EXCERPT (For Reference Only)

Consolidated Earnings Report for First Half of Fiscal 2001

Nov 6, 2000

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: November 6, 2000
Parent Company Name:
Code Number:
Parent Company Stake:

1. Consolidated Results of Operations for First Half of Fiscal 2001 (April 1, 2000 – September 30,2000)

(1) Consolidated Business Results (¥ millions)

Six months ended	Net sales		Operating income		Recurring profit		Net income	
Sept. 30 '00	126,843	4.3%	3,982	43.1%	4,079	86.8%	1,562	38.5%
Sept. 30, '99	121,582	25.1%	2,782	235.1%	2,184	69.4%	1,128	73.2%
Year ended Mar 31, '00	279,034		9,288		8,393		3,412	

Six months ended	Net income per share(¥)	Net income per share (diluted)
Sept. 30 '00	9.71	0.00
Sept. 30, '99	7.02	0.00
Year ended Mar 31, '00	21.23	0.00

Notes:
① Equity method income: Fiscal 2001 interim: ¥0 million Fiscal 2000 interim: ¥6 million Fiscal 2000: ¥8 million
② Unrealized gain or loss on derivative transactions: ¥ -million
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 changes.

(2) Consolidated Financial Position (¥ millions)

	Total assets	Shareholders' equity	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
Sept. 30, '00	277,392	100,452	36.2	624.74
Sept. 30, '99	250,005	90,602	36.2	563.49
Year ended Mar 31, '00	275,063	92,848	33.8	577.45

(3) Consolidated Cash Flows (¥ millions)

Six months ended	Operating activities	Investing activities	Financing activities	End of year cash and cash equivalents
Sept. 30, '00	16,822	-16,785	8,218	28,576
Sept. 30, '99	-	-	-	-
Year ended Mar 31, '00	21,655	-26,055	6,051	20,285

(4) Extent of Consolidation and Adoption of the Equity Method
Consolidated subsidiaries 20、Unconsolidated subsidiaries accounted for by the equity method 0、
Affiliates accounted for by the equity method 2

(5) Changes in Scope 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 2001 (April 1, 2000 – March 31, 2001) (¥ millions)

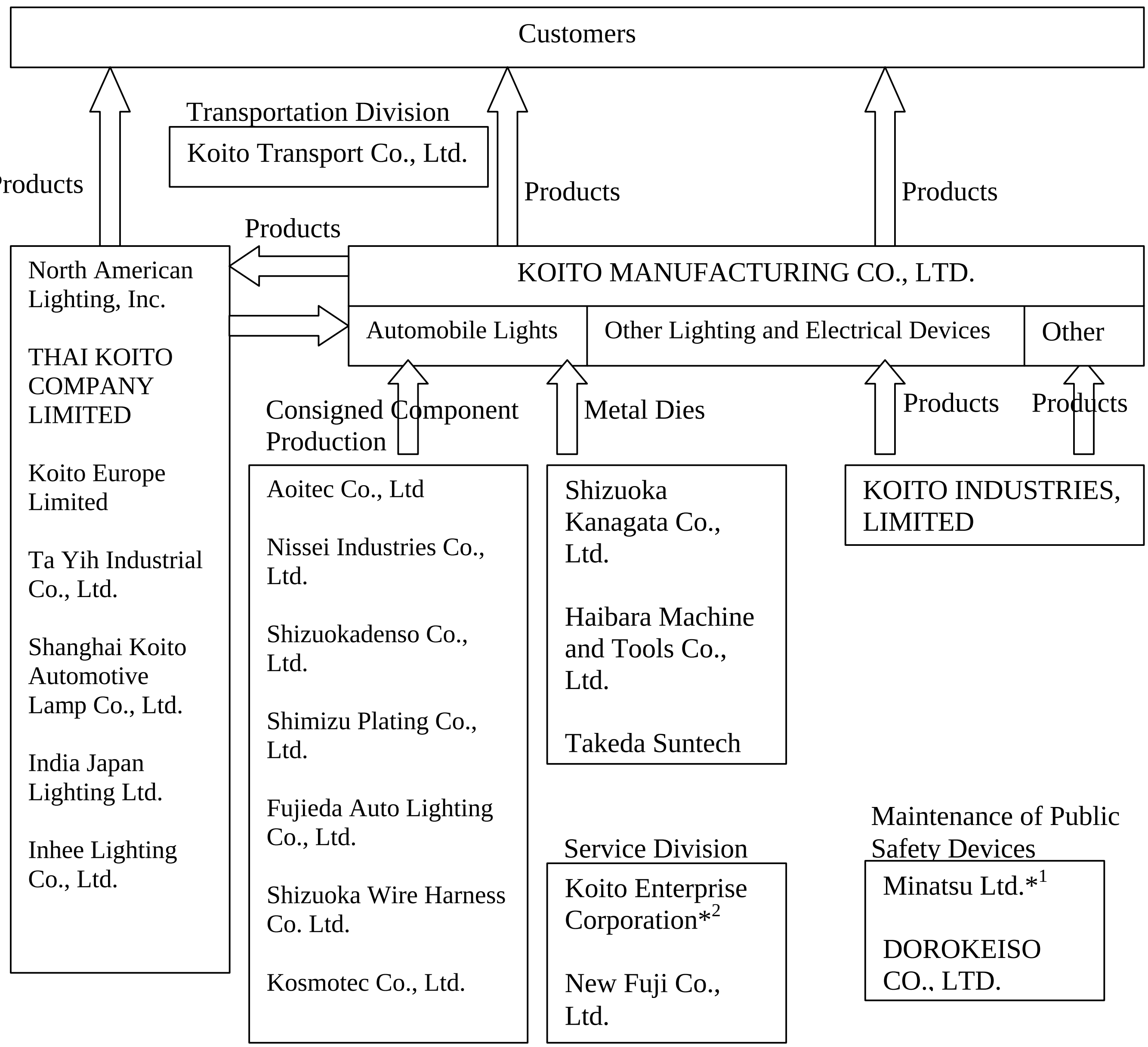
	Net sales	Recurring profit	Net income
For the year	291,000	11,400	3,700

Reference – Projected net income per share for the year: ¥23.01

Structure of the Koito Group

The Koito Group is composed of KOITO MANUFACTURING CO., LTD., its 20 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. The Koito Group 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

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 the fundamental management policies.

