《 For Reference Only 》

Consolidated Earnings Report for Fiscal 2001　May 14, 2001

Company Name: KOITO MANUFACTURING CO., LTD.
Stock Listings: Tokyo Stock Exchange, Osaka Securities Exchange
Code Number: 7276
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Meeting of the Board of Directors for the Approval of Results: May 14, 2001
Parent Company Name:
Code Number:
Parent Company Stake:
Application of FASB standards: No　(Rounded down to million yen)

1. Consolidated Results of Operations for Fiscal 2001 (April 1, 2000 – March 31, 2001)

(1) Consolidated Business Results (¥ millions)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2001	297,280	6.5%	10,991	18.3%	11,497	37.0%	3,072	△10.0%
Fiscal 2000	279,034	1.1%	9,288	△9.0%	8,393	△18.5%	3,412	△11.3%

	Net income per share	Net income per share (diluted)	Return on equity	Recurring profit to total capital ratio	Recurring profit ratio
Fiscal 2001	¥19.11	—	3.1%	4.0%	3.9%
Fiscal 2000	¥21.23	—	3.7%	3.1%	3.0%

Notes:
① Returns on investments under the equity method:　Fiscal 2001: ¥6 million　Fiscal 2000: ¥8 million
② Weighted average number of shares outstanding (consolidated) in the FY ended March 2001: 160,789,163
FY ended March 2000: 160,789,112
③ No changes in accounting standards were applicable to the above figures
④ The percentage figures accompanying net sales, operating profit, recurring profit and net income represent year on year change.

(2) Consolidated Financial Situation

	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
Fiscal 2001	306,084	102,532	33.5	637.68
Fiscal 2000	275,063	92,848	33.8	577.45

Note : Number of shares outstanding (consolidated): as of March 2001: 160,788,941; as of March 2000: 160,789,386

(3) Consolidated Cash flow Situation

	Operating activities	Investing activities	Financial activities	End of year cash and cash equivalents
Fiscal 2001	28,046	△34,575	7,850	21,956
Fiscal 2000	21,655	△26,055	6,051	20,285

(4) Extent of Consolidation and Adoption of the Equity Method
Consolidated subsidiaries　21、Unconsolidated subsidiaries accounted for by the equity method　0、
Affiliates accounted for by the equity method　2

(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 2002 (April 1, 2001 - March 31, 2002)　(¥ millions)

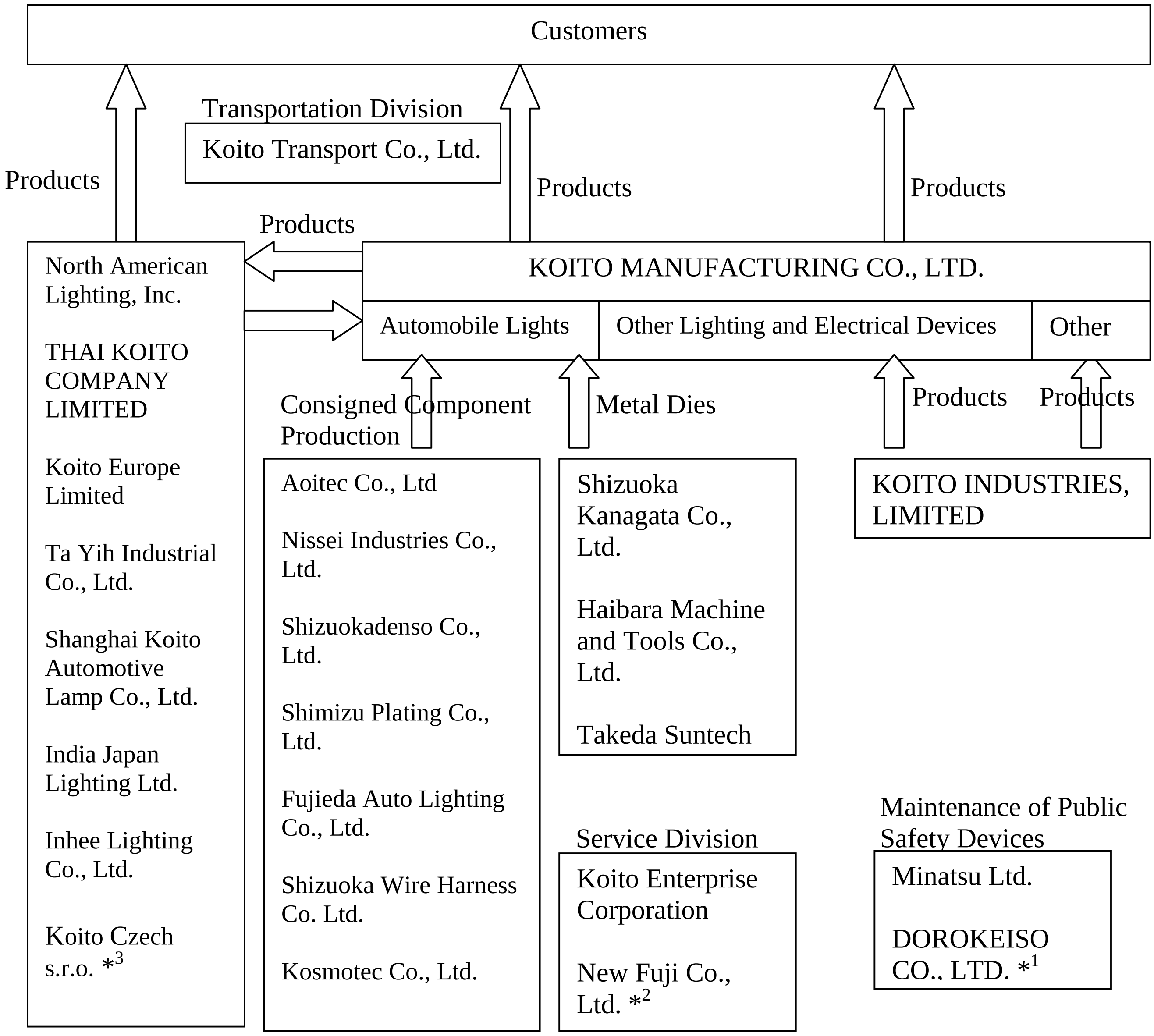
	Net sales	Recurring profit	Net income
Interim	136,300	3,700	1,530
Entire year	312,600	12,200	5,200

Reference – Predicted net income per share for the entire year: ¥32.34

Structure of the Koito Group

The Koito Group is composed of KOITO MANUFACTURING CO., LTD., its 21 subsidiaries and 3 affiliates.
It manufactures and retails automobile lights, components for airplanes, trains and railways, a wide variety of electrical devices and measuring equipment. It is also involved in related financial and distribution operations.

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



Note:
Companies not marked are consolidated subsidiaries
*1 Affiliate accounted for by the equity method
*2 Affiliate not accounted for by the equity method
*3 Established: March 2001

Management Policies

(1) Fundamental Management Policies

Koito Group caters to its customers' need for light. Through doing so, it contributes to the progress of society, while working to create mutually beneficial relationships with customers, shareholders, employees and related companies. These are the aims of its fundamental management policies.

Koito Group is also well aware of the importance of environmental issues. Its basic environmental policies emphasize the taking of initiative and the setting of examples in environmental preservation. Its manufacturing processes and techniques are developed accordingly.

(2) Fundamental Policies Regarding Distribution of Profits

Koito Group takes the payment of a stable dividend to its shareholders to be one of its most important responsibilities. It calculates this dividend with the utmost care, taking into consideration all pertinent aspects of results and the operating environment. The Group considers it essential to maintain a corporate structure flexible enough to react appropriately to future changes in the market. Accordingly, Koito intends to commit its retained earnings to those areas which will improve results and allow it to live up to its shareholders' expectations in the future. These include the expansion of its operating activities, the development of new technology and new products, the streamlining of operations and cost reductions.

