Consolidated Earnings Report for Fiscal 2009

April 24, 2009

Company Name:	**KOITO MANUFACTURING CO., LTD.**
Stock Listing:	First Section, Tokyo Stock Exchange
Code Number:	7276
URL:	http://www.koito.co.jp
Representative Director:	Masahiro Ohtake, President
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Planned Date of the General Meeting of Shareholders:	June 26, 2009
Planned Date of Dividends Payment:	June 29, 2009
Planned Date of Filing of Annual Securities Report:	June 29, 2009

(¥ millions are rounded down)

1. Consolidated Results for Fiscal 2009 (April 1, 2008 to March 31, 2009)

(1) Consolidated Operating Results (¥ millions; the percentage figures represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2009	400,232	△15.0%	9,131	△68.5%	9,275	△69.5%	4,042	△74.1%
Fiscal 2008	470,648	4.0%	28,959	35.8%	30,397	23.6%	15,581	16.5%

	Net income per share (¥)	Net income per share (diluted) (¥)	Return on equity (%)	Recurring profit to total assets ratio (%)	Operating income to net sales ratio (%)
Fiscal 2009	25.16	—	2.8	2.5	2.3
Fiscal 2008	96.95	—	10.3	7.9	6.2

Reference: Equity in earnings of affiliated companies: Fiscal 2009: ¥2 million Fiscal 2008: ¥8 million

(2) Consolidated Financial Position (¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
Fiscal 2009	351,869	174,485	40.4	884.74
Fiscal 2008	388,585	184,348	39.0	944.01

Reference: Equity: March 31, 2009: ¥142,184 million; March 31, 2008: ¥151,713 million

(3) Consolidated Cash Flows (¥ millions)

	Operating activities	Investing activities	Financing activities	End of year cash and cash equivalents
Fiscal 2009	31,271	△28,840	431	19,672
Fiscal 2008	40,522	△42,591	△1,019	16,709

2. Dividends

	Dividend per share (¥)					Dividend paid (annual) (¥ millions)	Payout ratio (Consolidated) (%)	Ratio of dividends to net assets (Consolidated) (%)
(Recording Date)	First Quarter	Second Quarter	Third Quarter	Year-end	Full year			
Fiscal 2008	—	11.00	—	12.00	23.00	3,696	23.7	2.5
Fiscal 2009	—	12.00	—	8.00	20.00	3,214	79.5	2.2
Fiscal 2010 (forecast)		—		—	—	—	—	—

Note: Dividends for fiscal 2010 are currently undecided.

3. Forecast of Consolidated Results for Fiscal 2010 (April 1, 2009 to March 31, 2010)

(¥ millions; the percentage figures represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
First half	155,100	△29.8%	△3,000	—	△2,600	—	△2,100	—	△13.07
Full year	346,000	△13.6%	4,100	△55.1%	4,700	△49.3%	1,000	△75.3%	6.22

4. Others

(1) Changes to important subsidiaries during Fiscal 2009 (Changes in certain specified subsidiaries resulting in revised scope of consolidation): None

(2) Changes in Accounting Principles, Standards or Procedures for Preparing Consolidated Financial Statements (Significant changes in the basis of presenting the consolidated financial statements)

① Changes in accounting standards: Yes

② Other changes: None

Note: For details, refer to Significant Changes to Accounting Policies Used in Preparation of Consolidated Financial Statement.

(3) Number of shares issued (common stock)

① Number of shares issued (including treasury stock): March 31, 2009 160,789,436, March 31, 2008 160,789,436

② Number of treasury stock: March 31, 2009 82,208, March 31, 2008 77,449

*Explanations concerning proper use of forecasts of operating results and other noteworthy matters

The forecasts are based on information available at the time of release of this report. Actual results could differ from forecasts due to a variety of factors.

