《 For Reference Only 》

Consolidated Earnings Report for Fiscal 2005 April 25, 2005

Company Name: **KOITO MANUFACTURING CO., LTD.**
Stock Listing: Tokyo Stock Exchange
Code Number: 7276
Head Office: 4-8-3, Takanawa, Minato-ku, Tokyo 108-8711
URL: http://www.koito.co.jp
Representative Director: Takashi Ohtake, President & CEO
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Meeting of the Board of Directors for the Approval of Results: April 25, 2005
U.S. GAAPs Applied: None

1. Consolidated Results of Operations for Fiscal 2005 (April 1, 2004 – March 31, 2005)

(1) Consolidated Business Results (¥ millions)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2005	361,477	8.1%	17,962	30.9%	20,046	30.6%	9,093	41.2%
Fiscal 2004	334,254	7.4%	13,723	4.3%	15,345	18.1%	6,440	10.5%

	Net income per share	Net income per share (diluted)	Return on equity	Recurring profit to equity ratio	Recurring profit ratio
Fiscal 2005	¥55.62	—	7.9%	6.5%	5.5%
Fiscal 2004	¥39.19	—	6.0%	5.2%	4.6%

Notes:

① Equity in earnings of affiliated companies: Fiscal 2005: ¥262 million Fiscal 2004: ¥206 million

② Weighted-average number of shares outstanding (consolidated) in the FY ended March 2005: 159,812,060
FY ended March 2004: 159,566,592

③ No changes in accounting standards were applicable to the above figures.

④ The percentage figures accompanying net sales, operating income, recurring profit and net income represent year-on-year changes.

(2) Consolidated Financial Position

	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
March 31, 2005	318,739	119,278	37.4	745.16
March 31, 2004	299,344	111,707	37.3	699.88

Note: Number of shares outstanding (consolidated): March 31, 2005: 160,069,988; March 31, 2004: 159,609,348

(3) Consolidated Cash Flow (¥ millions)

	Operating activities	Investing activities	Financing activities	End of year cash and cash equivalents
Fiscal 2005	29,919	△28,466	△1,433	11,925
Fiscal 2004	18,419	△12,852	△9,038	11,780

(4) Extent of Consolidation and Adoption of the Equity Method
Consolidated subsidiaries: 21; Non-consolidated subsidiaries accounted for by the equity method: 0;
Affiliates accounted for by the equity method: 3

(5) Changes in Extent of Consolidation and Affiliates Accounted for Under the Equity Method
Consolidated subsidiaries: New 1; Excluded 0
Affiliates accounted for under equity method : New 0; Excluded 0

2. Consolidated Outlook for Fiscal 2006 (April 1, 2005 - March 31, 2006) (¥ millions)

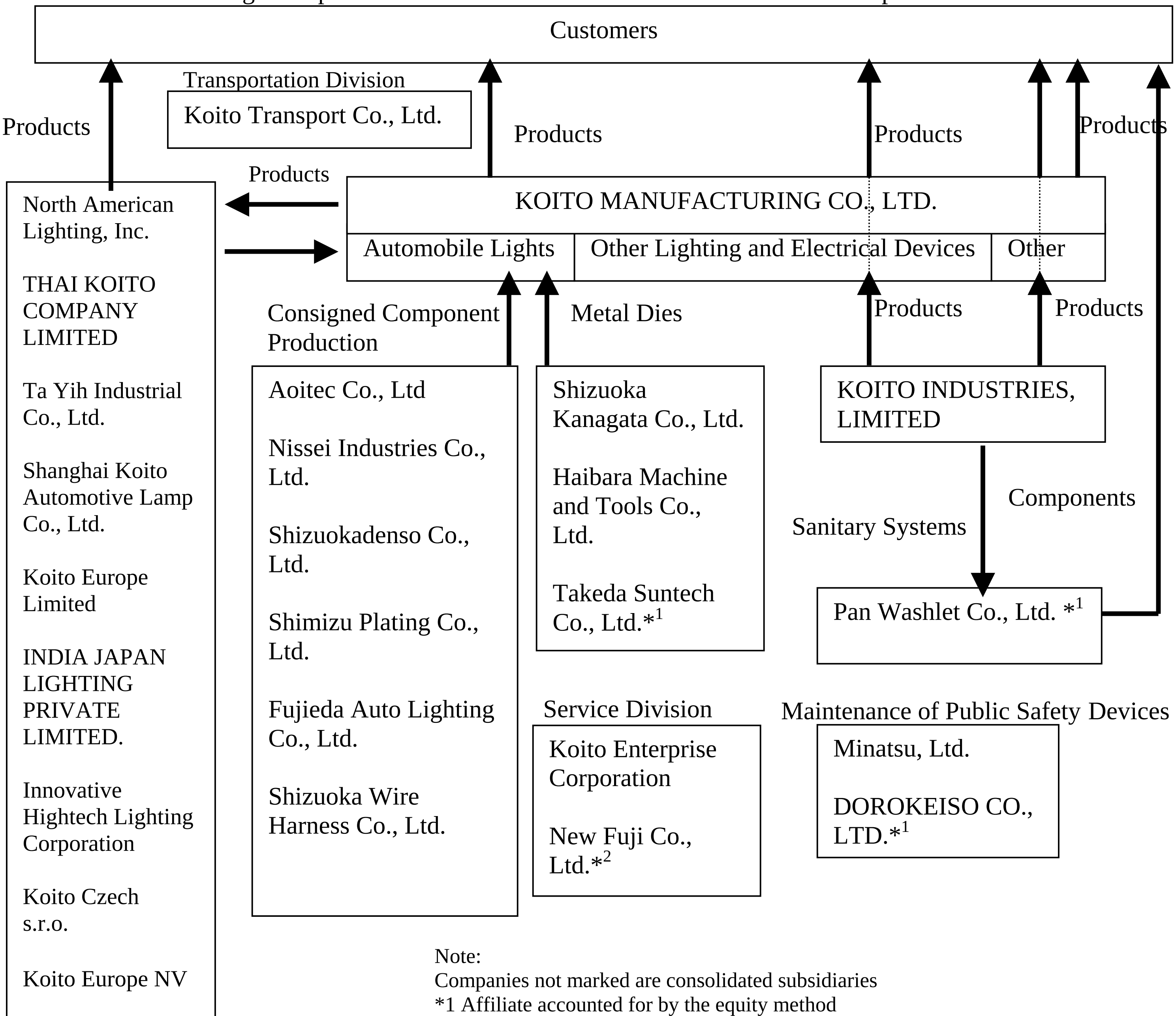
	Net sales	Recurring profit	Net income
Interim	168,200	8,300	4,300
Entire year	375,200	23,300	11,500

Reference – Predicted net income per share for the entire year: ¥71.84
*Figures less than one million yen are omitted.
*The above projections are based on information available at the time of release of this report. Actual results could differ significantly from projections due to a variety of factors.

Koito Group

The Koito Group comprises KOITO MANUFACTURING CO., LTD., its 21 subsidiaries and 4 affiliates. It manufactures and sells automobile lights, components for airplanes, trains and railways, a wide variety of electrical devices and measuring equipment. The Koito Group is also involved in related financial and distribution operations. In November 2004, Koito Europe NV (KENV) was established in Belgium to control and manage European operations. In February 2005, Inhee Lighting Co., Ltd. was renamed Innovative Hightech Lighting Corporation (IHL).

The following chart provides an overview of the structure of the Koito Group.



Note:
Companies not marked are consolidated subsidiaries
*1 Affiliate accounted for by the equity method
*2 Non-consolidated subsidiary

Management Policies

(1) Basic Management Policies

The Koito Group's basic management policies call for the stimulation of new customer demand for lighting, while contributing to the progress of society and fostering mutually beneficial relationships with all stakeholders, including shareholders, customers, employees and business partners.

The Koito Group is also well aware of the importance of environmental issues. Accordingly, the Koito Group adheres to the policy of "manufacturing products that put people and the environment first" in all its business activities, as part of its initiatives to protect the environment.

(2) Basic Earnings Distribution Policies

The Koito Group views the payment of stable dividends in line with operating results and business conditions as one of its most important management policies. Aiming to maintain a corporate structure capable of responding with agility to future changes, Koito intends to use retained earnings mainly to expand its business, develop new technologies and products, and streamline operations. In doing so, Koito will make the utmost effort to meet shareholders' expectations.

(3) Policy and Approach to Reducing the Trading Unit

The Koito Group views improving the liquidity of its shares and increasing the number of its shareholders as priority issues with respect to financial policies. By making it easier for investors to purchase its shares, Koito believes that reducing the trading unit will be an effective means of broadening its shareholder base to include more individual investors. The Koito Group will continue to consider the reduction of the trading unit, taking into account the timing of the introduction of a new system where stock certificates will no longer be issued and other factors.