Koito Group is also well aware of the importance of environmental issues. Through all their business activities, group members take the initiative in environmental preservation in line with the theme "manufacturing products in a way that is kind to people."

(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 sets the dividend with the utmost care, taking into consideration all pertinent aspects of results and the operating environment. It is essential for the group to maintain a corporate structure flexible enough to react appropriately to future changes in the market. Accordingly, Koito intends to commit retained earnings to areas that will improve results and meet shareholders' expectations in the future. These areas include the expansion of operating activities, the development of new technology and new products, the streamlining of operations and cost reductions.

The fiscal 2000 year-end dividend was ¥6 per share; ¥4 as an ordinary dividend and a further ¥2 in commemoration of the 85th anniversary in April 2000 of Koito's establishment. The interim dividend for fiscal 2001 will be ¥4 per share, the same as for the first half of the previous fiscal year.

(3) Medium- and Long-Term Management Strategies

As a supplier 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 require, based on the concept of "depending on 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 growth of auto manufacturers' international operations and global procurement systems. This will be accompanied by the establishment of a global network within the Koito Group, each element supporting the activities of the others.

② Timely and appropriate response in component modularization and ITS-related fields, where significant growth is expected in the future. Also, the speedy determination of customer and market needs, backed up by the requisite expertise in R&D and product design.

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 Group through insistence on product quality and environmental preservation.

These four undertakings are representative of Koito's commitment to providing satisfaction to customers, shareholders, society and its employees, while playing its part in the conservation of the environment.

Results of Operations

(1) Overview of First Half of Fiscal 2001

The Japanese economy is moving toward a gradual recovery due to encouraging trends in private-sector demand, although consumer spending remains flat. Economies were generally strong in the U.S., Europe and Asia as well.

Automobile production in Japan increased 3.5% over the first half of the previous fiscal year to 4.90 million units, mainly the result of rising demand from individuals.

Due these factors, Koito's initiatives to increase sales of new products in the key automobile lighting segment led to an increase of 4.3% in net sales to ¥126.8 billion.

Results by segment are outlined below.

Lighting Equipment Division

The focus of activities in this segment was on offering an even more competitive lineup of products to increase orders. Another theme was increasing the use of discharge headlamps and multi-functional headlamps. As a result, net sales were ¥101.0 billion.

Other Electric Equipment Division

The majority of sales are normally recorded in the second half of each fiscal year in this field as the public-sector accounts for a large share of orders. During the past interim period, results felt the effects of the downsizing of the railway and traffic equipment areas as well as cut-backs in government budgets. The result was net sales of ¥16.8 billion.

Others

Lower airplane production in Japan and overseas along with softening demand for airplane seats brought down performance in the airplane components division. Accordingly, net sales were ¥8.9 billion.

Regarding earnings, the contribution of the sales increase was enhanced by reductions in selling and administrative expenses and fixed expenses, a reduction in the product development cycle, and various steps to streamline operations and cut expenses. Recurring profit thus rose 86.8% to ¥4.0 billion. Net income was up 38.5% to ¥1.5 billion after the amortization of a ¥1.2 billion expense to fund pension liabilities.

(2) Outlook for Fiscal 2001

Private-sector demand is expected to support a self-sustaining upturn in Japan's economy. However, there are many uncertainties. Among them are excess production capacity, employment concerns and sluggish consumer spending in Japan. Rising oil prices and the euro's weakness present other challenges. This situation makes the outlook cloudy. Outside Japan, Asian economies are generally healthy, but the U.S. economy appears to be slowing down.
In the automobile industry, automobile sales in Japan are expected to increase as Japanese manufacturers introduce newly designed vehicles. Furthermore, rising output at overseas factories will offset declines in exports from Japan. This outlook leads to a prediction that domestic automobile production will rise to more than 10 million units.
Koito Group plans to further enhance its R&D and product design activities. Shortening the product development cycle, comprehensive streamlining and cost reductions are other goals. These steps are aimed at raising orders and sales. Overseas group members will be strengthened so as to create a production system that can meet local demand and supply products from the best locations. Through these measures, Koito Group will strive to increase earnings.

Consolidated predictions for fiscal 2001 are as follows:
Net sales: ¥291.0 billion
Recurring profit: ¥11.4 billion
Net income: ¥3.7 billion

Consolidated Balance Sheets

(¥ millions, rounded down)

