WORLDWIDE AUTOMOTIVE LIGHTING

2011 ANNUAL REPORT

Year ended March 31, 2011

KOITO MANUFACTURING CO., LTD.

PROFILE

KOITO MANUFACTURING CO., LTD. (Koito) has been marking a history of leadership in the automotive lighting field since its establishment in 1915.

Today, the Koito Group's lighting technologies are used worldwide in a wide range of fields. These include applications in diverse forms of transportation, such as automobiles, aviation, railways and shipping, and in traffic systems. In all these areas, the Koito Group's technologies are making a significant contribution to safety.

Our products and technologies underpin our commitment to the slogan, "Lighting for Your Safety."

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TO OUR SHAREHOLDERS AND OTHER INVESTORS

First, we wish to express our deepest sympathy for all those affected by the Great East Japan Earthquake of March 11, 2011, and pray for a rapid recovery of the affected areas.

During fiscal 2011, the fiscal year ended March 31, 2011, the auto industry in Japan saw the number of automobiles manufactured remain at the same level as the previous fiscal year. Production was affected by a drop in consumer demand following the end, in September 2010, of government assistance programs for purchasing environmentally friendly vehicles, and disruptions or delays due to the earthquake. Overseas, meanwhile, worldwide automobile production volumes increased. The demand in North America held steady due to the effects of government policies and economic growth, while production increased in emerging countries such as China, Thailand and India. As a result of all these factors, the net sales of the Koito Group rose during the fiscal year under review.

In terms of profit, we reported a new record for operating income due to higher sales in Japan and overseas. This was a result of our efforts to improve business performance by improving quality, curbing capital expenditure, and promoting other measures to cut unit costs. Net income also improved significantly year on year, mainly because of a decrease in extraordinary losses.

Looking ahead, the economy both in Japan and abroad seems as difficult and uncertain as ever. While public administration and private enterprise are working together to recover from the earthquake in Japan, power supply issues and fluctuations in stock prices and currency value have taken a toll on corporate earnings, and the employment situation is unstable. Meanwhile, economic recovery is lagging in the U.S., and Europe is battling with financial instability.

In the face of these conditions, the Koito Group will work to boost productivity, enhance our mutually complementary supply network and structure, and implement more powerful cost-cutting measures. At the same time, we will focus on responding accurately to the demands of growth markets. Through these and other initiatives, we aim to further improve our business results.

The Koito Group produces automotive lighting equipment in nine countries overseas in addition to Japan. As a global supplier focused on the four key economies of Japan, North America, Europe, and Asia, Koito supplies its products in countries around the world. To satisfy customers, the Group is working together in a unified manner to strengthen its corporate capabilities under the slogan of DQCDS. This entails implementing safe and environmentally friendly product development (Development), striving to improve quality (Quality), cost (Cost), and delivery periods (Delivery), as well as focusing on speedy responses to customers (Speed).

Under the corporate slogan of “Lighting for Your Safety,” the Koito Group is committed to developing products in its mainstay automotive lighting equipment segment and in all other transport equipment and transportation system fields, such as aerospace and shipping. Thus we will continue to expand our business while aiming to create a safer, more comfortable society.

In order to remain a leading company in the automotive lighting equipment industry in the 21st century, we will work to educate and sharpen the skills of our employees. In doing so, our objective is to pursue the latest, most advanced technologies and to strive for improvement in product performance and quality. In parallel, we will stay true to our basic attitude of constantly adopting the perspective of our customers to supply products and services that meet their expectations. We cordially ask for your continued support and good wishes as we work toward these goals.

September 2011

Takashi Ohtake
Chairman & CEO

Masahiro Ohtake
President

FINANCIAL OVERVIEW AND MEDIUM-TERM OUTLOOK

FISCAL 2011 RESULTS

During fiscal 2011, the year ended March 31, 2011, the global economy enjoyed positive growth. Various economic measures implemented by countries around the world took effect and set them on the path to recovery. In particular, China, Thailand, India and other emerging economies saw strong growth. However, Japan's economy was substantially impacted by the Great East Japan Earthquake and its aftermath, with the result that economic activities largely stagnated.

In the auto industry in Japan, consumer demand was bolstered in the first half of the fiscal year by the effect of policies to promote sales, and by steady demand for vehicles in export destination countries as their economies recovered. Nevertheless, overall automobile production volumes for fiscal 2011 in Japan finished flat as consumer demand fell away following the end of government assistance programs for purchasing environmentally friendly vehicles in September, the impact of the yen's appreciation and disruptions and delays in automobile production after the March earthquake. Overseas, the number of automobiles produced worldwide increased during fiscal 2011. Demand in North America and other countries was buoyed by the effects of government policies, and production rose in emerging countries such as China, Thailand and India.

In this climate, Koito's consolidated net sales during fiscal 2011 increased 5.0% year on year to ¥428.9 billion due to growth in sales in the mainstay automotive lighting equipment segment.

On the earnings front, operating income increased 3.8% year on year to ¥37.4 billion. This result reflected increased sales by Koito in Japan and overseas, as well as efforts by all Group companies to improve business performance including quality improvement activities, restraint in capital expenditure and other cost-reduction measures. Recurring profit decreased by 4.6% to ¥34.3 billion due mainly to booking aircraft business safety measure expenses, and net income increased 61.0% to ¥10.0 billion as the result of lower extraordinary losses.

Regarding the year-end dividend, although the forecast for the business environment remains uncertain, in light of the business performance in fiscal 2011 and with a view to maintaining a stable dividend, Koito has decided to pay a year-end dividend of ¥9 per share. This means that the annual dividend for the fiscal year under review, which includes the interim dividend, stood at ¥19 per share, an increase of ¥1 compared to the previous year.

Looking ahead, Koito will continue to pursue further earnings improvements to meet the expectations of our shareholders.

Takashi Ohtake
Chairman & CEO

CONSOLIDATED FINANCIAL HIGHLIGHTS

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries
Years ended March 31,

	Millions of yen (except per share amounts)			Thousands of U.S. dollars (except per share amounts)
	2009	2010	**2011**	**2011**
Annual:				
Net sales	¥400,232	¥408,430	**¥428,977**	**$5,159,074**
Operating income	9,131	36,054	**37,434**	**450,198**
Net income	4,042	6,217	**10,012**	**120,409**
Per share (yen and U.S. dollars):				
Net income	¥ 25.16	¥ 38.69	**¥ 62.30**	**$ 0.75**
Year-end:				
Total assets	¥351,869	¥357,530	**¥338,760**	**$4,074,083**
Total shareholders' equity	142,184	148,664	**146,647**	**1,763,644**

Note: Amounts in U.S. dollars are translated from yen, for convenience only, at the rate of ¥83.15=US$1, the rate prevailing on March 31, 2011.

OUTLOOK FOR FISCAL 2012

In Japan, the economy was negatively impacted by the Great East Japan Earthquake and its aftermath, with the result that economic activities, including those in the automobile industry, are in a phase of long-term stagnation. Overseas, there are signs of sustained growth in China and the Asia region, but Japan continues to face power supply issues, while economic recovery lags in the U.S., Europe is battling financial instability and employment is unstable. As a result, the future economic conditions both in Japan and overseas are unclear, and the operating environment for the Koito Group remains harsh.

In the face of these conditions, the Koito Group will make efforts to increase order activities, boost productivity, enhance our mutually complementary supply network and structure, revise business frameworks to enable us to respond to changes in production volume, and implement more effective cost-cutting measures with a view to further improving our business results.

As regards Koito's business outlook for fiscal 2012, sales are expected to increase on growth in orders for environmentally friendly vehicles such as hybrid vehicles in the second half of the fiscal year, expanded sales of new products, and an increase in automobile production in emerging markets such as China and India. In terms of profit, we expect operating income and recurring profit to decline year on year. Although we will continue to take robust measures to cut costs by raising productivity, reducing expenses, and curbing capital expenditure, the impact of the earthquake on the first quarter was significant. Net income we expect to increase year on year, due to a decrease in extraordinary losses.

Masahiro Ohtake
President

MEDIUM-TERM OUTLOOK

In the automobile industry, production trends in and outside of Japan remain uncertain due to factors including deterioration in corporate earnings in Japan because of power supply problems and the yen's appreciation, as well as a delay in the recovery of the U.S. economy, and financial instability in Europe. In the medium- to long-term, however, production is expected to expand to meet increased demand stemming from the spread of automobiles in emerging markets such as China, Thailand, and India. At the same time, international competition will intensify as globalization progresses, creating an even more challenging business environment.

We believe these medium- and long-term trends in the automobile industry present major business opportunities for the Koito Group. The Group currently conducts its business centered on 20 production bases run by 13 companies in 9 overseas countries, and is working to strengthen and enhance the corporate structure of each Group company to further heighten competitiveness and profitability and handle globally optimized production. In Japan, Koito is accelerating efficient utilization of resources and optimization of business structures.

By business segment, in automobile related business, Koito will pursue order-winning initiatives grounded in an accurate grasp of trends in areas where the world's leading automakers are boosting production, as well as regions with sizeable untapped demand. We are aggressively launching value-added products, such as LED headlamps, discharge headlamps and the Adaptive Front Lighting System (AFS). At the same time, we are also unveiling headlamps for low-priced vehicles in emerging economies, and other products tailored to market characteristics. Our response to the standardization of specifications and quality standards accompanying the launch of global strategic vehicles will be to carry out technology transfers and promote our complementary supply structure. In this manner, we will work to win more orders and raise sales.

In other products and services, our priority is to drive business growth by winning more orders for road traffic control systems, LED displays, electronic aircraft components, and hydraulic equipment as well as seats for railroad cars such as the N700 bullet train, and by developing new products and opening up new markets.

All of us at Koito will make concerted efforts to deliver products and services that satisfy our customers. To do so, we will continue to bring together the knowledge and energy of Koito and its Group companies as we strive on the basis of CSR (corporate social responsibility) to develop and provide environmentally friendly products such as LED headlamps, conduct social contribution activities and cultivate personnel who can inherit our unique manufacturing philosophy.

OPERATIONS BY REGION AND FUTURE DEVELOPMENTS

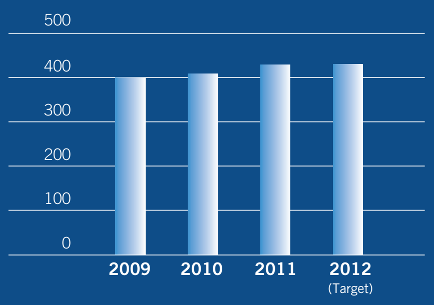
OUTLOOK FOR MEDIUM-TERM GLOBAL STRATEGIES

Auto production in Japan for fiscal 2011 was on a par with the previous fiscal year, dampened by the impact of the Great East Japan Earthquake. On a consolidated basis however, Koito's net sales improved year on year, with the recovery in demand in North America and the expansion of markets in emerging countries such as China, Thailand and India.