(4) Medium- and Long-Term Management Strategies

Under its corporate slogan of "Entrusting Safety to Light," the Koito Group, as a manufacturer of automotive lighting and electrical equipment, is committed to playing a part in creating a better society through the creation of new value sought by customers. Koito will implement the following strategies targeted at advancing the Group to its next stage of growth:

① As a global supplier capable of meeting the needs of automobile manufacturers seeking to expand production, procurement and supply networks to optimal locations worldwide, the Koito Group will reinforce the product development, manufacturing and sales functions of its overseas bases while establishing a system to respond to the world's four key regional automobile markets. This will include promoting a complementary supply structure and network within the Group.

② Amid rapid advancement in information technology, the Koito Group will formulate timely and appropriate responses to Intelligent Transport System (ITS)-related fields. The Koito Group will bring attractive products to market by developing cutting-edge technologies that stay ahead of customer and market needs and commercializing products at the earliest opportunity.

③ Koito Group will reform its corporate and earnings structure by acquiring and effectively allocating resources.

④ Koito Group will strive to earn the trust of corporate clients by pursuing the highest standards of quality and enforcing strict environmental safeguards.

These four undertakings encapsulate Koito's commitment to providing satisfaction to shareholders, customers, employees and business partners, while fulfilling its vital mission of helping to preserve the environment.

(5) Key Issues

The Koito Group is working to realign and reinforce its management framework and organization in response to structural shifts in the automobile industry. (Automobile manufacturers, for instance, are now seeking to establish strong local manufacturing bases worldwide, to better serve the world’s four key regional automobile markets.) Against this background, the most pressing issue for Koito is to build a stronger management structure. Key to this will be developing innovative new technologies and products that anticipate market and customer needs, shortening development times, and implementing cost cutting measures throughout the Group. Allocating resources effectively and establishing a complementary structure for doing so are also of paramount importance.

(6) Fundamental Philosophy and Measures Regarding Corporate Governance

1) Fundamental Philosophy Regarding Corporate Governance

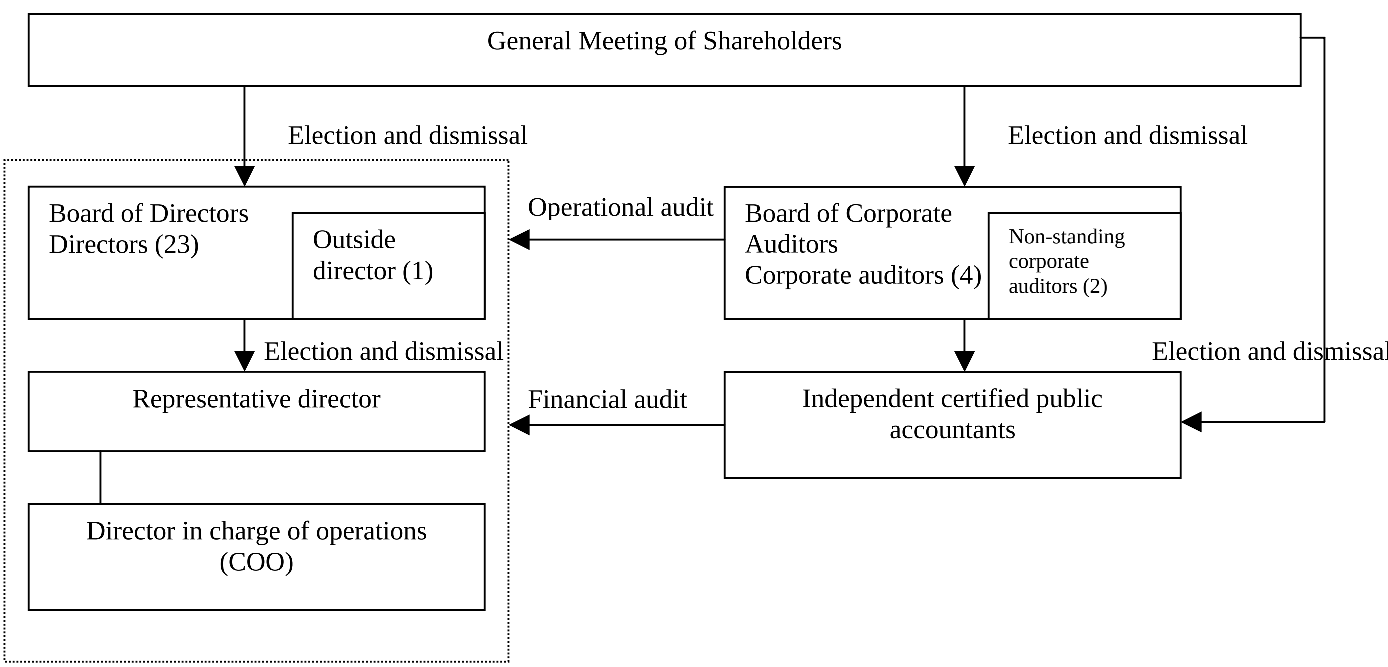
To ensure that the Koito Group remains trusted by all stakeholders, including shareholders, Koito positions strengthening corporate governance and legal compliance as management issues of the highest importance. Accordingly, from the standpoint of raising the soundness, efficiency, and transparency of management, Koito has structured governance frameworks appropriate for management decision making, business execution and supervision, as well as for group-wide controls and disclosure, while implementing all measures required to achieve this end.

2) Measures Regarding Corporate Governance

The Board of Directors meets once a month to discuss management policies and progress on management themes, as well as whether businesses are being executed in conformity with statutes prescribed by the Japanese Commercial Code and other laws, or Koito’s Articles of Incorporation and corporate ethics. Meetings of the Board of Directors are attended by an outside director and non-standing corporate auditors for the purpose of auditing senior management’s ability to oversee the company.

The Board of Corporate Auditors has four auditors, two of whom are non-standing corporate auditors, and is responsible for auditing directors’ performance of their duties by monitoring the status of operations and finances of the company, as well as attending important meetings, as required.

The Koito Group’s financial statements and related materials are audited by independent certified public accountants to ensure conformity with generally accepted accounting practices in Japan and the proper presentation of financial statements.



(7) Matters Concerning the Parent Company

Please refer to Transactions With Related Parties.

Results of Operations and Financial Position

(1) Overview of Fiscal 2005

During fiscal 2005, the year ended March 31, 2005, Japan saw relatively strong economic conditions in the first half of the year, underpinned mainly by higher exports to the U.S. and China and firm consumer spending associated with growth in sales of digital home appliances. However, in the second half of fiscal 2005, the Japanese economy reached an impasse due to spikes in crude oil and raw materials prices and a downturn in consumer spending. These and other factors continue to cast uncertainty over the economic outlook.

Overseas, the U.S. economy performed well, benefiting from higher capital expenditures and improvements in employment conditions. In Asia outside Japan, China's economic growth benefited other Asian nations and regions, while Europe also saw a gradual economic recovery.

In the automobile industry, there was a slight increase in automobile production in Japan on brisk passenger car sales and steady exports. Overseas, automobile production in the U.S. and Europe held firm, while higher automobile production was reported in newly emerging regions in Asia, Latin America and elsewhere. On the whole, worldwide automobile production trended at healthy levels.

In this climate, the Koito Group is aggressively boosting product development capabilities in the automotive lighting equipment segment to win more orders over the medium and long terms. To the same end, the Group is developing and marketing the world's first mercury-free discharge headlamp and introducing other environmentally friendly new products.

With respect to overseas businesses, in the continuously expanding Chinese market, Koito has began construction of a third plant for Shanghai Koito Automotive Lamp Co., Ltd. and has opened a Canton Office as part of plans to build a new plant in the fast-growing South China region. In the EU market, Koito Europe N.V. (KENV) was established to strengthen Koito's responsiveness to the requirements of major local customers. To this end, KENV will promote the localization of technological development, develop sales and management strategies, and coordinate and manage European businesses. KENV will also be taking a range of other initiatives to win more orders and drive growth over the medium term.

Supported by a strong performance by its mainstay automotive lighting equipment segment, the Koito Group reported higher net sales and net income for the third straight fiscal year, both at record highs for fiscal 2005. Consolidated net sales increased 8.1% year on year to ¥361.4 billion, while net income climbed 41.2% to ¥9.0 billion.

Results by business segment are outlined as follows.

Automotive Lighting Equipment Segment

Sales in the automotive lighting equipment segment rose 11.7% to ¥295.5 billion, fueled by technological advances in manufacturing larger, multi-functional headlamps, and greater use of high-intensity discharge headlamps, intelligent AFS (Adaptive Front Lighting System) headlamps and headlamp leveling systems in Japan. Another contributing factor was a steady volume of orders for both signaling lamps and headlamps at overseas subsidiaries mainly in Europe, China and South Korea.