	Sept. 30, ’00	March 31, ’00	Change	Sept. 30, ’99
Assets				
Current assets:				
Cash and time deposits	10,567	13,889	-3,322	12,526
Notes and accounts receivable—trade	53,238	72,305	-19,067	54,113
Marketable securities	27,798	39,262	-11,464	37,971
Inventories	22,343	18,004	4,339	20,992
Deferred income taxes	1,161	1,367	-206	1,072
Other current assets	9,507	9,393	114	10,507
Less: Allowance for doubtful receivables	-1,065	-1,237	172	-1,209
Total current assets	123,551	152,983	-29,432	135,973
Fixed assets:				
Property, plant and equipment:				
Buildings and structures	31,557	31,539	18	32,716
Machinery and transportation equipment	21,130	19,700	1,430	18,886
Tools and equipment	10,378	10,209	169	12,153
Land	13,100	13,099	1	12,606
Construction in progress	2,083	2,259	-176	1,607
Property, plant and equipment, net	78,251	76,808	1,443	77,970
Intangible fixed assets	1,098	1,124	-26	1,274
Other investments:				
Investment securities	66,365	22,799	43,566	16,435
Long-term loans	1,854	7,928	-6,074	5,296
Deferred income taxes	—	5,224	-5,224	4,760
Other investments	6,270	4,894	1,376	4,870
Less: Allowance for doubtful receivables	—	-22	22	-13
Total investments and other assets	74,490	40,824	33,666	31,350
Total fixed assets	153,840	118,757	35,083	110,594
Translation adjustments	—	3,322	-3,322	3,437
Total assets	277,392	275,063	2,329	250,005

(¥ millions, rounded down)

	Sept. 30, ’00	March 31, ’00	Change	Sept. 30, ’99
Liabilities				
Current liabilities:				
Notes and accounts payable—trade	46,672	57,392	-10,720	46,288
Short-term loans	15,292	15,968	-676	19,720
Accrued expenses	12,502	14,457	-1,955	12,427
Income taxes payable	1,378	1,812	-434	1,767
Accrued bonuses	4,807	4,633	174	5,294
Other current liabilities	9,506	7,659	1,847	8,463
Total current liabilities	90,160	101,923	-11,763	93,961
Non-current liabilities:				
Bonds	5,517	5,522	-5	2,000
Long-term debt	34,637	32,560	2,077	22,390
Reserve for directors’ retirement allowances	1,354	1,327	27	1,254
Reserve for retirement allowances	—	12,738	-12,738	12,898
Reserve for other retirement benefits	17,522	—	17,522	—
Deferred income taxes	1,283	—	1,283	—
Others	1,024	2,185	-1,161	1,650
Total non-current liabilities	61,339	54,333	7,006	40,193
Total liabilities	151,500	156,256	-4,756	134,154
Minority interests	25,439	25,958	-519	25,248
Shareholders’ equity:				
Common stock	14,270	14,270	—	14,270
Additional paid-in capital	17,107	17,107	—	17,107
Retained earnings	61,920	61,469	451	59,223
Securities valuation adjust.	10,586	—	10,586	—
Translation adjustments	-3,433	—	-3,433	—
Total	100,452	92,848	7,604	90,602
Treasury stock	-0	-0	0	-0
Subsidiary stake in parent company	—	—	—	—
Total shareholders’ equity	100,452	92,848	7,604	90,602
Total liabilities and shareholders’ equity	277,392	275,063	2,329	250,005

Consolidated Statements of Income

For the six months ended September 30, 2000

(¥ millions, rounded down)

	Six months ended Sept. 30, 2000		Six months ended Sept. 30, 1999		YoY Change		Year ended March 31, 2000	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Net sales	126,843	100.0	121,582	100.0	5,261	4.3	279,034	100.0
Cost of sales	108,537	85.6	103,860	85.4	4,677		237,701	85.2
Gross profit	18,305	14.4	17,721	14.6	584		41,332	14.8
Selling, general and administrative expenses	14,323	11.3	14,939	12.3	-616		32,044	11.5
Operating income	3,982	3.1	2,782	2.3	1,200	43.1	9,288	3.3
Non-operating income	1,103		851		252		2,628	
Interest and dividend income	(359)		(442)		(-83)		(1,016)	
Income from affiliates (under equity method)	(0)		(6)		(-6)		(8)	
Other non-operating income	(744)		(402)		(342)		(1,604)	
Non-operating expenses	1,006		1,448		-442		3,523	
Interest expenses and discounts	(404)		(656)		(-252)		(1,267)	
Other non-operating expenses	(602)		(792)		(-190)		(2,255)	
Recurring profit	4,079	3.2	2,184	1.8	1,895	86.8	8,393	3.0
Extraordinary gains	146		230		-84		260	
Extraordinary losses	1,617		450		1,167		1,312	
Income before income taxes	2,609	2.1	1,965	1.6	644		7,341	2.6
Income taxes, inhabitant taxes and enterprise taxes	1,331		1,187		144		3,770	
Deferred taxes	-288		-392		104		-772	
Total	1,043		794		249		2,997	
Minority interests in consolidated subsidiaries	-4		-42		38		-931	
Net income	1,562	1.2	1,128	0.9	434	38.5	3,412	1.2

Consolidated Statements of Retained Earnings

(¥ millions, rounded down)

	Six months ended Sept. 30, 2000	Six months ended Sept. 30, 1999	YoY Change	Year ended March 31, 2000
Consolidated retained earnings at beginning of period	61,469	58,912	2,557	58,912
Adjustment for adoption of tax-effect accounting	—	—	—	568
Increases in consolidated retained earnings	—	—	—	—
Decreases in consolidated retained earnings	1,112	817	295	1,424
Dividends	(964)	(643)	(321)	(1,286)
Bonuses to directors and corporate auditors	(147)	(174)	(-27)	(138)
Net income	1,562	1,128	434	3,412
Ending balance	61,920	59,223	2,697	61,469

Consolidated Statements of Cash Flows

(¥ millions, rounded down)

