《 For Reference Only 》

Consolidated Earnings Report for Fiscal 2003 April 24, 2003

Company Name: KOITO MANUFACTURING CO., LTD.
Stock Listings: Tokyo Stock Exchange, Osaka Securities Exchange
Code Number: 7276
Head Office: 4-8-3, Takanawa, Minato-ku, Tokyo 108-8711
URL: http://www.koito.co.jp
Representative Director: Junsuke Kato, President
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Meeting of the Board of Directors for the Approval of Results: April 24, 2003
Parent Company: N/A (Code Number:—) Parent Company Shareholding: N/A
U.S. GAAPs Applied: No

1. Consolidated Results of Operations for Fiscal 2003 (April 1, 2002 – March 31, 2003)

(1) Consolidated Business Results (¥ millions)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2003	311,133	3.3%	13,157	34.5%	12,997	26.8%	5,826	109.3%
Fiscal 2002	301,141	1.3%	9,779	△ 11.0%	10,249	△ 10.9%	2,784	△ 9.4%

	Net income per share	Net income per share (diluted)	Return on equity	Recurring profit to total capital ratio	Recurring profit ratio
Fiscal 2003	¥36.51	—	5.7%	4.4%	4.2%
Fiscal 2002	¥17.38	—	2.7%	3.4%	3.4%

Notes:

① Equity in earnings of affiliated companies: Fiscal 2003: ¥149 million Fiscal 2002: ¥119 million

② Weighted-average number of shares outstanding (consolidated) in the FY ended March 2003: 159,578,328
FY ended March 2002: 160,207,069

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, 2003	290,397	102,475	35.3	642.22
March 31, 2002	295,097	101,738	34.5	637.36

Note: Number of shares outstanding (consolidated): March 31, 2003: 159,564,383; March 31, 2002: 159,625,197

(3) Consolidated Cash Flow (\ millions)

	Operating activities	Investing activities	Financing activities	End of year cash and cash equivalents
Fiscal 2003	27,756	△ 22,149	△ 5,389	15,494
Fiscal 2002	13,609	△ 13,055	△ 7,336	15,449

(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 0; Excluded 0
Affiliates accounted for under equity method : New 0; Excluded 0

2. Consolidated Outlook for Fiscal 2004 (April 1, 2003 - March 31, 2004) (¥ millions)

	Net sales	Recurring profit	Net income
Interim	139,100	2,300	1,100
Entire year	319,700	13,300	5,600

Reference – Predicted net income per share for the entire year: ¥35.10

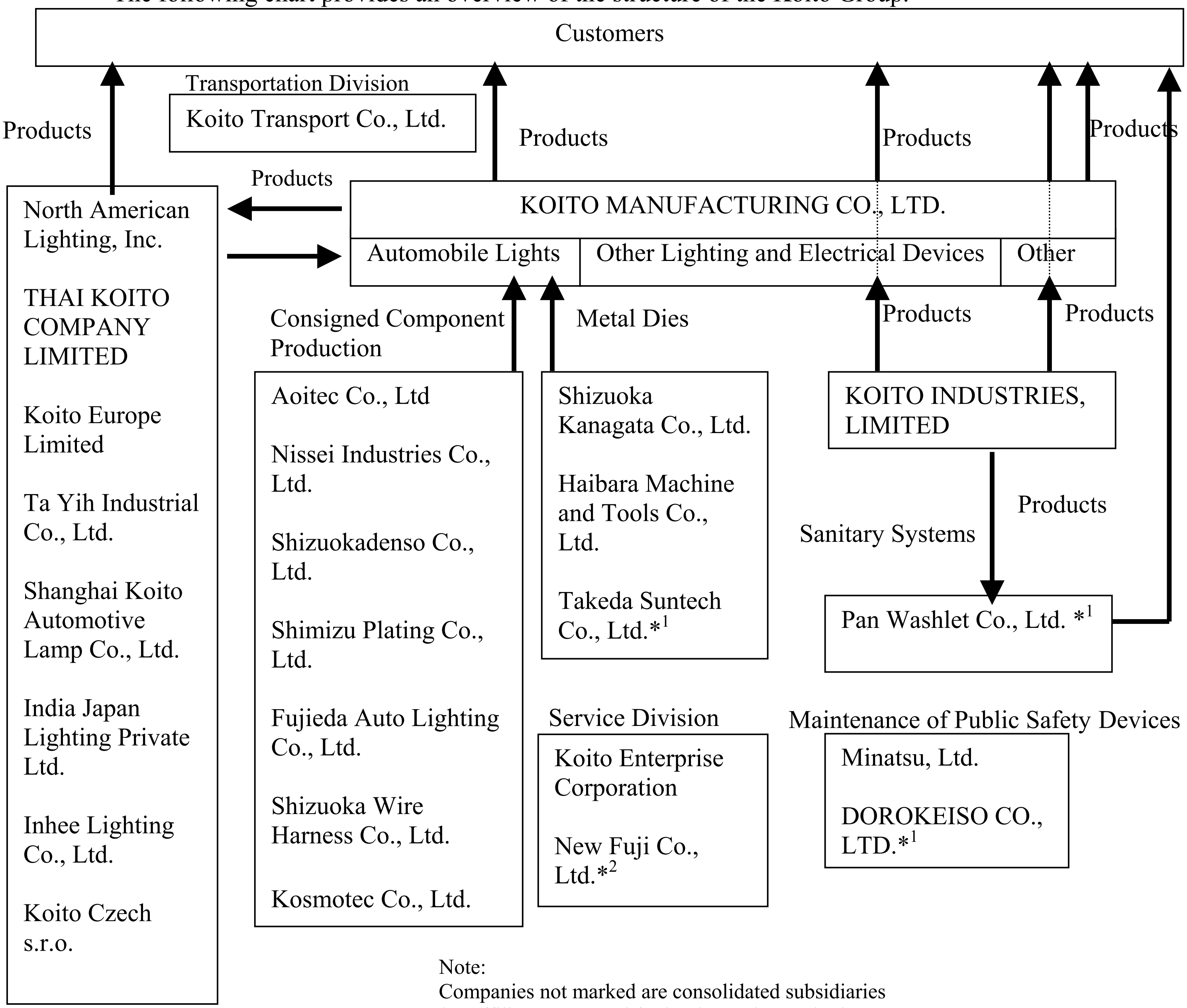
*Figures less than one million yen are omitted.

*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.

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 among shareholders, customers, employees and business partners.

The Koito Group is also well aware of the importance of environmental issues. Accordingly, the Koito Group's environmental policy sets an ambitious program of environmental stewardship for all business activities under the banner of "manufacturing products that put people first."

(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. Maintaining a corporate structure capable of responding with agility to future changes in market conditions is vital. Accordingly, Koito intends to build up retained earnings to expand its business, develop new technologies and products, streamline operations and lower costs. The overriding goal is to improve earnings and meet shareholders' expectations.