Non-Automotive Electrical Equipment
The non-automotive electrical equipment segment saw sales decline 11.3% to ¥41.5 billion. This mainly reflected declining orders in the road lighting, information equipment and traffic systems divisions, which outweighed brisk sales of railroad car equipment.

Other Products
The other products segment recorded sales of ¥24.3 billion, up 7.1% from the previous fiscal year. This increase reflected higher sales of automobile headlamp cleaners for vehicles exported to North America and Europe, and higher sales of aircraft seats and various fittings due to a recovery in aircraft production.

On the earnings front, amid intensifying price competition in automotive lighting equipment at home and abroad, there was an increase in prices for plastics materials due to higher crude oil prices. However, efforts by Koito and group companies to streamline operations by aggressively promoting cost-cutting measures lifted recurring profit 30.6% to ¥20.0 billion. Consequently, the Koito Group reported net income of ¥9.0 billion, a year-on-year increase of 41.2%. Recurring profit and net income both reached record highs for the third straight fiscal year.

In light of its strong business results, Koito has increased the interim dividend ¥2 per share to ¥7 per share. To reflect record-high operating results for fiscal 2005 and the 90th anniversary of the company in April 2005, Koito plans to pay a year-end dividend of ¥7 per share, the same level as the interim dividend. Koito will thus pay a dividend of ¥14 per share for the full year, ¥2 per share higher than in the previous fiscal year, marking three consecutive years of dividend growth.

(2) Cash Flows
Operating activities provided net cash of ¥29.9 billion. Cash inflows of ¥36.7 billion, including income before income taxes of ¥18.2 billion and depreciation of ¥18.1 billion, were partly offset by income taxes paid.

Investing activities used net cash of ¥28.4 billion, reflecting capital investments of ¥20.9 billion in plant construction accompanying higher production of automotive lighting equipment and other items, as well as the acquisition of marketable and investment securities reflecting increased investments of funds.

Financing activities used net cash of ¥1.4 billion. Cash was used mainly by the payment of ¥3.4 billion in dividends, offset partly by an increase of ¥1.7 billion in long- and short-term loans and the sale of ¥0.2 billion in treasury stock upon the exercise of stock options.

As a result, cash and cash equivalents as of March 31, 2005 were ¥11.9 billion, ¥0.1 billion higher than a year earlier.

(3) Outlook for Fiscal 2006

In fiscal 2006, the year ending March 31, 2006, the global economy is expected to remain strong on the whole, driven by continued growth in the U.S. and Chinese economies. However, concerns over high crude oil and raw materials prices, the twin deficits in the U.S. and slowdowns in the Chinese and European economies are casting a shadow over the prospects for the Koito Group's business environment.

In the automobile industry, automobile production in Japan is projected to remain firm. Overseas, production in Asian regions, centered on China, should continue on an expansionary track. On the whole, global automobile production is forecasted to trend at healthy levels.

In an uncertain and challenging business environment, the Koito Group will work to expand orders and production capacity, mainly in the automotive lighting equipment segment, focusing on the world's four key markets. The company will also implement far-reaching cost-cutting measures, including steps to improve its mutual complementary supply network and structure, with the goal of further improving operating results.

In light of the above, the Koito Group is forecasting consolidated net sales of ¥375.2 billion, recurring profit of ¥23.3 billion and net income of ¥11.5 billion for fiscal 2006.

Consolidated Balance Sheets

At March 31 (¥ millions)

Item / Period	Fiscal 2005 As of March 31, 2005	Fiscal 2004 As of March 31, 2004	YoY change
Assets			
Current assets:			
Cash and time deposits	9,395	9,550	△ 155
Trade notes and accounts receivable	87,730	84,848	2,882
Marketable securities	9,949	15,138	△ 5,189
Inventories	24,121	20,481	3,640
Deferred income taxes	5,630	6,021	△ 391
Other current assets	8,146	7,897	249
Less: Allowance for doubtful accounts	△1,151	△979	△ 172
Total current assets	143,822	142,958	864
Fixed assets:			
Property, plant and equipment			
Buildings and structures	28,915	29,640	△725
Fixtures and transportation equipment	29,094	26,183	2,911
Machinery, equipment and tools	12,097	11,158	939
Land	11,824	11,625	199
Construction in progress	1,604	1,393	211
Property, plant and equipment, net	83,536	80,003	3,533
Intangible fixed assets	607	409	198
Investments and other assets:			
Investment securities	82,359	68,992	13,367
Loans	1,015	992	23
Deferred income taxes	3,793	2,713	1,080
Other investments	3,891	3,601	290
Less: Allowance for doubtful accounts	△286	△327	41
Total investments and other assets	90,773	75,973	14,800
Total fixed assets	174,916	156,386	18,530
Total assets	318,739	299,344	19,395

At March 31 (¥ millions)

Item / Period	Fiscal 2005 As of March 31, 2005	Fiscal 2004 As of March 31, 2004	YoY change
Liabilities			
Current liabilities:			
Trade notes and accounts payable	60,408	58,504	1,904
Short-term loans	26,073	32,969	△ 6,896
Bonds due within one year	—	3,000	△ 3,000
Accrued expenses	17,204	14,842	2,362
Income taxes payable	4,343	3,358	985
Provisions for employees' bonuses	4,486	4,478	8
Other current liabilities	7,264	7,720	△ 456
Total current liabilities	119,779	124,873	△ 5,094
Non-current liabilities:			
Long-term debt	24,624	12,255	12,369
Accrued retirement benefits	23,617	20,788	2,829
Directors' and corporate auditors' accrued retirement benefits	1,593	1,363	230
Other non-current liabilities	762	882	△ 120
Total non-current liabilities	50,598	35,290	15,308
Total liabilities	170,377	160,163	10,214
Minority interests	29,082	27,472	1,610
Shareholders' equity:			
Common stock	14,270	14,270	—
Additional paid-in capital	17,107	17,107	—
Retained earnings	79,912	73,306	6,606
Valuation adjustment on investment securities	10,155	10,658	△ 503
Translation adjustments	△ 1,723	△ 2,904	1,181
Treasury common stock, at cost	△ 445	△ 731	286
Total shareholders' equity	119,278	111,707	7,571
Total liabilities, minority interests and shareholders' equity	318,739	299,344	19,395

Consolidated Statements of Income

For the years ended March 31, (¥ millions)

Item \ Period	Fiscal 2005	%	Fiscal 2004	%	YoY change	%
Net sales	361,477	100.0	334,254	100.0	27,223	8.1
Cost of sales	310,165	85.8	287,013	85.9	23,152	
Gross profit	51,312	14.2	47,241	14.1	4,071	
Selling, general and administrative expenses	33,350	9.2	33,517	10.0	△ 167	
Operating income	17,962	5.0	13,723	4.1	4,239	30.9
Non-operating income	3,390		3,574		△ 184	
Interest income and dividends	(1,332)		(1,231)		(101)	
Equity in earnings of affiliates	(262)		(206)		(56)	
Other non-operating income	(1,794)		(2,136)		(△ 342)	
Non-operating expenses	1,305		1,952		△ 647	
Interest expenses and discounts	(826)		(626)		(200)	
Other non-operating expenses	(479)		(1,326)		(△ 847)	
Recurring profit	20,046	5.5	15,345	4.6	4,701	30.6
Extraordinary gains	107		519		△ 412	
Extraordinary losses	1,866		1,804		62	
Income before income taxes	18,287	5.1	14,061	4.2	4,226	
Income taxes	8,328		8,074		254	
Income tax adjustment	△ 1,102		△ 2,519		1,417	
Total	7,225		5,554		1,671	
Minority interest in consolidated subsidiaries	△ 1,968		△ 2,066		98	
Net income	9,093	2.5	6,440	1.9	2,653	41.2

Consolidated Statements of Retained Earnings At March 31

For the years ended March 31, (¥ millions)

Item \ Period	Fiscal 2005	Fiscal 2004
(Additional paid-in capital)		
I. Additional paid-in capital at beginning of period	17,107	17,107
II. Additional paid-in capital at end of period	17,107	17,107
(Retained earnings)		
I. Retained earnings at beginning of period Consolidated retained earnings, beginning of period	73,306	68,782
II. Increase in retained earnings		
Net income	9,093	6,440
III. Appropriations		
Dividends	2,236	1,755
Bonuses to directors and corporate auditors	186	160
Loss on disposal of treasury stock	4	0
Other	61	—
IV. Retained earnings at end of period	79,912	73,306

Consolidated Statements of Cash Flows

For the years ended March 31 (¥ millions)