	Six months ended Sept. 30, 2000	Year ended March 31, 2000
I Cash flows from operating activities		
Income before income taxes	2,609	7,341
Depreciation	7,785	17,366
Minority interests in consolidated subsidiaries	0	-8
Provided for allowance for doubtful accounts	-209	576
Provided for accrued severance indemnities	4,838	-473
Provided for reserve for bonuses	198	-721
Interest and dividends received	-359	-1,016
Interest payments	404	1,906
Loss on sale and revaluation of marketable securities	66	88
Loss on sale and disposal of property and equipment	244	52
Notes and accounts receivable—trade	19,092	-1,160
Inventories	-4,354	84
Other receivables	-151	452
Notes and accounts payable—trade	-10,750	3,214
Accrued expenses and other liabilities	-617	-395
Directors' bonuses paid	-170	-167
Sub total	18,626	27,142
Interest and dividends received	359	1,016
Interest payments	-404	-1,906
Income taxes	-1,759	-4,596
Net cash provided by operating activities	16,822	21,655
II Cash flows from investing activities		
Payments into time deposits	-433	-3,909
Proceeds from time deposits	1,090	4,365
Payments for purchase of marketable securities	-22,636	-38,728
Proceeds from sale of marketable securities	19,412	38,709
Payments for purchase of property and equipment	-9,662	-15,220
Proceeds from sale of property and equipment	329	571
Payments for purchase of investment securities	-6,313	-7,435
Proceeds from sale of investment securities	2,561	736
Payments for new loans	-297	-5,243
Proceeds from loan repayments	606	1,346
Other payments relating to investments	-1,442	-1,245
Net cash used in investing activities	-16,785	-26,055
III Cash flows from financing activities		
Increase (decrease) in short-term loans	1,983	-698
Increase in long-term debt	8,537	12,734
Repayment of long-term debt	-890	-793
Issuance of bonds	—	5,543
Repayment of bonds	—	-10,000
Payments from minority shareholders	—	1,471
Dividends paid by parent company	-964	-1,286
Dividends paid to minority shareholders	-448	-919
Net cash provided by (used in) investing activities	8,218	6,051
IV Effect of exchange rate changes on cash and cash equivalents	36	-292
V Change in cash and cash equivalents	8,291	1,358
VI Cash and cash equivalents at beginning of year	20,285	18,926
VII Cash and cash equivalents at end of year	28,576	20,285

Basis of Presentation of Interim Consolidated Financial Statements

1. Scope of Consolidation
Number of consolidated subsidiaries: 20

2. Application of the Equity Method
Number of affiliates accounted for using the equity method: 2
The influence on consolidated income and retained earnings of affiliate New Fuji Co., Ltd., which is not accounted for using the equity method, is considered immaterial.

3. Fiscal Year of Consolidated Subsidiaries
The interim accounting period of KOITO INDUSTRIES, LIMITED, Koito Transport Co., Ltd., Minatsu, Ltd. and India Japan Lighting Ltd., ends on September 30, as does that of the parent company.

Interim financial statements are prepared assuming an interim accounting period ending September 30 for the other consolidated subsidiaries (Aoitec Co., Ltd. and 15 other companies).

4. Summary of significant accounting policies

(1) Marketable Securities

Securities held for trading	Market value
Securities held to maturity	Depreciable cost
Securities of subsidiaries and affiliates	Cost as determined by the moving average method
Other securities	
Where there is a market quotation	Market value as determined by the quoted price at the end of the interim period. (The difference between the carrying value and the market value is charged to equity.)
Where there is no market quotation	Cost as determined by the moving average method.
Specified money trusts	Market value

(2) Inventories
Finished products and work in progress are stated at cost, cost being determined by the weighted-average method. Raw materials and supplies are stated at cost determined by the moving average method.

(3) Depreciation
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 in accordance with the accounting principles generally accepted in each country. Machinery and equipment held by the parent company is depreciated using the declining-balance method over useful lives estimated by the company, and taking into account increased superannuation accompanying technological progress. Buildings purchased by domestic consolidated subsidiaries on or after April 1, 1998, excluding fixtures, are depreciated using the straight-line method in accordance with Japan’s corporate tax laws.

(4) Reserves

Allowance for doubtful receivables

Provisions for doubtful receivables are recorded in accordance with the mandatory rates stipulated in Japan's corporate tax laws.

Accrued bonuses

Provisions for employees' bonuses are based on the estimated requirements for the fiscal year. The amount recorded is that applicable to the interim period.

Accrued severance indemnities for directors

Provisions for directors' retirement benefits are recorded at the amount that would be required if all directors and corporate auditors retired at the balance sheet date.

Accrued severance indemnities for employees

Accrued severance indemnities are recorded based on the amount that would be required if all eligible employees retired at the full-year balance sheet date less the amount funded by company pension assets. The amount recorded is that applicable to the interim period. The parent company will expense the shortfall in funding these obligations (¥933 million), which arose with the adoption of new accounting standards, over the coming year. Consolidated subsidiary KOITO INDUSTRIES, LIMITED will expense its shortfall (¥7,859 million) in installments over a period of five years.

(5) Lease Transactions

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

5. Offsetting Investment and Equity Items

The offsetting of all parent company investment items and subsidiary equity items is conducted at once using the first day of the consolidated fiscal year as the record date. The Company believes there is no material difference between this method and the method of using the acquisition dates of each respective investment to determine the respective values.

6. Elimination of Unrealized Gains and Losses

Amounts equivalent to the parent company's interest in unrealized gains and losses accompanying the buying and selling of assets between consolidated subsidiaries are eliminated. In cases where the unrealized gain or loss includes the depreciation of assets, adjustments are made for the depreciation expense that accompanies elimination.

7. Appropriation of Earnings

The interim consolidated statements of retained earnings are based on appropriations finalized during the fiscal year.

8. Income taxes and other taxes

Tax-effect accounting is applied.

Regarding differences between earnings as stated and taxable income, taxes (income, inhabitants and enterprise) are allocated proportionally in relation to items for which there are differences in the applicable period.

9. Consumption Tax

Figures shown in the financial statements do not include consumption tax.