In fiscal 2012, business conditions are likely to grow even more challenging due to the impact of the earthquake, and financial instability in Europe and the U.S. In this climate, the Group aims to expand its market share and secure higher profits by working to further improve quality, cost, delivery timeframes and other key aspects of business. Through these efforts, Koito and its Group companies will continue to strive to optimize the scale of operations to meet order volume.

CONSOLIDATED NET SALES

Years ended March 31,
(Billions of yen)

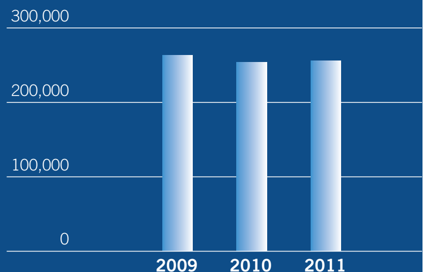


JAPAN

In fiscal 2011 Japan's auto industry fell below 9 million units, the same as in fiscal 2010. This was due to declines in domestic demand in the second half of the fiscal year as a result of the weakened demand following the termination of subsidies for the purchase of eco-cars, and the impact of the Great East Japan Earthquake, despite rises in demand in the first half of the fiscal year centered on environmentally friendly vehicles resulting from sales promotion policies.

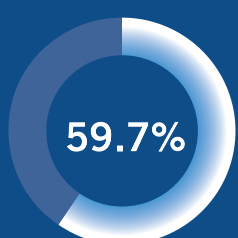
NET SALES [Japan]

Years ended March 31,
(Millions of yen)



SHARE OF SALES [Japan]

Year ended March 31, 2011
(%)



KOITO MANUFACTURING CO., LTD.

In fiscal 2011, net sales at Koito in Japan increased 1.0% year on year to ¥215.6 billion due to winning more orders and market share, mainly for environmentally friendly vehicles in the mainstay automotive lighting equipment segment. This outweighed the negative impact of production stops and delays resulting from the Great East Japan Earthquake.

In terms of profit, amid a flat performance year on year in automobile production, the Group continued to promote efforts to cut personnel and other expenses and curb capital expenditures in order to improve business performance. As a result of these and other streamlining measures, operating income rose 3.0% year on year to ¥15.8 billion, and recurring profit increased 4.8% to ¥22.0 billion. Net income rose by 5.3% to ¥5.0 billion.

During fiscal 2011 Koito made total capital expenditures of ¥5.0 billion for the development of new products and model changes in the automotive lighting equipment segment, and for new facilities needed for quality enhancements, rationalizations and cost-cutting measures, as well as molds and industrial tools.

Looking ahead at the prospects for unit production in the Japanese auto industry, we expect to see an increase in production through the second half of fiscal 2012, despite a sharp dip in the first quarter due to the effects of the earthquake. Koito will work to expand sales of new products and gain market share, while at the same time pushing through business improvement measures and activities to strengthen profitability and raise business efficiency. These will include curbing capital expenditure and raising productivity.

KOITO MANUFACTURING Shizuoka Plant

KOITO MANUFACTURING Haibara Plant


KOITO MANUFACTURING Kikkawa Plant


KOITO MANUFACTURING Sagara Plant


KOITO MANUFACTURING Fujikawa Tooling Plant

KOITO KYUSHU LIMITED

KOITO KYUSHU LIMITED was established in November 2005 with the aim of responding to increased production by automakers in the Kyushu region, mainly in order to offset risks associated with an earthquake in the Tokai region, and improve distribution efficiency. A new plant was constructed and operations commenced in October 2006, and a second plant commenced operations in September 2008 in line with growth in production volumes.

Net sales in fiscal 2011 rose 9.9% year on year to ¥36.2 billion due to greater automobile production in the Kyushu region, as well as an increase in the number of new orders received.


KOITO KYUSHU LIMITED Head Office and Plant

KOITO INDUSTRIES, LIMITED

In fiscal 2011, consolidated net sales at KOITO INDUSTRIES, LIMITED edged up 0.4% year on year to ¥51.7 billion due to increases in the transportation equipment segment and home appliances and environment segment, despite a decline in the year-on-year sales in the electrical equipment segment.

Results by segment were as follows:

[Transportation Equipment Segment]

Sales rose in the railroad car equipment division, although those in the aircraft seat division decreased. As a result, segment sales rose 9.1% year on year to ¥24.8 billion.

[Electrical Equipment Segment]

Segment sales decreased 7.5% in comparison with the previous year to ¥24.5 billion, as a result of decreases in lighting equipment sales, and sales in information systems equipment and traffic systems equipment.

[Home Appliances and Environment Segment]

Segment sales increased 4.6% year on year to ¥2.3 billion due to higher sales of home appliances, despite lower sales of environmental systems.

On the earnings front, consolidated operating income dropped 24.6% year on year to ¥2.3 billion. Despite improved profitability from reduced expenses, cost-cutting measures taken throughout the company, and the selection and focus policy, income fell due to lower profitability in the aircraft seats division. Recurring profit amounted to a loss of ¥1.8 billion due to increased expenses related to safety measures in the aircraft seats division. The Group booked a net loss of ¥16.7 billion, due mainly to the recording of an extraordinary loss of ¥13.9 billion on payment of damages in the aircraft seats division.

On August 1, 2011, KOITO INDUSTRIES, LIMITED conducted an absorption-type demerger, splitting off its transportation equipment-related business (excluding the aircraft seat business), electrical equipment-related business, and home appliances and environment-related business to be succeeded by wholly owned subsidiary KOITO ELECTRIC INDUSTRIES, LTD. On the date of the demerger, KOITO INDUSTRIES, LIMITED changed its company name to KI HOLDINGS CO., LTD.

KI HOLDINGS CO., LTD. Head Office and Plant

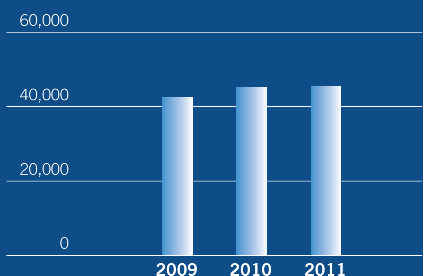

KOITO ELECTRIC INDUSTRIES, LTD.
Head Office and Fuji Nagaizumi Plant

NORTH AMERICA

Automobile production in North America recovered and increased 20% year on year to 12.0 million units in fiscal 2011 due to a pick-up in consumer spending and the benefits of sales promotion measures.

NET SALES [North America]

Years ended March 31,
(Millions of yen)



SHARE OF SALES [North America]

Year ended March 31, 2011
(%)

In North America, North American Lighting, Inc. (NAL), established in 1983, supplies automotive lighting equipment to the Big 3 automakers and all local plants of Japanese automakers. Now the largest independent manufacturer of lighting equipment in North America, NAL conducts its operations at the Paris, Flora and Salem plants in Illinois in the U.S., and a fourth plant that started operating in Alabama in the southern U.S. in July 2007. NAL also has a Technical Center in Farmington Hills, Michigan.

In the non-automotive electrical equipment segment, KPS N.A., INC. manufactures and sells seats and electrical components for railroad cars.

In fiscal 2011, net sales in the North American business were about on par with the previous fiscal year at ¥45.4 billion. An increase in automobile production and increased orders for new vehicle models were offset by a decrease in the non-automotive electrical equipment segment.

Looking ahead, the company will be working to improve its earnings power and strengthen its business framework by boosting order-winning activities, increasing productivity and engaging in cost-cutting activities.


NAL Paris Plant


NAL Flora Plant


NAL Salem Plant


NAL Alabama Plant

NAL Head Office (Paris)

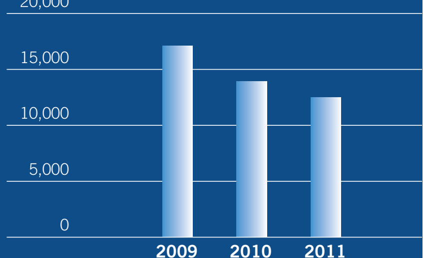
NAL Technical Center

EUROPE

Automobile production in Europe remained level year on year at around 17.0 million units in fiscal 2011 as internal demand stagnated due to the protracted global financial turmoil, despite increased production for exports.

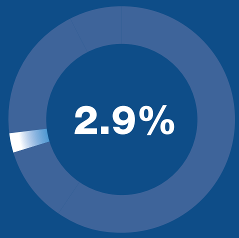
NET SALES [Europe]

Years ended March 31,
(Millions of yen)



SHARE OF SALES [Europe]

Year ended March 31, 2011
(%)



Under the control of Koito Europe NV (KENV), which oversees our European operations, Koito's automotive lighting equipment business in Europe is developed by two manufacturing bases: Koito Europe Limited (KEL) in Droitwich, England, and Koito Czech s.r.o. (KCZ) in Zatec, Czech Republic.

In fiscal 2011, net sales in the European business declined 10.4% year on year to ¥12.4 billion due to the negative impact of currency exchange rates, despite efforts to expand sales, mainly to local automakers.

Koito will strengthen its local development structure, further develop strategic order-winning initiatives, and boost competitiveness and profitability through improved operational efficiency, aiming for further growth in orders and earnings improvement in Europe over the medium- and long-terms.

Koito Europe NV

Koito Europe Limited

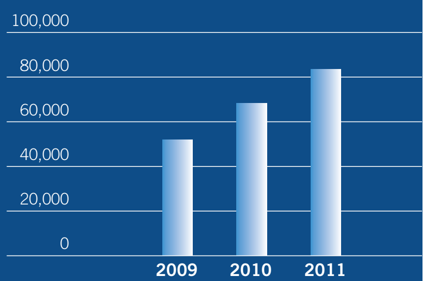
Koito Czech s.r.o.

CHINA

Automobile production in China increased 20% year on year to reach approximately 18.4 million units in fiscal 2011 on continued high economic growth due to business stimulation measures and increased personal consumption.

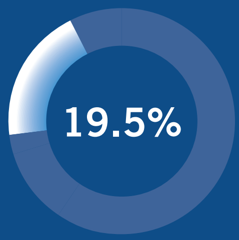
NET SALES [China]

Years ended March 31,
(Millions of yen)



SHARE OF SALES [China]

Year ended March 31, 2011
(%)



Koito is developing its automotive lighting equipment business in China through three companies: Shanghai Koito Automotive Lamp Co., Ltd. (Shanghai Koito), a joint venture established in 1989; FUZHOU KOITO TAYIH AUTOMOTIVE LAMP CO., LTD. (FUZHOU KOITO TAYIH), consolidated as a subsidiary in September 2005; and GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD. (GUANGHZOU KOITO), established in November 2005. In April 2002, Shanghai Koito established a Technical Center in China, one of the first auto parts manufacturers to do so. This move has given the joint venture product development and molding die manufacturing capabilities, as well as quality assurance, enabling it to establish a strong reputation with automakers.

In the non-automotive electrical equipment segment, CHANGZHOU KOITO JINCHUANG TRANSPORTATION EQUIPMENT CO., LTD. manufactures and sells electrical components for railroad cars.