Item \ Period	Fiscal 2005	Fiscal 2004
I. Cash flows from operating activities		
Income before income taxes	18,287	14,061
Depreciation	18,170	16,580
Equity in earnings of affiliated companies	△ 262	△ 206
Provision for allowance for doubtful accounts	131	156
Provision for accrued retirement benefits	2,952	1,710
Provision for reserve for bonuses	8	△ 203
Interest and dividends received	△ 1,332	△ 1,231
Interest payments	826	626
Loss on sale and revaluation of marketable securities	△ 326	△ 563
Loss on revaluation of golf memberships	1	40
Loss on sale and disposal of property and equipment	231	296
Changes in trade notes and accounts receivable	△ 2,082	△ 8,602
Changes in inventories	△ 3,176	△ 1,093
Changes in other receivables	207	△ 2,430
Changes in trade notes and accounts payable	1,518	4,005
Changes in accrued expenses and other current liabilities	1,805	2,195
Directors' and corporate auditors' bonuses paid	△ 186	△ 180
Sub total	36,772	25,161
Interest and dividends received	1,332	1,231
Interest paid	△ 826	△ 626
Income taxes paid	△ 7,359	△ 7,347
Net cash provided by operating activities	29,919	18,419
II. Cash flows from investing activities		
Payments into time deposits	△ 897	△ 1,117
Proceeds from time deposits	1,382	1,300
Payments for purchase of marketable and investment securities	△ 39,014	△ 26,581
Proceeds from sale of marketable and investment securities	29,561	30,830
Payments for purchase of property and equipment	△ 20,988	△ 19,752
Proceeds from sale of property and equipment	1,146	777
Payments for new loans	△ 719	△ 717
Proceeds from loan repayments	514	900
Other payments relating to investments	549	1,508
Net cash used in investing activities	△ 28,466	△ 12,852
III. Cash flows from financing activities		
Decrease in short-term loans	△ 18,146	△ 10,250
Increase in long-term debt	20,002	4,631
Repayment of long-term debt	△ 121	△ 948
Payments for repurchase of treasury stock	△ 9	△ 3
Proceeds from sale of treasury stock	291	40
Dividends paid by parent company	△ 2,236	△ 1,755
Dividends paid to minority shareholders	△ 1,214	△ 753
Net cash used in financing activities	△ 1,433	△ 9,038
IV. Effect of exchange rate changes on cash and cash equivalents	125	△ 243
V . Change in cash and cash equivalents	145	△ 3,714
VI. Cash and cash equivalents at beginning of year	11,780	15,494
VII. Cash and cash equivalents at end of year	11,925	11,780

Significant Accounting Policies Used in Preparation of Consolidated Financial Statements

1. Scope of Consolidation
Number of consolidated subsidiaries: 21
Koito Europe N.V., which was established during the fiscal year ended March 31, 2005, was included in the scope of consolidation.

2. Application of the Equity Method
Number of affiliates accounted for using the equity method: 3
Non-consolidated subsidiary New Fuji Co., Ltd. was excluded from the scope of affiliated companies accounted for by the equity method as it has a negligible effect on consolidated net income and retained earnings of the Koito Group.

3. Fiscal Year of Consolidated Subsidiaries
The fiscal year end of consolidated subsidiaries KOITO INDUSTRIES, LIMITED, Koito Transport Co., Ltd., Minatsu, Ltd. and India Japan Lighting Private Ltd., is March 31, the same as for the parent company. Consolidated financial statements are prepared assuming an accounting period ending March 31 for the other consolidated subsidiaries (Aoitec Co., Ltd. and 16 other companies).

4. Summary of Significant Accounting Policies
(1) Valuation standards and accounting treatment for important assets
(a) Marketable securities

① Securities held for trading	Stated at market value (the selling price is determined mainly by the moving average method)
② Securities held to maturity	Depreciable cost method (straight-line method)
③ Other securities	
Listed securities	Stated at market value, determined by the market price as of the end of the period, with unrealized gains or losses reported in shareholders' equity and the selling price determined by the moving average method.
Non-listed	Stated at cost determined by the moving average method.
(b) Derivatives	Stated at market value
(c) Specified money trusts	Stated at market value

(d) Inventories
At the Company and its domestic subsidiaries, finished products, semi-finished products and work-in-progress are stated at cost, cost being determined by the gross-average method, whereas raw materials and supplies are stated at cost determined by the moving-average method. At overseas consolidated subsidiaries, inventories are stated at the lower of cost or market, determined by the moving-average method.

(2) Method for depreciating and amortizing important assets
(a) Property, plant and equipment:
At the Company and its domestic consolidated subsidiaries, assets are depreciated using the declining-balance method in accordance with Japan's corporate tax laws. At overseas consolidated subsidiaries, assets are depreciated using the straight-line method. Buildings purchased by domestic consolidated subsidiaries on or after April 1, 1998, excluding fixtures, are depreciated using the straight-line method.

Estimated useful lives are as follows:

Buildings and structures	7 – 50 years
Machinery and transportation equipment	3 – 7 years

(b) Intangible fixed assets:
The Company and its domestic consolidated subsidiaries amortize intangible fixed assets using the straight-line method. At overseas consolidated subsidiaries, intangible fixed assets are amortized using the straight-line method in accordance with the accounting principles generally accepted in each country.

(3) Accounting for allowances
(a) Allowance for doubtful accounts:
The allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up by two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve for accounts receivable calculated based on historical default rates. Overseas consolidated subsidiaries provide for the estimated credit loss for certain doubtful receivables based on an individual assessment of each account.

(b) Allowance for bonuses:
At the company and its domestic consolidated subsidiaries, the allowance for employees' bonuses is based on the estimated requirements for the fiscal year. The amount recorded is that applicable to the full period.

(c) Reserve for product warranties
The reserve for product warranties is provided to cover payments in response to possible liability claims made under product warranties based on historical claim rates.

(d) Allowance for employees’ retirement benefits
At the Company and its consolidated subsidiaries, an allowance for retirement benefits is provided to adequately cover the pension costs of employees. The retirement benefit allowance is determined as of the end of the period on the basis of projected retirement benefit liabilities and pension assets at the fiscal year balance sheet date.

Certain listed subsidiaries amortize the transitional obligation arising from a change in accounting standards for retirement benefits in equal amounts over a period of five years. Actuarial gains or losses are amortized from the accounting period following the period in which actuarial gains or losses arise, using the straight-line method over a fixed number of years (5 to 10 years), but no more than the average remaining years of service of employees in the accounting period in which actuarial gains or losses arise.

(e) Allowance for directors’ and corporate auditors’ retirement benefits
The Company and its domestic consolidated subsidiaries provide an allowance for directors’ and corporate auditors’ retirement benefits to adequately cover payments of such benefits during the accounting period under review, as prescribed by Company regulations.

(4) Accounting for foreign currency denominated transactions:
All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the balance sheet date and included in income. Assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen at the exchange rate prevailing at the balance date, while revenues and costs at overseas subsidiaries are translated into Japanese yen at the average exchange rate prevailing during the accounting period. Gains or losses on such foreign currency translations are listed under minority interests and reported in shareholders’ equity as translation adjustments.

(5) Accounting for leases
Finance leases, other than those that transfer ownership of the leased assets to the lessees, are treated in the same way as ordinary operating leases for accounting purposes by the Company and domestic consolidated subsidiaries, and are treated by certain overseas subsidiaries as ordinary transactions.

(6) Accounting for hedging
Cash flows and unrealized gains and losses arising from hedge transactions are recognized when the underlying hedge contracts are concluded and are included in income during the applicable accounting period.

(7) Accounting treatment of consumption tax
Financial statements are prepared exclusive of consumption tax.

5. Matters Concerning Valuation of Assets and Liabilities of Consolidated Subsidiaries
Assets and liabilities of consolidated subsidiaries are valued at market.

6. Amortization of Consolidated Adjustment Account
The consolidation adjustment account is amortized in equal installments over a 5-year period. Small amounts are amortized in the financial year in which they have accrued, and charged to income.

7. Matters Concerning Appropriation of Retained Earnings
The statement of consolidated retained earnings is prepared on the basis of appropriations of retained earnings approved by consolidated subsidiaries for the fiscal year under review.

8. Scope of Cash and Cash Equivalents in the Statement of Cash Flows
Cash and cash equivalents in the statement of cash flows comprise cash on hand, demand deposits, and highly liquid short-term investments with maturities of less than 3 months that can be readily converted into cash and carry little risk of fluctuation in value.