In December 2000, Koito set the interim dividend at ¥4 per share. Koito plans to set the year-end dividend for the period under review at ¥4 per share.

(3) Medium- and Long-Term Management Strategies

As a maker of automobile lights and electrical devices, Koito Group aims to create new value for customers. It delivers both the technology and the trust that customers need, based on the concept of "light for safety." Current developments aimed at the Group's further expansion include:

① The expansion of overseas manufacturing facilities and the strengthening of overseas production systems to keep up with the expansion of car manufacturers' international operations and global procurement systems.
This will be accompanied by the establishment of a 4 base global network within the Koito Group, each part supporting the activities of the others.

② Timely and appropriate response in ITS-related and other fields, where growth is expected in the future. Also, the development of leading-edge technologies that anticipate customer and market needs, as well as the speedy commercialization of attractive products based on those technologies.

③ The reform of Koito's corporate structure through the optimal allocation and use of management resources, aimed at creating a new profit structure.

④ The heightening of the trust placed in Koito through insistence on the highest levels of product quality and efforts toward environmental preservation.
These four undertakings are representative of Koito's commitment to providing satisfaction to shareholders, customers, employees and business partners, while playing its part in the conservation of the environment.

Results of Operations

(1) Outline of Fiscal 2001
In the first half of the fiscal year, the economy began to show signs of recovery as capital investment increased and corporate earnings began to burgeon. The second half, however, which saw a downturn in exports as the U.S. economy began to lose steam, falling stock prices and further depreciation of the yen, left the economy in a stalemate. Overseas, European and Asian economies experienced a slowdown in growth as a once-mighty U.S. economy began to be haunted by the specter of a recession.

The domestic car industry outperformed the previous year, posting a 1.2% increase in the total number of automobiles manufactured to 10.04 million. This was due to the launch of new vehicles and model changes.

Within this operating environment, consolidated net sales, after eliminating intersegment sales, increased 6.5% year on year to ¥297.2 billion.

Results by segment are outlined below.
Automobile Lights
Efforts were made in this sector to boost product development to win more orders. Koito designed bigger, more functional headlamps, and developed a two lamp system for high intensity, high-priced discharge headlamps for use in mini-vehicles. Koito drove market growth with the ratio of new cars equipped with these items increasing significantly. As a result, net sales increased 8.0% year on year to ¥261.8 billion.
Other Lighting and Electrical Devices
In railroad car equipment, with the exception of shinkansen-related components, demand for train and railway components was slack. However, other operating divisions, such as lighting and information systems and traffic systems posted steady sales. As a result, net sales increased 2.4% year on year to ¥60.6 billion.
Other
In other operations, washlet toilets in housing accessories and environmental control systems in environmental systems recorded solid sales. However, in the airplane components division, export demand for pneumatic equipment such as filters, and airplane seats decreased. Overall, net sales were largely unchanged year on year at ¥24.0 billion.

On the earnings front, recurring profit climbed 37.0% to ¥11.4 billion on higher sales as well as other factors. Those factors included aggressive measures aimed at streamlining and achieving low-cost operations such as reducing fixed costs and shortening the product development cycle. Net income, however, decreased 10.0% year on year to ¥3.0 billion. This result reflected a ¥2.5 billion charge for writing off the pension-funding shortfall under extraordinary losses. In addition, overseas subsidiary North American Lighting, Inc. booked a one-time write-off of ¥2.3 billion for prior-year development expenses due to a change in accounting standards following a directive from the FASB (Financial Accounting Standards Board) regarding the treatment of design-related development expenses in the automobile industry.

(2) Outlook for Fiscal 2002
The outlook for the Japanese economy is for a virtual standstill in economic activity due to falling exports and sluggish consumer spending. The U.S., Europe and Asian economies, as well, appear headed for recession.

In the automobile industry, domestic sales are expected to remain healthy. However, domestic automobile production is forecast to once again dip below the 10 million mark due to an expected decline in exports as overseas economies lose momentum.

Koito Group plans to stay on top of these economic conditions by honing its R&D skills and developing cutting-edge technology. At the same time, Koito will renew its commitment to bolstering the company's product line and further streamlining its operations by shortening the product development cycle and reducing costs. These efforts will sharpen the Group's competitive edge in an otherwise harsh economic climate. A 4 base global structure capable of meeting the continuing worldwide demand for Koito Group's products is in its final stages of completion with construction now underway of two new overseas facilities. Construction of Koito Czech s.r.o., established in March 2001, is currently under progress. And a new technology center at Shanghai Koito Automotive Lamp Co., Ltd. in China is slated for completion this fall.

Consolidated predictions for fiscal 2002 are as follows:
Net sales: ¥312.6 billion
Recurring profit: ¥12.2 billion
Net income: ¥5.2 billion

Consolidated Balance Sheets

At March 31 (\ millions , rounded down)

Item \ Period	Fiscal 2001	Fiscal 2000	YoY change
Assets			
Current assets:			
Cash and time deposits	12,916	13,889	△ 973
Notes and accounts receivables-trade	78,961	72,305	6,656
Marketable securities	24,392	39,262	△ 14,870
Inventories	18,306	18,004	302
Other current assets	7,358	9,393	△ 2,035
Deferred income taxes	3,736	1,367	2,369
Less: Allowance for doubtful receivables	△ 1,181	△ 1,237	56
Total current assets	144,490	152,983	△ 8,493
Fixed assets:			
Property, plant and equipment			
Buildings and structures	31,055	31,539	△ 484
Fixtures and transportation equipment	22,734	19,700	3,034
Machinery, equipment and tools	11,065	10,209	856
Land	13,392	13,099	293
Construction in progress	4,060	2,259	1,801
Property, plant and equipment, net	82,309	76,808	5,501
Intangible fixed assets	647	1,124	△ 477
Other investments:			
Investment securities	69,924	22,799	47,125
Long-term loans	1,871	7,928	△ 6,057
Other investments	184	5,224	△ 5,040
Deferred income taxes	6,788	4,894	1,894
Less: Allowance for doubtful receivable	△ 132	△ 22	△ 110
Total investments and other assets	78,637	40,824	37,813
Total fixed assets	161,594	118,757	42,837
Translation adjustments	—	3,322	△ 3,322
Total assets	306,084	275,063	31,021

At March 31 (\ millions， rounded down)

Item / Period	Fiscal 2001	Fiscal 2000	YoY change
LIABILITIES			
Current liabilities：			
Notes and account payable-trade	60,952	57,392	3,560
Short-term loans	34,732	15,968	18,764
Accrued expenses	13,920	14,457	△ 537
Income taxes payable	4,284	1,812	2,472
Provisions for Employees' Bonuses	4,790	4,633	157
Other current liabilities	9,086	7,659	1,427
Total current liabilities	127,766	101,923	25,843
Non-current liabilities：			
Bond and convertible bond	5,565	5,522	43
Long-term debt	22,359	32,560	△ 10,201
Officers' retirement benefit reserve	1,498	1,327	171
Severance allowance reserve	—	12,738	△ 12,738
Retirement benefit reserve	19,388	—	19,388
Other non-current liabilities	941	2,185	△ 1,244
Total non-current liabilities	49,753	54,333	△ 4,580
Total liabilities	177,520	156,256	21,264
Minority interests	26,031	25,958	73
Shareholders' equity：			
Common stock	14,270	14,270	—
Additional paid-in capital	17,107	17,107	—
Retained earnings	62,786	61,469	1,317
Securities valuation differences	9,454	—	9,454
Foreign exchange translation adjustment account	△ 1,088	—	△ 1,088
Total	102,532	92,848	9,684
Treasury stock	△ 0	△ 0	0
Subsidiary stake in parent company	—	—	—
Total shareholders' equity	102,532	92,848	9,684
Total liabilities and shareholders' equity	306,084	275,063	31,021