Net sales in fiscal 2011 increased 22.4% year on year to ¥83.5 billion amid a rise in the number of automobiles produced, due to stronger automobile orders.

Spurred by continued high economic growth, the Chinese auto industry is also poised to develop further, and production is expected to continue to climb further in fiscal 2012. Eyeing this trend, Koito will take appropriate measures to expand operations and increase earnings.

Shanghai Koito First and Second Plants

Shanghai Koito Third Plant

Shanghai Koito Technical Center

GUANGZHOU KOITO

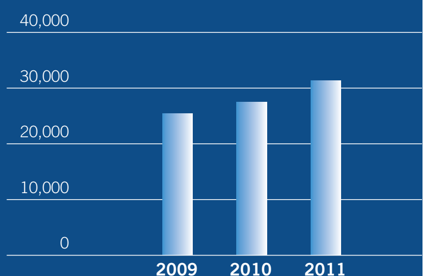
FUZHOU KOITO TAYIH

ASIA

Automobile production in Asia grew significantly year on year in fiscal 2011, due to increased production in Thailand, India and other countries, supported by high economic growth.

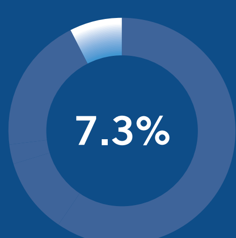
NET SALES [Asia]

Years ended March 31,
(Millions of yen)



SHARE OF SALES [Asia]

Year ended March 31, 2011
(%)



Thailand

In Thailand, THAI KOITO COMPANY LIMITED (THAI KOITO), established in 1986, supplies automotive lighting equipment to all local Japanese automakers. In particular, THAI KOITO supplies the main lamps for global strategic vehicles such as Toyota's IMV and Camry, and Isuzu's D-MAX.

THAI KOITO

Net sales in fiscal 2011 increased 21.6% year on year to ¥19.2 billion due to growth in the number of vehicle models for which lamps are supplied. Koito will continue focusing on winning orders for lamps used in automakers' global strategic vehicles, and work to improve earnings.

Taiwan

In Taiwan, operations are conducted by Ta Yih Industrial Co., Ltd. (Ta Yih Industrial), in which Koito took an equity interest in 1988. Ta Yih Industrial commands high market shares of 70% in both headlamps and signaling lamps.

Ta Yih Industrial

In fiscal 2011, sales rose 11.3% to ¥10.9 billion, reflecting advances in high-function, high-added-value products, such as larger headlamps and discharge-type lamps, as well as contributions from the recovery in automobile production.

Although automobile production in Taiwan is not expected to grow strongly, to achieve growth over the long-term, Ta Yih Industrial plans to launch value-added lamps and actively develop products for new business fields such as aircraft and railroad cars.

India

INDIA JAPAN LIGHTING PRIVATE LIMITED (IJL), a joint venture established in 1997 with Lucas-TVS Limited, is seeing its sales increase steadily.

In order to meet a medium- and long-term expansion in orders, IJL constructed a second plant in Bawal, in the northern Indian state of Haryana, which started operations in September 2007.

Net sales declined 4.6% year on year to ¥4.1 billion in fiscal 2011 due to the impact of foreign currency exchange rates. Demand is expected to expand in India going forward, and IJL will continue working to further improve earnings.

IJL Chennai Plant

IJL Bawal Plant

RESEARCH AND DEVELOPMENT

KOITO MANUFACTURING Technical Center

The Koito Group is committed to delivering attractive products that anticipate customer needs in a timely manner through R&D to create new technologies, and through technological development for transforming them into products. At the same time, Koito aims to conduct manufacturing activities that put people and the environment first. To this end, Koito is developing technologies to ensure safety and focusing on environmental themes that include recycling and the use of materials and manufacturing methods with low environmental impact.

The Koito Group's R&D activities are conducted by Koito's global R&D network of four bases, led by Koito Technical Center in Japan. The other bases include NAL's Technical Center in the U.S., KENV's Technical Section in Europe, and a Technical Center in China run by Shanghai Koito. This R&D network gives Koito the ability to meet the needs of automakers seeking to diversify their operations worldwide. As of March 31, 2011, the number of personnel engaged in the Koito Group's R&D activities stood at 2,112.

In fiscal 2011, R&D costs totaled ¥17.1 billion. By geographical segment, Japan used ¥11.0 billion, North America used ¥2.2 billion, China used ¥2.2 billion, Asia used ¥1.2 billion, and Europe used ¥0.3 billion.

The main research themes are outlined below.

Automobile Related Businesses

1. Core automotive lighting equipment technologies
   (optics, electronics, mechanical and structural engineering, etc.)
2. Production technologies
3. Simulation technologies
4. System development for ITS-related equipment and materials

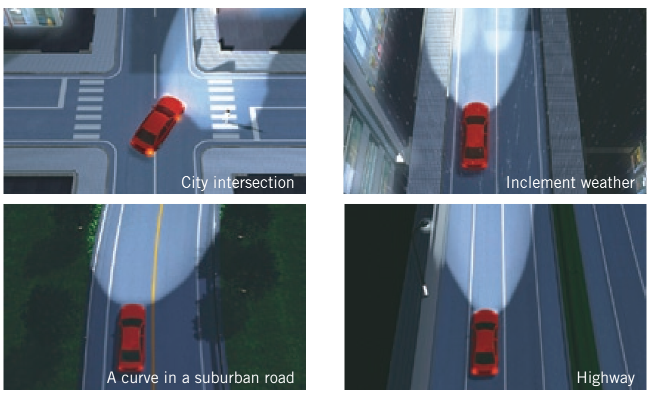
Other Products & Services

1. Electrical components for railroad rolling stock
2. Internet-based systems
3. Aircraft components
4. New products in new business domains and others

Development of LED Headlamps

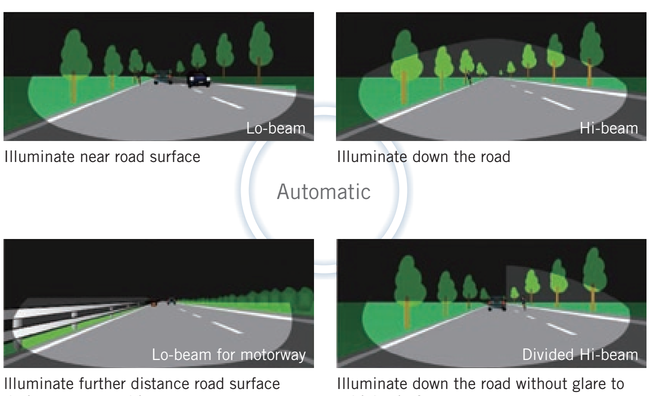
In May 2007, Koito became the first company in the world to succeed in commercializing an LED headlamp. LED headlamps are next-generation headlamps that use a high-output white LED (light-emitting diode). Using Koito's own optical control system and optimum lighting system, Koito has achieved world-leading levels of brightness and lighting speed. LED headlamps are promising from an environmental viewpoint, mainly due to the fact that white LEDs have long working lives, and save energy and space.

Koito is earnestly conducting committed research and development to produce LED headlamps offering even better performance and higher quality.



Development of the Adaptive Front Lighting System (AFS)

AFS is a headlamp system that provides optimal beam control according to driving conditions. The system's variable light distribution creates the right visual environment for safer driving. In February 2003, Koito succeeded in developing the first commercial AFS in the world and it is now deployed in many automobiles.



Development of the Adaptive Driving Beam System (ADB)

Based on the advanced safety technology it has developed over many years with AFS, Koito is developing the ADB headlamp system for full automatic control of the driving beam. The system controls the hi-beam in response to the driving environment, such as driving at high speeds or in rainy weather.

An onboard camera and image sensor automatically control the light distribution of the driving beam. The ADB headlamp system illuminates a wide visual environment in front of the driver without causing a glare from the beam to impact on oncoming vehicles or vehicles in front, thereby helping to provide a safer driving environment.

Development of Mercury-Free Discharge Headlamps

Current discharge bulbs contain trace amounts of mercury, a substance with a high environmental impact. However, developing an alternative technology to the mercury used in discharge bulbs was seen as a technical challenge, as mercury is an indispensable substance for producing light with the stable electric characteristics and efficiency of an electric bulb.

To meet this challenge, Koito pressed ahead with R&D in collaboration with other related manufacturers. Through this initiative, the Koito Group successfully developed a mercury-free discharge bulb with a level of performance equivalent to existing bulbs, and also a super-small and lightweight ballast (lighting control unit) especially for mercury-free headlamps. In July 2004, the Koito Group became the first company in the world to achieve mass production of mercury-free discharge headlamps.

SOCIAL CONTRIBUTION AND ENVIRONMENTAL ACTIVITIES

Public Communication and Social Contribution Activities

In conducting business operations, Koito is careful to foster harmony with all stakeholders, including local communities, customers, suppliers and investors in order to build relationships of trust between the Company and society. Koito also introduces some of its environmental initiatives and discloses environmental information through its environmental reports, annual reports and website. Disclosure of this kind is essential to fostering a deeper understanding of Koito's business and environmental protection activities.

In addition to working to raise the awareness of employees regarding environmental problems close at hand, other important areas where we are making proactive efforts to build relationships of trust with the regional community, include participation in community cleanup and tree-planting activities and other programs to keep the local natural environment clean, and to preserve it. We intend that each and every employee should continue to actively engage in activities that contribute to society so as to help Koito fulfill its obligations as a good corporate citizen.

Promoting Manufacturing that Puts the Environment First

Koito has established an Environmental Committee as a top management mechanism that oversees two sub-committees: the Environmental Protection Committee, and the Environmental Audit Committee. These committees work to maintain environmental compliance, and to promote efforts to minimize the environmental burden of manufacturing while pursuing economic efficiency.

The Koito Group is making Group-wide efforts to reduce the overall environmental impact of its core automotive lamp products over the entire product lifecycle from product development to manufacturing, use, disposal and recycling. Through these means, Koito is working in harmony with the regional community, to preserve the environment and reduce the Group's overall environmental burden.

Under its Fiscal 2009–2013 Medium-term Environmental Management Plan, Koito is targeting a 7% reduction on average in CO_2 emissions compared with the fiscal 1991 level for the five-year period from fiscal 2009 to 2013 as part of efforts to prevent global warming. Koito is also taking steps to minimize energy wastage through energy-saving measures and production efficiency improvements.

In resource recycling, our primary focus is to keep waste emissions as close to zero as possible, and we are also promoting reuse of waste as a resource, namely through the 3R (Reduce, Reuse, Recycle). Similarly, we are striving to minimize environmentally harmful substances produced in manufacturing processes. Specifically, we are tightening our control over amounts of materials used and emission levels, using these substances more efficiently, replacing them with alternatives, and other measures. Our goal is to help form a recycling-oriented society by quickly achieving and maintaining zero-emission operations, among other means.