Notes

(¥ millions)

	Fiscal 2005 As of March 31, 2005	Fiscal 2004 As of March 31, 2004
1. Cumulative depreciation of property, plant and equipment	158,213	145,992
2. Liabilities for guarantees	33	38

3. Selling, general and administrative expenses

(¥ millions)

	Fiscal 2005	Fiscal 2004
(1) Selling expenses		
Freight expenses	2,152	2,272
Employee salaries	5,990	6,352
Packaging expenses	1,673	1,561
Transfer to allowance for bonuses	607	668
Transfer to allowance for retirement benefits	809	844
(2) General and administrative expenses		
Employee salaries	5,955	5,805
Employee benefit expenses	1,670	1,508
Transfer to allowance for bonuses	438	408
Transfer to allowance for retirement benefits	592	581
Transfer to allowance for directors' and corporate auditors' retirement benefits	251	246

4. Reconciliation between balance sheet accounts and term-end balance of cash and cash equivalents

(¥ millions)

	Fiscal 2005 As of March 31, 2005	Fiscal 2004 As of March 31, 2004
Cash and deposits	9,396	9,550
Time deposits with maturities exceeding three months	△ 355	△ 767
Marketable securities redeemable within three months	2,884	2,997
Cash and cash equivalents	11,925	11,780

Segment Information

(1) Industry Segment Information

Fiscal year ended March 31, 2005 (¥ millions)

	Automotive Lighting Equipment Division	Other Electric Equipment Division	Others	Total	Corporate and elimination of inter-segment items	Consolidated total
I. Sales and operating income						
(1) Sales to outside customers	295,537	41,599	24,340	361,477	—	361,477
(2) Inter-segment sales and transfers	45,183	1,601	2,902	49,687	(49,687)	—
Total	340,721	43,201	27,243	411,165	(49,687)	361,477
Operating expenses	322,812	42,904	25,761	391,478	(47,963)	343,515
Operating income	17,908	296	1,481	19,687	(1,724)	17,962
II. Assets, depreciation and capital expenditures						
Assets	172,354	54,375	50,825	277,554	41,185	318,739
Depreciation	16,474	892	757	18,123	47	18,170
Capital expenditures	19,491	1,118	491	21,100	—	21,100

Fiscal year ended March 31, 2004 (¥ millions)

	Automotive Lighting Equipment Division	Other Electric Equipment Division	Others	Total	Corporate and elimination of inter-segment items	Consolidated total
I. Sales and operating income						
(1) Sales to outside customers	264,613	46,912	22,728	334,254	—	334,254
(2) Inter-segment sales and transfers	41,506	1,609	2,906	46,023	(46,023)	—
Total	306,120	48,522	25,635	380,278	(46,023)	334,254
Operating expenses	292,831	47,067	24,822	364,721	(44,189)	320,531
Operating income	13,289	1,454	813	15,557	(1,833)	13,723
II. Assets, depreciation and capital expenditures						
Assets	159,292	57,646	47,461	264,399	34,945	299,344
Depreciation	14,755	878	898	16,531	49	16,580
Capital expenditures	20,189	522	298	21,010	—	21,010

Notes:
1. Industry segment figures are based on sales categories.
2. Major products of each division
   (1) Automotive Lighting Equipment Division
   Headlamps, miscellaneous car lamps, discharge headlamp systems, all-glass sealed beam lamp units, signaling lamps, high-mount stop lamps, halogen bulbs, various miniature bulbs and other lighting products.
   (2) Other Electric Equipment Division
   Road traffic signals, traffic control systems and transport control systems.
   (3) Others
   Aircraft lights and electronic components, special-feature seats, environmental control systems, transportation, finance and insurance services.
3. Significant components of corporate and elimination of inter-segment items.

(¥ millions)

	Year ended March 31, 2005	Year ended March 31, 2004	Significant Items
Unallocated operating expenses in corporate and elimination of inter-segment items	3,137	2,917	Expenses related to the General Affairs Department of the parent company's head office

4. Assets at March 31, 2005 include ¥41,185 million that was included in corporate and elimination of inter-segment items as corporate assets. These comprise mainly cash equivalents (cash, deposits and marketable securities), long-term investments (investment securities) and assets relating to administrative divisions.

(2) Geographical Segment Information

Fiscal year ended March 31, 2005 (¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
I. Sales and operating income							
Sales							
(1) Sales to outside customers	233,669	45,479	62,405	19,923	361,477	—	361,477
(2) Inter-segment sales and transfers	45,999	—	2,453	1,234	49,687	(49,687)	—
Total	279,669	45,479	64,858	21,158	411,165	(49,687)	361,477
Operating expenses	265,243	43,714	61,138	21,382	391,478	(47,963)	343,515
Operating income (loss)	14,426	1,765	3,720	△ 224	19,687	(1,724)	17,962
II. Assets	196,661	22,059	40,653	18,181	277,554	41,185	318,739

Fiscal year ended March 31, 2004 (¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
I. Sales and operating income							
Sales							
(1) Sales to outside customers	229,500	43,087	50,234	11,432	334,254	—	334,254
(2) Inter-segment sales and transfers	43,990	—	2,001	31	46,023	(46,023)	—
Total	273,491	43,087	52,235	11,463	380,278	(46,023)	334,254
Operating expenses	260,796	42,126	48,820	12,977	364,721	(44,189)	320,531
Operating income (loss)	12,694	961	3,414	△ 1,513	15,557	(1,833)	13,723
II . Assets	191,473	22,957	35,546	14,423	264,399	34,945	299,344

Notes:

1. Country and regional segments are based on geographic proximity.
2. Countries and regions included in each segment:
   (1) North America: United States
   (2) Asia: China, Taiwan, South Korea, Thailand, India
   (3) Europe: United Kingdom, Czech Republic, and Belgium
3. Significant components of corporate and elimination of inter-segment items

(¥ millions)

	Year ended March 31, 2005	Year ended March 31, 2004	Significant Items
Unallocated operating expenses in corporate and elimination of inter-segment items	3,137	2,917	Expenses related to the General Affairs Department of the parent company's head office

(3) Overseas Sales

Fiscal year ended March 31, 2005 (¥ millions)

	North America	Asia	Europe	Total
I. Overseas sales	49,533	62,356	20,761	132,651
II. Consolidated sales				361,477
III. Overseas sales ratio (%)	13.7%	17.3%	5.7%	36.7%

Fiscal year ended March 31, 2004 (¥ millions)

	North America	Asia	Europe	Total
I. Overseas sales	47,770	50,529	10,224	108,523
II. Consolidated sales				334,254
III. Overseas sales ratio (%)	14.3%	15.1%	3.1%	32.5%

Note:

1. Countries and regions are classified according to their proximity.
2. The breakdown of regions in each segment is as follows:
   (1) North America: United States
   (2) Asia: China, Taiwan, South Korea, Thailand, India
   (3) Europe: United Kingdom, Czech Republic and Belgium
3. Overseas sales are those of the parent company and its consolidated subsidiaries to countries and regions other than the country or region in which each is based.

Lease Transactions

1. Finance leases that do not transfer ownership of leased property to lessee

(1) Acquisition cost equivalents, accumulated depreciation equivalents and balance equivalents of leased assets as of the fiscal year-end

(¥ millions)

		Year ended March 31, 2005	Year ended March 31, 2004
Acquisition cost equivalents	Buildings	2,495	2,495
	Machinery and transportation equipment	1,605	1,377
	Tools and equipment	1,004	1,014
	Total	5,106	4,887
Accumulated depreciation equivalents	Buildings	158	86
	Machinery and transportation equipment	948	705
	Tools and equipment	551	593
	Total	1,657	1,385
Term-end balance equivalents	Buildings	2,337	2,409
	Machinery and transportation equipment	657	672
	Tools and equipment	452	420
	Total	3,448	3,502

Note: Acquisition cost equivalents constituted an immaterial portion of term-end balances of property, plant and equipment. Consequently, acquisition cost equivalents are accounted for by the paid interest method.

(2) Balance of outstanding lease commitments

(¥ millions)

	Year ended March 31, 2005	Year ended March 31, 2004
Within one year	427	462
More than one year	3,020	3,040
Total	3,448	3,502

Note: Outstanding lease commitments constituted an immaterial portion of term-end balances of property, plant and equipment. Consequently, outstanding lease commitments are accounted for by the paid interest method.

(3) Lease charge payable and depreciation equivalents

(¥ millions)

	Year ended March 31, 2005	Year ended March 31, 2004
Lease charge payable	611	547
Depreciation equivalents	611	547

(4) Accounting method for depreciation equivalents

Depreciation equivalents are accounted for by the straight-line method, assuming the lease period to be the useful lives and the residual value to be zero.