(3) Medium- and Long-Term Management Strategies

As a first-rate manufacturer of automotive lighting and electrical equipment, Koito Group is committed to creating value for customers while remaining steadfast to its polestar of "Entrusting safety to light." With this in mind, the Group will continue to provide innovative technologies while ensuring the highest standard of reliability. Koito Group will implement the following strategies targeted at expanding its business.

① As a global supplier capable of meeting the needs of automobile manufacturers seeking to establish overseas production bases and the expansion of procurement to optimal locations worldwide, Koito Group will reinforce the product development and manufacturing functions of its overseas bases while promoting a structure of complementarity within the Group. This will enable the Group to respond effectively to market needs in Japan, the U.S., Asia, and Europe.

② Amid rapid advancement in information technology, Koito Group will formulate timely and appropriate responses to Intelligent Transport System (ITS)-related fields. 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 structure by optimally allocating and utilizing resources with the aim of establishing a powerful earnings structure.

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 preserve the environment.

(4) 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 structure of complementarity are also of paramount importance.

(5) Fundamental Philosophy and Measures Regarding Corporate Governance

The Koito Group is strongly aware of the importance of observing ethical standards and upholding the integrity of management. Strengthening corporate governance and legal compliance is therefore viewed as a key priority. Koito has implemented measures to ensure greater transparency and impartiality in management decision-making procedures and operational execution. These measures include the appointment of outside directors, corporate auditors and the formation of various committees, in addition to actions taken to strengthen the Board of Auditors.

These measures have given Koito the ability to maintain high standards of corporate governance. Building on these actions, however, the Company will explore more ways of enhancing corporate governance, including introducing a Committee System of management.

Results of Operations and Financial Position

(1) Overview of Fiscal 2003

During fiscal 2003, ended March 31, 2003, Japan's economy slid deeper into a protracted recession, as consumer spending weakened further due to deepening deflation, tumbling stock markets and delays in resolving the non-performing loan problem at banks.

The global economy remained weak on the whole, as falling stock prices in the U.S and Europe fueled an economic slowdown in those regions, despite some growth in Asian economies. Making matters worse, the outbreak of war in Iraq shrouded the world economy in further uncertainty.

In Japan's car industry, domestic automobile sales experienced strong growth, and exports to the U.S., Europe, Asia and other regions increased. As a result, automobile production in Japan totaled 10.31 million units in fiscal 2003, up 5.2% year on year. Overseas, despite slowing growth in U.S. and European markets, demand in Asia held firm.

In this climate, the Koito Group is boosting product development in the Automotive Lighting Equipment Segment to win more orders over the medium and long terms. In fiscal 2003, Koito now has in place a global quadrangular R&D system, following the completion in April 2002 of a new Technology Center in China, run by Shanghai Koito Automotive Lamp Co., Ltd. The other R&D bases include North American Lighting, Inc. (NAL)'s Technology Center in the U.S., Koito Europe Technology Center in Belgium and Koito Manufacturing's Technology Center in Japan.

On the manufacturing front, Koito has expanded production capacity dramatically. In July 2002, the manufacture of headlamps and fog lamps began at NAL's new Plant No.3 (Paris Plant). In September, production of headlamps commenced at a new plant operated by European subsidiary Koito Czech s.r.o.

Under these conditions, the Koito Group's net sales climbed 3.3% year on year to ￥311.1 billion, lifted by an increase in orders for core automotive lighting equipment at overseas subsidiaries in North America, Europe and Asia.

Results by business segment are outlined below.

Automotive Lighting Equipment Segment

Sales in the automotive lighting equipment segment rose 8.5% to ￥240.6 billion, fueled by technological advances in manufacturing larger, multi-functional headlamps, and greater use of high-intensity discharge headlamps in Japan. Another contributing factor was a sharp increase in orders for both signaling lamps and headlamps at overseas subsidiaries in North America, Europe and Asia, especially China.

Non-Automotive Electrical Equipment

Sales in this segment decreased 12.8% to ￥49.8 billion. Brisk sales of railway car equipment and traffic systems were outweighed by sales declines in non-automotive lighting equipment, information equipment and traffic systems. In home appliances, the separation of the washlet toilet business from Koito also had a negative effect on sales.

Other Products

Sales in this segment declined 7.3% to ￥20.6 billion. Sales of headlamp cleaners increased due to strong orders for new automobile models, but were more than offset by a drop-off in sales of power-window regulators owing to the discontinuation of models outfitted with these items, and slower sales of airplane seats in line with lower aircraft production.

On the earnings front, as cost competition intensified both at home and abroad, the Koito Group advanced bold cost-cutting measures to rationalize operations, and benefited from improved operating results at overseas subsidiaries. As a result, recurring profit rose 26.8% to ￥12.9 billion. Net income climbed 109.3% to ￥5.8 billion, partly due to an extraordinary gain on the return of the substituted portion of the welfare pension fund.

Koito plans to pay a year-end dividend of ￥6 per share to reward shareholders for their continued support, in light of improved operating results for fiscal 2003. Koito will thus pay a dividend of ￥10 per share for the full year, including the interim dividend.

(2) Cash Flows

Net cash provided by operating activities was ￥27.7 billion. Cash inflows of ￥31.9 billion, mainly from income before income taxes of ￥12.7 billion and depreciation of ￥17.0 billion, were countered by income taxes paid and other items.

Net cash used in investing activities was ￥22.1 billion, reflecting capital investments of ￥18.6 billion and payments for the purchase of marketable and investment securities, as well as other items.

Net cash used in financing activities was ¥5.3 billion. The increase in borrowings provided cash of ¥1.0 billion, but was more than offset by the redemption of ¥2.5 billion in bonds, outflows of ¥1.7 billion due to the elimination of employees' savings deposits and the payment of ¥2.0 billion in dividends.

As a result, cash and cash equivalents as of March 31, 2003 remained largely unchanged from a year ago at ¥15.4 billion.

(3) Outlook for Fiscal 2004

In regard to full-year projections, Koito expects economic conditions to remain uncertain, due to slowing U.S. and European economies, the reconstruction of post-war Iraq and the effects of SARS. The Japanese economy is also likely to face continued deflation.

In Japan, domestic automobile production is declining due to falling exports, and U.S. and European economies are likely to experience even more difficulties, judging from current economic conditions.

In the aircraft industry, aircraft production is expected to fall due to sharp declines in the demand for air travel worldwide.

Despite difficult conditions and mounting uncertainties, the Koito Group will work to expand orders, mainly for automotive lighting equipment, with the emphasis on overseas regions. At the same time, the company will push forward with far-reaching cost-cutting measures to enhance competitiveness, and improve operating results.

As a result of the above, the Koito Group forecasts consolidated net sales of ¥319.7 billion, recurring profit of ¥13.3 billion and net income of ¥5.6 billion for the fiscal year ending March 31, 2004.