Koito Group Environmental Activities

The Koito Group's efforts are based on promoting environmental preservation activities in pursuit of "Manufacturing Friendly to People and to the Earth." The three key issues the Group is focused on are prevention of global warming, reduction of substances that harm the environment, and resource recycling. We are tackling these challenges to reduce the burden we place on the environment.

In developing its operations globally, the Koito Group recognizes the need to further enhance its environmental preservation systems. Our ongoing efforts in this regard include building environmental management systems and obtaining environmental certification at our affiliated companies.

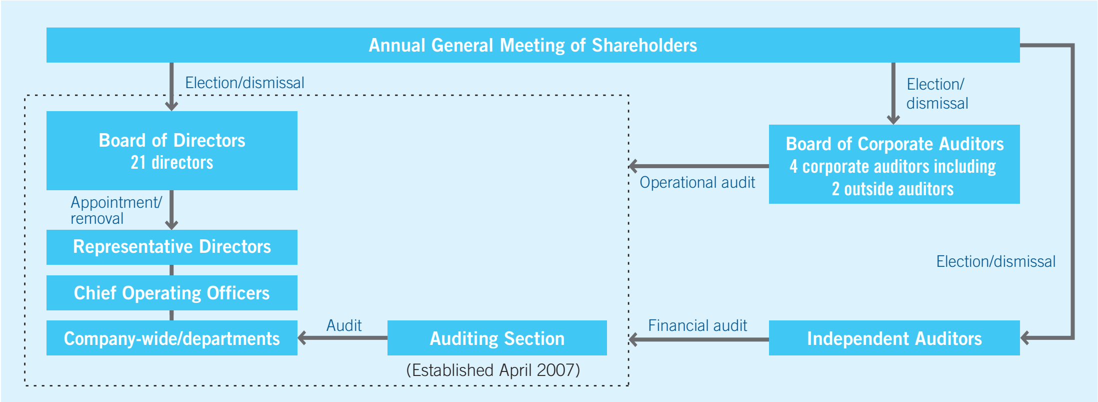
Koito has constructed a common company-wide environmental management system covering all stages from development to manufacturing that complies with the international ISO14001 standard. By January 2003 all five of our production bases in Japan had obtained ISO14001 certification.

Meanwhile, 17 of our affiliated companies, including 9 overseas companies, have obtained ISO14001 certification, mainly at production sites.

We will continue to develop locally-tailored environmental preservation activities in every country and region where we operate, as we respond to the demands of societies around the world for global environmental protection and sustainable societies.

CORPORATE GOVERNANCE

The Koito Group's basic approach to corporate governance is to recognize the importance of ethical standards and upholding the integrity of management if it is to retain the trust of all its stakeholders. Enhancing corporate governance and strengthening compliance is therefore viewed as a top management priority. The Group therefore works to strengthen its corporate auditors and the Board of Corporate Auditors with the goal of ensuring transparency and fairness in decision making and execution of duties by management.



(1) Corporate Governance Structure, Internal Control System and Risk Management System

At Koito, business execution is supervised by the Board of Directors and audited by the Board of Corporate Auditors. The Board of Directors, which comprises 21 directors, in principle meets once per month and is attended by directors and corporate auditors. It reports on progress in business execution and makes decisions on important matters.

The Board of Corporate Auditors comprises 4 corporate auditors, including 2 outside auditors. Each corporate auditor audits the performance of directors in line with auditing policies through such means as their participation in meetings of the Board of Directors, and surveys of the Company's operations and financial condition. Moreover, the standing corporate auditors attend important meetings and committees to audit business execution by directors. With regard to cooperation between auditors and the Auditing Section, internal auditing is conducted primarily by the General Affairs Department (Auditing Section) and Accounting Department. Corporate auditors receive regular reports from the Auditing Section regarding audit plans and audit inspection methods, as well as results of audits, and exchange information as necessary.

In the area of risk management, Koito implements measures to reduce and avoid risk, and divides the responsibility for day-to-day risk management between internal departments. In the event of a given risk transpiring, Koito will make a rapid and appropriate response based on leadership from top management.

Status of Financial Audits

To ensure the adequacy of financial statements, the Board of Corporate Auditors and Board of Directors periodically receive progress reports on the status of financial audits based on relevant directives and other laws from the independent auditors.

Koito's accounting audit was performed by certified public accountants Makoto Yoshii, Atsushi Sasayama, and Hirofumi Nikaido from Koito's independent auditor, accounting firm MEIJI AUDIT CORPORATION. A further 6 certified public accountants and 3 other staff assisted with the accounting audit.

(2) Remuneration for Directors and Corporate Auditors and the Independent Auditor

Remuneration for directors, corporate auditors, and the independent auditor for the fiscal year ended March 31, 2011 was as follows:

Remuneration for Directors and Corporate Auditors

For directors:	¥1,036 million
For corporate auditors:	¥ 95 million
Total:	¥1,131 million

Remuneration for the Independent Auditor

Fee for certification of audit:	¥62 million

(Remuneration based on work stipulated by Article 2, Paragraph 1 of the Certified Public Accountant Law)

BOARD OF DIRECTORS

Takashi Ohtake
Chairman & CEO

Masahiro Ohtake
President

Mitsuo Kikuchi
Executive Vice President

Yuji Yokoya
Executive Vice President

Chairman & CEO Takashi Ohtake

President Masahiro Ohtake

Executive Vice Presidents
Mitsuo Kikuchi
Yuji Yokoya

Executive Senior Managing Directors
Koichi Sakakibara
Hiroshi Mihara
Kazuo Ueki

Executive Managing Directors
Youhei Kawaguchi
Osami Takikawa
Kenji Arima
Michiaki Kato
Masami Uchiyama
Katsuyuki Kusakawa
Hideo Yamamoto

Directors
Jun Toyota
Takao Yamanashi
Atsushi Inoue
Kiyoshi Sato
Hideharu Konagaya
Kazuhito Iwaki
Koichi Toyoda

Standing Corporate Auditors
Shuichi Goto
Akira Nagasawa

Corporate Auditors
Koichi Kusano
Nobuyoshi Kawashima

(As of June 29, 2011)

FINANCIAL SECTION

CONTENTS

TEN-YEAR SUMMARY

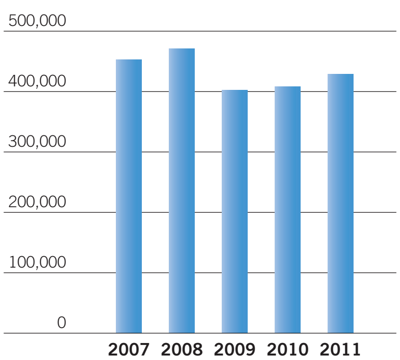
KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries
Years ended March 31

Consolidated	Millions of yen (except per share amounts) 2002	2003	2004	2005
For the year:				
Net sales	¥301,141	¥311,133	¥334,254	¥361,477
Operating income	9,779	13,157	13,723	17,962
Income before income taxes	6,292	12,766	14,061	18,287
Income taxes	2,516	5,113	5,554	7,225
Net income	2,784	5,826	6,440	9,093
Amounts per share (yen and U.S. dollars):				
Net income	¥ 17.38	¥ 35.51	¥ 39.19	¥ 55.62
Cash dividends	8.00	10.00	12.00	14.00
At year-end:				
Working capital	¥ 27,340	¥ 26,663	¥ 18,085	¥ 24,043
Property, plant and equipment, less accumulated depreciation	69,148	66,342	66,981	70,106
Total assets	295,097	290,397	299,344	318,739
Total shareholders' equity	101,738	102,475	111,707	119,278

Note: Amounts in U.S. dollars are translated from yen, for convenience only, at the rate of ¥83.15=US$1, the rate prevailing on March 31, 2011.

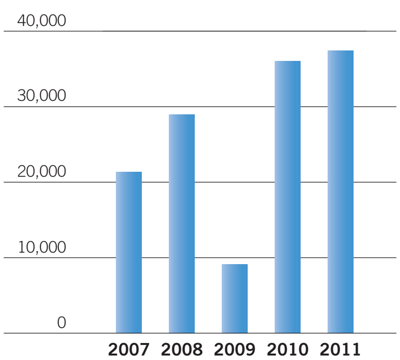
Net Sales

(Millions of yen)



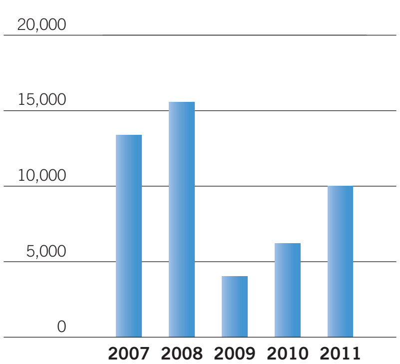
Operating Income

(Millions of yen)



Net Income

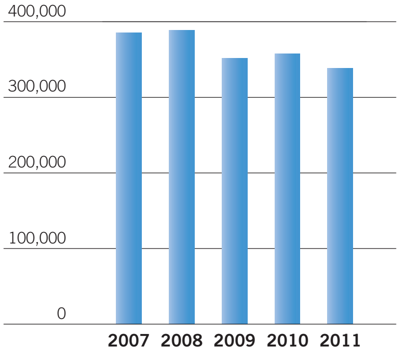
(Millions of yen)



2006	2007	2008	2009	2010	2011	Thousands of U.S. dollars (except per share amounts) 2011
¥397,509	¥452,520	¥470,648	¥400,232	¥408,430	¥428,977	$5,159,074
22,262	21,328	28,959	9,131	36,054	37,434	450,198
23,277	24,799	30,097	7,980	13,731	17,591	211,557
9,078	9,622	11,678	2,051	9,736	11,850	142,514
12,731	13,374	15,581	4,042	6,217	10,012	120,409
¥ 79.39	¥ 83.23	¥ 96.95	¥ 25.16	¥ 38.69	¥ 62.30	$ 0.75
20.00	22.00	23.00	20.00	18.00	19.00	0.23
¥ 27,993	¥ 24,182	¥ 26,813	¥ 13,091	¥ 39,512	¥ 58,015	$ 697,715
76,800	84,644	83,875	83,244	73,252	65,010	781,840
366,254	385,300	388,585	351,869	357,530	338,760	4,074,083
139,849	149,553	151,713	142,184	148,664	146,647	1,763,644

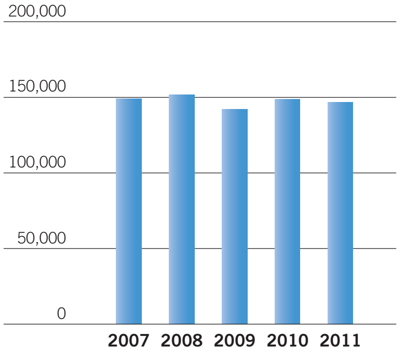
Total Assets

(Millions of yen)



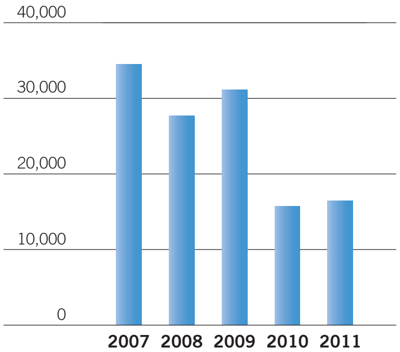
Total Shareholders' Equity

(Millions of yen)



Capital Expenditures

(Millions of yen)



MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

The Koito Group comprises the parent company (KOITO MANUFACTURING CO., LTD.), 28 subsidiaries,1 affiliate and 1 associated company. The Group manufactures and sells automotive lighting equipment; components for airplanes, trains and railways; a wide variety of electrical devices; and measuring equipment. It is also involved in related distribution operations.