2. Operating lease transactions

(¥ millions)

	Year Ended March 31, 2005	Year Ended March 31, 2004
Outstanding lease commitments		
Within one year	148	202
More than one year	223	196
Total	371	399

Transactions with Related Parties

Year Ended March 31, 2005

(1) Parent company and major corporate shareholders (¥ millions)

Related party	Name of related company	Address	Paid-in capital or investment	Principal business or occupation	Controlling or controlled voting rights (%)	Joint directors	Relationship	Business relationship	Volume of transactions	Description of transactions	Account Resulting account balances
Corporation Major shareholder	Toyota Motor Corporation	Toyoda City, Aichi prefecture	397,049	Manufacture and marketing of automobiles and automobile parts; marketing of industrial vehicles; manufacturing and marketing of housing.	Controlled (Direct: 20%)	—	Supply of automobile lighting equipment	Supply of automobile lighting equipment;	79,618	Trade Receivables	12,381
								Purchase of materials	3,917	Trade payables	911

Note: Resulting account balances are exclusive of consumption tax

(2) Subsidiaries (¥ millions)

Related party	Name of related company	Address	Paid-in capital or investment	Principal business or occupation	Controlling or controlled voting rights (%)	Joint directors	Relationship	Business relationship	Volume of transactions	Description of transactions	Account Resulting account balances
Affiliates	Takeda Suntech Co., Ltd.	Shimizu City, Shizuoka Prefecture	15	Manufacture of dies for resin molded parts	Direct control: 20%	Directors: 2	Purchase of dies for resin moldings	Purchase of dies for resin moldings	1,582	Trade payables	374
								Supply of materials	91	Trade receivables-Other	3
	DORO KEISO Co., Ltd.	Chofu City, Tokyo	40	Installation and maintenance of axle weight measuring systems	Indirect control: 34%	–	–	–	–	–	–
	Pan Washlet Co., Ltd.	Kita Kyushu City, Fukuoka Prefecture	400	Manufacture of hygiene equipment	Indirect control 24.5%	–	–	–	–	–	–

Note: Resulting account balances are exclusive of consumption tax

Deferred Tax Accounting

Significant components of deferred tax assets and liabilities (¥ millions)

	As of March 31, 2005
Deferred tax assets	
Surplus in bonus reserve	1,792
Surplus in employees' retirement benefit reserve	8,017
Allowance for directors' and corporate auditors' retirement benefits	659
Excess accelerated depreciation	2,738
Loss on revaluation of investment securities	558
Loss on revaluation of land	509
Reserve for liability claims	834
Reserve for product warranties	474
Other	1,361
Total deferred tax assets	16,946
Deferred tax liabilities	
Reserve for reduction of asset costs	△ 548
Securities valuation differences	△ 6,975
Total deferred tax liabilities	△ 7,523
Net deferred tax assets	9,423

Marketable Securities

Fiscal 2005 (As of March 31, 2005)

(1) Securities held for trading purposes (¥ millions)

Book value on consolidated financial statements.	Unrealized gains/losses included in included/charged to income in the current accounting period of consolidation.
3,881	1

(2)Securities held to maturity (¥ millions)

	Type of security	Book value	Market value	Difference
Securities with unrealized gains carried on consolidated balance sheets	(1) Japanese government bonds and municipal bonds	602	603	1
	(2) Corporate bonds	—	—	—
	(3) Others	11,479	11,563	84
	Subtotal	12,081	12,166	85
Securities with unrealized losses carried on consolidated balances sheets	(1) Japanese government bonds and municipal bonds	301	301	—
	(2) Corporate bonds	—	—	—
	(3) Others	35,700	34,318	△ 1,382
	Subtotal	36,001	34,619	△ 1,382
Total		48,082	46,785	△ 1,297

(3) Other securities with market quotations (¥ millions)

	Type of security	Acquisition cost	Book value	Difference
Securities with unrealized gains carried on consolidated balance sheets	(1) Equity securities	5,309	22,786	17,477
	(2) Bonds			
	① Japanese government bonds, municipal bonds	—	—	—
	② Corporate bonds	—	—	—
	③ Other bonds	1,000	1,011	11
	(3) Other securities	3,789	3,845	56
	Subtotal	10,098	27,642	17,544
Securities with unrealized losses carried on consolidated balances sheets	(1) Equity securities	49	47	△ 2
	(2) Bonds			
	① Japanese government bonds, municipal bonds	—	—	—
	② Corporate bonds	—	—	—
	③ Other bonds	1,905	1,852	△ 53
	(3) Other securities	3,937	3,831	△ 106
	Subtotal	5,891	5,730	△ 161
Total		15,989	33,372	17,383

(4) Other securities sold during fiscal 2005 (¥ millions)

Sales	Total gains on sales	Total losses on sales
574	318	—

(5) Schedule of securities without market quotations (¥ millions)

Type of security	Book value	Remarks
(1) Bonds held to maturity		
Foreign bonds without market quotations	164	
(2) Other securities		
Equity securities without market quotations (excluding OTC registered securities)	6,585	
Investments	224	
Total	6,973	

(6) Maturities of securities with maturities and securities held to maturity (¥ millions)

Type of security	Within 1 year	1-5 years	5-10 years	Over 10 years
1.Bonds				
(1) Japanese government bonds and municipal bonds	—	902	—	—
(2) Corporate bonds	—	—	—	—
(3) Other bonds	8,751	18,296	—	22,158
2.Other securities	2,098	2,474	—	—
Total	10,849	21,672	—	22,158

Fiscal 2004 (As of March 31,2004)

(1) Securities held for trading purposes (¥ millions)

Book value on consolidated financial statements.	Unrealized gains/losses included in included/charged to income in the current accounting period of consolidation.
4,111	22

(2)Securities held to maturity (¥ millions)

	Type of security	Book value	Market value	Difference
Securities with unrealized gains carried on consolidated balance sheets	(1)Japanese government bonds and municipal bonds	—	—	—
	(2)Corporate bonds	501	502	1
	(3)Others	8,869	9,028	159
	Subtotal	9,370	9,530	160
Securities with unrealized losses carried on consolidated balances sheets	(1)Japanese government bonds and municipal bonds	—	—	—
	(2)Corporate bonds	—	—	—
	(3)Others	14,692	14,348	△ 344
	Subtotal	14,692	14,348	△ 344
Total		24,062	23,878	△ 184

(3) Other securities with market quotations (¥ millions)

	Type of security	Acquisition cost	Book value	Difference
Securities with unrealized gains carried on consolidated balance sheets	(1)Equity securities	5,362	23,660	18,298
	(2)Bonds			
	①Japanese government bonds, municipal bonds	—	—	—
	②Corporate bonds	—	—	—
	③Other bonds	7,997	8,062	65
	(3) Other securities	4,883	5,029	146
	Subtotal	18,242	36,751	18,509
Securities with unrealized losses carried on consolidated balances sheets	(1)Equity securities	227	224	△ 3
	(2)Bonds			
	①Japanese government bonds, municipal bonds	—	—	—
	②Corporate bonds	1,000	996	△ 4
	③Other bonds	10,737	10,614	△ 123
	(3) Other securities	1,027	936	△ 91
	Subtotal	12,991	12,770	△ 221
Total		31,233	49,521	18,288

(4) Other securities sold during fiscal 2004 (¥ millions)

Sales	Total gains on sales	Total losses on sales
1,175	550	50

(5) Schedule of securities without market quotations (¥ millions)

Type of security	Book value	Remarks
(1)Bonds held to maturity		
Foreign bonds without market quotations	33	
(2)Other securities		
Equity securities without market quotations (excluding OTC registered securities)	1,105	
Investments	177	
Total	1,315	

(6) Maturities of securities with maturities and securities held to maturity (¥ millions)

Type of security	Within 1 year	1-5 years	5-10 years	Over 10 years
1.Bonds				
(1)Japanese government bonds and municipal bonds	—	—	—	—
(2)Corporate bonds	1,594	—	—	—
(3)Other bonds	23,101	6,677	—	11,390
2.Other securities	2,306	2,017	—	—
Total	27,001	8,694	—	11,390

Retirement Benefits

1. Retirement benefit plan

(1) Retirement benefit plans adopted by the Company and its consolidated subsidiaries

The Company and its consolidated subsidiary KOITO INDUSTRIES, LTD. offer defined benefit plans that include a fund-type corporate pension plan, tax qualified pension plan and lump-sum retirement benefit plan. Other domestic consolidated subsidiaries offer a tax qualified pension plan and lump-sum retirement benefit plan. Certain overseas subsidiaries offer defined contribution plans.

2. Matters concerning retirement benefit obligations (¥ millions)

	As of March 31, 2005	As of March 31, 2004
Retirement benefit obligations	△ 51,256	△ 49,490
Plan assets	23,492	20,346
Unfunded pension liabilities	△ 27,764	△ 29,144
Unrecognized net transition obligation	949	951
Unrecognized actuarial differences	3,197	7,404
Accrued retirement benefits on balance sheet	△ 23,617	△ 20,788
Allowance for retirement benefits	△ 23,617	△ 20,788

Note: Certain subsidiaries use the simplified method to calculate their retirement benefit obligations.