Consolidated Balance Sheets

(\ millions)

At March 31

Item \ Period	Fiscal 2003 As of March 31, 2003	Fiscal 2002 As of March 31, 2002	YoY change
Assets			
Current assets:			
Cash and time deposits	11,670	10,567	1,103
Trade notes and accounts receivables	77,396	77,105	291
Marketable securities	19,674	21,430	△ 1,756
Inventories	19,906	19,943	△ 37
Deferred income taxes	5,069	5,501	△ 432
Other current assets	5,391	6,131	△ 740
Less: Allowance for doubtful accounts	△ 931	△ 1,112	181
Total current assets	138,177	139,565	△ 1,388
Fixed assets：			
Property, plant and equipment			
Buildings and structures	30,893	31,614	△ 721
Fixtures and transportation equipment	23,890	24,715	△ 825
Machinery, equipment and tools	11,558	12,818	△ 1,260
Land	11,448	12,891	△ 1,443
Construction in progress	2,814	2,638	176
Property, plant and equipment, net	80,605	84,678	△ 4,073
Intangible fixed assets	430	511	△ 81
Investments and other assets：			
Investment securities	59,716	59,038	678
Loans	1,455	1,969	△ 514
Deferred income taxes	5,116	3,727	1,389
Other investments	5,195	5,755	△ 560
Less: Allowance for doubtful accounts	△ 299	△ 150	△ 149
Total investments and other assets	71,184	70,341	843
Total fixed assets	152,220	155,531	△ 3,311
Total assets	290,397	295,097	△ 4,700

At March 31 (\ millions)

Item \ Period	Fiscal 2003 As of March 31, 2003	Fiscal 2002 As of March 31, 2002	YoY change
Liabilities			
Current liabilities:			
Notes and accounts payable-trade	55,544	55,576	△ 32
Short-term loans	27,660	25,613	2,047
Bonds due within one year	—	2,571	△ 2,571
Accrued expenses	13,794	13,758	36
Income taxes payable	2,802	1,436	1,366
Provisions for employees' bonuses	4,681	4,783	△ 102
Other current liabilities	7,031	8,486	△ 1,455
Total current liabilities	111,514	112,225	△ 711
Non-current liabilities:			
Bonds	3,000	3,000	—
Long-term debt	25,379	28,008	△ 2,629
Accrued retirement benefits	19,033	21,829	△ 2,796
Directors' and corporate auditors' accrued retirement benefits	1,441	1,265	176
Other non-current liabilities	1,066	793	273
Total non-current liabilities	49,920	54,898	△ 4,978
Total liabilities	161,435	167,123	△ 5,688
Minority interests	26,487	26,235	252
Shareholders' equity:			
Common stock	14,270	14,270	—
Additional paid-in capital	17,107	17,107	—
Retained earnings	68,782	64,373	4,409
Valuation adjustment on investment securities	4,892	6,719	△ 1,827
Translation adjustments	△ 1,809	4	△ 1,813
Treasury common stock, at cost	△ 768	△ 736	△ 32
Total shareholders' equity	102,475	101,738	737
Total liabilities, minority interests and shareholders' equity	290,397	295,097	△ 4,700

Consolidated Statements of Income

For the years ended March 31 (\ millions)

Item \ Period	Fiscal 2003	%	Fiscal 2002	%	YoY change	%
Net sales	311,133	100.0	301,141	100.0	9,992	3.3
Cost of sales	265,023	85.2	259,378	86.1	5,645	
Gross profit	46,110	14.8	41,762	13.9	4,348	
Selling, general and administrative expenses	32,953	10.6	31,982	10.7	971	
Operating income	13,157	4.2	9,779	3.2	3,378	34.5
Non-operating income	2,070		2,754		△ 684	
Interest income and dividends	(802)		(614)		(188)	
Equity in earnings of affiliates	(149)		(119)		(30)	
Other non-operating income	(1,119)		(2,021)		(△ 902)	
Non-operating expenses	2,230		2,285		△ 55	
Interest expenses and discounts	(827)		(1,075)		(△ 248)	
Other non-operating expenses	(1,402)		(1,209)		(193)	
Recurring profit	12,997	4.2	10,249	3.4	2,748	26.8
Extraordinary gains	5,553		132		5,421	
Extraordinary losses	5,784		4,089		1,695	
Income before income taxes	12,766	4.1	6,292	2.1	6,474	
Income taxes	5,503		5,136		367	
Income tax adjustment	△ 390		△ 2,619		2,229	
Total	5,113		2,516		2,597	
Minority interest in consolidated subsidiaries	△ 1,826		△ 991		△ 835	
Net income	5,826	1.9	2,784	0.9	3,042	109.3

Consolidated Statements of Retained Earnings At March 31

For the years ended March 31 (\ millions)

Item \ Period	Fiscal 2003	Fiscal 2002	YoY change
I Consolidated retained earnings at beginning of period	—	62,786	△ 62,786
II Increases in consolidated retained earnings	—	228	△ 228
Increase due to increase in number of affiliates accounted for by the equity method	(—)	(6)	(△ 6)
Increase due to changes in equity in consolidated subsidiaries	(—)	(222)	(△ 222)
III Appropriations	—	1,425	△ 1,425
Dividends	(—)	(1,281)	(△ 1,281)
Bonuses to directors and corporate auditors	(—)	(144)	(△ 144)
IV Net income	—	2,784	△ 2,784
V Consolidated retained earnings at end of period	—	64,373	△ 64,373
(Additional paid-in capital) I Additional paid-in capital at beginning of period Beginning balance	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	64,373	—	64,373
II Increase in retained earnings Net income	5,826	—	5,826
III Appropriations Dividends	1,277	—	1,277
Bonuses to directors and corporate auditors	140		140
IV Retained earnings at end of period	68,782	—	68,782

Consolidated Statements of Cash Flows

For the year ended March 31 (¥ millions)

	Fiscal 2003	Fiscal 2002
I. Cash flows from operating activities		
Income before income taxes	12,766	6,292
Depreciation	17,004	17,493
Equity in earnings of affiliated companies	△ 149	△ 119
Provision for allowance for doubtful accounts	56	△ 135
Provision for accrued retirement benefits	△ 2,759	2,236
Provision for reserve for bonuses	△ 102	△ 7
Interest and dividends received	△ 802	△ 614
Interest payments	827	1,075
Loss on sale and revaluation of marketable securities	1,588	960
Loss on revaluation of golf memberships	326	15
Loss on sale and disposal of property and equipment	192	429
Loss on revaluation of landholdings	1,290	-
Trade notes and accounts receivable	△ 791	1,992
Inventories	504	△ 1,538
Other receivables	400	1,441
Trade notes and accounts payable	988	△ 5,896
Accrued expenses and other current liabilities	748	△ 1,418
Directors' and corporate auditors' bonuses paid	△ 168	△ 164
Sub total	31,918	22,042
Interest and dividends received	802	614
Interest paid	△ 827	△ 1,075
Income taxes paid	△ 4,137	△ 7,972
Net cash provided by operating activities	27,756	13,609
II. Cash flows from investing activities		
Payments into time deposits	△ 2,619	△ 470
Proceeds from time deposits	2,148	1,059
Payments for purchase of marketable and investment securities	△ 32,146	△ 30,729
Proceeds from sale of marketable and investment securities	28,051	35,842
Payments for purchase of property and equipment	△ 18,682	△ 20,363
Proceeds from sale of property and equipment	397	635
Payments for new loans	△ 698	△ 134
Proceeds from loan repayments	1,211	36
Other payments relating to investments	189	1,069
Net cash used in investing activities	△ 22,149	△ 13,055
III. Cash flows from financing activities		
Increase (decrease) in short-term loans	3,697	△ 9,575
Increase in long-term debt	12,148	10,498
Repayment of long-term debt	△ 14,815	△ 5,535
Redemption of bonds	△ 2,518	–
Payment for eliminating employees' savings deposits	△ 1,772	–
Payments for repurchase of treasury stock	△ 33	△ 734
Dividends paid by parent company	△ 1,277	△ 1,281
Dividends paid to minority shareholders	△ 819	△ 709
Net cash used in financing activities	△ 5,389	△ 7,336
IV Effect of exchange rate changes on cash and cash equivalents	△ 173	275
V Change in cash and cash equivalents	45	△ 6,507
VI Cash and cash equivalents at beginning of year	15,449	21,956
VII Cash and cash equivalents at end of year	15,494	15,449