NET SALES

In the auto industry, consumer demand in Japan was bolstered by policies implemented in the first half of the year to promote sales, and economic recovery in major export destinations. Nevertheless, overall automobile production volume for the fiscal year ended March 31, 2011 was flat as consumer demand fell away as government assistance programs for purchasing environmentally friendly vehicles ended in September, and the yen's appreciation caused production to stagnate. Production was also affected by the Great East Japan Earthquake in March. Overseas, demand in North America was buoyed by the effects of government policies, and production rose in emerging countries such as China, Thailand and India due to ongoing economic stimulus policies. As a result, worldwide automobile production increased.

Under such an environment, consolidated net sales during the fiscal year ended March 31, 2011 rose by 5.0% year on year to ¥428.9 billion, due to growth in sales in the mainstay automotive lighting equipment business.

EARNINGS

Operating income increased 3.8% year on year to ¥37.4 billion, recurring profit decreased by 4.6% to ¥34.3 billion due to the booking of aircraft business safety measure expenses, and net income increased 61.0% to ¥10.0 billion as the result of lower extraordinary losses. This result reflected increased sales in Japan and overseas, as well as efforts by all Group companies to improve their business performance by implementing quality improvement activities, curtailing capital expenditures, and strengthening measures to reduce unit costs.

RESULTS BY GEOGRAPHICAL SEGMENT

JAPAN

Sales in Japan rose 1.0% to ¥256.1 billion. This reflected increased sales in the automotive lighting equipment segment as vehicle production grew, particularly in environmentally friendly vehicles, partly due to government measures to promote sales of these sorts of vehicles. Another contributing factor was stronger order-winning activities and efforts to expand sales.

NORTH AMERICA

Sales in North America nudged up 0.5% to ¥45.4 billion due to firm automobile production volumes in response mainly to a gradual recovery in consumer spending as government economic measures took effect. Another factor was an increase in new orders and efforts to expand sales. These positive factors were offset, however, by currency translation effects.

CHINA

Sales in China climbed 22.4% to ¥83.5 billion. This was due to a significant increase in automobile production mainly to meet domestic demand amid ongoing high economic growth resulting from economic stimulus measures and growth in consumer spending. Another factor was stronger order-winning activities and efforts to expand sales.

ASIA

Sales in Asia grew 14.3% to ¥31.3 billion as a result of significant increases in auto production based on high economic growth in Thailand and other countries leading to an expansion of orders for automotive lighting equipment.

EUROPE

Sales in Europe declined 10.4% to ¥12.4 billion. As the economies of Europe continued to slump, Koito worked to expand sales of automotive lighting equipment, mainly to local manufacturers. Sales declined, however, mainly because of currency translation effects.

FINANCIAL POSITION

In the assets section, total assets as of March 31, 2011 decreased ¥18.7 billion from March 31, 2010 to ¥338.7 billion. This fall was mainly due to a decrease in trade notes and accounts receivable, and a decline in fixed assets resulting from a decline in property, plant and equipment accompanying the curtailment of capital expenditures, and a decrease in investment securities.

Total liabilities as of March 31, 2011 decreased ¥9.5 billion from March 31, 2010 to ¥170.3 billion. This reflected repayment of loans, despite booking an allowance for expenses for damages relating to aircraft seats.

Total equity as of March 31, 2011 decreased ¥9.2 billion from March 31, 2010 to ¥168.4 billion. The decrease was despite an increase in retained earnings from the net income result, and was due to the payment of dividends and a decrease in total accumulated other comprehensive income.

CASH FLOWS

Operating activities provided net cash of ¥50.9 billion, an increase of ¥2.5 billion from the previous fiscal year. This was mainly due to an increase in net income.

Investing activities used net cash of ¥37.7 billion, ¥20.9 billion more than in the previous fiscal year. This was primarily the result of increases in payments into time deposits, and in capital expenditures.

Financing activities used net cash of ¥20.0 billion, mainly for repayment of loans and payment of dividends.

As a result, cash and cash equivalents as of March 31, 2011 were ¥22.9 billion, ¥7.2 billion lower than on March 31, 2010.

CAPITAL EXPENDITURES

Capital expenditures, primarily in Japan, totaled ¥16.4 billion, with the goal of streamlining production, boosting product quality, and reducing costs. A breakdown of capital expenditures for the fiscal year under review, by segment on the basis of property, plant and equipment and transfers, excluding consumption tax, is as follows.

Capital expenditures in Japan totaled ¥9.2 billion, in North America, ¥0.6 billion, in China, ¥3.9 billion, in Asia, ¥2.4 billion, and in Europe, ¥0.1 billion.

The funds required for capital expenditures, moreover, were allocated from internal funds and debt.

There were no disposals or sales of key facilities during the fiscal year under review.

PRESSING ISSUES

(1) THE KOITO GROUP'S CURRENT OUTLOOK

During fiscal 2011, countries have implemented various economic measures leading to recovery in some areas. However, the impact of the Great East Japan Earthquake that occurred in March 2011 together with the financial turmoil in Europe, the worsening of corporate earnings due to fluctuations in share prices and currency rates, and an unstable employment situation means that overall the future of the economy in Japan and overseas remains uncertain.

In the face of these conditions, the Koito Group will make efforts to increase order activities, boost productivity, enhance our mutually complementary supply network and structure, and implement more cost-cutting measures. All of these activities are aimed at further improving the Group's business results as a global supplier with four development and production bases.

(2) KEY ISSUES IN THE NEAR TERM

As a global supplier, the Koito Group faces the issue of establishing a research, production and sales structure for responding flexibly to trends in the world automobile industry, the issue of reorganizing and strengthening its management structure and organization, and the issue of enhancing internal control over corporate activities.

To accomplish this, the Group is striving to improve management practices by developing innovative new technologies and products that anticipate market and customer needs, shortening development times, and preserving the environment, in addition to constructing a business structure that can adapt to order volumes, boosting productivity, implementing Group-wide cost reduction measures, promoting quality improvement activities and mutual complementariness, and making effective use of management resources.

Furthermore, in the area of internal control, the Koito Group is working to enhance corporate governance and strengthen compliance in order to continue retaining the trust of all stakeholders. This will be achieved by maintaining our awareness of the importance of corporate ethics, by upholding the soundness of management, and by ensuring transparency and fairness in management decision-making and operational execution.

(3) POLICIES

As a manufacturer of automotive lighting and electrical equipment, based on its corporate slogan of "Lighting for Your Safety," the Koito Group will create new value demanded by customers and contribute to achieving a better society. Furthermore, the Group will work to expand its global market share and ensure profits overseas by striving to improve its product capabilities through innovative improvements in development capabilities and the pursuit of cutting-edge technologies, by continuing with efforts to shorten development timeframes and implement various cost reduction measures, by enhancing its market competitiveness, as well as by promoting even greater business efficiency.

(4) SPECIFIC MEASURES

To advance to the next stage of growth, the Koito Group will take the following measures:

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

② The Koito Group will develop cutting-edge technologies that stay ahead of customer and market needs and commercialize products at the earliest opportunity. Moreover, the Group will bring attractive products to market in a timely manner.

③ The Koito Group aims to pursue the highest quality and safety standards, and protection of the environment.

④ The Koito Group plans to further reinforce its profit structure and operations by securing and effectively allocating resources.

Although the Great East Japan Earthquake has had an impact on the Koito Group, its customers and its parts suppliers, Koito has been working to maintain and secure its production capability through the effective distribution of its management resources. As a result, Koito has managed to minimize the impact of the earthquake, and is working to restore its economic activities to pre-disaster levels as soon as possible.

BUSINESS RISK FACTORS

The following factors could affect the Koito Group's operating results, share price and financial position. Forward-looking statements in this annual report are based on the management's judgment as of June 30, 2011.

(1) ECONOMIC CONDITIONS

Demand for automotive lighting equipment, which represents a material share of the Koito Group's operating income around the world, is subject to economic conditions in countries and regions in which the Group's products are sold. Consequently, an economic downturn and accompanying contraction of demand in the Koito Group's main markets, including Japan and elsewhere in North America, Asia and Europe, may adversely affect its operating results and financial position.

(2) LEGAL REGULATIONS

Automotive lighting equipment, the mainstay product of the Koito Group, is subject to various legal regulations, including road transportation vehicle laws and safety standards, in Japan as well as all other countries where the Group conducts business to provide key safety components of vehicles. Consequently, unexpected changes in legal regulations could adversely affect the Koito Group's operating results and financial position.

(3) EXCHANGE RATE MOVEMENTS

The Koito Group produces and sells products around the world. Sales, expenses, assets, liabilities and other accounts denominated in the local currencies of each region in which the Group operates are converted into yen for the purpose of preparing Koito's consolidated financial statements. Accordingly, the exchange rate prevailing on the conversion date may affect the post-conversion yen value of these accounts. Generally speaking, an appreciation of the yen relative to other currencies (particularly the U.S. dollar, in which a material portion of the Group's sales are denominated) may adversely affect the Koito Group's operating results and financial position.

(4) POTENTIAL RISKS OF EXPANDING OVERSEAS

The Koito Group is rapidly becoming more dependent on overseas-based production and sales activities. The expansion of these business activities in overseas markets carries the following inherent risks:
① Unanticipated changes in laws and regulations
② Disadvantageous changes in political and economic conditions
③ Social unrest caused by terrorism, war or other factors

(5) PRODUCT DEFECTS

The Koito Group manufactures products in accordance with quality control standards approved in Japan and other countries where it conducts business. Nevertheless, there is no guarantee that all products will be free of defects and that recall and other costs will not arise from defects in the future. Therefore, product defects could adversely affect the Koito Group's operating results and financial position.

(6) CHANGES IN RAW MATERIAL PRICES

The Koito Group currently faces the risk of raw material price fluctuations. In particular, prices for plastics, key raw materials for the Koito Group's businesses, have been rising along with changing market prices for crude oil. This trend could cause a rise in procurement costs for the Koito Group, which could adversely affect the Koito Group's operating results and financial position.

(7) NATURAL DISASTERS, ETC.