10. Consolidated Statements of Cash Flows

Cash and cash equivalents include cash, highly liquid bank deposits and short-term investments with negligible risk of fluctuation in value and maturities of less than three months.

Additional Information

Accounting for Retirement Allowances

Effective from the interim period ended September 30, 2000, the company adopted a new accounting standard for the recognition of retirement allowances. The adopted standard was promulgated in the Business Accounting Deliberation Council's paper "Opinion Concerning the Establishment of Accounting Standard for Retirement Benefits" issued on June 16, 1998. The effect of this change was to decrease recurring profit by ¥167 million and income before income taxes by ¥1,419 million. Furthermore, accruals related to retirement allowances and past service costs of the corporate pension plan are included in the reserve for other retirement benefits.

Accounting for Financial Instruments

Effective from the interim period ended September 30, 2000, the company adopted a new accounting standard for financial instruments. The standard was promulgated in the Business Accounting Deliberation Council's paper "Opinion Concerning the Establishment of Accounting Standards for Financial Instruments" issued on January 22, 1999.
The effect of this change was to increase recurring profit by ¥98 million and reduce income before income taxes by ¥52 million.

Furthermore, the company undertook an examination of the respective objectives of marketable securities held at the end of the interim period. Securities held for trading and securities due to mature within one year of securities held to maturity were shown under marketable securities in current assets. Securities falling outside these categories were shown under investment securities. This reclassification had the effect of reducing marketable securities in current assets by ¥21,454 million and increasing investment securities by the same amount.

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 foreign currency denominated transactions. 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. Furthermore, following a revision of the accounting standards applicable to interim financial statements, foreign currency translation adjustments, which were formerly recorded under assets, are henceforth recorded under shareholders' equity and minority interests.

Notes

	Six months ended September 30, 2000	Year ended March 31, 2000
1. Cumulative depreciation of property, plant and equipment	¥134,599 million	¥132,510 million
2. Liabilities for guarantees	¥70 million	¥75 million
3. Treasury stock	¥0 million (877 shares)	¥0 million (50 shares)

Lease Transactions

1. Finance leases on which ownership of the leased asset is not regarded as transferred to the lessee.

① Amounts equivalent to acquisition costs, accumulated depreciation and net balance of leased assets at the end of the period

(¥ millions)

		Sept. 30, 2000	March 31, 2000
Acquisition costs	Machinery	1,817	1,790
	Tools and equipment	1,460	1,472
	Total	3,277	3,263
Accumulated depreciation	Machinery	793	954
	Tools and equipment	850	630
	Total	1,643	1,585
Net balance of leased assets	Machinery	1,023	836
	Tools and equipment	609	842
	Total	1,633	1,678

Note: In the above, the amount equivalent to acquisition costs is calculated inclusive of interest payments. This is due to the small share of the interim balance of tangible fixed assets accounted for by cumulative future lease payments.

② Balance of cumulative future lease payments

(¥ millions)

	Sept. 30, 2000	March 31, 2000
Within one year	431	460
Over one year	1,201	1,218
Total	1,633	1,678

Note: In the above, the amount equivalent to cumulative future lease payments is calculated inclusive of interest payments. This is due to the small share of the interim balance of tangible fixed assets accounted for by cumulative future lease payments.

③ Lease payments and amount equivalent to cumulated depreciation

(¥ millions)

	Sept. 30, 2000	March 31, 2000
Lease payments	380	597
Amount equivalent to cumulated depreciation	380	597

2. Operating Lease Transactions

(¥ millions)

Within one year	652	—
Over one year	1,000	—
Total	1,653	—

Segment Information

(1) Industry Segment Information
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 Sales						
(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

Six months ended September 30, 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						
Sales						
(1) Sales to outside customers	101,047	16,831	8,965	126,843	—	126,843
(2) Inter-segment sales and transfers	22,502	—	1,346	23,848	(23,848)	—
Total	123,549	16,831	10,311	150,691	(23,848)	126,843
Operating expenses	118,795	17,533	9,906	146,234	(23,374)	122,860
Operating income	4,754	(702)	405	4,456	(474)	3,982
II Assets, depreciation and capital expenditures						
Assets	151,373	51,653	42,280	245,306	32,086	277,392
Depreciation	6,833	497	433	7,763	22	7,785
Capital expenditures	8,764	181	722	9,667	—	9,667

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 six months ended September 30, 2000 include ¥1,287 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 September 30, 2000 include ¥32,086 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, 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

Six months ended September 30, 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	92,164	17,579	15,061	2,039	126,843	—	126,843
(2) Inter-segment sales	23,503	—	345	—	23,848	(23,848)	—
Total	115,667	17,579	15,406	2,039	150,691	(23,848)	126,843
Operating expenses	111,952	17,425	14,425	2,430	146,234	(23,374)	122,860
Operating income (loss)	3,714	154	980	(392)	4,456	(474)	3,982
II Assets	195,706	19,107	24,330	6,162	245,306	32,086	277,392

(3) Overseas Sales

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

Six months ended September 30, 2000

(¥ millions, rounded down)

	North America	Asia	Europe	Total
I Overseas sales	20,457	15,487	816	36,761
II Consolidated sales				126,843
III Overseas sales ratio (%)	16.1	12.2	0.6	29.0

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
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.

Marketable Securities

Market value of marketable securities

(¥ millions, rounded down)

	As at March 31, 2000		
	Book value	Market value	Gain (loss) on revaluation
(1) Items recorded under current assets			
Equity securities	177	219	42
Debt securities	1,793	1,816	23
Others	11,499	11,393	-106
Subtotal	13,469	13,428	-41
(2) Items recorded under fixed assets			
Equity securities	6,918	27,773	20,855
Debt-securities	—	—	—
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 closing prices on the Tokyo Stock Exchange and bond prices provided by the Securities Dealers Association of Japan.
(2) OTC issues	Prices provided by the Securities Dealers Association of Japan.
(3) Securities with market quotation (excluding (1) and (2) above)	Reference bond prices provided by the Securities Dealers Association of Japan.
(4) Beneficial interest in unlisted securities investment trust	Base price
(5) Securities other than those listed 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 million and valuation loss/on gain was ¥0 million, either.