Significant Accounting Policies Used in Preparation of Consolidated Financial Statements

1. Scope of Consolidation
Number of consolidated subsidiaries: 21

2. Application of the Equity Method
Number of affiliates accounted for using the equity method: 3
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 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.
(Supplemental Information)
Following the enactment of the Defined-Benefit Corporate Pension Law, the Company obtained approval on December 16, 2002 from Japan's Ministry of Health, Labour and Welfare for exemption from future retirement benefit obligations with respect to the component managed by the Employees Welfare Annuity Fund.
The Company applied the transitional provisions described in paragraph 47-2 of the "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" (Accounting Committee Report No. 13 issued by the Japanese Institute of Certified Public Accountants) to the settlement of the substitutional component managed by the Employees Welfare Annuity Fund. On the date of approval by Japan's Ministry of Health, Labour and Welfare, the Company's pension plan assets were reduced by an amount equivalent to the retirement benefit obligations associated with this component.
The effect of this change on earnings is described in the subsequent note on retirement benefits.

(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.

(8) Accounting for treasury stock, the transfer of statutory reserves and other items
Effective from the fiscal year ended March 31, 2003, the Company has adopted new accounting standards for treasury stock and the transfer of statutory reserves in accordance with the "Accounting Standard for Treasury Stock and Transfer of Legal Reserves" (Financial Accounting Standard No.1.) The adoption of this accounting standard had no effect on earnings for the fiscal year under review.
Furthermore, beginning with the fiscal year under review the Company has presented the shareholders' equity section of the balance sheet and the consolidated statements of retained earnings in accordance with the amended guidelines for the preparation of consolidated financial statements.
The shareholders' equity section of the balance sheet for the end of the previous fiscal year has been revised in accordance with these guidelines.

(9) Accounting standard for earnings per share
Effective from the fiscal year ended March 31, 2003, the Company has adopted the "Accounting Standard for Earning per Share" (Financial Accounting Standard No.2) and the "Accounting Standard for Earning per Share" (Financial Accounting Standards Implementation Guidance No.4) issued by the Accounting Standards Board of Japan.
The adoption of these accounting standards had an immaterial effect on net income per share, net income per share (diluted) and shareholders' equity per share.

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 2003 As of March 31, 2003	Fiscal 2002 As of March 31, 2002
1. Cumulative depreciation of property, plant and equipment	141,174	137,960
2. Liabilities for guarantees	47	56

3. Accounting treatment for promissory notes maturing on the balance sheet date
As the Company's consolidated balance sheet dates at the end of the previous fiscal year fell on a bank holiday, promissory notes due on those dates were treated as having been settled on those dates, with details as follows.

(¥ millions)

	Fiscal 2003 As of March 31, 2003	Fiscal 2002 As of March 31, 2002
Notes receivable – trade	—	505
Notes payable – trade	—	1,734

4. Selling, general and administrative expenses

(¥ millions)

	Fiscal 2003	Fiscal 2002
(1) Selling expenses		
Freight expenses	1,918	1,881
Employee salaries	6,521	6,522
Packaging expenses	1,609	1,664
Transfer to allowance for bonuses	722	735
Transfer to allowance for retirement benefits	772	542
(2) General and administrative expenses		
Employee salaries	5,640	5,748
Fringe benefits expenses	1,351	1,078
Transfer to allowance for bonuses	419	475
Transfer to allowance for retirement benefits	495	485
Transfer to allowance for directors' and corporate auditors' retirement benefits	184	288

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

(¥ millions)

	Fiscal 2003 As of March 31, 2003	Fiscal 2002 As of March 31, 2002
Cash and deposits	11,670	10,567
Time deposits with maturities exceeding three months	△ 990	△ 519
Marketable securities redeemable within three months	4,814	5,401
Cash and cash equivalents	15,494	15,449

Segment Information

(1) Industry Segment Information

Fiscal year ended March 31, 2003 (¥ millions)

	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	240,627	49,832	20,673	311,133	—	311,133
(2) Inter-segment sales and transfers	44,150	2,170	2,996	49,318	(49,318)	—
Total	284,778	52,003	23,670	360,451	(49,318)	311,133
Operating expenses	272,845	49,219	23,563	345,628	(47,651)	297,976
Operating income	11,933	2,783	106	14,823	(1,666)	13,157
II. Assets, depreciation and capital expenditures						
Assets	150,219	59,131	52,414	261,764	28,633	290,397
Depreciation	15,116	1,005	831	16,953	51	17,004
Capital expenditures	17,481	616	408	18,506	—	18,506

Fiscal year ended March 31, 2002 (¥ 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	221,718	57,130	22,291	301,141	—	301,141
(2) Inter-segment sales and transfers	42,845	—	2,785	45,630	(45,630)	—
Total	264,563	57,130	25,077	346,771	(45,630)	301,141
Operating expenses	255,813	54,982	24,666	335,462	(44,101)	291,361
Operating income	8,750	2,148	410	11,309	(1,529)	9,779
II. Assets, depreciation and capital expenditures						
Assets	149,965	60,081	53,996	264,042	31,055	295,097
Depreciation	15,371	1,169	891	17,431	62	17,493
Capital expenditures	19,145	561	1,024	20,730	—	20,730

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, rear lamps, indicators, 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, air conditioning transportation, finance and insurance services.
3. Significant components of corporate and elimination of inter-segment items.