《 For Reference Only 》

Non-consolidated Earnings Report for Fiscal 2009

1. Non-consolidated Results for Fiscal 2009 (April 1, 2008 to March 31, 2009)

(1) Non-consolidated Operating Results

(¥ millions; the percentage figures represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2009	214,471	△13.5 %	6,421	△57.3 %	13,166	△38.0 %	5,600	△56.5 %
Fiscal 2008	247,896	8.4 %	15,026	28.4 %	21,232	17.0%	12,866	7.1 %

	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2009	34.85	—
Fiscal 2008	80.06	—

(2) Non-consolidated Financial Position (¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
Fiscal 2009	196,208	125,613	64.0	781.63
Fiscal 2008	221,105	130,289	58.9	810.70

Reference: Equity: March 31, 2009: ¥125,613 million; March 31, 2008: ¥130,289 million

2. Forecast of Non-consolidated Results for Fiscal 2010 (April 1, 2009 to March 31, 2010)

(¥ millions; the percentage figures represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
First half	83,300	△32.5 %	△1,800	—	600	△94.5 %	200	△97.0 %	1.24
Full year	183,000	△14.7 %	800	△87.5 %	4,900	△62.8 %	2,700	△51.8 %	16.80

*Explanations concerning proper use of forecast of operating results and other noteworthy matters

The above forecasts are based on information available at the time of release of this report. Actual results could differ from forecasts due to a variety of factors.

1. Results of Operations

(1)Analysis of Operations

During fiscal 2009, the period under review, the economic climate saw a simultaneous worldwide slowdown. The global economy had been comparatively steady in the first half of the fiscal year, but it was then transformed mainly by worldwide financial instability linked to the business failure of a major U.S. securities company, plummeting share prices and exchange rate fluctuations. In the second half of the fiscal year, these negative factors spread to the real economy, and the economies of Japan, the U.S., Europe and other developed regions turned downwards, while economic growth faltered in China and other emerging nations.
In the automobile industry, production of domestic units was substantially reduced, falling below 10 million automobiles for the first time in seven years since fiscal 2002. Overseas, automobile production was also significantly cut back in North America, Europe and some other regions of the world. Even Asia, where production had been vigorous, showed a strong tendency to reduce production levels. On the whole, worldwide unit automobile production drastically contracted 20% year on year.

In this climate, the Koito Group reported consolidated net sales of ¥400.2 billion, a 15.0% decrease. This reflected substantially decreased sales resulting from the impact of reduced automobile production in its mainstay automotive lighting equipment segment.

Results by business segment are outlined as follows:

〔Automotive Lighting Equipment〕
Segment sales fell 19.0% to ¥317.2 billion. Although orders rose year on year in the first half of the fiscal year underpinned by automobile demand, from the second half of the fiscal year rapid and substantial automobile production cutbacks were implemented in Japan, North America, Europe and other regions of the world, resulting in a drastic reduction in orders for the Koito Group.

〔Non-Automotive Electrical Equipment〕
Segment sales increased 3.1% to ¥44.2 billion, reflecting steady sales of railroad car equipment for a new bullet train and other uses amid sluggish sales of information system equipment, lighting equipment and certain other products.

〔Other Products & Services〕
Segment sales were ¥38.7 billion, up 8.0% from the previous fiscal year due to higher sales of automotive headlamp cleaners and other products despite lower sales of aircraft and railroad car seats.

On the earnings front, earnings substantially deteriorated due to reduced automobile production in Japan and overseas, in particular, significant and rapid production cutbacks in the fourth quarter that included inventory adjustments by automobile manufacturers. In response to decreased order volume, Koito curbed capital expenditures and downsized the scale of business, including the temporary closure of domestic plants. At the same time, Group companies strengthened their cost-cutting measures, including the reduction of directors’ remuneration and management salaries, and worked to streamline operations. Nevertheless, operating income decreased 68.5% year on year to ¥9.1 billion, recurring profit declined 69.5% to ¥9.2 billion, and net income fell 74.1% year on year to ¥4.0 billion.