Consolidated Statements of Income

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

Item / Period	Fiscal 2001	%	Fiscal 2000	%	YoY change	%
Net sales	297,280	100.0	279,034	100.0	18,246	6.5
Cost of sales	253,840	85.4	237,701	85.2	16,139	
Gross profit	43,440	14.6	41,332	14.8	2,108	
Selling, general and administrative expenses	32,449	10.9	32,044	11.5	405	
Operating income	10,991	3.7	9,288	3.3	1,703	18.3
Non-operating income	2,544		2,628		△ 84	
Interest income and dividend	(825)		(1,016)		(△ 191)	
Income from affiliates (under equity method)	(6)		(8)		(△ 2)	
Other non-operating income	(1,713)		(1,604)		(109)	
Non-operating expenses	2,038		3,523		△ 1,485	
Interest expenses and discounts	(931)		(1,267)		(△ 336)	
Other non-operating expenses	(1,107)		(2,255)		(△ 1,148)	
Recurring profit	11,497	3.9	8,393	3.0	3,104	37.0
Extraordinary gains	355		260		95	
Extraordinary losses	5,662		1,312		4,350	
Income before income taxes	6,190	2.1	7,341	2.6	△ 1,151	
Income taxes	3,280		3,770		△ 490	
Income tax adjustment	△ 804		△ 772		△ 32	
Total	2,476		2,997		△ 521	
Minority interest in consolidated subsidiaries	△ 642		△ 931		289	
Net income	3,072	1.0	3,412	1.2	△ 340	△ 10.0

Consolidated Statements of Retained Earnings At March 31

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

Item / Period	Fiscal 2001	Fiscal 2000
Consolidated retained earnings at beginning of period	61,469	58,912
Adjustment for adoption of tax-effect accounting	—	568
Decreases in consolidated retained earnings	1,755	1,424
Dividend	1,607	1,286
Bonuses to directors and corporate auditors	147	138
Net income	3,072	3,412
Ending balance	62,786	61,469

Consolidated Statements of Cash Flows

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

	Fiscal 2001	Fiscal 2000
I. Cash flows from operating activities		
Income before income taxes	6,190	7,341
Depreciation	17,513	17,366
Minority interests in consolidated subsidiaries	△ 6	△ 8
Provided for allowance for doubtful accounts	△ 97	576
Provided for accrued severance indemnities	6,750	△ 473
Provided for reserve for bonuses	135	△ 721
Interest and dividends received	△ 825	△ 1,016
Interest payments	931	1,906
Loss on sale and revaluation of marketable securities	176	88
Loss on sale and disposal of property and equipment	317	52
Notes and accounts receivable—trade	△ 5,488	△ 1,160
Inventories	273	84
Other receivables	3,706	452
Notes and accounts payable—trade	2,692	3,214
Accrued expenses and other liabilities	△ 671	△ 395
Directors' bonuses paid	△ 170	△ 167
Sub total	31,426	27,142
Interest and dividends received	825	1,016
Interest payments	△ 931	△ 1,906
Income taxes	△ 3,274	△ 4,596
Net cash provided by operating activities	28,046	21,655
II. Cash flows from investing activities		
Payments into time deposits	△ 1,108	△ 3,909
Proceeds from time deposits	1,213	4,365
Payments for purchase of marketable securities	△ 54,242	△ 38,728
Proceeds from sale of marketable securities	55,705	38,709
Payments for purchase of property and equipment	△ 20,350	△ 15,220
Proceeds from sale of property and equipment	1,068	571
Payments for purchase of investment securities	△ 17,035	△ 7,435
Proceeds from sale of investment securities	2,354	736
Payments for new loans	△ 807	△ 5,243
Proceeds from loan repayments	258	1,346
Other payments relating to investments	△ 1,631	△ 1,245
Net cash used in investing activities	△ 34,575	△ 26,055
III. Cash flows from financing activities		
Increase (decrease) in short-term loans	5,163	△ 698
Increase in long-term debt	14,233	12,734
Repayment of long-term debt	△ 9,427	△ 793
Issuance of bonds	—	5,543
Repayment of bonds	—	△ 10,000
Payments from minority shareholders	—	1,471
Dividends paid by parent company	△ 1,607	△ 1,286
Dividends paid to minority shareholders	△ 512	△ 919
Net cash provided by (used in) investing activities	7,850	6,051
IV. Effect of exchange rate changes on cash and cash equivalents	350	△ 292
V . Change in cash and cash equivalents	1,671	1,358
VI. Cash and cash equivalents at beginning of year	20,285	18,926
VII. Cash and cash equivalents at end of year	21,956	20,285

Basis of Presentation of Consolidated Financial Statements

1. Matters concerning scope of consolidation

Consolidated subsidiaries: 21 (Koito Czech s.r.o. was established in March 2001)

2. Matters concerning treatment under the equity method of accounting

Non-consolidated subsidiaries treated by the equity method of accounting: 2

One non-consolidated subsidiary, New Fuji Co., Ltd., was excluded from treatment under the equity method of accounting since it has no material impact on consolidated net profit and consolidated retained earnings and its results are not material from the standpoint of overall operations.

3. Matters concerning financial years of consolidated subsidiaries

The fiscal year end of consolidated subsidiaries Koito Industries Ltd., Koito Transport Co., Ltd., Minatsu, Ltd. and India Japan Lighting Ltd. is March 31, the same as for the parent company. Consolidated accounts cover 16 consolidated subsidiaries, including Aoitech Co., Ltd., which use a fiscal year-end other than March 31. The accounts of these subsidiaries were adjusted to reflect the financial position and results of operations as of the end of March.

4. Matters Concerning Significant Accounting Practices

(1) Standards and methods for valuing negotiable securities

Securities available for sale: valued at cost, cost being determined mainly by the moving average method Bonds held to maturity: amortized cost method (straight-line method)

Other securities: Securities with market quotations : valued at market on balance sheet date. (Valuation differences are capitalized. Cost is determined by the moving average method).

Securities without market quotations : valued at cost, cost being determined by the moving average method.

(2) Derivatives: valued at market.

(3) Money trusts for trading purposes: valued at market.

(4) Inventories

The Company and its domestic subsidiaries value products, semi-finished products and work in process by the cost method, cost being determined by the weighted average method, and raw materials and supplies by the moving average method. Overseas subsidiaries value inventories by the lower of cost or market method, cost being determined by the moving average method.

(5) Depreciation of material depreciable assets

Tangible fixed assets: the Company and its domestic subsidiaries calculate depreciation principally by the declining balance method, except for buildings and structures acquired after March 31, 1998, which are depreciated by the straight-line method. Assets held by overseas subsidiaries are depreciated in accordance with local accounting standards.

Intangible fixed assets: The Company and its domestic subsidiaries compute depreciation by the straight-line method. Assets held by overseas subsidiaries are depreciated in accordance with local accounting standards.

(6) Appropriation of major reserves

Reserve for doubtful receivables: the allowance for general receivables is based on past collection experience. The allowance for specific doubtful receivables is provided in amounts management considers sufficient to cover possible losses.

Bonus reserve: accrued employee bonuses are provided for the current fiscal year portion of the estimated payment of bonuses, by the Company and its domestic subsidiaries.