There is a risk that the production, logistics, sales and other bases of the Koito Group, its customers or its suppliers could be damaged by an earthquake, tsunami, typhoon or other natural disaster. While the Koito Group conducts disaster prevention activities and carries out inspections of facilities, these efforts do not guarantee that bases will be completely shielded from their effects. In particular, the Koito Group production bases in Japan are concentrated in the prefecture of Shizuoka, and there is a Koito plant in the vicinity of Chubu Electric Power Co., Inc.'s Hamaoka nuclear power station. Therefore, a major disaster could dramatically lower the Koito Group's capacity to produce automotive lighting equipment and other products and in turn adversely affect its operating results and financial position.

CONSOLIDATED BALANCE SHEETS

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
At March 31,	2010	2011	2011
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 30,189	¥ 22,902	$ 275,430
Trade notes and accounts receivable	86,937	73,405	882,802
Less: Allowance for doubtful accounts	(13,320)	(13,040)	(156,825)
	73,617	60,365	725,977
Marketable securities	2,571	394	4,738
Inventories	42,153	41,121	494,540
Deferred income taxes assets–current (Note 6)	6,238	3,317	39,892
Prepaid expenses and others	27,446	53,947	648,791
Total current assets	182,216	182,048	2,189,393
Investments:			
Investment securities	75,384	60,107	722,874
Loans	207	145	1,744
Deferred income taxes assets–non-current (Note 6)	7,949	11,617	139,711
Other investments	4,017	3,566	42,886
Less: Allowance for doubtful accounts	(234)	(215)	(2,586)
Total investments	87,323	75,220	904,630
Property, plant and equipment, at cost:			
Buildings and structures	82,988	83,152	1,000,024
Machinery, equipment and tools	204,012	201,423	2,422,405
Less: Accumulated depreciation	(213,748)	(219,564)	(2,640,577)
	73,252	65,010	781,840
Land	13,206	13,533	162,754
Construction in progress	1,530	2,944	35,406
Property, plant and equipment, net	87,989	81,490	980,036
Total assets	¥ 357,530	¥ 338,760	$ 4,074,083

At March 31,	Millions of yen 2010	Millions of yen 2011	Thousands of U.S. dollars 2011
LIABILITIES AND EQUITY			
Current liabilities:			
Trade notes and accounts payable	¥ 75,174	¥ 69,303	$ 833,470
Short-term loans (Note 4)	35,714	20,265	243,716
Income taxes payable	3,305	6,103	73,398
Accrued expenses and other current liabilities	28,509	28,359	341,058
Total current liabilities	142,704	124,033	1,491,678
Non-current liabilities:			
Long-term debt (Note 4)	6,967	5,964	71,726
Accrued retirement benefits (Note 5)	27,999	28,549	343,343
Other non-current liabilities	2,241	11,797	141,876
Total non-current liabilities	37,209	46,311	556,957
Equity:			
KOITO MANUFACTURING CO., LTD. shareholders' equity			
Common stock	14,270	14,270	171,618
320,000,000 shares authorized and 160,789,436 shares issued at March 31, 2010 and 2011			
Additional paid-in capital	17,107	17,107	205,737
Retained earnings	112,626	117,139	1,408,767
Treasury common stock, at cost:			
85,690 shares in 2010 and 89,084 shares in 2011	(70)	(74)	(890)
Total KOITO MANUFACTURING CO., LTD. shareholders' equity	143,934	148,443	1,785,244
Accumulated other comprehensive income			
Valuation adjustment on investment securities	6,776	1,614	19,411
Translation adjustments	(2,046)	(3,410)	(41,010)
Total accumulated other comprehensive income	4,729	(1,796)	(21,600)
Noncontrolling interests	28,951	21,767	261,780
Total equity	177,615	168,414	2,025,424
Total liabilities and equity	¥357,530	¥338,760	$4,074,083

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2010	2011	2011
Net sales	¥408,430	¥428,977	$5,159,074
Cost of sales	339,072	358,300	4,309,080
Gross profit	69,357	70,677	849,994
Selling, general and administrative expenses	33,303	33,242	399,784
Operating income	36,054	37,434	450,198
Other income (expenses):			
Interest income	921	707	8,503
Interest expenses	(740)	(759)	(9,128)
Loss on sale and disposal of property and equipment	(179)	(218)	(2,622)
Other, net	(22,325)	(19,573)	(235,394)
Income before income taxes and noncontrolling interests	13,731	17,591	211,557
Income taxes	9,736	11,850	142,514
Income before noncontrolling interests income	–	5,740	69,032
Noncontrolling interests income in consolidated subsidiaries	(2,222)	(4,271)	(51,365)
Net income	¥ 6,217	¥ 10,012	$ 120,409
Noncontrolling interests income in consolidated subsidiaries	–	(4,271)	(51,365)
Income before noncontrolling interests income	–	5,740	69,032
Other comprehensive income			
Valuation adjustment on investment securities	–	(5,161)	(62,069)
Translation adjustments	–	(2,684)	(32,279)
Total other comprehensive income	–	(7,846)	(94,360)
Comprehensive income	¥ –	¥ (2,105)	$ (25,316)
Attributable to:			
Shareholders of the parent company	¥ –	¥ 3,485	$ 41,912
Noncontrolling interests	¥ –	¥ (5,591)	$ (67,240)

	Yen		U.S. dollars
	2010	2011	2011
Per share:			
Net income	¥ 38.69	¥ 62.30	$ 0.75
Cash dividends	18	19	0.23
Average total number of shares during the year (thousands of shares)	160,705	160,702	160,702

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2010	2011	2011
KOITO MANUFACTURING CO., LTD. shareholders' equity			
Common stock:			
Beginning balance	¥ 14,270	¥ 14,270	$ 171,618
Ending balance	¥ 14,270	¥ 14,270	$ 171,618
Additional paid-in capital:			
Beginning balance	¥ 17,107	¥ 17,107	$ 205,737
Ending balance	¥ 17,107	¥ 17,107	$ 205,737
Retained earnings:			
Beginning balance	¥109,289	¥112,626	$1,354,492
Net income	6,217	10,012	120,409
Deductions:			
Cash dividends applicable to the year	(2,571)	(3,214)	(38,653)
Other	(309)	(2,284)	(27,468)
Ending balance	¥112,626	¥117,139	$1,408,767
Treasury stock	¥ (70)	¥ (74)	$ (890)
KOITO MANUFACTURING CO., LTD. shareholders' equity	¥143,934	¥148,443	$1,785,244
Total accumulated other comprehensive income			
Valuation adjustment on investment securities	6,776	1,614	19,411
Translation adjustments	(2,046)	(3,410)	(41,010)
	¥ 4,729	¥ (1,796)	$ (21,600)
Noncontrolling interests	¥ 28,951	¥ 21,767	$ 261,780
Total equity	¥177,615	¥168,414	$2,025,424

CONSOLIDATED STATEMENTS OF CASH FLOWS

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
For the years ended March 31,	2010	2011	2011
Cash flows from operating activities:			
Net income	¥ 6,217	¥ 10,012	$ 120,409
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	24,296	21,253	255,598
Noncontrolling interests in consolidated subsidiaries	(2,222)	(4,271)	(51,365)
Provision for allowance for doubtful accounts	12,263	(216)	(2,598)
Provision for accrued retirement benefits	977	624	7,505
(Profit) loss on revaluation of marketable securities	17,351	2,328	27,998
Loss on sale and disposal of property and equipment	180	495	5,953
Changes in operating assets and liabilities:			
Trade notes and accounts receivable	(18,394)	11,986	144,149
Inventories	(4,989)	28	337
Prepaid expenses and others	(10,151)	(2,567)	(30,872)
Trade notes and accounts payable	18,057	(3,893)	(46,819)
Accrued expenses and other current liabilities	2,323	2,649	31,858
Others, net	2,560	12,560	151,052
Net cash provided by operating activities	48,468	50,988	613,205
Cash flows from investing activities:			
Decrease in time deposits and other due over three months, net	–	(24,213)	(291,197)
Purchase of marketable and investment securities	(6,563)	(1,340)	(16,115)
Proceeds from sale of marketable and investment securities	11,994	5,373	64,618
Acquisition of property and equipment	(14,447)	(17,765)	(213,650)
Proceeds from sale of property and equipment	(102)	102	1,227
Increase in long-term loans	349	72	866
Decrease in other investments and other assets	(8,034)	(16)	(192)
Net cash used in investing activities	(16,803)	(37,787)	(454,444)
Cash flows from financing activities:			
(Decrease) increase in short-term bank loans	(19,576)	(17,858)	(214,768)
Increase (decrease) in long-term bank loans	2,184	2,459	29,573
(Increase) decrease in treasury stock	(4)	(4)	(48)
Cash dividends	(3,550)	(4,620)	(55,562)
Net cash used in financing activities	(20,946)	(20,023)	(240,806)
Foreign currency translation adjustment on cash and cash equivalents	(201)	(465)	(5,592)
Change in cash and cash equivalents	10,518	(7,287)	(87,637)
Cash and cash equivalents at beginning of the year	19,672	30,189	363,067
Cash and cash equivalents at end of the year	¥ 30,189	¥ 22,902	$ 275,430

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presentation

KOITO MANUFACTURING CO., LTD. (the "Company") and its subsidiaries maintain their accounts in conformity with the financial accounting standards of Japan, and its foreign subsidiaries maintain their accounts in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan.

In preparing the consolidated financial statements, certain rearrangements and reclassifications have been made and certain additional financial information has been included in the consolidated financial statements issued in Japan for the convenience of readers outside Japan.

2. Summary of significant accounting policies

(1) The accompanying consolidated financial statements for the years ended March 31, 2010 and 2011 include the accounts for the Company and the 26 subsidiaries listed below:

Names of consolidated subsidiaries	Equity ownership percentage (*) %
KOITO KYUSHU LIMITED	100
KOITO INDUSTRIES, LIMITED (Note 1)	50
Koito Transport Co., Ltd.	100
Aoitec Co., Ltd.	70
Shizuokadenso Co., Ltd.	100
Nissei Industries Co., Ltd.	62
Fujieda Auto Lighting Co., Ltd.	100
Shizuoka Wire Harness Co., Ltd.	100
Haibara Machine and Tools Co., Ltd.	100
Shizuoka Kanagata Co., Ltd.	40
Koito Insurance Services Co., Ltd.	100
Minatsu, Ltd.	100
Okayama Industry Co., Ltd.	51
North American Lighting, Inc.	100
Koito Europe NV	100
Koito Europe Limited	100
Koito Czech s.r.o.	100
Shanghai Koito Automotive Lamp Co., Ltd.	45
GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD.	100
FUZHOU KOITO TAYIH AUTOMOTIVE LAMP CO., LTD.	67
THAI KOITO COMPANY LIMITED	62
PT. INDONESIA KOITO (Note 2)	90
Ta Yih Industrial Co., Ltd.	33
INDIA JAPAN LIGHTING PRIVATE LIMITED	50
KPS N.A., INC.	100
CHANGZHOU KOITO JINCHUANG TRANSPORTATION EQUIPMENT CO., LTD.	50

(*) Represents ownership at March 31, 2011 and includes shares owned through consolidated subsidiaries.