3. Matters concerning retirement benefit expenses (¥ millions)

	Fiscal 2005	Fiscal 2004
Service cost *1 *2	2,280	2,074
Interest cost	1,694	1,477
Expected return on plan assets	△ 677	△ 585
Amortization of transitional obligation	951	951
Actuarial loss *3	1,758	1,772
Net periodic cost	6,007	5,689
Gain on the return of substitutional component of Employees Welfare Annuity Fund	—	△ 428

Notes:
1. Excludes employees' contributions to the fund-type corporate pension plan.
2. Retirement benefit expenses of consolidated subsidiaries using the simplified method are recorded in service cost.
3. Difference from estimated pension fund assets in previous period.

4. Basis of calculation of retirement benefit obligations

Method of distribution of estimated retirement benefit costs	Fixed amount
Discount rate	3.0%
Expected rate of return	3.0%
Duration of amortization of past period liabilities	Certain number of years (5-10), not exceeding average residual years to retirement
Duration of amortization of actuarial differences	Certain number of years (5-10), not exceeding average residual years to retirement
Duration of amortization of net transitional obligation	The Company: 1 year. Certain listed subsidiaries: 5 years

Going Concern Assumption

None.

《 For Reference Only 》

Non-Consolidated Earnings Report for Fiscal 2005 April 25, 2005

Company Name: **KOITO MANUFACTURING CO., LTD.**
Stock Listing: Tokyo Stock Exchange
Code Number: 7276
Head Office: 4-8-3, Takanawa, Minato-ku, Tokyo 108-8711
URL: http://www.koito.co.jp
Representative Director: Takashi Ohtake, President & CEO
Inquiries: Masahiro Ohtake, Executive Senior Managing Director, (03) 3443-7111
Meeting of the Board of Directors for the Approval of Results: April 25, 2005
Interim Dividend System: Yes
Date of Regular General Shareholders' Meeting: June 29, 2005
Tangen Trading Unit System: Yes (1 *tangen* = 1,000 shares)
Dividend Payment Commencement Date: June 30, 2005

1. Results for Fiscal 2005 (April 1, 2004 – March 31, 2005)

(1) Results of Operations

(¥ millions)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2005	178,689	5.0%	8,920	32.3%	13,112	26.0%	7,368	22.1%
Fiscal 2004	170,115	8.4%	6,743	29.8%	10,402	30.3%	6,036	2.4%

	Net income per share	Net income per share (diluted)	Return on equity	Ratio of recurring profit to shareholders' equity	Ratio of recurring profit to net sales
Fiscal 2005	¥44.81	—	7.3%	7.9 %	7.3%
Fiscal 2004	¥36.78	—	6.4%	6.8%	6.1%

Notes:
① Weighted-average number of shares outstanding in the FY ended March 2005: 159,855,860
Weighted-average number of shares outstanding in the FY ended March 2004: 159,610,392
② No changes in accounting methods were applicable to the above figures.
③ The percentage figures accompanying net sales, operating income, recurring profit and net income represent year-on-year changes.

(2) Dividends

	Dividend per share			Dividend paid (anuual)	Payout ratio	Ratio of dividends to shareholders' equity
		Interim	Year-end			
Fiscal 2005	¥14.00	¥7.00	¥7.00	2,239	31.2%	2.2%
Fiscal 2004	¥12.00	¥5.00	¥7.00	1,915	31.7%	1.9%

Note: Breakdown of year-end dividend: Commemorative: ¥ — per share Extraordinary: ¥ — per share

(3) Non-Consolidated Financial Position

	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
March 31, 2005	172,291	103,477	60.1%	646.28
March 31, 2004	160,268	98,675	61.6%	618.06

Notes:
①Number of shares outstanding: March 31, 2005: 160,113,788 March 31, 2004: 159,653,148
②Number of treasury shares: March 31, 2005: 675,648
March 31, 2004: 1,136,288

2. Outlook for Fiscal 2006 (April 1, 2005 – March 31, 2006)

	Net sales (¥ millions)	Recurring profit (¥ millions)	Net income (¥ millions)	Total annual dividend per share (¥)		
				Interim	Year-end	
Interim	92,600	7,100	4,200	7.00	—	—
Entire year	194,300	16,000	9,600	—	7.00	14.00

Reference – Predicted net income per share for the entire year: ¥59.96

*Figures less than one million yen are omitted.
*The above projections are based on information available at the time of release of this report. Actual results could differ significantly from projections due to a variety of factors.

Non-Consolidated Balance Sheets

At March 31

(¥ millions)

Item / Period	Fiscal 2005 As of March 31, 2005	Fiscal 2004 As of March 31, 2004	YoY Change
Assets			
Current assets:			
Cash and time deposits	1,184	1,518	△ 334
Notes receivable	726	804	△ 78
Accounts receivable–trade	36,152	35,473	679
Marketable securities	5,491	5,093	398
Finished and semi-finished products	3,504	3,005	499
Work in progress	869	788	81
Raw materials and supplies	2,352	1,816	536
Accrued income	2,661	1,491	1,170
Deferred income taxes	2,756	2,602	154
Other current assets	210	430	△ 220
Less: Allowance for doubtful accounts	△ 159	△ 118	△ 41
Total current assets	55,749	52,905	2,844
Fixed assets:			
Property, plant and equipment			
Buildings	10,898	11,703	△ 805
Structures	846	907	△ 61
Machinery	4,430	4,451	△ 21
Vehicles	229	234	△ 5
Tools and equipment	6,533	6,349	184
Land	5,230	5,251	△ 21
Construction in progress	323	45	278
Property, plant and equipment, net	28,492	28,944	△ 452
Intangible fixed assets	151	171	△ 20
Investments and other assets:			
Investment securities	64,063	56,973	7,090
Subsidiary stock	20,551	20,307	244
Deferred income taxes	1,684	358	1,326
Other investments	1,851	898	953
Less: Allowance for doubtful accounts	△ 253	△ 290	37
Total	87,897	78,247	9,650
Total fixed assets	116,541	107,362	9,179
Total assets	172,291	160,268	12,023

At March 31

(¥ millions)

Item / Period	Fiscal 2005 As of March 31, 2005	Fiscal 2004 As of March 31, 2004	YoY Change
Liabilities			
Current liabilities:			
Notes and accounts payable–trade	32,324	30,087	2,237
Payables	2,218	1,916	302
Accrued expenses	10,414	8,780	1,634
Provisions for employees' bonuses	3,415	3,327	88
Reserve for product warranties	1,200	800	400
Income taxes payable	3,561	3,071	490
Other current liabilities	470	638	△ 168
Total current liabilities	53,605	48,623	4,982
Non-current liabilities:			
Reserve for retirement allowances	12,901	11,243	1,658
Allowance for directors' and corporate auditors' retirement benefits	1,104	924	180
Reserve for losses on overseas investments	1,200	800	400
Others	2	2	−
Total non-current liabilities	15,207	12,969	2,238
Total liabilities	68,813	61,592	7,221
Shareholders' equity:			
Common stock	14,270	14,270	−
Additional paid-in capital			
Additional paid-in capital	17,107	17,107	−
Retained earnings			
Profit reserve	3,567	3,567	−
Reserve for reduction of asset costs	939	938	1
General reserve	50,000	46,500	3,500
Unappropriated retained earnings	8,209	6,749	1,460
(Net income)	(7,368)	(6,036)	(1,332)
Total retained earnings	62,716	57,755	4,961
Securities valuation adjustment.	9,807	10,247	△ 440
Treasury stock	△ 425	△ 706	281
Total shareholders' equity	103,477	98,675	4,802
Total liabilities and shareholders' equity	172,291	160,268	12,023

Non-Consolidated Statements of Income

For the years ended March 31, (¥ millions)

Item \ Period	Fiscal 2005		Fiscal 2004		YoY Change	
		%		%		%
(Recurring items)						
Income from operations						
Operating revenues						
Net sales	178,689	100.0	170,115	100.0	8,573	5.0
Operating expenses						
Cost of sales	152,366	85.3	146,142	85.9	6,223	
Selling, general and administrative expenses	17,402	9.7	17,230	10.1	172	
Operating income	8,920	5.0	6,743	4.0	2,177	32.3
Non-operating income						
Non-operating income	4,316		3,830		486	
Interest and dividend income	(2,161)		(1,472)		(689)	
Other	(2,155)		(2,357)		(△ 202)	
Non-operating expenses	125		170		△ 45	
Recurring profit	13,112	7.3	10,402	6.1	2,709	26.0
Extraordinary gains/losses						
Extraordinary gains	58		54		3	
Gains on sales of property, plant and equipment	(58)		(54)		(3)	
Extraordinary losses	991		479		511	
Provision to reserve for product warranties	(400)		(350)		(50)	
Provision to reserve for losses on overseas investments	(400)		(—)		(400)	
Losses on sales and disposal of property, plant and equipment	(191)		(129)		(61)	
Income before income taxes	12,178	6.8	9,977	5.9	2,201	22.1
Income taxes-current	6,003		5,865		138	
Income taxes-deferred	△ 1,192		△ 1,924		731	
Total income taxes	4,810		3,940		869	
Net income	7,368	4.1	6,036	3.5	1,331	22.1
Retained earnings b/fwd	1,964		1,511		452	
Interim dividend	1,118		798		320	
Loss on disposal of treasury stock	4		0		3	
Unappropriated retained earnings	8,209		6,749		1,460	

