

Consolidated Earnings Report for the First Quarter of Fiscal 2005

Company Name: KOITO MANUFACTURING CO., LTD.
 Stock Listings: First Section, Tokyo Stock Exchange
 Head Office: Tokyo
 Code Number: 7276
 URL: <http://www.koito.co.jp>
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1. Notes on Presentation of Quarterly Operating Results

Application of simplified accounting methods: No

Changes in accounting standards of financial accounts in most recent fiscal year: None

Changes in scope of consolidation or number of equity-method affiliates: None

2. Consolidated Results of Operations for First Quarter of Fiscal 2005 (April 1, 2004–June 30, 2004)

(1) Consolidated Business Results

(¥ millions; rounded down)

First Quarter	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2005	79,564	12.8%	1,545	2,352.4%	1,831	361.2%	915	115.3%
Fiscal 2004	70,563	6.1%	63	83.5%	397	572.9%	425	263.2%
(Ref.) Full Year Fiscal 2004	334,254	7.4%	13,723	4.3%	15,345	18.1%	6,440	10.5%

First Quarter	Net income per share	Net income per share (diluted)
Fiscal 2005	5.73	
Fiscal 2004	2.66	
(Ref.) Full Year Fiscal 2004	¥ 39.19	

Note:

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

(2) Consolidated Financial Position

First Quarter	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
Fiscal 2005	297,933	112,053	37.6	701.79
Fiscal 2004	286,853	103,999	36.3	651.77
(Ref.) Full Year Fiscal 2004	299,344	111,707	37.3	699.88

(3) Consolidated Cash Flows

(¥ millions)

First Quarter	Operating activities	Investing activities	Financing activities	End of period cash and cash equivalents
Fiscal 2005	14,152	6,409	1,544	18,033
Fiscal 2004	11,315	3,523	1,563	21,751
(Ref.) Full Year Fiscal 2004	18,419	12,852	9,038	11,780

Consolidated Results of the First Quarter of Fiscal 2005

During the first quarter of fiscal 2005, the three-month period from April 1, 2004 to June 30, 2004, the Japanese economy remained on a recovery track, mainly supported by improved corporate earnings driven by export growth and increased capital investment. Worldwide, the U.S. economy headed toward recovery, and various Asian economies, particularly China, held firm.

In the Japanese automotive industry, both domestic sales and exports were comparatively strong. Domestic automobile production increased and overseas sales were strong in North America, Europe and Asia.

In this climate, the Koito Group continued to perform well, particularly in the mainstay automotive lighting equipment segment, with operating results exceeding the previous year's level.

As a result, the Koito Group achieved significant sales and earnings growth, as shown by the first quarter figures for net sales, operating income, recurring profit and net income.

Compared with our original targets, net sales were ¥5,206 million higher than our initial target, mainly due to a strong performance both domestically and overseas in the automotive lighting equipment segment. The Koito Group's efforts to rationalize businesses and reduce expenses have lifted operating income, recurring profit and net income for the first quarter much higher than original targets.

3. Revised Consolidated Interim Outlook for Fiscal 2005 (April 1, 2003 - September 30, 2004)

	(¥ millions)		
	Net sales	Recurring profit	Net income
Previous forecast (April 26, 2004)	153,900	4,400	1,900
Revised forecast	162,500	6,300	2,900
Change	8,600	1,900	1,000
Change (%)	5.6%	43.2%	52.6%
(Ref.) Fiscal 2004 interim results	145,633	3,508	1,543

Outlook for Fiscal 2005

Regarding its consolidated interim outlook for fiscal 2005, the Koito Group has upwardly revised its forecasts for net sales by ¥8.6 billion, recurring profit by ¥1.9 billion and net income by ¥1.0 billion. The Company anticipates that net sales will continue to be strong in the second quarter, and also expects that profits will greatly exceed original targets due to further rationalization of businesses and other measures.

The Company has decided to release its full-year projections for fiscal 2005 at its interim earnings announcement, in consideration of many uncertain factors at present, including volatility in raw materials prices and an uncertain economic outlook.

Revised Non-Consolidated Interim Outlook for Fiscal 2005 (April 1, 2004 – September 30, 2004)

	(¥ millions)		
	Net sales	Recurring profit	Net income
Previous forecast (April 26, 2004)	80,100	3,800	2,300
Revised forecast	83,900	4,900	2,900
Change	3,800	1,100	600
Change (%)	4.7%	28.9%	26.1%
(Ref.) Fiscal 2004 interim results	79,660	3,845	2,267

*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.