(¥ millions)

	Year ended March 31, 2003	Year ended March 31, 2002	Significant Items
Unallocated operating expenses in corporate and elimination of inter-segment items	2,782	2,632	Expenses related to the General Affairs Department of the parent company's head office

4. Assets at March 31, 2003 include ¥28,633 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, 2003 (¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
I. Sales and operating income							
Sales							
(1) Sales to outside customers	213,891	44,428	44,674	8,138	311,133	—	311,133
(2) Inter-segment sales and transfers	47,907	—	1,386	23	49,318	(49,318)	—
Total	261,799	44,428	46,061	8,162	360,451	(49,318)	311,133
Operating expenses	250,394	42,963	42,410	9,860	345,628	(47,651)	297,976
Operating income (loss)	11,404	1,465	3,651	△ 1,697	14,823	(1,666)	13,157
II . Assets	195,213	22,862	31,230	12,459	261,764	28,633	290,397

Fiscal year ended March 31, 2002 (¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
I. Sales and operating income							
Sales							
(1) Sales to outside customers	220,967	40,979	33,927	5,267	301,141	—	301,141
(2) Inter-segment sales and transfers	44,851	—	767	11	45,630	(45,630)	—
Total	265,818	40,979	34,695	5,278	346,771	(45,630)	301,141
Operating expenses	255,859	40,531	32,471	6,601	335,462	(44,101)	291,361
Operating income (loss)	9,959	448	2,223	△ 1,322	11,309	(1,529)	9,779
II. Assets	199,965	23,766	30,373	9,937	264,042	31,055	295,097

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, Korea, Thailand, India
   (3) Europe: United Kingdom, Czech Republic
3. Significant components of corporate and elimination of inter-segment items

(¥ millions)

	Year ended March 31, 2003	Year ended March 31, 2002	Significant Items
Unallocated operating expenses in corporate and elimination of inter-segment items	2,782	2,632	Expenses related to the General Affairs Department of the parent company's head office

(3) Overseas Sales

Fiscal year ended March 31, 2003 (¥ millions)

	North America	Asia	Europe	Total
I. Overseas sales	49,522	45,512	6,068	101,103
II. Consolidated sales				311,133
III. Overseas sales ratio (%)	15.9%	14.6%	2.0%	32.5%

Fiscal year ended March 31, 2002 (¥ millions)

	North America	Asia	Europe	Total
I. Overseas sales	45,827	34,106	3,366	83,300
II. Consolidated sales				301,141
III. Overseas sales ratio (%)	15.2%	11.3%	1.1%	27.7%

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, Korea, Thailand, India
   (3) Europe: United Kingdom, Czech Republic
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 end of the accounting period of consolidation

(¥ millions)

		Year ended March 31, 2003	Year ended March 31, 2002
Acquisition cost equivalents	Buildings	2,495	–
	Machinery and transportation equipment	1,378	1,563
	Tools and equipment	1,469	1,423
	Total	5,343	2,987
Accumulated depreciation equivalents	Buildings	13	–
	Machinery and transportation equipment	677	712
	Tools and equipment	1,003	811
	Total	1,694	1,524
Term-end balance equivalents	Buildings	2,482	–
	Machinery and transportation equipment	700	850
	Tools and equipment	466	612
	Total	3,649	1,462

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, 2003	Year ended March 31, 2002
Within one year	484	392
More than one year	3,164	1,070
Total	3,649	1,462

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, 2003	Year ended March 31, 2002
Lease charge payable	573	549
Depreciation equivalents	573	549

(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, 2003	Year Ended March 31, 2002
Outstanding lease commitments		
Within one year	314	449
More than one year	84	287
Total	398	736

Transactions with Related Parties

Year Ended March 31, 2003

(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 (%) (Note 1)	Relationship	Joint directors	Business relationship	Description of transactions	Volume 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;	74,113	Trade Receivables	10,051
								Purchase of materials	856	Trade payables	51

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 (%) (Note 1)	Relationship	Joint directors	Business relationship	Description of transactions	Volume 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	1,423	Trade payables	333
								Supply of materials	99	Trade receivables-Other	1
	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, 2003
Deferred tax assets	
Surplus in bonus reserve	1,720
Surplus in employees' retirement benefit reserve	4,407
Allowance for directors' and corporate auditors' retirement benefits	603
Excess accelerated depreciation	2,555
Loss on revaluation of investment securities	1,120
Loss on revaluation of land	516
Reserve for liability claims	977
Reserve for product warranties	180
Other	1,920
Total deferred tax assets	14,001
Deferred tax liabilities	
Reserve for reduction of asset costs	△ 555
Securities valuation differences	△ 3,261
Total deferred tax liabilities	△ 3,816
Net deferred tax assets	10,185

Marketable Securities

Fiscal 2003 (As of March 31,2003)

(1) Securities

Book value on consolidated financial statements. \6,325 million

Unrealized gains/losses included in included/charged to income in the current accounting period of consolidation. \4 million

(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	504	507	3
	(3) Others	5,287	5,313	26
	Subtotal	5,791	5,820	29
Securities with unrealized losses carried on consolidated balances sheets	(1) Japanese government bonds and municipal bonds	—	—	—
	(2) Corporate bonds	502	484	△ 18
	(3) Others	15,593	15,449	△ 144
	Subtotal	16,095	15,933	△ 162
Total		21,886	21,753	△ 133

(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	4,214	13,238	9,024
	(2) Bonds			
	① Japanese government bonds, municipal bonds	—	—	—
	② Corporate bonds	1,099	1,102	3
	③ Other bonds	5,712	5,770	58
	(3) Other securities	3,397	3,444	47
	Subtotal	14,422	23,554	9,132
Securities with unrealized losses carried on consolidated balances sheets	(1) Equity securities	1,872	1,812	△ 60
	(2) Bonds			
	① Japanese government bonds, municipal bonds	—	—	—
	② Corporate bonds	1,000	996	△ 4
	③ Other bonds	18,829	18,247	△ 582
	(3) Other securities	1,303	1,113	△ 190
	Subtotal	23,004	22,168	△ 836
Total		37,426	45,722	8,296

Note: The Company booked an impairment loss of ¥1,606 million on other securities with market quotations whose market quotation on March 31, 2003 had fallen more than 50% below their acquisition cost.

(4) Other securities sold during fiscal 2003

Gains and loss on the sale of marketable securities are negligible.