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

	(¥ millions) As of Mar. 31, '00
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

No derivative contracts were outstanding as at March 31, 2000 and September 30, 2000.

Non-Consolidated Earnings Report for First Half of Fiscal 2001

November 6, 2000

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) 3447-5101
Meeting of the Board of Directors for the Approval of Results: November 6, 2000
Interim Dividend System: Yes
Interim Dividend Payment Date: December 8, 2000

1. Non-Consolidated Results of Operations for First Half of Fiscal 2001 (April 1, 2000 – September 30,2000)

(1) Non-Consolidated Business Results (¥ millions)

Six months ended	Net sales		Operating income		Recurring profit		Net income	
Sept. 30 '00	73,907	6.1%	2,455	126.0%	3,730	38.3%	1,746	22.9%
Sept. 30, '99	69,651	0.6%	1,086	21.9%	2,697	21.3%	1,421	219.1%
Year ended Mar. 31, '00	147,984		4,476		7,155		3,688	

Six months ended	Net income per share
Sept. 30 '00	10.86
Sept. 30, '99	8.84
Year ended Mar. 31, '00	22.94

Notes:

① Average number of shares:
Fiscal 2001 interim: 160,789,436 Fiscal 2000 interim: 160,789,436 Fiscal 2000: 160,789,436

② No changes in accounting standards were applicable to the above figures.

③ The percentage figures accompanying net sales, operating income, recurring profit and net income represent year-on-year changes.

(2) Dividends (¥)

Six months ended	Interim dividend per share	Annual dividend per share
Sept. 30, '00	4.00	—
Sept. 30, '99	4.00	—
Year ended Mar. 31, '00	—	10.00

Note: There were no special or commemorative dividends paid with respect to the interim period ended September 30, 2000.

(3) Non-Consolidated Financial Position (¥ millions)

	Total assets	Shareholders' equity	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
Sept. 30, '00	146,056	86,705	59.4	539.25
Sept. 30, '99	127,866	74,169	58.0	461.28
Mar. 31, '00	131,978	75,793	57.4	471.39

Note: Issued and outstanding shares:
Fiscal 2001 interim: 160,789,436 Fiscal 2000 interim: 160,789,436
Fiscal 2000: 160,789,436

2. Non-Consolidated Outlook for Fiscal 2001 (April 1, 2000 – March 31, 2001) (¥ millions)

	Net sales	Recurring profit	Net income	Year-end dividend	Total annual dividend
For the year	155,200	8,200	4,100	¥4.00	¥8.00

Reference – Projected net income per share for the year: ¥25.50

Non-Consolidated Balance Sheets

(¥ millions, rounded down)

	Sept. 30, '00	Mar. 31, '00	Change	Sept. 30, '99
Assets				
Current assets:				
Cash and time deposits	2,555	3,264	-709	3,269
Notes	1,669	1,801	-132	1,798
Accounts receivable–trade	23,470	25,456	-1,986	22,092
Marketable securities	7,364	22,187	-14,823	22,824
Finished products	3,632	3,508	124	3,085
Work in progress	779	765	14	856
Raw materials and supplies	1,548	1,550	-2	1,387
Accrued income	1,220	1,520	-300	1,375
Deferred income taxes	1,343	1,141	202	914
Other current assets	525	293	232	524
Less: Allowance for doubtful receivables	-125	-144	19	-152
Total current assets	43,985	61,345	-17,360	57,975
Fixed assets:				
Property, plant and equipment				
Buildings	14,019	14,300	-281	14,856
Structures	1,087	1,099	-12	1,155
Machinery	5,225	4,836	389	5,541
Vehicles	278	270	8	266
Tools and equipment	7,039	7,052	-13	7,467
Land	6,294	6,286	8	6,338
Construction in progress	149	130	19	93
Property, plant and equipment, net	34,095	33,976	119	35,719
Intangible fixed assets	762	919	-157	1,040
Other investments:				
Investment securities	44,113	9,980	34,133	10,619
Long-term loans	19,896	19,896	—	16,576
Deferred income taxes	—	4,511	-4,511	4,583
Other investments	3,202	1,352	1,850	1,354
Less: Allowance for doubtful receivables	—	-3	3	-3
Total	67,212	35,736	31,476	33,130
Total fixed assets	102,070	70,633	31,437	69,890
Total assets	146,056	131,978	14,078	127,866

Non-Consolidated Balance Sheets

(¥ millions, rounded down)