(2) Analysis of Financial Position

－1. Balance sheet
Total assets decreased ¥36.7 billion to ¥351.8 billion. The main reasons were a decrease in property and equipment accompanying curbs in capital investments and a decrease in fixed assets mainly due to a decline in investment securities together with a decrease in trade notes and accounts receivable, and other current assets.
Total liabilities declined ¥26.8 billion to ¥177.3 billion, reflecting a decrease in trade notes and accounts payable.
Total net assets decreased ¥9.8 billion to ¥174.4 billion mainly attributable to a decrease in differences from valuation and conversion.

－2. Cash flows

Operating activities provided net cash of ¥31.2 billion. Cash of ¥40.1 billion, mainly reflecting income before income taxes of ¥7.9 billion and depreciation of ¥26.7 billion, was partly offset by income taxes paid.
Investing activities used net cash of ¥28.8 billion, primarily reflecting capital investments in production of automotive lighting equipment.
Financing activities provided net cash of ¥0.4 billion, the result mainly of fund procurement of ¥5.9 billion through loans partly offset by a ¥5.5 billion total dividend payment.
As a result, cash and cash equivalents as of March 31, 2009 were ¥19.6 billion, ¥2.9 billion higher than March 31, 2008.

(3)Basic Earnings Distribution Policies and Dividend Payments for Fiscal 2009 and Fiscal 2010

The economic climate in Japan and overseas is undergoing a simultaneous worldwide slowdown due to the global financial crisis, plummeting share prices and exchange rate fluctuations. Koito now faces an unprecedentedly severe operating environment.
In these circumstances, the Koito Group is working to strengthen order-winning activities, improve productivity, improve its mutual complementary supply network and structure, further downsize business scales proportionate to production volumes, and forcefully extend cost-cutting measures, with the goal of improving operating results.

As regards Koito's forecast for fiscal 2010, we expect net sales to decline for the second consecutive year mainly because of the impact of automobile production cutbacks in Japan and overseas, despite efforts to expand orders for new automobile models and increase sales of new products.
On the earnings front, we forecast substantial falls in operating income, recurring profit and net income, reflecting the deterioration of earnings resulting from the decreased sales due to automobile production cutbacks, despite our actions to further extend our cost-cutting measures.