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

Type of security	Book value	Remarks
(1) Bonds held to maturity		
Foreign bonds without market quotations	165	
(2) Other securities		
Equity securities without market quotations		
Non-listed securities		
(Excluding OTC registered securities)	938	
Investments	193	
Total	1,296	

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

Type of security	Less than 1 year	1-5 years	5-10 years	Over 10 years
1. Bonds				
(1) Japanese government bonds and municipal bonds	—	—	—	—
(2) Corporate bonds	2,603	503	—	—
(3) Other bonds	18,905	20,649	5,509	—
Other securities	1,800	805	1,951	—
Total	23,308	21,957	7,460	—

Fiscal 2002 (As of March 31,2002)

(1) Securities

Book value on consolidated financial statements. \7,313 million

Unrealized gains/losses included in income during the fiscal year. \0 million

(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	505	505	0
	(3) Others	1,997	1,998	1
	Subtotal	2,502	2,503	1
Securities with unrealized losses carried on consolidated balances sheets	(1) Japanese government bonds and municipal bonds	—	—	—
	(2) Corporate bonds	1,009	1,004	△ 5
	(3) Others	8,874	8,766	△ 108
	Subtotal	9,883	9,770	△ 113
Total		12,385	12,273	△ 112

(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	3,860	16,747	12,887
	(2) Bonds			
	① Japanese government bonds, municipal bonds	—	—	—
	② Corporate bonds	—	—	—
	③ Other bonds	1,998	2,008	10
	(3) Other securities	1,800	1,808	8
	Subtotal	7,658	20,563	12,905
Securities with unrealized losses carried on consolidated balances sheets	(1) Equity securities	2,982	2,289	△ 693
	(2) Bonds			
	① Japanese government bonds, municipal bonds	—	—	—
	② Corporate bonds	1,201	1,200	△ 1
	③ Other bonds	28,683	27,840	△ 843
	(3) Other securities	2,702	2,513	△ 189
	Subtotal	35,568	33,842	△ 1,726
Total		43,226	54,405	11,179

Note: The Company has booked an impairment loss of ¥1,036 million on other securities with market quotations whose fair value on March 31, 2002 had fallen more than 50% below the acquisition cost.

(4) Other securities sold during fiscal 2002 (4.1.2001 – 3.31.2002) Gains and losses on the sale of marketable securities are negligible.

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

Type of security	Book value	Remarks
(1) Bonds held to maturity		
Foreign bonds without market quotations	454	
Other bonds	90	
(2) Other securities		
Equity securities without market quotations (Excluding OTC registered securities)	876	
Investments	217	
Total	1,637	

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

Type of security	Less than 1 year	1-5 years	5-10 years	Over 10 years
1. Bonds				
(1) Japanese government bonds and municipal bonds	—	—	—	—
(2) Corporate bonds	1,154	2,014	—	—
(3) Other bonds	13,905	23,155	3,251	—
2. Other securities	2,305	594	1,918	—
Total	17,364	25,763	5,169	—

Derivative Transactions

For fiscal 2003 and fiscal 2002, the Company used derivative instruments, principally comprising foreign exchange forward contracts and interest swap transactions. Information is not disclosed since the company applies hedge accounting.

Retirement Benefits

1. Retirement benefit plan

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

The Company and its consolidated subsidiary KOITO INDUSTRIES, LTD. offer defined benefit plans that include an Employees' Welfare Insurance Pension Plan, Qualified Pension Plan and Lump-sum Retirement Benefit Plan. Other domestic consolidated subsidiaries offer a Qualified Retirement Pension Plan and Lump-sum Retirement Benefit Plan. Certain overseas subsidiaries offer Defined Contribution Plans.

On December 16, 2002 the Company received approval from Japan's Ministry of Health, Labour and Welfare for exemption from the future retirement benefit obligation with respect to the component managed by the Employees Welfare Annuity Fund.

2. Matters concerning retirement benefit obligations (\ millions)

	As of March 31, 2003	As of March 31, 2002
Retirement benefit obligations	△ 60,442	△ 80,987
Plan assets	29,803	53,333
Unfunded pension liabilities	△ 30,639	△ 27,654
Unrecognized net transition obligation	3,143	4,715
Unrecognized actuarial differences	8,463	1,109
Accrued retirement benefits on balance sheet	△ 19,033	△ 21,829
Allowance for retirement benefits	△ 19,033	△ 21,829

Notes: 1. Includes the component managed by Employees Welfare Annuity Fund.

The Company applied the transitional provisions described in paragraph 47-2 of the "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" (Accounting Committee Report No. 13 issued by the Japanese Institute of Certified Public Accountants) to the settlement of the substitutional component managed by the Employees Welfare Annuity Fund. On the date of approval by Japan's Ministry of Health, Labour and Welfare for exemption from the future retirement benefit obligation with respect to the component managed by the Employees Welfare Annuity Fund, the Company's pension plan assets were reduced by an amount equivalent to the retirement benefit obligations associated with this component.

As a result, the Company returned pension plan assets equivalent to an estimated ¥15,979 million as of March 31, 2003.

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

3. Matters concerning retirement benefit expenses (\ millions)

	Fiscal 2003	Fiscal 2002
Service cost	2,000	2,845
Interest cost	2,540	2,735
Expected return on plan assets	△ 1,448	△ 1,789
Amortization of transitional obligation	1,571	1,571
Actuarial loss	1,283	277
Net periodic cost	5,946	5,639
Gain on the return of substitutional component of Employees Welfare Annuity Fund	△ 5,336	–

Notes:

1. Excludes employees' contribution to Employees Welfare Annuity Fund.
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

《 For Reference Only 》

Non-Consolidated Earnings Report for Fiscal 2003 April 24, 2003

Company Name: KOITO MANUFACTURING CO., LTD.
Stock Listings: Tokyo Stock Exchange, Osaka Securities Exchange
Code Number: 7276
Head Office: 4-8-3, Takanawa, Minato-ku, Tokyo 108-8711
URL: http://www.koito.co.jp
Representative Director: Junsuke Kato, President
Inquiries: Masahiro Ohtake, Executive Senior Managing Director, (03) 3443-7111
Meeting of the Board of Directors for the Approval of Results: April 24, 2003
Interim Dividend System: Yes
Date of Regular General Shareholders' Meeting: June 27, 2003
Tangen Trading Unit System: Yes (1 *tangen* = 1,000 shares)

1. Results for Fiscal 2003 (April 1, 2002 – March 31, 2003)

(1) Results of Operations

(¥ millions)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2003	156,967	0.5%	5,195	18.4 %	7,981	17.5 %	5,894	65.6 %
Fiscal 2002	156,130	0.5%	4,388	△ 25.5%	6,791	△ 18.5%	3,560	△ 16.5%

	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 2003	¥36.93		6.7%	5.5%	5.1%
Fiscal 2002	¥22.23	—	4.1%	4.6%	4.3%

Notes: (1) Weighted-average number of shares outstanding in the FY ended March 2003: 159,617,961
FY ended March 2002: 160,207,316
(2) No changes in accounting methods were applicable to the above figures.
(3) The percentage figures accompanying net sales, operating profit, recurring profit and net income represent year-on-year changes.