Non-Consolidated Statements of Appropriation

For the years ended March 31, (¥ millions)

Period / Item	Fiscal 2005	Fiscal 2004
Unappropriated retained earnings	8,209	6,749
Withdrawal from reserve for deferred gains on replacement of assets	47	19
Total	8,256	6,768
To be appropriated as follows:		
Dividends	1,120	1,117
	・ ¥ 7 / common share	・ ¥ 7 / common share
Bonuses to directors and corporate auditors	205	166
(corporate auditors)	(15)	(13)
Reserve for reduction of asset costs	28	20
General reserve	5,000	3,500
Retained earnings carried forward	1,902	1,964

Note: Koito declared an interim dividend of ¥7 per share (Dividend amount: ¥1,118 million) on December 9, 2004.

Breakdown of Non-Consolidated Net Sales

For the years ended March 31, (¥ millions)

Period / Item	Fiscal 2005		Fiscal 2004		YoY Change	
		%		%		%
Automobile Lighting Equipment	170,762	95.6	162,316	95.4	8,446	5.2
Aircraft Lights	2,935	1.6	2,760	1.6	175	6.3
Others	4,992	2.8	5,038	3.0	△ 46	△ 0.9
Total	178,689	100.0	170,115	100.0	8,573	5.0
(Portion accounted for by exports)	(19,197)	(10.7)	(15,832)	(9.3)	(3,365)	(21.3)

Significant Accounting Policies

1. Standards and methods for valuing marketable securities

①Securities held for trading:	Stated at market value (the selling price is mainly determined by the moving average method)
②Securities held to maturity:	Depreciable cost method (straight-line method)
③Securities of subsidiaries and affiliates:	Cost as determined by the moving average method
④Other marketable securities:	
Listed securities	Stated at market value, determined by the market price as of the end of the period, with unrealized gains or losses reported in shareholders' equity and the selling price determined by the moving average method.
Non-listed	Stated at cost determined by the moving average method.

2. Standards and methods for valuing derivatives and other instruments

①Derivatives:	Stated at market value
②Money trusts:	Stated at market value

3. Standards and methods for valuing inventories

(1) Finished and semi-finished products and work in progress:	Stated at cost, determined mainly by the gross average method
(2) Raw materials and supplies	Stated at cost, determined by the moving-average method

4. Method for depreciating and amortizing important assets

(1) Property, plant and equipment are depreciated using the declining-balance method, based on the estimated useful lives of the assets as permitted by the corporate tax laws. Estimated useful lives are as follows:

Buildings and structures	7 -50 years
Machinery and transportation equipment	3 – 7 years

(2) Intangible fixed assets are depreciated using the straight-line method.

5. Accounting for translation of foreign currency transactions

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate in effect at the end of the period with gains and losses included in income.

6. Standards for reserves

(1) Allowance for doubtful receivables

The allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a reserve for general receivables calculated based on historical default rates.

(2) Allowances for bonuses

Provisions for employees' bonuses are based on the estimated requirements for the fiscal year.

(3) Reserve for product warranties

The reserve for product warranties provides for possible liability claims made under product warranties based on historical claim rates.

(4) Allowance for retirement benefits

An allowance for retirement benefits is provided to adequately cover the pension costs of employees. The allowance is determined as of the end of the period on the basis of projected retirement benefit liabilities and pension assets at the fiscal year balance sheet date.

Actuarial gains or losses are amortized from the accounting period following the period in which actuarial gains or losses arise, using the straight-line method over a fixed number of years (5 years), but no more than the average remaining years of service of employees in the accounting period in which actuarial gains or losses arise.

(5) Allowance for directors' and corporate auditors' retirement benefits

The Company provides an allowance for directors' and corporate auditors' retirement benefits to adequately cover estimated payments of such benefits during the accounting period under review, as prescribed by company regulations.

(6) Reserve for losses on overseas investments

The allowance for losses on overseas investments is based on the estimated credit loss for investment losses based on an individual assessment of country risk, foreign exchange risk and the financial soundness of overseas affiliates.

7. Accounting for leases

Finance leases, other than those that transfer ownership to lessees, are treated in the same way as operating leases.

8. Accounting for hedging

Hedge accounting methods

Cash flows and unrealized gains and losses arising from hedge transactions are recognized when the underlying hedge contracts are concluded and are included in income during the applicable accounting period.

9. Financial statements are prepared exclusive of consumption tax.

Notes

(¥ millions)

	Year ended March 31, 2005	Year ended March 31, 2004
1. Cumulative depreciation of property, plant and equipment	97,142	95,742
2. Liabilities for guarantees	27,316	15,430

3. Selling, general and administrative expenses

(¥ millions)

	Year Ended March 31, 2005	Year Ended March 31, 2004
(1) Selling expenses		
Freight expenses	3,579	3,568
Employee salaries	2,351	2,447
Packaging expenses	1,454	1,344
Transfer to allowance for bonuses	318	349
Retirement benefit expenses	324	296
(2) General and administrative expenses		
Employee salaries	2,424	2,465
Employee benefit expenses	1,180	1,052
Transfer to allowance for bonuses	354	333
Transfer to allowance for retirement benefits	352	331
Research expenses	206	172
Transfer to allowance for directors' and corporate auditors' retirement benefits	179	111

Lease Transactions

1. Finance leases that do not transfer ownership of leased property to lessee

① Acquisition cost equivalents, accumulated depreciation equivalents and balance equivalents of leased assets as of the term-end.

(¥ millions)

		Year ended March 31, 2005	Year ended March 31, 2004
Acquisition cost equivalents	Machinery and transportation equipment	459	459
	Tools and equipment	248	245
	Total	707	704
Accumulated depreciation equivalents	Machinery and transportation equipment	255	204
	Tools and equipment	214	156
	Total	469	360
Balance equivalents	Machinery and transportation equipment	204	255
	Tools and equipment	33	88
	Total	238	343

Note: Acquisition cost equivalents constituted an immaterial portion of term-end balances of property, plant and equipment. Consequently, acquisition cost equivalents are accounted for by the paid interest method.

② Balance of outstanding lease commitments

(¥ millions)

	Year ended March 31, 2005	Year ended March 31, 2004
Within one year	74	107
More than one year	163	235
Total	238	343

Note: Outstanding lease commitments constituted an immaterial portion of term-end balances of property, plant and equipment. Consequently, outstanding lease commitments are accounted for by the paid interest method.

③ Lease charge payable and depreciation equivalents

(¥ millions)

	Year ended March 31, 2005	Year ended March 31, 2004
Lease charge payable	108	109
Depreciation equivalents	108	109

④ Accounting method for depreciation equivalents

Depreciation equivalents are accounted for by the straight-line method, assuming the lease period to be the useful lives and the residual value to be zero.

Marketable Securities

As of March 31, 2005
Shares held by subsidiaries and affiliated companies with market quotations

(¥ millions)

	Book Value	Market value	Gain (loss)
①Subsidiaries	7,370	11,208	3,837
②Affiliated companies	1,332	2,990	1,657
Total	8,702	14,198	5,495

As of March 31, 2004
Shares held by subsidiaries and affiliated companies with market quotations

(¥ millions)

	Book Value	Market value	Gain (loss)
①Subsidiary companies	7,370	10,293	2,923
②Affiliated companies	1,332	3,636	2,303
Total	8,702	13,929	5,226

Deferred Tax Accounting

Significant components of deferred tax assets and liabilities (¥ millions)

	Current accounting period (as of March 31, 2005)
Deferred tax assets	
Surplus in bonus reserve	1,362
Surplus in employees' retirement benefit reserve	3,751
Officers' retirement benefit reserve	458
Excess accelerated depreciation	2,495
Reserve for losses on overseas investments	474
Loss on revaluation of investment securities	946
Loss on revaluation of land	509
Reserve for liability claims	772
Reserve for product warranties	474
Other	146
Total deferred tax assets	11,391
Deferred tax liabilities	
Reserve for reduction of asset costs	△ 548
Securities valuation differences	△6,403
Total deferred tax liabilities	△6,951
Net deferred tax assets	4,440