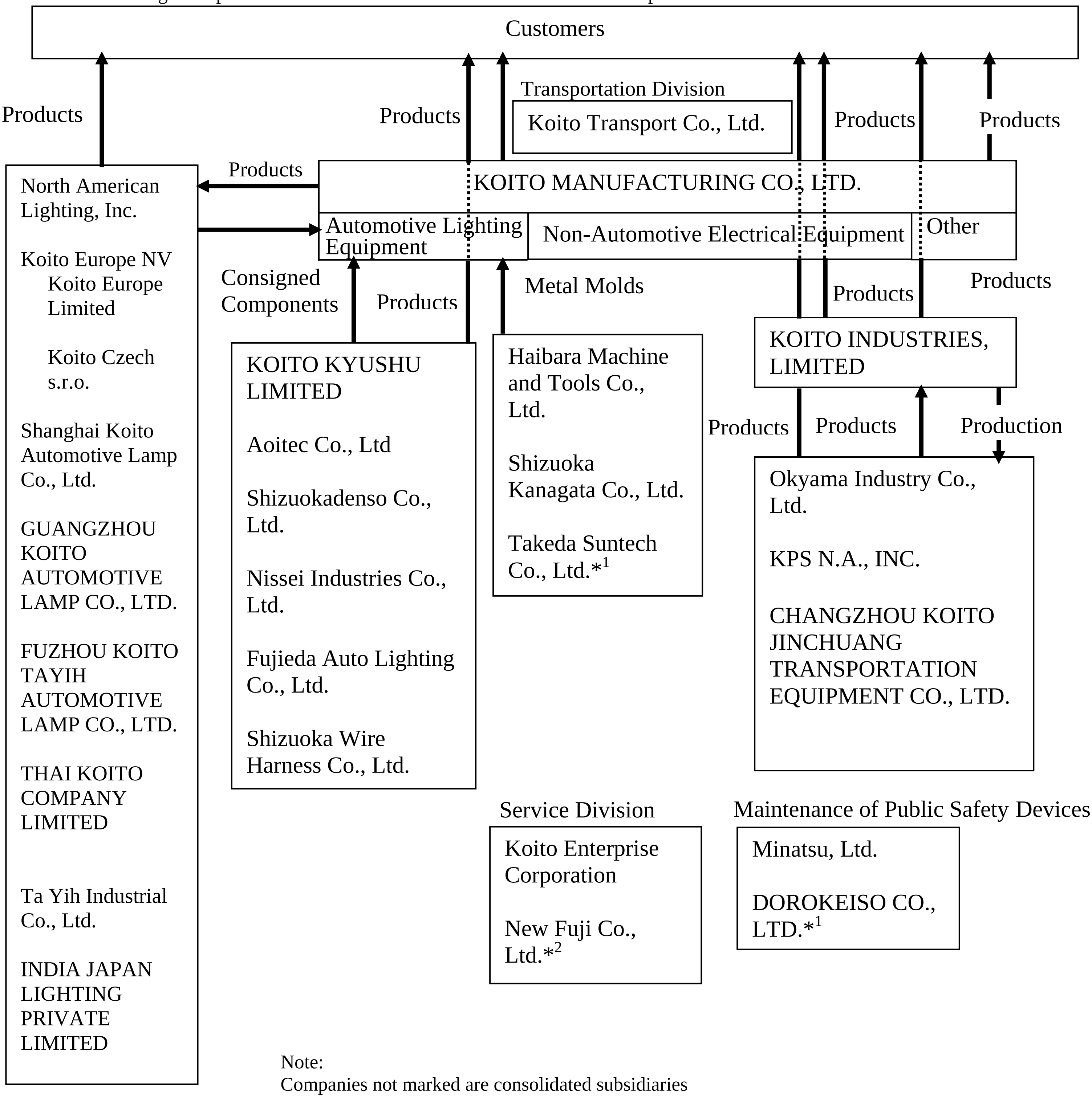
For the interim period of the fiscal year under review, Koito paid a dividend to shareholders of ¥12 per share, which is an increase of ¥1 from the same period in the previous year.
For the year-end dividend for the fiscal year under review, Koito plans to propose a dividend of ¥8 per share, which is a decrease of ¥4 from the same period in the previous year. Regrettably, we plan this because we forecast a significant year-on-year worsening of our operating results and anticipate a continued severe operating environment, together with our policy of paying stable dividends in line with operating results.
Including the interim dividend, this would result in a full-year dividend of ¥20 applicable to fiscal 2009, ¥3 per share lower than fiscal 2008. Looking ahead, we will continue our efforts to achieve higher earnings to meet the expectations of all shareholders.

Koito intends to reduce the bonuses paid to directors compared to those paid in the previous year in response to serious consideration of our operating results for the fiscal year under review together with our intention to reduce dividends.

2. Koito Group

The Koito Group comprises KOITO MANUFACTURING CO., LTD., its 25 subsidiaries and 3 affiliates. The Group manufactures and sells automobile lights, components for airplanes, trains and railways, and a variety of electrical devices and measuring equipment. The Koito Group is also involved in related financial and distribution operations.

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



Note:
Companies not marked are consolidated subsidiaries
*1 Affiliates accounted for by the equity method
*2 Non-consolidated subsidiary

3. Management Policies

(1) Basic Management Policies

The Koito Group's basic management policies call for the stimulation of new customer demand for lighting while contributing to the progress of society and fostering mutually beneficial relationships with all stakeholders, including shareholders, customers, employees and business partners.

The Koito Group addresses CSR (corporate social responsibility) and other issues by engaging in environmental preservation measures and social contribution activities and also adheres to the policy of "manufacturing products that put people and the environment first" in all its business activities.

(2) Management Targets

Koito considers ROE and equity ratio to be important targets from the viewpoint of investment efficiency and corporate evaluation.

To sustain its business and pay stable dividends to shareholders, Koito strives to achieve its targets in an integrated manner to preserve earnings.

