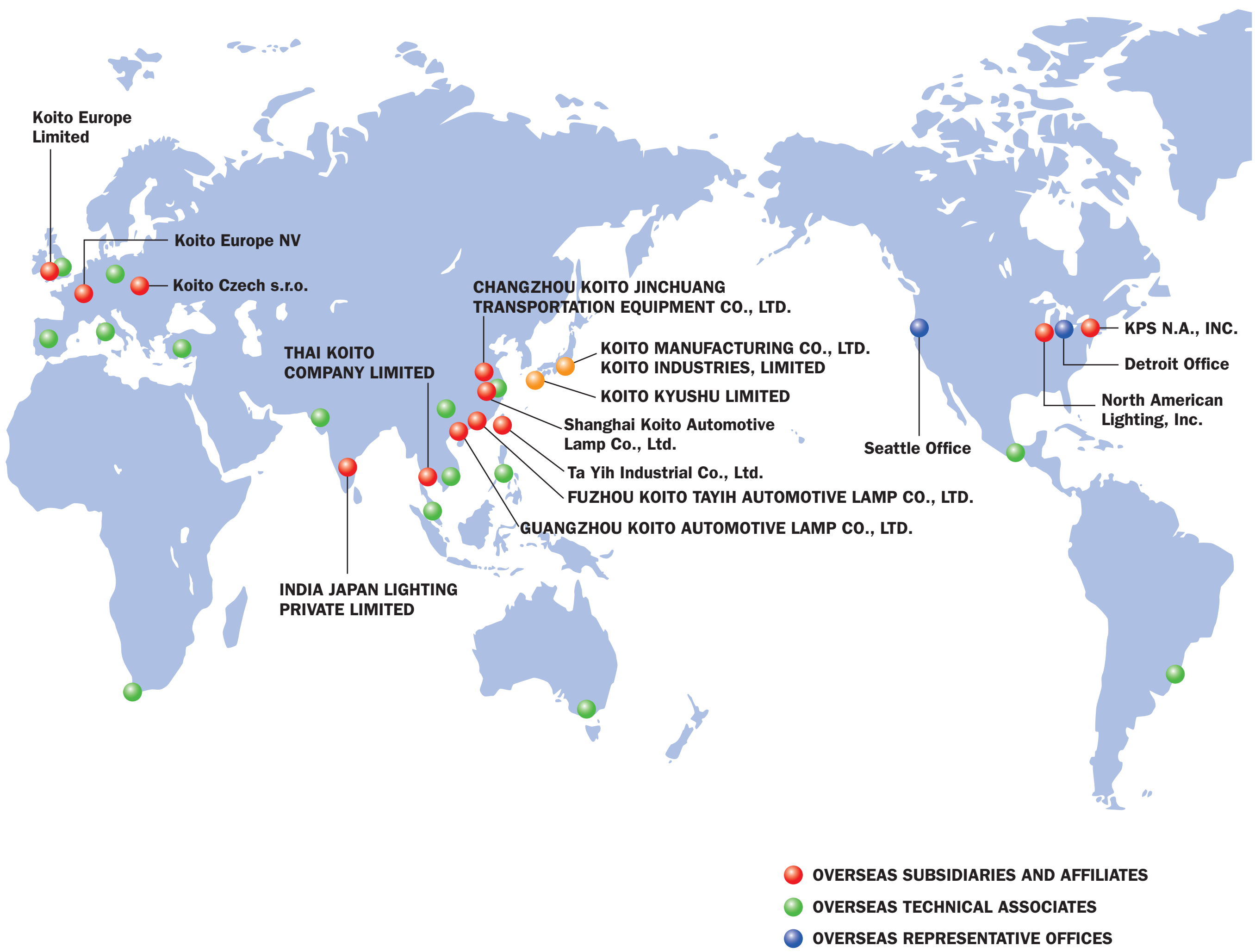
Shizuoka Kanagata Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of resin metal molds

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 signals and safety equipment

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



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Koito Europe NV
Koito Czech s.r.o.
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THAI KOITO COMPANY LIMITED
KOITO MANUFACTURING CO., LTD.
KOITO INDUSTRIES, LIMITED
KOITO KYUSHU LIMITED
Shanghai Koito Automotive Lamp Co., Ltd.
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