	Sept. 30, '00	Mar. 31, '00	Change	Sept. 30, '99
Liabilities				
Current liabilities:				
Notes and accounts payable–trade	25,111	26,879	-1,768	24,083
Payables	2,939	2,509	430	3,457
Accrued expenses	8,462	9,965	-1,503	9,232
Employees' deposits	1,400	1,429	-29	1,484
Reserve for bonuses	3,073	3,040	33	3,202
Income taxes payable	1,957	1,602	355	1,556
Other current liabilities	669	699	-30	534
Total current liabilities	43,615	46,125	-2,510	43,551
Non-current liabilities:				
Reserve for directors' retirement allowances	855	822	33	768
Reserve for retirement allowances	—	8,784	-8,784	8,924
Reserve for other retirement benefits	12,400	—	12,400	—
Reserve for losses on overseas investments	550	450	100	450
Deferred income taxes	1,927	—	1,927	—
Others	2	2	—	2
Total non-current liabilities	15,735	10,059	5,676	10,145
Total liabilities	59,351	56,184	3,167	53,696
Shareholders' equity:				
Common stock	14,270	14,270	—	14,270
Legal reserves				
Additional paid-in capital	17,107	17,107	—	17,107
Profit reserve	3,567	3,567	—	3,567
Total legal reserves	20,675	20,675	—	20,675
Retained earnings				
Repurchased assets reduction reserve	870	799	71	799
Repurchased assets special reduction account	—	82	-82	82
General reserve	37,500	35,500	2,000	35,500
Unappro. retained earnings	3,138	4,465	-1,327	2,840
(Interim net income)	(1,746)	(3,688)	(-1,942)	(1,421)
Total retained earnings	41,509	40,847	662	39,222
Securities valuation adjust.	10,249	—	10,249	—
Total shareholders' equity	86,705	75,793	10,912	74,169
Total liabilities and shareholders' equity	146,056	131,978	14,078	127,866

Non-Consolidated Statements of Income

For the six months ended September 30, 2000 (¥ millions, rounded down)

	Six months ended Sept. 30, 2000		Six months ended Sept. 30, 1999		YoY Change		Year ended March 31, 2000	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
(Recurring profit)								
(Operating)								
Operating revenues								
Net sales	73,907	100.0	69,651	100.0	4,256	6.1	147,984	100.0
Operating expenses								
Cost of sales	63,137	85.5	60,230	86.5	2,907		126,734	85.6
Selling, general and administrative expenses	8,314	11.2	8,334	11.9	-20		16,773	11.4
Operating income	2,455	3.3	1,086	1.6	1,369	126.0	4,476	3.0
Non-operating income (expenses)								
Non-operating income	1,301		1,719		-418		2,903	
Interest and dividend income	(662)		(1,155)		(-493)		(1,587)	
Other	(638)		(564)		(74)		(1,316)	
Non-operating expenses	26		108		-82		225	
Interest expenses	(3)		(14)		(-11)		(18)	
Other	(22)		(93)		(-71)		(207)	
Recurring profit	3,730	5.0	2,697	3.9	1,033	38.3	7,155	4.8
Extraordinary gains/losses								
Extraordinary gains	—		39		-39		63	
Gains on sales of property, plant and equipment	(—)		(—)		(—)		(22)	
Gains on sales of investment securities	(—)		(39)		(-39)		(40)	
Extraordinary losses	819		368		451		1,019	
Write-off of pension shortfall	(466)		(—)		(466)		(—)	
Revaluation of golf club membership	(138)		(—)		(138)		(—)	
Reserve for losses on overseas investments	(100)		(—)		(100)		(—)	
Losses on sales and disposition of property, plant and equipment	(114)		(61)		(53)		(129)	
Tax qualified pension expenses	(—)		(—)		(—)		(794)	
Employees' pension fund	(—)		(302)		(-302)		(—)	
Losses on sale of investment securities	(—)		(—)		(—)		(48)	
Revaluation of marketable securities	(—)		(4)		(-4)		(48)	
Income before income taxes	2,911	3.9	2,368	3.4	543	22.9	6,199	4.2
Income taxes-current	1,759		1,335		424		3,054	
Income taxes-deferred	-595		-388		-207		-544	
Total income taxes	1,164		947		217		2,510	
Net income	1,746	2.4	1,421	2.0	325	22.9	3,688	2.5
Retained earnings b/fwd.	1,391		1,419		-28		1,419	
Interim dividend	—		—		—		643	
Interim dividend reserve	—		—		—		—	
Unappropriated retained earnings	3,138		2,840		298		4,465	

Breakdown of Non-Consolidated Net Sales

(¥ millions, rounded down)

	Six months ended Sept. 30, 2000		Six months ended Sept. 30, 1999		YoY Change		Year ended March 31, 2000	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Automobile Lighting Equipment	69,945	94.6	64,722	92.9	5,223	8.1	139,065	94.0
Aircraft Lights	1,302	1.8	1,549	2.2	-247	-15.9	3,245	2.2
Others	2,658	3.6	3,379	4.9	-721	-21.3	5,674	3.8
Total	73,907	100.0	69,651	100.0	4,256	6.1	147,984	100.0
(Proportion accounted for by exports)	(6,046)	(8.2)	(5,421)	(7.8)	(625)	(11.5)	(11,863)	(8.0)

Basis of Presentation of Interim Non-Consolidated Financial Statements

1. **Differences From Accounting Principles and Practices Used in Full Year Calculations**
   (1) Depreciation on property, plant and equipment is computed as half the estimated annual depreciation expense.
   (2) Reserves for bonuses are computed as half the estimated payments for the full fiscal year for all eligible employees at balance sheet date.
   (3) Reserves for retirement allowances are calculated as half the estimated addition to reserves applicable to employees at the end of the interim period.
   (4) Reserves for other retirement benefits are calculated as the amount recognized as arising at the end of the interim period based on the estimated amounts of retirement benefit obligations and pension assets at the end of the fiscal year. A one-time charge will be taken for the difference of ¥933 million arising from the accounting change.
   (5) Income taxes are computed as half the estimated amount for the full fiscal year as if the company were treating the interim period as a full fiscal year.

2. **Inventories**

Finished products and work in progress	Cost as determined principally by the weighted-average method.
Raw materials and supplies	Cost as determined by the moving-average method

3. **Marketable Securities**

Securities held for trading	Market value
Securities held to maturity	Depreciable cost
Securities of subsidiaries and affiliates	Cost as determined by the moving average method
Other securities	
Where there is a market quotation	Market value as determined by the quoted price at the end of the interim period. (The difference between the carrying value and the market value is charged to income.)
Where there is no market quotation	Cost as determined by the moving average method.
Specified money trusts	Market value

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

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. **Tax Effect Accounting**
   Tax-effect accounting is applied.