Officers’ retirement benefit allowance: The allowance for retirement benefits to officers represents the amount of liability the Company and its subsidiaries will be required to pay in accordance with company regulations as a result of retirement of officers as of the balance sheet date. Retirement benefit reserve

The Company provides for employees’ retirement benefit reserve on the basis of estimated accrued retirement benefit liabilities and pension fund assets as of the balance sheet date. The parent company amortized the difference (¥933 million) in retirement benefit liabilities arising from changes in accounting standards in 1 year, charging it to income. Koito Industries Co., Ltd. will amortize the difference (¥7,859 million) in equal installments over a 5-year period.

(7) Translation of material foreign currency denominated assets and liabilities into Japanese yen

Foreign currency denominated payables and receivables are translated into Japanese yen using the spot rate on the consolidated balance sheet date. The difference resulting from the translations is accounted as gain/loss. Assets and liabilities of overseas-consolidated subsidiaries are translated using the spot rate on the consolidated balances sheet date. The difference is included in the consolidation adjustment account in minority interest, and shareholders’ equity section.

(8) Leasing

All finance lease contracts other than those by which the ownership of the leased assets is to be transferred to lessees are accounted as operating lease transactions. Certain overseas-consolidated subsidiaries account lease transactions as regular business transactions.

(9) Hedge accounting

The profit/loss or unrealized gains/losses on a hedged item are recognized at the time of entering into a hedge transaction and amortized over the period of the transaction.

① Hedging instruments and hedged items

The Company uses hedge transactions to reduce the exposure of foreign currency denominated transactions to market risks from fluctuations in foreign currency exchange rates associated and to reduce exposure of fixed and floating interest rate borrowings from fluctuations in interest rates. The Company uses foreign exchange forward contracts to hedge against foreign currency exchange risk and interest rate swaps to hedge against interest rate fluctuations.

② Hedging policy

The Company does not hold or issue derivative instruments for trading purposes. The Company uses derivative financial instruments, which comprise principally foreign exchange forward contracts and currency swap transactions for accrued payables/receivables in foreign currencies

③ Assessing the effectiveness of hedge transaction

The effectiveness of hedge transactions is assessed on the basis of whether the expected changes in the fair value and cash flow of the hedged item can be offset by the expected changes in the fair value cash flow of the hedging instrument.

5. Matters concerning valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are valued at market.

6. Amortization of consolidation adjustment account

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 appropriation of retained earnings approved by consolidated subsidiaries in the consolidated accounting period.

8. Consumption Tax

Exclusive of consumption tax

9. Cash and Cash Equivalents for the Purpose of Consolidated Cash Flow Statements

For the purpose of consolidated cash flow statements, the company considers cash on hand and in banks, and highly liquid short-term investments with original maturities of 3-months or less and without significant risk of change in value as funds (cash and cash equivalents).

Additional Information

Retirement benefit accounting
Effective from the current accounting period of consolidation the Company has adopted retirement benefit accounting standards based on recommendations contained in Retirement Benefit Accounting Standards, issued by the Business Accounting Deliberation Council on June 16, 1998. Application of the new accounting standards caused retirement benefit costs to rise by ¥334 million, and recurring profit to decrease by ¥334 million, and net profit before income taxes to decline by ¥2,838 million, as compared with the amounts that would have been reported if the previous method had been applied consistently. The retirement benefit reserve and liabilities related to unfounded prior period portion of the corporate pension plan are included in the employees' retirement benefit reserve.

Financial instruments
Effective from the current accounting period of consolidation the Company adopted accounting standards for financial instruments that conform to the recommendations contained in Accounting Standards for Financial Instruments, issued by the Business Accounting Deliberation Council on January 22, 1999. The application of the new accounting standards caused recurring profit to increase by 17 million yen and net profit before income taxes to decline by ¥188 million.

Moreover, the Company reviewed all securities that it held at the beginning of the period and transferred to the current assets account those with a maturity period of less than one year from among securities available for sale, securities held to maturity and other securities. All other securities are stated as investment securities. The application of the new accounting standards caused marketable securities (current assets) to decline by ¥21,454 million and investment securities to increase by ¥21,454 million.

Accounting for foreign currency denominated transactions
Effective from the current accounting period of consolidation the Company adopted accounting standards for foreign currency denominated transactions that conform to the recommendations contained in Accounting Standards for Foreign Currency Denominated Transactions, issued by the Business Accounting Deliberation Council on October 22, 1999. The effect of the application of new standards on profit and loss is insignificant. The Foreign Exchange Translation Adjustment Account included in the Assets Section in the previous accounting period of consolidation has been restated in the Shareholders' Equity Section and Minority Interest Account in order to comply with the changes in the Regulations of Consolidated Financial Statements.

Notes

	Current accounting period of consolidation (As of 3.31.2001)	Previous accounting period of consolidation (As of 3.31.2000)
1. Accumulated depreciation on tangible fixed assets	￥134,786 million	￥132,510million
2. Outstanding balance of loan guarantees	￥65 million	￥75 million
3. Treasury stock: 495 shares, 50 shares	￥0 million	￥0 million

4. Accounting for notes due on the balance sheet date
Notes due on the consolidated balance sheet date were accounted assuming that they were settled, although it was a bank holiday. Notes outstanding as of the balance sheet date were as follows:

Current consolidated period of accounting (As of 3.31.2001)
Notes receivable ￥298 million
Notes payable ￥423 million

Segment Information

(1) Industry Segment Information

Fiscal year ended March 31, 2001 (¥ millions, rounded down)

	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	215,381	60,628	21,270	297,280	—	297,280
(2) Inter-segment sales and transfers	46,484	—	2,794	49,278	(49,278)	—
Total	261,865	60,628	24,064	346,558	(49,278)	297,280
Operating expenses	251,580	59,321	23,210	334,111	(47,823)	286,288
Operating income	10,284	1,307	854	12,446	(1,455)	10,991
II. Assets, depreciation and capital expenditures						
Assets	141,490	68,425	58,662	268,577	37,507	306,084
Depreciation	15,298	1,257	899	17,454	59	17,513
Capital expenditures	18,720	458	1,172	20,350	—	20,350

Fiscal year ended March 31, 2000 (¥ millions, rounded down)

	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	198,381	59,168	21,483	279,034	—	279,034
(2) Inter-segment sales and transfers	44,043	—	2,767	46,810	(46,810)	—
Total	242,424	59,168	24,250	325,844	(46,810)	279,034
Operating expenses	233,541	58,475	22,502	314,519	(44,773)	269,745
Operating income	8,883	692	1,748	11,325	(2,036)	9,288
II. Assets, depreciation and capital expenditures						
Assets	138,424	61,054	47,845	247,323	27,740	275,063
Depreciation	14,958	1,355	997	17,310	56	17,366
Capital expenditures	13,243	372	1,605	15,220	—	15,220

Notes:

1. Industry segment figures are based on sales categories.
2. Major products of each division
   (1) Lighting Equipment Division
   Headlamps, miscellaneous car lamps, all - glass sealed beam lamp units, rear lamps, indicators, high - mount stop lamps and halogen bulbs
   (2) Other Electric Equipment Division
   Road traffic signals, traffic control systems, sanitary equipment and control systems for rail transport.
   (3) Others
   Aircraft lights, environmental control systems, air conditioning equipment, various electric applications equipment, various special equipment, transportation, finance and insurance.
3. Operating expenses for the year ended March 31, 2001 include ¥2,672 million in expenses included under corporate and elimination of inter-segment items. These expenses related to the General Affairs Department of the parent company’s head office.
4. Assets at March 31, 2001 include ¥37,507 million that is 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, 2001 (¥ millions, rounded down)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
I. Sales and operating income							
Sales							
(1) Sales to outside customers	220,425	39,830	32,370	4,652	297,280	−	297,280
(2) Inter-segment sales	48,652	−	626	−	49,278	(49,278)	−
Total	269,077	39,830	32,996	4,652	346,558	(49,278)	297,280
Operating expenses	257,776	39,728	30,890	5,714	334,111	(47,823)	286,288
Operating income (loss)	11,301	102	2,105	△ 1,062	12,446	(1,455)	10,991
II . Assets	211,661	22,469	26,878	7,569	268,577	37,507	306,084