Consolidated Balance Sheets

(¥ millions)

Item	Period	First Quarter Fiscal 2005 As of June 30, 2004	Fiscal 2004 As of March 31, 2004	Change	First Quarter Fiscal 2004 As of June 30, 2003
Assets					
Current assets:					
Cash and time deposits		13,003	9,550	3,453	14,626
Trade notes and accounts receivable		68,644	84,848	16,204	59,916
Marketable securities		15,845	15,138	707	22,077
Inventories		23,574	20,481	3,093	23,382
Deferred income taxes		6,121	6,021	100	5,685
Other current assets		9,060	7,897	1,163	7,042
Less: Allowance for doubtful accounts		904	979	75	1,086
Total current assets		135,344	142,958	7,614	131,644
Fixed assets:					
Property, plant and equipment					
Buildings and structures		29,609	29,640	31	30,391
Fixtures and transportation equipment		27,630	26,183	1,447	24,785
Machinery, equipment and tools		11,584	11,158	426	11,394
Land		11,658	11,625	33	11,473
Construction in progress		1,471	1,393	78	2,591
Property, plant and equipment, net		81,955	80,003	1,952	80,636
Intangible fixed assets		403	409	6	452
Investments and other assets:					
Investment securities		74,043	68,992	5,051	64,683
Loans		945	992	47	1,313
Deferred income taxes		2,932	2,713	219	3,445
Other investments		2,635	3,601	966	4,978
Less: Allowance for doubtful accounts		327	327		300
Total investments and other assets		80,229	75,973	4,256	74,120
Total fixed assets		162,588	156,386	6,202	155,209
Total assets		297,933	299,344	1,411	286,853

(¥ millions)

Item	Period	First Quarter Fiscal 2005 As of June 30, 2004	Fiscal 2004 As of March 31, 2004	Change	First Quarter Fiscal 2004 As of June 30, 2003
Liabilities					
Current liabilities :					
Notes and accounts payable-trade		53,853	58,504	4,651	50,404
Short-term loans		35,615	32,969	2,646	28,710
Current portion of bonds		3,000	3,000		
Accrued expenses		18,905	14,842	4,063	16,634
Income taxes payable		1,031	3,358	2,327	249
Provisions for employees' bonuses		4,482	4,478	4	4,673
Other current liabilities		7,145	7,720	575	7,176
Total current liabilities		124,034	124,873	839	107,848
Non-current liabilities :					
Bonds					3,000
Long-term debt		10,299	12,255	1,956	24,263
Accrued retirement benefits		21,708	20,788	920	19,349
Directors' and corporate auditors' accrued retirement benefits		1,426	1,363	63	1,230
Other non-current liabilities		861	882	21	1,102
Total non-current liabilities		34,296	35,290	994	48,945
Total liabilities		158,331	160,163	1,832	156,794
Minority interests		27,548	27,472	76	26,059
Shareholders' equity :					
Common stock		14,270	14,270		14,270
Additional paid-in capital		17,107	17,107		17,107
Retained earnings		72,647	73,306	659	68,090
Valuation adjustment on investment securities		11,159	10,658	501	7,062
Translation adjustments		2,428	2,904	476	1,763
Treasury common stock, at cost		703	731	28	768
Total shareholders' equity		112,053	111,707	346	103,999
Total liabilities, minority interests and shareholders' equity		297,933	299,344	1,411	286,853

Consolidated Statements of Income

(¥ millions)

Item	Fiscal 2005 First Quarter		Fiscal 2004 First Quarter		Change		Fiscal 2004	
	April 1, 2004 to June 30, 2004		April 1, 2003 to June 30, 2003				April 1, 2003 to March 31, 2004	
	(%)		(%)		(%)		(%)	
Net Sales	79,564	100.0	70,563	100.0	9,001	12.8	334,254	100.0
Cost of Sales	69,738	87.7	62,372	88.4	7,366		287,013	85.9
Gross Profit	9,825	12.3	8,191	11.6	1,634		47,241	14.1
Selling, general and administrative expenses	8,280	10.4	8,128	11.5	152		33,517	10.0
Operating income	1,545	1.9	63	0.1	1,482	2352.4	13,723	4.1
Non-operating income	619		660		41		3,574	
Interest income and dividends	(182)		(159)		(23)		(1,231)	
Equity in earnings of affiliates	(23)		(28)		(5)		(206)	
Other non-operating income	(413)		(473)		(60)		(2,136)	
Non-operating expenses	332		326		6		1,952	
Interest expenses and discounts	(178)		(201)		(23)		(626)	
Other non-operating expenses	(153)		(125)		(28)		(1,326)	
Recurring profit	1,831	2.3	397	0.6	1,434	361.2	15,345	4.6
Extraordinary gains	6		440		434		519	
Extraordinary losses	322		315		7		1,804	
Income before income taxes	1,515	1.9	522	0.7	993		14,061	4.2
Incomes taxes	1,398		463		935		8,074	
Deferred income taxes	796		254		542		2,519	
Total	602		209		393		5,554	
Minority interest in consolidated subsidiaries	2		112		110		2,066	
Net income	915	1.2	425	0.6	490	115.3	6,440	1.9

Consolidated Statements of Cash Flows

(¥ millions)