7. **Consumption Tax**
   Figures shown in the financial statements do not include consumption tax.

Additional Information

Accounting for Retirement Allowances

Effective from the interim period ended September 30, 2000, the company adopted a new accounting standard for the recognition of retirement allowances. The adopted standard was promulgated in the Business Accounting Deliberation Council's paper "Opinion Concerning the Establishment of Accounting Standard for Retirement Benefits" issued on June 16, 1998. The effect of this change was to decrease income before income taxes by ¥466 million. Furthermore, accruals related to retirement allowances and past service costs of the corporate pension plan are included in the reserve for other retirement benefits.

Accounting for Financial Instruments

Effective from the interim period ended September 30, 2000, the company adopted a new accounting standard for financial instruments. The adopted standard was promulgated in the Business Accounting Deliberation Council's paper "Opinion Concerning the Establishment of Accounting Standards for Financial Instruments" issued on January 22, 1999.

The effect of this change was to recognize ¥10,249 million as a securities valuation adjustment and ¥6,832 million as a deferred tax liability. At the same time, the change had the effect of increasing recurring profit by ¥61 million and decreasing income before income taxes by ¥77 million. Furthermore, the company undertook an examination of the respective objectives of marketable securities held at the end of the interim period. Securities held for trading and securities due to mature within one year of securities held to maturity were shown under marketable securities in current assets. Securities falling outside these categories were shown under investment securities. This reclassification had the effect of reducing marketable securities in current assets by ¥17,050 million and increasing investment securities by the same amount.

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.

(Notes to the Non-Consolidated Balance Sheets)

(¥ millions)

	Sept. 30, 2000	March 31, 2000	Sept. 30, 1999
1. Loans to and with subsidiaries			
(1) Short-term loans to subsidiaries	1,101	1,243	1,120
(2) Short-term debt	4,250	4,737	4,251
2. Accumulated depreciation on property, plant and equipment	92,712	92,654	90,162
3. Main foreign currency-denominated assets			
(1) Marketable securities	162	328	508
(2) Investment securities	14,993	14,993	11,674
4. Guarantees	11,038	11,041	8,203
5. Treasury stock	0	0	0
	(877 shares)	(50 shares)	(77 shares)

6.The "reserve for directors' retirement allowances is made in terms of the provisions of Section 287.2 of the Commercial Code.

(Notes to the Non-Consolidated Income Statements)

(¥ millions)

	Sept. 30, 2000	March 31, 2000	Sept. 30, 1999
1. Transaction with subsidiaries			
(1) Sales	4,603	8,510	3,907
(2) Payables	17,483	35,589	16,582
(3) Transactions other than operating transactions	2,064	4,397	2,542
2. Net income per share (¥)	10.86	22.94	8.84

(Lease Transactions)

(¥ millions)

	Sept. 30, 2000	March 31, 2000	Sept. 30, 1999
1. Finance leases, other than those that transfer ownership to lessees.			
(1) The acquisition cost, accumulated depreciation and net book value are as follows:			
Acquisition cost	563	104	103
Accumulated depreciation	100	37	28
Net book value	463	66	74
The above amounts are primarily accounted for by tools and equipment.			
(2) Future lease payments			
Within 1 year (Current)	70	19	19
Over 1 year (Non-current)	392	47	54
Total	463	66	74

Note: The acquisition cost is computed inclusive of interest due to future lease payments at the end of the interim period accounting for only a low proportion of property, plant and equipment at the end of the same period.

	Sept. 30, 2000	March 31, 2000	Sept. 30, 1999
(3) Lease payments and equivalent depreciation			
Lease payments	63	21	13
Equivalent depreciation	63	21	13

(4) Equivalent depreciation

Depreciation is calculated on the straight-line method assuming that the leasing period is the useful life of each asset and the residual value is zero.

(¥ millions)

	Sept. 30, 2000	March 31, 2000	Sept. 30, 1999
2. Operating lease transactions.			
Future lease payments			
Within 1 year (Current)	37	—	42
Over 1 year (Non-current)	—	—	—
Total	37	—	42

Market Value of Marketable Securities

Market value information of marketable securities with market quotation

(¥ millions, rounded down)

	Mar. 31, '00			Sept. 30, '99		
	Book	Market	Gain/(Loss)	Book	Market	Gain/(Loss)
(1) Current Assets:						
Stocks	177	219	42	179	212	33
Bonds	1,792	1,815	23	1,892	1,906	14
Others	3,299	3,190	-109	3,299	3,197	-102
Subtotal	5,268	5,224	-44	5,370	5,315	-55
(2)FixedAssets						
Stocks	13,667	34,491	20,824	13,709	32,618	18,909
Bonds	—	—	—	—	—	—
Others	—	—	—	—	—	—
Subtotal	13,667	34,491	20,824	13,709	32,618	18,909
Total	18,935	39,715	20,780	19,079	37,933	18,854

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.
(4) Beneficial interest in unlisted securities investment trust	Base price
(5) 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. The value of securities includes treasury stock. The valuation loss on treasury stock included in current assets was ¥0.

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

(¥ millions)

	Mar. 31, '00	Sept. 30, '99
Current Assets:		
Unlisted foreign bonds	7,784	7,290
Foreign-currency denominated unlisted bonds with foreign exchange contract attached	162	342
Money management fund	1,001	1,001
Beneficiary certificates of closed period investment trusts	7,972	8,821
Fixed Assets:		
Unlisted securities (excluding OTC issues)	14,474	11,654
Investment certificates, others	1,735	1,833