Fiscal year ended March 31, 2000 (¥ millions, rounded down)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
I. Sales and operating income							
Sales							
(1) Sales to outside customers	213,880	35,384	25,302	4,466	279,034	−	279,034
(2) Inter-segment sales	46,180	−	629	−	46,810	(46,810)	−
Total	260,061	35,384	25,931	4,466	325,844	(46,810)	279,034
Operating expenses	251,201	34,687	23,869	4,760	314,519	(44,773)	269,745
Operating income (loss)	8,859	697	2,062	△ 294	11,325	(2,036)	9,288
II. Assets	195,317	20,139	25,143	6,722	247,323	27,740	275,063

(3) Overseas Sales

Fiscal year ended March 31, 2001 (¥ millions, rounded down)

	North America	Asia	Europe	Total
I. Overseas sales	45,714	33,412	1,894	81,020
II. Consolidated sales				297,280
III. Overseas sales ratio (%)	15.4%	11.2%	0.6%	27.3%

Fiscal year ended March 31, 2000 (¥ millions, rounded down)

	North America	Asia	Europe	Total
I. Overseas sales	41,913	27,377	2,485	71,775
II. Consolidated sales				279,034
III. Overseas sales ratio (%)	15.0%	9.8%	0.9%	25.7%

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.

Leases

1. Finance lease transactions other than those deemed to transfer the ownership of the leased assets to lessees.

(1)The acquisition cost equivalents, accumulated depreciation equivalents and balance equivalents of leased assets at the end of the accounting period of consolidation.

Acquisition Equivalents (¥ millions, rounded down)

	Current accounting period of consolidation	Previous accounting period of consolidation
	4.1.2000 – 3.31.2001	4.1.1999 – 3.31.2000
Machinery and equipment	1,365	1,790
Tools, furniture and fixtures	1,443	1,472
Total	2,808	3,263

Depreciation Equivalents (¥ millions, rounded down)

	Current accounting period of consolidation	Previous accounting period of consolidation
	4.1.2000 – 3.31.2001	4.1.1999 – 3.31.2000
Machinery and equipment	505	954
Tools, furniture and fixtures	791	630
Total	1,297	1,585

Balance equivalents (¥ millions, rounded down)

	Current accounting period of consolidation	Previous accounting period of consolidation
	4.1.2000 – 3.31.2001	4.1.1999 – 3.31.2000
Machinery and equipment	859	836
Tools, furniture and fixtures	652	842
Total	1,511	1,678

Note: Since the outstanding lease commitments represent a small percentage of the tangible fixed assets carried on the balance sheet, acquisition equivalents are inclusive of interest.

(2) Outstanding lease commitments at end of the period (¥ millions, rounded down)

	Current accounting period of consolidation	Previous accounting period of consolidation
	4.1.2000 – 3.31.2001	4.1.1999 – 3.31.2000
Within 1 year	429	460
Over 1 year	1,081	1,218
Total	1,511	1,678

Note: Since the outstanding lease commitments at the end of the period represent a small percentage of the tangible fixed assets carried on the balance sheet, outstanding lease commitments as of the end of the period are inclusive of interest.

(3) Lease charges and depreciation equivalents (¥ millions, rounded down)

	Current accounting period of consolidation	Previous accounting period of consolidation
	4.1.2000 – 3.31.2001	4.1.1999 – 3.31.2000
Lease charges	581	597
Depreciation equivalents	581	597

(4) Method of computing depreciation equivalents

Depreciation equivalents are computed by the fixed amount method, assuming the lease period to be the useful life and residual value to be zero.

2. Operating Leases (¥ millions, rounded down)

	Current accounting period of consolidation	Previous accounting period of consolidation
	4.1.2000 – 3.31.2001	4.1.1999 – 3.31.2000
Within 1 year	799	—
Over 1 year	612	—
Total	1,412	—

Transactions with Related Parties

Current accounting period of consolidation (4.1.2000 – 3.31.2001)

(1) Parent company and major corporate shareholder (¥ millions, rounded down)

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 Corp	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;	69,941	Trade payables	9,912
								purchase of materials	780	Trade receivables	120

Note: Resulting account balances are exclusive of consumption tax

(2) Subsidiaries (¥ millions, rounded down)

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	1,393	Trade payables	229
								Supply of materials	57	Trade receivables-Other	1
	DORO KEISO Co., Ltd.	Chofu City, Tokyo	40	Instillation and mainte-nance of axle weight measuring systems	Indirect control: 34%	—	—	—	—	—	—

Note: Resulting account balances are exclusive of consumption tax

Deferred Tax Accounting

Significant components of deferred tax assets and liabilities

(¥ millions, rounded down)

	Current accounting period of consolidation (as of March 31, 2001)
Deferred tax assets	
Surplus in bonus reserve	1,105
Surplus in employees' retirement benefit reserve	4,190
Officers' retirement benefit reserve	599
Excess accelerated depreciation	4,406
Other	500
Total deferred tax assets	10,802
Deferred tax liabilities	
Reserve for reduction of asset costs	△ 578
Securities valuation differences	△6,303
Total deferred tax liabilities	△6,881
Net deferred tax assets	3,920

Marketable Securities

Current accounting period of consolidation (As of 3.31.2001)

(1) Securities

Book value on consolidated financial statements. \3,963 million

Unrealized gains/losses included in included/charged to income in the current accounting period of consolidation. \8million

(2)Securities held to maturity (¥ millions, rounded down)

	Type of security	Book value	Market value	Difference
Securities with unrealized gains carried on consolidated balance sheets	(1) Japanese government bonds and municipal bonds	0	1	1
	(2) Corporate bonds	1,348	1,349	1
	(3) Others	1,795	1,797	2
	Subtotal	3,144	3,148	4
Securities with unrealized losses carried on consolidated balances sheets	(1) Japanese government bonds and municipal bonds	—	—	—
	(2) Corporate bonds	507	506	△1
	(3) Others	1,195	1,195	0
	Subtotal	1,702	1,701	△1
Total		4,847	4,850	3

(3) Other securities with market quotations (¥ millions, rounded down)

	Type of security	Acquisition cost	Book value	Difference
Securities with unrealized gains carried on consolidated balance sheets	(1) Equity securities	5,522	22,323	16,801
	(2) Bonds			
	① Japanese government bonds, municipal bonds	—	—	—
	② Corporate bonds	4,519	4,556	37
	③ Other bonds	21,958	22,039	81
	(3) Other securities	14,703	14,740	37
	Subtotal	46,703	63,660	16,957
Securities with unrealized losses carried on consolidated balances sheets	(1) Equity securities	2,163	1,973	△190
	(2) Bonds			
	① Japanese government bonds, municipal bonds	—	—	—
	② Corporate bonds	7,506	7,037	△469
	③ Other bonds	9,000	8,552	△448
	(3) Other securities	1,030	917	△113
	Subtotal	19,701	18,481	△1,220
Total		66,404	82,141	15,737

(4) Other securities sold during the current accounting period of consolidation (4.1.2000 – 3.31.2001)