Koito aims to strengthen and refine its corporate structure to enable it to respond with agility to future changes in the business environment, develop new technologies and products, and streamline operations. In doing so, Koito will strive to meet shareholders' expectations by expanding its business in the medium- and long-term, improving performance and paying stable dividends.

(3) Medium- and Long-Term Management Strategies

Under its corporate slogan of "Lighting for Your Safety," the Koito Group, as a manufacturer of automotive lighting and electrical equipment, is committed to playing a part in creating a better society through the creation of new value sought by customers. Strategies for taking Koito forward are as follows:

－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 further reinforce the product development, manufacturing and sales functions of its overseas bases while establishing a 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 bring attractive products to market in good time by developing cutting-edge technologies that stay ahead of customer and market needs, and commercializing products at the earliest opportunity.

－3. The Koito Group will pursue the highest standards of quality and safety, and enforce strict environmental safeguards.

－4. The Koito Group will reinforce its corporate and earnings structure by acquiring and effectively allocating resources.

These four undertakings encapsulate Koito's commitment to providing satisfaction to shareholders, customers, employees and business partners, while fulfilling its vital mission of helping to preserve the environment.

(4) Key Issues

As a global supplier, the Koito Group is working to realign and reinforce its management framework and organization to be able to respond flexibly to worldwide trends in the automobile industry, to establish development, production and sales systems, and enhance internal controls on corporate activities.

In this context, Koito is building a stronger management structure. Key to this will be developing innovative new technologies and products that anticipate market and customer needs, shortening development times, increasing environmental preservation measures, ramping up production capacity to respond to increased orders, and implementing cost cutting measures throughout the Group. Improving quality, allocating resources effectively and establishing a complementary structure for doing so are also of paramount importance.

As regards internal controls, to ensure that the Koito Group remains trusted by shareholders and all other stakeholders, Koito recognizes the importance of corporate ethics, and is enhancing corporate governance and strengthening compliance to ensure sound management, and transparent and fair management decision-making and business execution.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(¥ millions)

	Fiscal 2008 As of March 31, 2008	Fiscal 2009 As of March 31, 2009
Assets		
Current assets:		
Cash and time deposits	11,609	18,168
Trade notes and accounts receivable	95,951	70,209
Marketable securities	13,107	6,758
Inventories	39,810	37,452
Deferred income tax assets	6,365	4,138
Other current assets	12,587	8,324
Less: Allowance for doubtful accounts	△936	△1,089
Total current assets	178,494	143,962
Fixed assets:		
Property, plant and equipment		
Buildings and structures (net)	34,096	35,219
Machinery and transportation equipment (net)	36,598	36,537
Fixtures, equipment and tools (net)	13,180	11,485
Land	12,591	12,928
Construction in progress	5,211	2,286
Total property, plant and equipment	101,677	98,458
Intangible fixed assets	972	1,498
Investments and other assets:		
Investment securities	98,921	90,456
Loans	598	595
Deferred income tax assets	3,502	14,578
Other investments	4,644	2,553
Less: Allowance for doubtful accounts	△227	△234
Total investments and other assets	107,440	107,949
Total fixed assets	210,090	207,906
Total assets	388,585	351,869

(¥ millions)

	Fiscal 2008 As of March 31, 2008	Fiscal 2009 As of March 31, 2009
Liabilities		
Current liabilities:		
Notes and accounts payable	78,378	57,641
Short-term loans	33,846	43,737
Accrued expenses	17,948	16,205
Income taxes payable	5,101	841
Allowance for employees' bonuses	4,865	4,836
Allowance for directors' and corporate auditors' bonuses	397	329
Reserve for product warranties	1,400	1,400
Other current liabilities	9,745	5,880
Total current liabilities	151,681	130,871
Non-current liabilities:		
Long-term debt	23,513	17,198
Allowance for employees' retirement benefits	26,549	26,740
Allowance for directors' and corporate auditors' retirement benefits	1,543	1,768
Other non-current liabilities	948	805
Total non-current liabilities	52,554	46,512
Total liabilities	204,236	177,384
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital	17,107	17,107
Retained earnings	110,980	109,289
Treasury common stock, at cost	△61	△66
Total shareholders' equity	142,297	140,601
Revaluations and translation adjustments:		
Valuation adjustment on investment securities	10,292	3,246
Translation adjustments	△876	△1,664
Total revaluations and translation adjustments	9,415	1,582
Minority interests	32,635	32,301
Total net assets	184,348	174,485
Total liabilities and net assets	388,585	351,869