Notes: 1. KOITO INDUSTRIES, LIMITED renamed itself as KI HOLDINGS CO., LTD. in August 2011.

2. PT. INDONESIA KOITO was established in June 2010 and is owned 90% by the Company.

(2) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The excess of the costs over the underlying net equity of investments in the consolidated subsidiaries is amortized over five years.

Investments in one affiliate (owned 20% to 50%) are stated at cost plus equity in their undistributed earnings.

Consolidated net income or loss includes the Company's equity in the current net income or loss of such companies, after the elimination of unrealized intercompany profits.

(3) Translation of foreign currency financial statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into yen at the rate of exchange in effect at the balance sheet date, except for the components of shareholders' equity, which are translated at exchange rates in effect at acquisition dates. Revenue and expense accounts are translated at the average rate of exchange in effect during the year.

Foreign currency translation adjustments are included in noncontrolling interest and shareholders' equity in the accompanying consolidated financial statements.

(4) Inventories

Inventories are stated principally at cost. The cost of finished products and work in process are determined primarily by the weighted average method.

Raw materials and supplies are determined by the moving-average method. Inventories in the consolidated foreign subsidiaries are stated at the lower of cost or market as determined by the moving-average method.

(5) Securities

Securities for the year are valued by type of security as follows:

Securities held for trading	Market value
Securities held to maturity	Depreciable cost
Other securities	
Where there is a market quotation	Market value as determined by the quoted price at the end of the fiscal year.
Where there is no market quotation	Cost as determined by the moving-average method.
Specified money trusts	Market value

(6) Property, plant and equipment and depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is computed with the declining-balance method or straight-line method, at rates based on the estimated useful lives of the assets.

Machinery held by the Company is depreciated over useful lives estimated by the Company, which are between 3 to 7 years. Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(7) Accrued retirement benefits

Under the terms of the retirement plans of the Company, certain employees are entitled to severance payments upon retirement or termination from the Company. The amount of the payment is based on the length of service, salary at the time of severance, and the cause of the severance.

The Company has a non-contributory funded pension plan which covers substantially all of the benefits at the retirement age under the above retirement plan.

Accrued retirement benefits are recorded based on the amount that would be required if all eligible employees retired at the balance sheet date less the amount funded by plan assets.

Consolidated subsidiary KOITO INDUSTRIES, LIMITED has two types of defined benefit retirement plan: a fund-type corporate pension plan and a lump-sum retirement benefit plan. Other domestic consolidated subsidiaries have qualified retirement plans and lump-sum retirement benefit plans. Certain overseas subsidiaries have defined contribution retirement plans or defined benefit retirement plans.

The directors and corporate auditors of the Company are covered by a retirement benefit plan which allows retiring directors and corporate auditors to receive lump-sum retirement benefits. The amount of such benefits is determined based on the length of service and the level of remuneration at the time of retirement.

The amount of the retirement benefits for directors and auditors is recorded in other non-current liabilities.

(8) Income taxes

The Company and its subsidiaries adopt tax-effect accounting and account for income taxes using the asset and liability method. Under this method deferred tax assets and deferred tax liabilities are recognized for the future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities using enacted rates.

(9) Appropriation of retained earnings

Under the Corporation Law of Japan, proposals by the Board of Directors for the appropriation of retained earnings (principally the payment of annual cash dividends) should be approved by shareholders' meeting that must be held within three months of the end of each financial year. In addition to such appropriation, the Law permits the Board of Directors to distribute cash to shareholders at an interim date (interim dividend). The appropriation of retained earnings reflected in the accompanying consolidated financial statements for each financial year represents the appropriation which was approved by the shareholders' meeting or by the Board of Directors and disposed of during that year.

(10) Research and development costs

Research and development costs are charged to income as incurred.

(11) Net income and dividends per share

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Cash dividends per share represent dividends, including "interim dividends" declared, as applicable to the respective periods.

(12) Cash equivalents

Cash and cash equivalents include time deposits and readily marketable securities with original maturities of three months or less.

(13) Consumption tax

Consumption tax is imposed at the flat rate of 5 percent on all domestic consumption of goods and services with certain exceptions. The consumption tax withheld on sales and consumption tax paid by the Companies on the purchases of goods and services is not included in the amounts of respective income or costs and expenses in the accompanying consolidated statements of income, but is recorded as an asset or a liability, as the case may be, and the net balance is included in other current liabilities.

(14) Derivative transactions

The Company utilizes foreign exchange forward contracts and interest rate swap agreements designated as hedges. The hedge transactions are only utilized on foreign exchange forward transactions and interest rate swap transactions when the transactions are fixed to hedge any risk anticipated from these transactions and to fix the cash flows value resulting from future transactions denominated in foreign currencies and loans bearing interest. Due to the nature of the hedging arrangements, no significant losses are anticipated.

(15) Accounting Standards for Presentation of Comprehensive Income

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011, and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheets and the consolidated statements of changes in equity. In addition, "net income before uncontrolling interests" is disclosed in the consolidated statements of income from the year ended March 31, 2011.

3. U.S. dollar amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥83.15=US$1, the approximate rate of exchange at March 31, 2011, has been used. This translation should not be construed as a representation that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

4. Short-term loans and long-term debt

At March 31, 2010 and 2011, short-term loans consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Loans, principally from banks			
To the Company	¥ –	¥ 2,020	$ 24,293
To consolidated subsidiaries	35,714	18,245	219,423
Total	¥35,714	¥20,265	$243,716

At March 31, 2010 and 2011, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Loans, principally from banks			
To the Company	¥ –	¥ 160	$ 1,924
To consolidated subsidiaries	6,967	5,804	69,802
Total	¥6,967	¥5,964	$71,726

5. Employee retirement benefits

Retirement benefit obligations at March 31, 2010 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Projected benefit obligations	¥(56,994)	¥(57,424)	$(690,607)
Plan assets	23,261	26,131	314,263
Unfunded pension liabilities	(33,732)	(31,292)	(376,332)
Unrecognized net transition obligation	–	–	–
Unrecognized actuarial differences	5,733	2,743	32,989
Accrued retirement benefits on balance sheet	¥(27,999)	¥(28,549)	$(343,343)

Net periodic cost for the fiscal years ended March 31, 2010 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
Service cost	¥2,556	¥2,530	$30,427
Interest cost	1,134	1,127	13,554
Expected return on plan assets	(459)	(507)	(6,097)
Amortization of transition obligation	–	–	–
Actuarial loss	2,044	1,122	13,494
Total	¥5,276	¥4,273	$51,389

6. Income taxes

The Company and its domestic subsidiaries are subject to Japanese national and local taxes based on income, which in the aggregate resulted in a normal statutory tax rate of approximately 40%.

Foreign subsidiaries are subject to income taxes of the countries in which they operate.

(a) The significant components of deferred tax assets and liabilities at March 31, 2010 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
At March 31	2010	2011	2011
Deferred income tax assets:			
Excess accrued bonus	¥ 1,900	¥ 1,838	$ 22,105
Excess accrued retirement benefits	11,166	11,415	137,282
Disallowed retirement allowance to directors	604	641	7,709
Excess depreciation	1,115	1,138	13,686
Loss on revaluation of investment securities, other	873	3,396	40,842
Reserve for liability claims	1,246	1,187	14,275
Loss on revaluation of land	496	663	7,974
Reserve for product warranties	558	558	6,711
Excess allowance for doubtful account	3,746	629	7,565
Tax loss carry-forward	5,398	5,598	67,324
Others	3,331	5,482	65,929
	30,438	32,548	391,437
Less valuation allowance	(11,110)	(15,905)	(191,281)
Deferred income tax assets total	¥ 19,328	¥ 16,642	$ 200,144
Deferred tax liabilities:			
Reserve for reduction of asset costs	¥ (514)	¥ (505)	$ (6,073)
Valuation adjustment on investment securities	(4,625)	(1,203)	(14,468)
Deferred income tax liabilities total	¥ (5,140)	¥ (1,708)	$ (20,541)
Net deferred income tax assets (liabilities)	¥ 14,187	¥ 14,934	$ 179,603

(b) The net deferred income tax assets and liabilities at March 31, 2010 and 2011 were included in the balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
At March 31	2010	2011	2011
Deferred income tax assets–current	¥ 6,238	¥ 3,317	$ 39,892
Deferred income tax assets (liabilities)–non-current	7,949	11,617	139,711
Net deferred income tax assets (liabilities)	¥14,187	¥14,934	$179,603

7. Contingent liabilities

At March 31, 2010 and 2011, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars
	2010	2011	2011
As guarantor of employees' housing loans and other from financial institutions and others	¥6	¥5	$60

8. Segment information

REPORTING SEGMENT INFORMATION

The Company has manufacturing operations in Japan and other countries, mainly producing automotive lighting equipment, and supplies products all over the world. Each of the Group companies located in its respective area is an independent management unit, and conducts business activities in line with a comprehensive business plan for its respective area. Segment information of the Company is therefore presented by regions, based on the geographical distribution of manufacturing and sales operations. The segments are Japan, North America, China, Asia, and Europe. Some segments include manufacturing and sales operations of control systems for rail transports, aircraft equipment, and aircraft and train seats, in addition to the mainstay automotive lighting equipment.

	Millions of yen							
	Japan	North America	China	Asia	Europe	Total	Adjustments	Consolidated Total
For the year ended March 31, 2011								
Sales:								
Sales to outside customers	¥256,160	¥45,408	¥83,567	¥31,371	¥12,469	¥428,977	¥ –	¥428,977
Inter-area sales and transfers	101,006	43	2,513	2,984	11,948	118,496	(118,496)	–
Total	¥357,166	¥45,452	¥86,080	¥34,356	¥24,418	¥547,473	¥(118,496)	¥428,977
Segment income (loss)	¥ 24,881	¥ 3,412	¥ 7,916	¥ 4,166	¥ (2,067)	¥ 38,308	¥ (874)	¥ 37,434
Segment assets	¥165,796	¥19,389	¥47,157	¥25,839	¥13,025	¥271,209	¥ 67,550	¥338,760
Others								
Depreciation	¥ 13,496	¥ 1,749	¥ 3,817	¥ 1,464	¥ 647	¥ 21,173	¥ 80	¥ 21,253
Increase on fixed assets and intangible assets	¥ 9,256	¥ 695	¥ 3,942	¥ 2,411	¥ 160	¥ 16,466	¥ –	¥ 16,466

	Thousands of U.S. dollars							
	Japan	North America	China	Asia	Europe	Total	Adjustments	Consolidated Total
For the year ended March 31, 2011								
Sales:								
Sales to outside customers	$3,080,698	$546,097	$1,005,015	$377,282	$149,958	$5,159,074	$ –	$5,159,074
Inter-area sales and transfers	1,214,744	517	30,222	35,887	143,692	1,425,087	(1,425,087)	–
Total	$4,295,442	$546,627	$1,035,238	$413,181	$293,662	$6,584,161	$(1,425,087)	$5,159,074
Segment income (loss)	$ 299,230	$ 41,034	$ 95,201	$ 50,102	$ (24,859)	$ 460,710	$ (10,511)	$ 450,198
Segment assets	$1,993,939	$233,181	$ 567,132	$310,752	$156,645	$3,261,684	$ 812,387	$4,074,083
Others								
Depreciation	$ 162,309	$ 21,034	$ 45,905	$ 17,607	$ 7,781	$ 254,636	$ 962	$ 255,598
Increase on fixed assets and intangible assets	$ 111,317	$ 8,358	$ 47,408	$ 28,996	$ 1,924	$ 198,028	$ –	$ 198,028

(Additional Information)

Effective from the fiscal year beginning April 1, 2010, the Company applied Financial Accounting Standard No. 17, "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information," issued on March 27, 2009 and its Implementation Guidance No. 20, "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information," issued on March 21, 2008 by the Accounting Standards Board of Japan.