(¥ millions, rounded down)

Proceeds from sales	Total gain on sale	Total loss on sale
20,583	50	—

(5) Schedule of securities without market quotations (¥ millions, rounded down)

Type of security	Book value	Remarks
(1) Bonds held to maturity		
Foreign bonds without market quotations	0	
(2) Other securities		
Equity securities without market quotations (Excluding OTC registered securities)	3,132	
Investments	233	
Total	3,365	

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

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	0	—	—	—
(2) Corporate bonds	5,429	2,787	24	—
(3) Other bonds	16,126	18,455	—	—
2. Other securities				
Investment trusts	—	2,708	1,001	—
Total	21,556	23,951	1,025	—

Market value information of marketable securities with market quotation

(¥ millions, rounded down)

	Mar. 31, 2000		
	Book value	Market value	Gain/(Loss)
(1) Current Assets:			
Stocks	177	219	42
Bonds	1,793	1,816	23
Others	11,499	11,393	△106
Subtotal	13,469	13,428	△41
(2) Fixed Assets			
Stocks	6,918	27,773	20,855
Bonds	—	—	—
Others	—	—	—
Subtotal	6,918	27,773	20,855
Total	20,387	41,201	20,814

Notes:

1. Computation of Market Value

(1) Listed marketable securities

Computed primarily using the closing price in the Tokyo Stock Exchange or bond prices provided by the Securities Dealers Association of Japan.

(2) OTC issues

Prices quoted by the Securities Dealers Association of Japan.

(3) Securities with market quotation (excluding (1) and (2) above)

Bond prices provided by the Securities Dealers Association of Japan.

(3) Beneficial interest in unlisted securities investment trust

Base price

(4) Securities other than those above (excluding those where computation of market value is difficult)

Bond prices are computed based on interest rates, maturities and other factors of similar bonds as provided by the Securities Dealers Association of Japan.

2. Equity securities under current assets includes no treasury stock and value of treasury stock ¥ 0 millions and valuation loss/on gain was ¥ 0 millions, either.

3. Marketable securities in the interim balance sheet but not disclosed.

(¥ millions, rounded down)

	As of Mar. 31, 2000
Current Assets:	
Unlisted foreign bonds	12,673
Foreign-currency denominated unlisted bonds with foreign exchange contract attached	162
Money management fund	1,661
Beneficiary certificates of closed investment trusts	9,297
Beneficial rights to loan trusts	1,000
Overseas transferable certificates of deposits	1,000
Fixed assets	
Unlisted securities (excluding OTC issues)	2,920
Unlisted bonds	12,420
Investment certificates, others	541

Derivative Transactions

Current accounting period of consolidation (4.1.2000 –3.31.2001)

The company uses derivative instruments, principally comprising foreign exchange forward contracts and currency swap transactions. Information is not disclosed since the company applies hedge accounting.

Previous accounting period of consolidation (4.1.1999 – 3.31.2000)

The parent company used foreign exchange forward contracts. It did not hold foreign exchange forward contracts during the said accounting period of consolidation. Foreign currency denominated claims and liabilities hedged through foreign exchange forward contracts are excluded from disclosure, since their carrying amounts are translated into Japanese yen in consolidated balances sheets.

Retirement Benefits

1. Retirement befit system

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

The Company and its consolidated subsidiary Koito Industries Co. 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.

2. Matters concerning retirement benefit liabilities (As of March 31, 2001) (\ millions, rounded down)

a.	Retirement benefit liabilities	△84,419
b.	Pension fund assets	58,744
c.	Unfunded pension liabilities (a + b)	△25,675
d.	Unamortized difference at the time of applying new standards	6,287
e.	Unrecognized liabilities (actuarial differences)	—
f.	Unrecognized past period liabilities (reduction of liabilities)	—
g.	Net liabilities carried on balance sheets (c + d + e + f)	△19,388
h.	Pre-paid pension expenses	—
i.	Retirement benefit reserve (f + g)	△19,388

Note: Includes the component managed by Employees Welfare Annuity Fund.

3. Matters concerning retirement benefit expenses (4.1.2000 – 3.31.2001)

a.	Current period liabilities	4,317	*1
b.	Interest expense	2,792	
c.	Expected management returns	△2,030	
d.	Amortization of differences arising out of changes in accounting standards	2,505	
e.	Amortization of amounts resulting from actuarial differences	△ 588	*2
f.	Amortization of past period liabilities	—	
g.	Retirement benefit expenses (a + b + c + d + e + f)	6,996	

Notes 1: Excludes employees' contribution to Employees Welfare Annuity Fund.
2: Difference from estimated pension fund assets in previous period.

4. Basis of calculation of retirement benefit obligations

a. Method of distribution of estimated retirement benefit costs: Fixed amount
b. Discount rate: 3.5%
c. Expected rate of return: 3.5%
d. Duration of amortization of past period liabilities: Declining balance method (50%)
e. Duration of amortization of actuarial differences: Certain number of years, not exceeding average residual years to retirement
f. Amortization of differences arising at the time of changes in accounting standards: The Company: 1 year; Koito Industries: 5 years.

《 For Reference Only 》

Non-Consolidated Earnings Report for Fiscal 2001 May 14 , 2001

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
Inquiries: Masahiro Ohtake, Executive Senior Managing Director, (03) 3443-7111
Meeting of the Board of Directors for the Approval of Results: May 14 , 2001
Interim Dividend System: Yes
Regular General Shareholders’ Meeting to be held: June 28, 2001

1. Results of Operations for Fiscal 2001 (April 1, 2000 – March 31, 2001)

(\ millions)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2001	155,349	5.0%	5,886	31.5%	8,335	16.5%	4,264	15.6%
Fiscal 2000	147,984	3.3%	4,476	39.8%	7,155	12.7%	3,688	21.2%

	Net income per share	Net income per share (diluted)	Return on equity	Recurring profit to total capital ratio	Recurring profit ratio
Fiscal 2001	¥26.52	—	5.2%	6.0%	5.4%
Fiscal 2000	¥22.94	—	4.9%	5.4%	4.8%

Notes: (1) Weighted average number of shares outstanding in the FY ended March 2001: 160,789,436、
FY ended March 2000: 160,789,436
(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 change.

2. Dividends (April 1, 2000 – March 31, 2001) (\ millions)

	Dividend per share			Dividend paid (anuual)	Payout Ratio	Dividend ratio to Shareholders' Equity
		Interim	Year-end			
Fiscal 2001	\8.00	\4.00	\4.00	1,286	30.2%	1.6%
Fiscal 2000	\10.00	\4.00	\6.00	1,607	43.6%	2.1%

3. Financial Situation

	Total assets (¥millions)	Shareholders’ equity (¥millions)	Shareholders’ equity ratio (%)	Shareholders’ equity per share (¥)
Fiscal 2001	148,084	87,648	59.2%	545.11
Fiscal 2000	131,978	75,793	57.4%	471.39

Note:
Number of shares outstanding (consolidated): as of March 2001: 160,789,436
: as of March 2000: 160,789,436

4. Outlook for Fiscal 2002 (April 1, 2001 – March 31, 2002)

	Net sales (¥millions)	Recurring profit (¥millions)	Net income (¥millions)	Annual dividend per share (yen)		
				Interim	Year-end	
Interim	76,100	3,100	1,900	4.00	—	—
Entire year	159,700	7,900	4,700	—	4.00	8.00

Reference – Predicted net income per share for the entire year: ¥ 29.23

Non-Consolidated Balance Sheets

At March 31

(¥ millions, rounded down)