(2) Consolidated Statement of Income

(¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
Net sales	470,648	400,232
Cost of sales	404,414	355,703
Gross profit	66,234	44,529
Selling, general and administrative expenses:		
Selling expense	15,968	14,538
General and administrative expenses	21,306	20,859
Total selling, general and administrative expenses	37,274	35,397
Operating income	28,959	9,131
Non-operating income:		
Interest income	1,614	1,656
Dividends	634	650
Equity in earnings of affiliates	8	2
Other non-operating income	3,906	2,981
Total non-operating income	6,163	5,291
Non-operating expenses:		
Interest expenses	1,399	1,178
Other non-operating expenses	3,325	3,968
Total non-operating expenses	4,725	5,147
Recurring profit	30,397	9,275
Extraordinary gains:		
Gain on sales of investment securities	13	98
Gain on sales of fixed assets	31	—
Others	2	62
Total extraordinary gains	47	160
Extraordinary losses:		
Loss on sales and disposal of property, plant and equipment	275	378
Surcharges and damages	60	3
Loss on sales of marketable securities	—	457
Provision for allowance for doubtful accounts	—	300
Bad debts expenses	—	272
Others	11	43
Total extraordinary losses	347	1,455
Income before income taxes	30,097	7,980
Income taxes	11,302	5,794
Income tax adjustment	375	△3,743
Total income taxes	11,678	2,051
Minority interest in consolidated subsidiaries	2,837	1,886
Net income	15,581	4,042

(3) Consolidated Changes in Shareholders' Equity

(¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
Shareholders' equity		
Common stock		
Balance at previous year-end	14,270	14,270
Changes during fiscal year		
Total changes during fiscal year	―	―
Balance at fiscal year-end	14,270	14,270
Additional paid-in capital		
Balance at previous year-end	17,107	17,107
Changes during fiscal year		
Total changes during fiscal year	―	―
Balance at fiscal year-end	17,107	17,107
Retained earnings		
Balance at previous year-end	99,299	110,980
Changes during fiscal year		
Dividends from retained earnings	△3,535	△3,857
Net income for the fiscal year	15,581	4,042
Purchases of treasury stock	0	―
Change associated with increase in consolidated subsidiaries	△365	―
Decrease accompanying standardization of accounting treatment of overseas subsidiaries	―	△1,921
Tax effect adjustments of previous years	―	44
Total changes during fiscal year	11,680	△1,691
Balance at fiscal year-end	110,980	109,289
Treasury common stock, at cost:		
Balance at previous year-end	△54	△61
Changes during fiscal year		
Purchases of treasury stock	△7	△4
Total changes during fiscal year	△7	△4
Balance at fiscal year-end	△61	△66
Total shareholders' equity		
Balance at previous year-end	130,624	142,297
Changes during fiscal year		
Dividends of retained earnings	△3,535	△3,857
Net income for the fiscal year	15,581	4,042
Purchases of treasury stock	△6	△4
Change associated with increase in consolidated subsidiaries	△365	―
Decrease accompanying standardization of accounting treatment of overseas subsidiaries	―	△1,921
Tax effect adjustments of previous years	―	44
Total changes during fiscal year	11,673	△1,695
Balance at fiscal year-end	142,297	140,601

(¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
Revaluations and translation adjustments		
Unrealized holding gain and loss on securities		
Balance at previous year-end	17,731	10,292
Changes during fiscal year		
Changes in items other than shareholders' equity during fiscal year (net)	△7,439	△7,045
Total changes during fiscal year	△7,439	△7,045
Balance at fiscal year-end	10,292	3,246
Translation adjustments		
Balance at previous year-end	1,196	△876
Changes during fiscal year		
Changes in items other than shareholders' equity during fiscal year (net)	△2,072	△788
Total changes during fiscal year	△2,072	△788
Balance at fiscal year-end	△876	△1,664
Total revaluations and translation adjustments		
Balance at previous year-end	18,928	9,415
Changes during fiscal year		
Changes in items other than shareholders' equity during fiscal year (net)	△9,512	△7,833
Total changes during fiscal year	△9,512	△7,833
Balance at fiscal year-end	9,415	1,582
Minority interests		
Balance at previous year-end	30,881	32,635
Changes during fiscal year		
Changes in items other than shareholders' equity during fiscal year (net)	1,753	△333
Total changes during fiscal year	1,753	△333
Balance at fiscal year-end	32,635	32,301
Total shareholders' equity		
Balance at previous year-end	180,434	184,348
Changes during fiscal year		
Dividends of retained earnings	△3,535	△3,857
Net income for the fiscal year	15,581	4,042
Purchases of treasury stock	△6	△4
Change associated with increase in consolidated subsidiaries	△365	—
Decrease accompanying standardization of accounting treatment of overseas subsidiaries	—	△1,921
Tax effect adjustments of previous years	—	44
Changes in items other than shareholders' equity during fiscal year (net)	△7,758	△8,167
Total changes during fiscal year	3,914	△9,863
Balance at fiscal year-end	184,348	174,485

(3) Consolidated Statement of Cash Flows

(¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
Cash flows from operating activities		
Income before income taxes	30,097	7,980
Depreciation	25,140	26,716
Equity in earnings of affiliated companies	△8	△2
Provision for allowance for doubtful accounts	△71	179
Provision for accrued retirement benefits	426	440
Provision for reserve for bonuses	780	301
Interest and dividends received	△2,249	△2,306
Interest payments	1,399	1,178
Loss on sale and revaluation of marketable securities	△4	460
Loss on sale of property and equipment	225	658
Changes in trade notes and accounts receivable	△231	24,390
Changes in inventories	△2,534	895
Changes in other current assets	△3,663	3,130
Changes in trade notes and accounts payable	158	△18,876
Changes in accrued expenses and other current liabilities	1,772	△4,618
Directors' and corporate auditors' bonuses paid	△280	△397
Sub total	50,957	40,128
Interest and dividends received	2,249	2,306
Interest paid	△1,399	△1,178
Income taxes paid	△11,285	△9,985
Net cash provided by operating activities	40,522	31,271
Cash flows from investing activities		
Payments into time deposits	△306	△1,299
Proceeds from time deposits	429	223
Payments for purchase of marketable and investment securities	△41,830	△17,036
Proceeds from sale of marketable and investment securities	28,829	15,679
Payments for purchase of property and equipment	△28,306	△27,189
Proceeds from sale of property and equipment	403	△51
Payments for new loans	△642	△539
Proceeds from loan repayments	330	553
Others	△1,498	819
Net cash used in investing activities	△42,591	△28,840
Cash flows from financing activities		
Decrease in short-term loans	△6,242	3,252
Increase in long-term debt	11,025	6,869
Repayment of long-term debt	△1,427	△4,140
Payments for repurchase of treasury stock	△8	△5
Proceeds from sale of treasury stock	1	—
Dividends paid by parent company	△3,524	△3,857
Dividends paid to minority shareholders	△844	△1,688
Net cash provided by or used in financing activities	△1,019	431
Effect of exchange rate changes on cash and cash equivalents	△199	103
Change in cash and cash equivalents	△3,287	2,964
Cash and cash equivalents at beginning of year	19,996	16,709
Cash and cash equivalents at end of year	16,709	19,672

Going Concern Assumption

None.