9. Subsequent events

At the general shareholders' meeting held by the Company on June 29, 2011, appropriations of retained earnings were duly approved as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥9 per share ($108.24 per 1,000 shares)	¥1,446	$17,390

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENT AUDIT AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors
KOITO MANUFACTURING CO., LTD.

(Financial statement audit)

MEIJI AUDIT CORPORATION (We, hereinafter) have examined the consolidated balance sheets of KOITO MANUFACTURING CO., LTD. and its subsidiaries at March 31, 2010 and 2011, and the related consolidated statements of income and comprehensive income, changes in equity and cash flows for the years ended March 31, 2010 and 2011, all expressed in Japanese yen. The consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express our opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of KOITO MANUFACTURING CO., LTD. and its subsidiaries at March 31, 2010 and 2011, and the consolidated results of their operations and their cash flows for the years ended March 31, 2010 and 2011, in conformity with generally accepted accounting principles in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

(Internal control audit)

We also have audited the accompanying Internal Control Report of KOITO MANUFACTURING CO., LTD. and its subsidiaries at March 31, 2011. The design and operation of the internal control over financial reporting and the preparation of the Internal Control Report are the responsibility of the Company's management and our responsibility is to independently express an opinion on the Internal Control Report based on our audit. The internal control over financial reporting may not completely prevent or detect financial statement misstatements.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan.

MEIJI AUDIT CORPORATION

Responsible Auditor Certified Public Accountant	Responsible Auditor Certified Public Accountant	Responsible Auditor Certified Public Accountant
M. Yoshii	A. Sasayama	H.Nikaido

June 29, 2011

CORPORATE INFORMATION

As of March 31, 2011

KOITO MANUFACTURING CO., LTD.

Head office:	4-8-3, Takanawa, Minato-ku, Tokyo 108-8711, Japan
Founded:	April 1, 1915
Incorporated:	April 1, 1936
Capital:	¥14,270 million
Employees:	15,583 (Consolidated) 4,277 (Non-consolidated)
Common stock:	
Authorized:	320,000,000 shares
Issued:	160,789,436 shares
Number of shareholders:	6,142
Transfer agent:	Mitsubishi UFJ Trust and Banking Corporation
Contact address of account management agent for special accounts:	Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Department 10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan Phone: +81-3-3212-1211
Principal shareholders:	TOYOTA MOTOR CORPORATION Panasonic Corporation The Master Trust Bank of Japan, Ltd. (Trust account) Japan Trustee Services Bank, Ltd. (Trust account) Japan Trustee Services Bank, Ltd. (Trust account 9) Nippon Life Insurance Company Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Dai-ichi Life Insurance Company, Limited The Chase Manhattan Bank, N.A. London S.L. Omnibus Account
For further information, please contact:	KOITO MANUFACTURING CO., LTD. 4-8-3, Takanawa, Minato-ku, Tokyo 108-8711, Japan Phone: 81-3-3443-7111 Facsimile: 81-3-3447-1520 Or via our website at: http://www.koito.co.jp/english

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European Operations
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Facsimile: 81-54-345-4959
China Operations
Phone: 81-3-3447-5165
Facsimile: 81-3-3447-5173
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Kikkawa Plant (Shizuoka Pref.)
Sagara Plant (Shizuoka Pref.)
Fujikawa Tooling Plant (Shizuoka Pref.)

LABORATORY
Laboratory (Shizuoka Pref.)

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Facsimile: 81-565-29-1217
Osaka Branch (Osaka Pref.)
Phone: 81-6-6391-6731
Facsimile: 81-6-6395-1154
Hiroshima Branch (Hiroshima Pref.)
Phone: 81-82-893-1281
Facsimile: 81-82-893-1341

Sapporo Sales Office (Hokkaido Pref.)
Sendai Sales Office (Miyagi Pref.)
Tokyo Sales Office (Tokyo)
Utsunomiya Sales Office (Tochigi Pref.)
Ohta Sales Office (Gunma Pref.)
Atsugi Sales Office (Kanagawa Pref.)
Shizuoka Sales Office (Shizuoka Pref.)
Nagoya Sales Office (Aichi Pref.)
Osaka Sales Office (Osaka Pref.)
Fukuoka Sales Office (Fukuoka Pref.)

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Facsimile: 420-415-930-109

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Phone: 1-914-593-0037
Facsimile: 1-914-593-0035

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Changzhou City, Jiangsu 213011,
People's Republic of China
Phone: 86-519-8837-6007
Facsimile: 86-519-8837-6006

OVERSEAS TECHNICAL ASSOCIATES

North American Lighting, Inc. (U.S.A.)

KPS N.A., INC. (U.S.A.)

Electro Optica, S.A. de C.V. (Mexico)

Industrias Arteb S.A. (Brazil)

Koito Europe NV (Belgium)

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HELLA KGaA HUECK & CO. (Germany)

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Business lines: Manufacturing and marketing of automotive lighting equipment

Koito Transport Co., Ltd. (Shizuoka Pref.)
Business lines: Transportation services and logistics

Aoitec Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of electronic components, electrical devices, telecommunications equipment and precision machinery

Shizuokadenso Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of automotive lighting equipment

Nissei Industries Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of miniature bulbs and electrical equipment

Fujieda Auto Lighting Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of automotive lighting equipment

Shizuoka Wire Harness Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of automotive lighting equipment

Haibara Machine and Tools Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of resin metal molds

Shizuoka Kanagata Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of resin metal molds

Koito Insurance Services Co., Ltd. (Tokyo)
Business lines: Insurance agent

Takeda Suntech Co., Ltd. (Shizuoka Pref.)
Business lines: Manufacturing and marketing of resin metal molds

New Fuji Co., Ltd. (Shizuoka Pref.)
Business lines: Service businesses

KI HOLDINGS CO., LTD. (Kanagawa Pref.)
Business lines: Manufacturing and marketing of seats for aircraft, and control and management of the business of its subsidiary

KOITO ELECTRIC INDUSTRIES, LTD. (Shizuoka Pref.)
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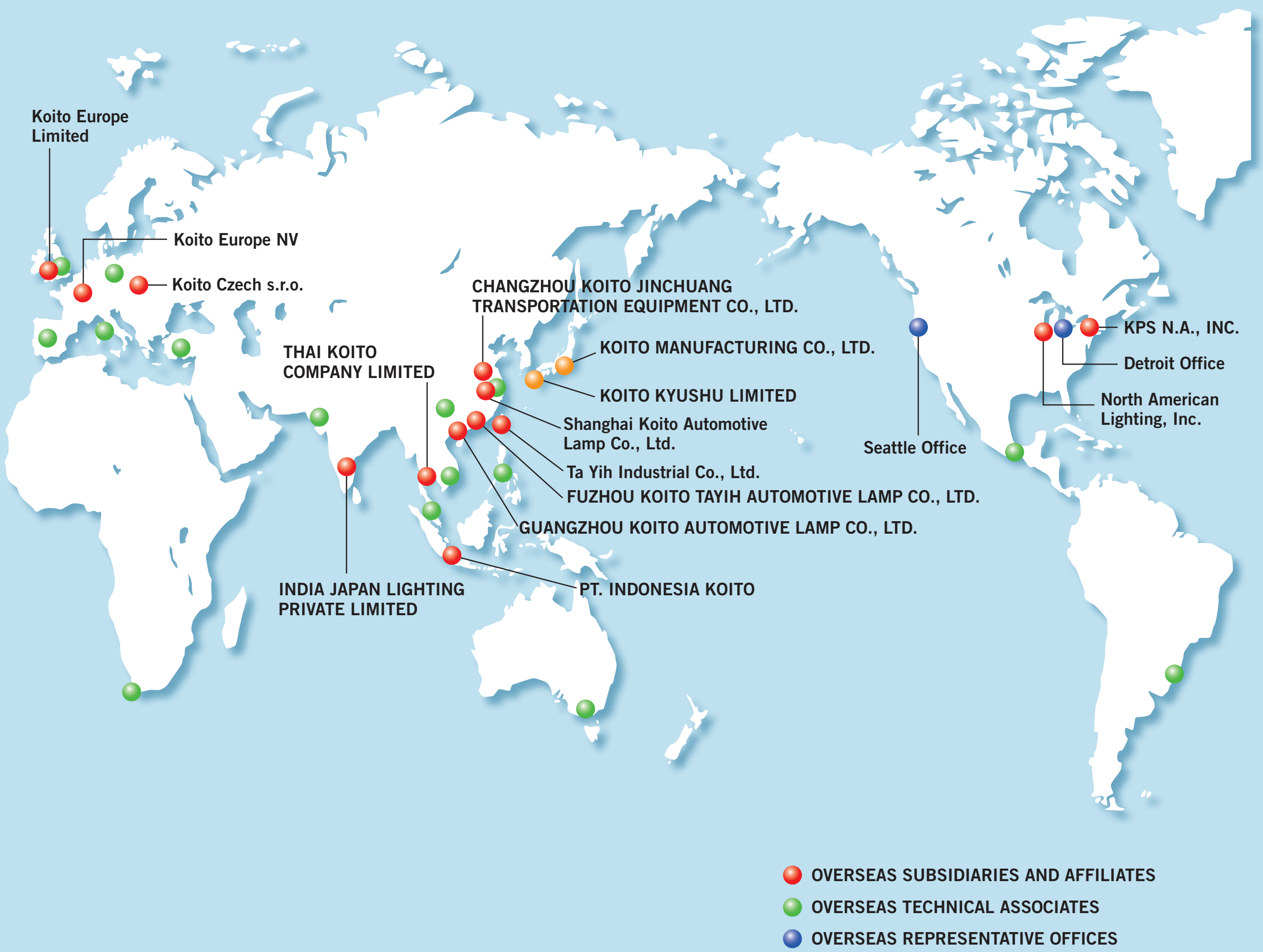
Minatsu, Ltd. (Kanagawa Pref.)
Business lines: Maintenance of traffic signals and safety equipment, and road information equipment

Okayama Industry Co., Ltd. (Gunma Pref.)
Business lines: Manufacturing and marketing of railroad car seats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KOITO MANUFACTURING CO., LTD.

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