Item / Period	Fiscal 2001	Fiscal 2000	Y oY Change
Assets			
Current assets:			
Cash and time deposits	1,835	3,264	△ 1,429
Notes	1,870	1,801	69
Accounts receivable–trade	26,463	25,456	1,007
Marketable securities	5,258	22,187	△ 16,929
Finished products	2,943	3,508	△ 565
Work in progress	728	765	△ 37
Raw materials and supplies	1,641	1,550	91
Accrued income	1,473	1,520	△ 47
Deferred income taxes	1,402	1,141	261
Other current assets	318	293	25
Less: Allowance for doubtful receivables	△ 130	△ 144	14
Total current assets	43,806	61,345	△ 17,539
Fixed assets:			
Property, plant and equipment			
Buildings	13,493	14,300	△ 807
Structures	1,085	1,099	△ 14
Machinery	5,051	4,836	215
Vehicles	261	270	△ 9
Tools and equipment	7,221	7,052	169
Land	6,294	6,286	8
Construction in progress	319	130	189
Property, plant and equipment, net	33,728	33,976	△ 248
Intangible fixed assets	358	919	△ 561
Other investments:			
Investment securities	47,115	9,980	37,135
Subsidiary stock	19,896	19,896	—
Deferred income taxes	—	4,511	△ 4,511
Other investments	3,296	1,352	1,944
Less: Allowance for doubtful receivables	△ 116	△ 3	△ 113
Total	70,191	35,736	34,455
Total fixed assets	104,277	70,633	33,644
Total assets	148,084	131,978	16,106

At March 31 (¥ millions, rounded down)

Item / Period	Fiscal 2001	Fiscal 2000	Y o Y Change
Liabilities			
Current liabilities:			
Notes and accounts payable–trade	26,740	26,879	△ 139
Payables	2,358	2,509	△ 151
Accrued expenses	8,236	9,965	△ 1,729
Employees' deposits	1,391	1,429	△ 38
Provisions for Employees' Bonuses	3,142	3,040	102
Income taxes payable	2,418	1,602	816
Other current liabilities	647	699	△ 52
Total current liabilities	44,935	46,125	△ 1,190
Non-current liabilities:			
Reserve for directors' retirement allowances	907	822	85
Reserve for retirement allowances	—	8,784	△ 8,784
Reserve for other retirement benefits	13,034	—	13,034
Reserve for losses on overseas investments	550	450	100
Deferred income taxes	1,005	—	1,005
Others	2	2	—
Total non-current liabilities	15,500	10,059	5,441
Total liabilities	60,435	56,184	4,251
Shareholders' equity:			
Common stock	14,270	14,270	—
Legal reserves			
Additional paid-in capital	17,107	17,107	—
Profit reserve	3,567	3,567	—
Total legal reserves	20,675	20,675	—
Retained earnings			
Repurchased assets reduction reserve	870	799	71
Repurchased assets special reduction account	—	82	△ 82
General reserve	37,500	35,500	2,000
Unappro. retained earnings	5,013	4,465	548
(Interim net income)	(4,264)	(3,688)	(576)
Total retained earnings	43,383	40,847	2,536
Securities valuation adjust.	9,318	—	9,318
Total shareholders' equity	87,648	75,793	11,855
Total liabilities and shareholders' equity	148,084	131,978	16,106

Non-Consolidated Statements of Income

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

Item \ Period	Fiscal 2001	%	Fiscal 2000	%	YoYChange	%
(Recurring profit)						
(Operating)						
Operating revenues	155,349	100.0	147,984	100.0	7,365	5.0
Net sales						
Operating expenses	132,595	85.4	126,734	85.6	5,861	
Cost of sales	16,867	10.8	16,773	11.4	94	
Selling, general and administrative expenses	5,886	3.8	4,476	3.0	1,410	31.5
Operating income						
Non-operating income (expenses)						
Non-operating income	2,508		2,903		△ 395	
Interest and dividend income	(1,108)		(1,587)		(△ 479)	
Other	(1,399)		(1,316)		(83)	
Non-operating expenses	59		225		△ 166	
Interest expenses	(6)		(18)		(△ 12)	
Other	(52)		(207)		(△ 155)	
Recurring profit	(8,335)	5.4	7,155	4.8	1,180	16.5
Extraordinary gains/losses						
Extraordinary gains	236		63		173	
Extraordinary losses	1,465		1,019		446	
Lump-sum amortization of shortfall in retirement benefit obligations	(933)		(—)		(933)	
Write-off of pension shortfall	(—)		(794)		(△ 794)	
Revaluation of golf club membership	(155)		(—)		(155)	
Reserve for losses on overseas investments	(100)		(—)		(100)	
Losses on sale of investment securities	(276)		(225)		(51)	
Income before income taxes	7,106	4.6	6,199	4.2	907	14.6
Income taxes-current	3,797		3,054		743	
Income taxes-deferred	△ 955		△ 544		△ 411	
Total income taxes	2,842		2,510		332	
Net income	4,264	2.7	3,688	2.5	576	15.6
Retained earnings b/fwd.	1,391		1,419		△ 28	
Dividend reserve	643		643		0	
Unappropriated retained earnings	5,013		4,465		548	

Non-Consolidated Statements of Appropriation

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

Item \ Period	Fiscal 2001	Fiscal 2000
Unappropriated retained earnings	5,013	4,465
Withdrawal from reserve for reduction of asset cost	18	14
Withdrawal from the account for reduction of asset cost	—	82
Total	5,031	4,562
To be appropriated as follows		
Dividends	643	964
	・ ¥ 4 / common share	・¥ 4 / common share ・¥ 2 / share (to commemorate the 85th founding anniversary)
Bonuses to directors and corporate auditors	120	120
(corporate auditors)	(10)	(10)
Reserve for reduction of asset cost	—	86
General reserve	2,800	2,000
Retained earnings carried forward	1,468	1,391

1. The Company declared a ¥4 interim dividend (Dividend amount: ¥643 million) on December 8, 2000.
2. Reserve for reduction of asset cost, appropriation to and withdrawal from the account for reduction of asset cost conforms to the provisions of the Special Taxation Measures Law.

Breakdown of Non-Consolidated Net Sales

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

	Fiscal 2001		Fiscal 2000		YoY Change	
		%		%		%
Automobile Lighting Equipment	146,958	94.6	139,065	94.0	7,893	5.7
Aircraft Lights	2,933	1.9	3,245	2.2	△ 312	△ 9.6
Others	5,457	3.5	5,674	3.8	△ 217	△ 3.8
Total	155,349	100.0	147,984	100.0	7,365	5.0
(Proportion accounted for by exports)	(12,682)	(8.2)	(11,863)	(8.0)	(819)	(6.9)

Matters Concerning Significant Accounting Practices

(1) Standards and methods for valuing negotiable securities

Securities available for sale: valued at cost, cost being determined mainly by the moving average method
Bonds held to maturity: amortized cost method (straight-line method)
Subsidiary and affiliate stock: Valued at cost, cost being determined by the moving average method
Other securities
Securities with market quotations: valued at market on balance sheet date. (Valuation differences are capitalized. Cost is determined by the moving average method).
Securities without market quotations: valued at cost, cost being determined by the moving average method.

(2) Derivatives: valued at market.

(3) Money trusts for trading purposes: valued at market.

(4) Inventories

Products, semi-finished products and work in process are valued by the cost method, cost being determined by the weighted average method, and raw materials and supplies are valued at cost, cost being determined by the moving average method.

(5) Depreciation of Property, Plant and Equipment

The company uses the declining-balance method, at rates based on the estimated useful lives of the assets as permitted by the corporate tax laws.