Item	Period	Fiscal 2005 First Quarter April 1, 2004 to June 30, 2004	Fiscal 2004 First Quarter April 1, 2003 to June 30, 2003	Fiscal 2004 April 1, 2003 to March 31, 2004
I. Cash flows from operating activities				
Income before income taxes		1,515	522	14,061
Depreciation		4,122	3,964	16,580
Equity in earnings of affiliated companies		23	28	206
Provision for allowance for doubtful accounts		94	157	156
Provision for accrued retirement benefits		964	73	1,710
Provision for reserve for bonuses		4	8	203
Interest and dividends received		182	159	1,231
Interest payments		178	201	626
Loss on sale and revaluation of marketable securities		22	147	563
Loss on revaluation of golf memberships				40
Loss on sale and disposal of property and equipment		22	38	296
Trade notes and accounts receivable		16,561	17,660	8,602
Inventories		2,913	3,382	1,093
Other current liabilities		858	1,596	2,430
Trade notes and accounts payable		4,907	5,367	4,005
Accrued expenses		3,656	2,649	2,195
Directors' and corporate auditors' bonuses paid		207	180	180
Sub total		17,860	14,396	25,161
Interest and dividends received		182	159	1,231
Interest paid		178	201	626
Income taxes paid		3,712	3,039	7,347
Net cash provided by operating activities		14,152	11,315	18,419
II. Cash flows from investing activities				
Payments into time deposits		233	329	1,117
Proceeds from time deposits		15	285	1,300
Payments for purchase of marketable and investment securities		6,200	5,698	26,581
Proceeds from sale of marketable and investment securities		4,292	5,613	30,830
Payments for purchase of property and equipment		5,414	3,711	19,752
Proceeds from sale of property and equipment		70	174	777
Increase in loans receivable		207	101	717
Proceeds from collection of loans receivable		153	244	900
Other payments relating to investments		1,115	0	1,508
Net cash used in investing activities		6,409	3,523	12,852
III. Cash flows from financing activities				
Increase (decrease) in short-term loans		316	489	10,250
Increase in long-term debt			35	4,631
Repayment of long-term debt		5	5	948
Payments for purchase of treasury stock		1	0	3
Proceeds from sale of treasury stock		29		40
Dividends paid by parent company		1,117	957	1,755
Dividends paid to minority shareholders		766	147	753
Net cash used in financing activities		1,544	1,563	9,038
IV Effect of exchange rate changes on cash and cash equivalents		54	28	243
V Change in cash and cash equivalents		6,253	6,257	3,714
VI Cash and cash equivalents at beginning of period		11,780	15,494	15,494
VII Cash and cash equivalents at end of period		18,033	21,751	11,780

Segment Information

(1) Industry Segment Information

Three months ended June 30, 2004

(¥ millions)

	Lighting Equipment Division	Other Electric Equipment Division	Others	Total	Corporate and elimination of inter-segment items	Consolidated total
Sales						
(1) Sales to outside customers	71,383	3,423	4,758	79,564		79,564
(2) Inter-segment sales and transfers	9,263	128	727	10,119	(10,119)	
Total	80,646	3,551	5,485	89,684	(10,119)	79,564
Operating expenses	77,195	4,895	5,304	87,395	(9,376)	78,019
Operating income (loss)	3,451	1,343	181	2,288	(743)	1,545

Three months ended June 30, 2003

(¥ millions)

	Lighting Equipment Division	Other Electric Equipment Division	Others	Total	Corporate and elimination of inter-segment items	Consolidated total
Sales						
(1) Sales to outside customers	62,845	3,740	3,977	70,563		70,563
(2) Inter-segment sales and transfers	10,194	180	725	11,100	(11,100)	
Total	73,039	3,921	4,702	81,663	(11,100)	70,563
Operating expenses	70,913	5,178	4,829	80,921	(10,421)	70,500
Operating income (loss)	2,125	1,257	126	742	(678)	63

(2) Geographical Segment Information

Three months ended June 30, 2004

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
Sales:							
(1) Sales to outside customers	48,327	11,501	15,538	4,197	79,564		79,564
(2) Inter-segment sales and transfers	9,479		639	1	10,119	(10,119)	
Total	57,806	11,501	16,177	4,198	89,684	(10,119)	79,564
Operating expenses	56,801	10,947	15,216	4,429	87,395	(9,376)	78,019
Operating income (loss)	1,005	553	960	230	2,288	(743)	1,545

Three months ended June 30, 2003

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
Sales							
(1) Sales to outside customers	43,520	11,399	12,871	2,770	70,563		70,563
(2) Inter-segment sales and transfers	10,644		441	14	11,100	(11,100)	
Total	54,165	11,399	13,313	2,784	81,663	(11,100)	70,563
Operating expenses	54,095	11,132	12,448	3,244	80,921	(10,421)	70,500
Operating income (loss)	70	267	864	459	742	(678)	63