(2) Dividends (April 1, 2002 – March 31, 2003)

	Dividend per share			Dividend paid (anuual) (¥ millions)	Payout ratio	Ratio of dividends to shareholders' equity
		Interim	Year-end			
Fiscal 2003	¥10.00	¥4.00	¥6.00	1,596	27.1%	1.8%
Fiscal 2002	¥ 8.00	¥4.00	¥4.00	1,277	35.9%	1.5%

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, 2003	144,925	89,302	61.6%	559.51
March 31, 2002	145,289	86,569	59.6%	542.33

Notes:
①Number of shares outstanding: March 31, 2003: 159,608,183
March 31, 2002: 159,625,197
②Number of treasury shares: March 31, 2003: 1,181,253
March 31, 2002: 1,164,239

2. Outlook for Fiscal 2004 (April 1, 2003 – March 31, 2004)

	Net sales (¥ millions)	Recurring profit (¥ millions)	Net income (¥ millions)	Annual dividend per share (¥)		
				Interim	Year-end	
Interim	75,600	3,100	1,800	5.00	—	—
Entire year	159,400	7,400	4,300	—	5.00	10.00

Reference – Predicted net income per share for the entire year: ¥26.94

*Figures less than 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 2003 As of March 31, 2003	Fiscal 2002 As of March 31, 2002	YoY Change
Assets			
Current assets:			
Cash and time deposits	1,609	1,807	△ 198
Notes receivable	970	1,387	△ 417
Accounts receivable–trade	28,367	28,025	342
Marketable securities	9,667	12,118	△ 2,451
Finished and semi-finished products	3,663	3,669	△ 6
Work in progress	789	902	△ 113
Raw materials and supplies	1,673	1,580	93
Accrued income	1,324	1,542	△ 218
Deferred income taxes	2,198	1,769	429
Other current assets	304	317	△ 13
Less: Allowance for doubtful accounts	△ 136	△ 139	3
Total current assets	50,432	52,980	△ 2,548
Fixed assets:			
Property, plant and equipment			
Buildings	12,577	13,542	△ 965
Structures	954	1,014	△ 60
Machinery	4,864	5,234	△ 370
Vehicles	259	251	8
Tools and equipment	6,552	6,569	△ 17
Land	5,063	6,293	△ 1,230
Construction in progress	25	11	14
Property, plant and equipment, net	30,297	32,917	△ 2,620
Intangible fixed assets	164	203	△ 39
Investments and other assets:			
Investment securities	38,811	34,035	4,776
Subsidiary stock	20,307	20,307	—
Deferred income taxes	2,160	1,673	487
Other investments	3,034	3,306	△ 272
Less: Allowance for doubtful accounts	△ 283	△ 134	△ 149
Total	64,030	59,188	4,842
Total fixed assets	94,492	92,308	2,184
Total assets	144,925	145,289	△ 364

At March 31

(¥ millions)

Item \ Period	Fiscal 2003 As of March 31, 2003	Fiscal 2002 As of March 31, 2002	YoY Change
Liabilities			
Current liabilities:			
Notes and accounts payable–trade	27,325	27,182	143
Payables	1,929	1,802	127
Accrued expenses	8,389	8,288	101
Employees' savings deposits	—	1,360	△ 1,360
Provisions for employees' bonuses	3,250	3,240	10
Reserve for product warranties	450	–	450
Income taxes payable	2,066	963	1,103
Other current liabilities	693	545	148
Total current liabilities	44,104	43,381	723
Non-current liabilities:			
Reserve for retirement allowances	9,839	14,009	△ 4,170
Allowance for directors' and corporate auditors' retirement benefits	877	776	101
Reserve for losses on overseas investments	800	550	250
Others	2	2	—
Total non-current liabilities	11,518	15,337	△ 3,819
Total liabilities	55,622	58,719	△ 3,097
Shareholders' equity:			
Common stock	14,270	14,270	—
Legal reserves			
Additional paid-in capital	17,107	17,107	—
Retained earnings			
Profit reserve	3,567	3,567	—
Repurchased assets reduction reserve	833	851	△ 18
General reserve	42,500	40,300	2,200
Unappropriated retained earnings	6,713	4,390	2,323
(Net income)	(5,894)	(3,560)	(2,334)
Total retained earnings	53,615	49,110	4,505
Securities valuation adjustment.	5,051	6,816	△ 1,765
Treasury stock	△ 743	△ 736	△ 7
Total shareholders' equity	89,302	86,569	2,733
Total liabilities and shareholders' equity	144,925	145,289	△ 364

Non-Consolidated Statements of Income

For the year ended March 31 (¥ millions, rounded down)

Item \ Period	Fiscal 2003	%	Fiscal 2002	%	YoY Change	%
(Recurring items)						
Income from operations						
Operating revenues						
Net sales	156,967	100.0	156,130	100.0	837	0.5
Operating expenses						
Cost of sales	134,706	85.8	134,967	86.4	△ 261	
Selling, general and administrative expenses	17,066	10.9	16,775	10.8	291	
Operating income	5,195	3.3	4,388	2.8	807	18.4
Non-operating income						
Non-operating income	2,869		2,506		363	
Interest and dividend income	(1,259)		(959)		(300)	
Other	(1,609)		(1,546)		(63)	
Non-operating expenses	83		102		△ 19	
Interest expenses	(5)		(6)		(△ 1)	
Other	(77)		(95)		(△ 18)	
Recurring profit	7,981	5.1	6,791	4.3	1,190	17.5
Extraordinary gains/losses						
Extraordinary gains	5,483		62		5,421	
Gains on return of substitutional component of Employees Welfare Annuity Fund	(5,336)		(–)		(5,336)	
Gains on sales of investment securities	(—)		(62)		(△ 62)	
Gains on sales of property, plant and equipment	(147)		(–)		(147)	
Extraordinary losses	3,640		921		2,719	
Revaluation of investment securities	(1,250)		(775)		(475)	
Revaluation of golf club memberships	(326)		(–)		(326)	
Loss on revaluation of landholdings	(1,290)		(–)		(1,290)	
Provision to reserve for product warranties	(450		(–		(450	
Provision to reserve for losses on overseas investments	(250)		(–)		(250)	
Losses on sales and disposal of property, plant and equipment	(73)		(146)		(△ 73)	
Income before income taxes	9,825	6.3	5,933	3.8	3,892	65.6
Income taxes-current	3,670		3,750		△ 80	
Income taxes-deferred	259		△ 1,378		1,637	
Total income taxes	3,930		2,372		1,558	
Net income	5,894	3.8	3,560	2.3	2,334	65.6
Retained earnings b/fwd	1,457		1,468		△ 11	
Interim dividend	638		638		0	
Unappropriated retained earnings	6,713		4,390		2,323	

Non-Consolidated Statements of Appropriation

For the years ended March 31 (¥ millions)

Item \ Period	Fiscal 2003	Fiscal 2002
Unappropriated retained earnings	6,713	4,390
Withdrawal from reserve for reduction of asset costs	13	17
Total	6,726	4,408
To be appropriated as follows:		
Dividends	957	638
	・¥6 / common share	・¥4 / common share
Bonuses to directors and corporate auditors	140	113
(corporate auditors)	(13)	(13)
Reserve for reduction of asset costs	117	–
General reserve	4,000	2,200
Retained earnings carried forward	1,511	1,457

Note: The Company declared an interim dividend of ¥4 per share (Dividend amount: ¥638 million) on December 9, 2002.