(6) Reserve for doubtful receivables: the allowance for general receivables is based on past collection experience. The allowance for specific doubtful receivables is provided in amounts management considers sufficient to cover possible losses.

(7) Provisions for bonuses are provided in an amount that is accrued during the current period.

(8) Retirement benefit reserve: The Company provides for employees' retirement benefit reserve on the basis of estimated accrued retirement benefit liabilities, and pension fund assets as of the balance sheet date. The parent company amortized the difference (¥933 million) in retirement benefit liabilities arising from changes in accounting standards in 1 year, charging it to income.

(9) Officers retirement benefit reserve: The allowance for retirement benefits to officers represents the amount of liability the Company will be required to pay in accordance with company regulations as a result of retirement of officers as of the balance sheet date.

(10) Accounting for Foreign Currency Denominated Transactions

Effective from the interim period ended September 30, 2000, the company adopted a revised accounting standard for the treatment of transactions in foreign currencies. The adopted standard was promulgated in the Business Accounting Deliberation Council's paper "Opinion Concerning Revision of Accounting Standard for Foreign Currency Translation" issued on October 22, 1999. This change had only a minimal effect on the company's earnings.

(11) Translation of material foreign currency denominated assets and liabilities into Japanese yen. Foreign currency denominated payables and receivables are translated into Japanese yen using the spot rate on the balance sheet date. The difference resulting from the translations is accounted as gain/loss.

(12) Lease Transactions

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

(13) Hedge accounting

The profit/loss or unrealized gains/losses on a hedged item are recognized at the time of entering into a hedge transaction and amortized over the period of the transaction.

①Hedging instruments and hedged items

The Company uses hedge transactions to reduce the exposure of foreign currency denominated transactions to market risks from fluctuations in foreign currency exchange rates associated and to reduce exposure of fixed and floating interest rate borrowings from fluctuations in interest rates. The Company uses foreign exchange forward contracts to hedge against foreign currency exchange risk and interest rate swaps to hedge against interest rate fluctuations.

②Hedging policy

The Company does not hold or issue derivative instruments for trading purposes. The Company uses derivative financial instruments, which comprise principally foreign exchange forward contracts and currency swap transactions for accrued payables/receivables in foreign currencies

③Assessing the effectiveness of hedge transaction

The effectiveness of hedge transactions is assessed on the basis of whether the expected changes in the fair value and cash flow of the hedged item can be offset by the expected changes in the fair value cash flow of the hedging instrument.

Supplementary Information

Retirement benefits

Effective from the current accounting period of consolidation the Company has adopted retirement benefit accounting standards based on recommendations contained in Retirement Benefit Accounting Standards, issued by the Business Accounting Deliberation Council on June 16, 1998. Application of the new accounting standards caused retirement benefit costs to rise by¥ 933 million, and net profit before income taxes to decline by ¥933 million, as compared with the amounts that would have been reported if the previous method had been applied consistently. The retirement benefit reserve and liabilities related to unfounded prior period portion of the corporate pension plan are included in the employees' retirement benefit reserve.

Financial instruments

Effective from the current accounting period of consolidation the Company adopted accounting standards for financial instruments that conform to the recommendations contained in Accounting Standards for Financial Instruments, issued by the Business Accounting Deliberation Council on January 22, 1999. The application of the new accounting standards caused recurring profit to increase by ¥13 million and net profit before income taxes to decline by ¥141 million.

Moreover, the Company reviewed all securities that it held at the beginning of the period and transferred to the current assets account those with a maturity period of less than one year from among securities available for sale, securities held to maturity and other securities. All other securities are stated as investment securities. The application of the new accounting standards caused marketable securities (current assets) to decline by ¥17,050 million and investment securities to increase by ¥17,050 million.

Foreign currency denominated transactions

Effective from the current accounting period of consolidation the Company adopted accounting standards for foreign currency denominated transactions that conform to the recommendations contained in Accounting Standards for Foreign Currency Denominated Transactions, issued by the Business Accounting Deliberation Council on October 22, 1999. The effect of the application of new standards on profit and loss is not material.

Notes

Notes to the Non-Consolidated Balance Sheets (¥ millions, rounded down)

	Current accounting period of consolidation (As of 3.31.2001)	Previous accounting period of consolidation (As of 3.31.2000)
1. Loans to and with subsidiaries		
(1) Short-term loans to subsidiaries	1,108	1,243
(2) Short-term debt	4,418	4,737
2. Accumulated depreciation on property, plant and equipment	93,853	92,654
3. Guarantees	11,036	11,041
4. Treasury stock: 495 shares, 50 shares	0	0

Notes due on the consolidated balance sheet date were accounted assuming that they were settled, although it was a bank holiday. Notes outstanding as of the balance sheet date were as follows:
Current consolidated period of accounting (As of 3.31.2001)
Notes receivable ¥207 million.

Notes to the Non-Consolidated Income Statements (¥ millions, rounded down)

	Current accounting period of consolidation (As of 3.31.2001)	Previous accounting period of consolidation (As of 3.31.2000)
1. Transaction with subsidiaries		
(1) Sales	9,517	8,510
(2) Payables	35,304	35,589
(3) Transactions other than operating transactions	4,101	4,397
2. Net income per share (¥)	26.52	22.94

Leases

1. Finance lease transactions other than those deemed to transfer the ownership of the leased assets to lessees.

(1) Lease charges and depreciation equivalents (¥ millions, rounded down)

	Current accounting period of consolidation	Previous accounting period of consolidation
	4.1.2000 – 3.31.2001	4.1.1999 – 3.31.2000
Acquisition Equivalents	563	104
Depreciation Equivalents	108	37
Balance equivalents	455	66

Note : 1.Depreciation of Machinery accounted for a majority of the depreciation in the current fiscal. Tools, furniture and fixtures accounted for a majority of the depreciation in the previous fiscal year.

2.Since the outstanding lease commitments represent a small percentage of the tangible fixed assets carried on the balance sheet, acquisition equivalents are inclusive of interest.

(2) Lease charges and depreciation equivalents (¥ millions, rounded down)

	Current accounting period of consolidation	Previous accounting period of consolidation
	4.1.2000 – 3.31.2001	4.1.1999 – 3.31.2000
Within 1 year	70	19
Over 1 year	384	47
Total	455	66

Note: Since the outstanding lease commitments represent a small percentage of the tangible fixed assets carried on the balance sheet, acquisition equivalents are inclusive of interest.

(3) Lease charges and depreciation equivalents (¥ millions, rounded down)

	Current accounting period of consolidation	Previous accounting period of consolidation
	4.1.00 – 3.31.2001	4.1.99 – 3.31.2000
Lease charges	70	21
Depreciation equivalents	70	21

(4) Method of computing depreciation equivalents

Depreciation equivalents are computed by the fixed amount method, assuming the lease period to be the useful life and residual value to be zero.

Subsidiary and affiliate stock with market quotations

As of March 31, 2001

(¥ millions, rounded down)

	Book value	Market Value	Valuation gain/loss
(1) Subsidiary stock	7,370	5,988	△1,382
(2) Affiliate stock	1,332	1,690	358
Total	8,702	7,678	△1,024

Deferred Tax Accounting

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

	Current accounting period of consolidation (as of March 31, 2001)
Deferred tax assets	
Surplus in bonus reserve	626
Surplus in employees' retirement benefit reserve	2,384
Officers' retirement benefit reserve	363
Excess accelerated depreciation	3,479
Reserve for losses on overseas investments	220
Other	115
Total deferred tax assets	7,187
Deferred tax liabilities	
Reserve for reduction of asset costs	△578
Securities valuation differences	△6,212
Total deferred tax liabilities	△6,790
Net deferred tax assets	397