Breakdown of Non-Consolidated Net Sales

For the year ended March 31 (¥ millions)

	Fiscal 2003		Fiscal 2002		YoY Change	
		%		%		%
Automobile Lighting Equipment	149,328	95.1	147,490	94.5	1,838	1.2
Aircraft Lights	2,993	1.9	3,097	2.0	△ 104	△ 3.4
Others	4,645	3.0	5,542	3.5	△ 897	△ 16.2
Total	156,967	100.0	156,130	100.0	837	0.5
(Proportion accounted for by exports)	(12,125)	(7.7)	(11,002)	(7.0)	(1,123)	(10.2)

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 weighted-average method
(2) Raw materials and supplies	Sated 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 is 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.

(Supplemental Information)

Following the enactment of the Defined-Benefit Corporate Pension Law, the Company obtained approval on December 16, 2002 from Japan's Ministry of Health, Labour and Welfare for exemption from future retirement benefit obligations with respect to the component managed by the Employees Welfare Annuity Fund.

The Company applied the transitional provisions described in paragraph 47-2 of the "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" (Accounting Committee Report No. 13 issued by the Japanese Institute of Certified Public Accountants) to the settlement of the substitutional component managed by the Employees Welfare Annuity Fund. On the date of approval by Japan's Ministry of Health, Labour and Welfare, the Company's pension plan assets were reduced by an amount equivalent to the retirement benefit obligations associated with this component.

As a result of this change, the Company posted an extraordinary gain of ¥5,336 million and returned pension plan assets equivalent to ¥15,979 million on March 31, 2003.

(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 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.

10. Accounting for treasury stock, the transfer of statutory reserves and other items

Effective from the fiscal year ended March 31, 2003, the Company has adopted new accounting standards for treasury stock and the transfer of statutory reserves in accordance with the "Accounting Standard for Treasury Stock and Transfer of Legal Reserves" (Financial Accounting Standard No.1.) The adoption of this accounting standard had no effect on earnings for the fiscal year under review.

Furthermore, beginning with the fiscal year under review the Company has presented the shareholders' equity section of the balance sheet and the consolidated statements of retained earnings in accordance with the amended guidelines for the preparation of consolidated financial statements.
The shareholders' equity section of the balance sheet for the end of the previous fiscal year has been revised in accordance with these guidelines.

11. Accounting standard for earnings per share

Effective from the fiscal year ended March 31, 2003, the Company has adopted the "Accounting Standard for Earning per Share" (Financial Accounting Standard No.2) and the "Accounting Standard for Earning per Share" (Financial Accounting Standards Implementation Guidance No.4) issued by the Accounting Standards Board of Japan.

The adoption of these accounting standards had an immaterial effect on net income per share, net income per share (diluted) and shareholders' equity per share.

Notes

(¥ millions)

	Year ended March 31, 2003	Year ended March 31, 2002
1. Cumulative depreciation of property, plant and equipment	94,827	93,382
2. Guarantees	13,844	5,031

3. Accounting treatment for promissory notes maturing at the end of the full-year accounting period
As the Company's balance date at the end of the previous full-year fell on a bank holiday, promissory notes due on this date were treated as having been settled on this date, with details as follows

(¥ millions)

	As of March 31, 2003	As of March 31, 2002
Notes receivable – trade	—	227

4. Selling, general and administrative expenses

(¥ millions)

	Year Ended March 31, 2003	Year Ended March 31, 2002
(1)Selling expenses		
Freight expenses	3,315	3,225
Employee salaries	2,496	2,421
Packaging expenses	1,398	1,345
Transfer to allowance for bonuses	351	340
Retirement benefit expenses	271	227
(2)General and administrative expenses		
Employee salaries	2,413	2,743
Fringe benefits expenses	886	684
Transfer to allowance for bonuses	315	364
Transfer to allowance for retirement benefits	281	284
Research expenses	135	231
Transfer to allowance for directors' and corporate auditors' retirement benefits	100	97

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, 2003	Year ended March 31, 2002
Acquisition cost equivalents	Machinery and transportation equipment	459	459
	Tools and equipment	288	226
	Total	747	686
Accumulated depreciation equivalents	Machinery and transportation equipment	153	102
	Tools and equipment	172	107
	Total	325	209
Balance equivalents	Machinery and transportation equipment	306	357
	Tools and equipment	115	119
	Total	421	476

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, 2003	Year ended March 31, 2002
Within one year	101	101
More than one year	320	374
Total	421	476

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, 2003	Year ended March 31, 2002
Lease charge payable	116	101
Depreciation equivalents	116	101

(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, 2003
Shares held by subsidiaries and affiliated companies with market quotations

(¥ millions)

	Book Value	Market value	Gain (loss)
1. Subsidiaries	7,370	6,196	△ 1,174
2. Affiliated companies	1,332	2,708	1,376
Total	8,702	8,904	202

As of March 31, 2002
Shares held by subsidiaries and affiliated companies with market quotations

(¥ millions)

	Book Value	Market value	Gain (loss)
1. Subsidiary companies	7,370	5,864	△ 1,506
2. Affiliated companies	1,332	1,274	△ 58
Total	8,702	7,138	△ 1,564

Deferred Tax Accounting

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

	Current accounting period of consolidation (as of March 31, 2003)
Deferred tax assets	
Surplus in bonus reserve	1,107
Surplus in employees' retirement benefit reserve	1,357
Officers' retirement benefit reserve	368
Excess accelerated depreciation	2,396
Reserve for losses on overseas investments	320
Loss on revaluation of investment securities	945
Loss on revaluation of land	516
Reserve for liability claims	777
Reserve for product warranties	180
Other	310
Total deferred tax assets	8,281
Deferred tax liabilities	
Reserve for reduction of asset costs	△ 555
Securities valuation differences	△ 3,367
Total deferred tax liabilities	△ 3,922
Net deferred tax assets	4,359

Changes in Directors and Corporate Auditors Scheduled for June 27, 2003

1. Changes in Representative Directors

Name:	Junsuke Kato
Position Nominated:	Chairman
Current Position:	President
Name:	Takashi Ohtake
Position Nominated:	President
Current Position:	Executive Vice President
Name:	Toyofumi Nakagawa
Position Nominated:	Executive Vice President
Current Position:	Executive Senior Managing Director

2. Other Changes in Directors

(1) Nominees for Directors

Name:	Shojiro Inagaki
Position Nominated:	Director
Current Position:	General Manager, Management Planning Department
Name:	Youhei Kawaguchi
Position Nominated:	Director
Current Position:	General Manager, Purchasing Department
Name:	Hiroshi Mihara
Position Nominated:	Director
Current Position:	General Manager, Euro-American Operations.

(2) Directors Scheduled to Retire

Name:	Iwao Okijima
Position:	Chairman
Name:	Koichi Katase
Position:	Executive Managing Director （Scheduled to assume President of THAI KOITO COMPANY LIMITED）
Name:	Shigeo Mine
Position:	Director

(3) Nominees for Promotion

Name:	Shuichi Goto
Position Nominated:	Executive Senior Managing Director
Current Position:	Executive Managing Director
Name:	Mizuo Yamamuro
Position Nominated:	Executive Managing Director
Current Position:	Director
Name:	Isao Sano
Position Nominated:	Executive Managing Director
Current Position:	Director