Significant Accounting Policies Used in Preparation of Consolidated Financial Statements

1. Scope of Consolidation

Number of consolidated subsidiaries: 25

2. Application of the Equity Method

Number of affiliates accounted for using the equity method: 2

Non-consolidated subsidiary New Fuji Co., Ltd. has been excluded from the scope of affiliated companies accounted for by the equity method as it has a negligible effect on the consolidated net income and retained earnings of the Koito Group.

3. Fiscal Year of Consolidated Subsidiaries

The fiscal year-end of consolidated subsidiaries KOITO KYUSHU LIMITED, KOITO INDUSTRIES, LIMITED, Koito Transport Co., Ltd., Minatsu, Ltd., Okayama Industry Co., Ltd. and INDIA JAPAN LIGHTING PRIVATE LIMITED is March 31, the same as for the parent company. Consolidated financial statements are prepared assuming an accounting period ending March 31 for the other consolidated subsidiaries (Aoitec Co., Ltd. and 18 other companies).

4. Summary of Significant Accounting Policies

(1) Valuation standards and accounting treatment for important assets

a) Marketable securities

① Securities held for trading:	Market Value (the selling price is determined mainly by the moving average method)
② Securities held to maturity:	Depreciable cost method (straight-line method)
③ Other securities:	
Listed securities	Market Value, determined by the market price as of the end of the period, with unrealized gains or losses reported in shareholders' equity and the selling price determined by the moving average method.
Non-listed	Cost determined by the moving average method.

b) Derivatives: Market Value

c) Specified money trusts: Market Value

d) Inventories

Inventories are now mainly stated using the acquisition cost method, cost being determined by the average method (the Book Value in the balance sheet is reduced when the profitability has declined).

(2) Method for depreciating and amortizing important assets

a) Property, plant and equipment:

At the Company and its domestic consolidated subsidiaries, assets are depreciated using the declining-balance method in accordance with Japan's corporate tax laws. At overseas consolidated subsidiaries, assets are depreciated using the straight-line method. Buildings purchased by domestic consolidated subsidiaries on or after April 1, 1998, excluding fixtures, are depreciated using the straight-line method.

Estimated useful lives are as follows:

Buildings and structures	7 – 50 years
Machinery and transportation equipment	3 – 7 years

b) Intangible fixed assets:

The Company and its domestic subsidiaries amortize intangible fixed assets using the straight-line method. At overseas consolidated subsidiaries, intangible fixed assets are amortized using the straight-line method in accordance with the accounting principles generally accepted in each country.

(3) Accounting for important allowances

a) Allowance for doubtful accounts:

The allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance comprises two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve for accounts receivable calculated based on historical default rates. Overseas consolidated subsidiaries provide for the estimated credit loss for certain doubtful receivables based on an individual assessment of each account.

b) Allowance for bonuses:

At the Company and its domestic consolidated subsidiaries, the allowance for employees' bonuses is based on the estimated requirements for the fiscal year. The amount recorded is that applicable to the full period.

c) Allowance for directors' and corporate auditors' bonuses

At the Company and certain domestic consolidated subsidiaries, an allowance is provided in the amount incurred in the fiscal year under review to pay bonuses to directors and corporate auditors as decided at the General Meeting of Shareholders.

d) Reserve for product warranties

The reserve for product warranties is provided to cover payments in response to possible liability claims made under product warranties based on historical claim rates.

e) Allowance for employees' retirement benefits

At the Company and its consolidated subsidiaries, an allowance for retirement benefits is provided to adequately cover the pension costs of employees. The retirement benefit allowance is determined as of the end of the period on the basis of projected retirement benefit liabilities and pension assets at the fiscal year balance sheet date.

Actuarial gains or losses are amortized from the accounting period following the period in which actuarial gains or losses arise, using the straight-line method over a fixed number of years (5 to 10 years), but no more than the average remaining years of service of employees in the accounting period in which actuarial gains or losses arise.

f) Allowance for directors' and corporate auditors' retirement benefits

The Company and its domestic consolidated subsidiaries provide an allowance for directors' and corporate auditors' retirement benefits to adequately cover payments of such benefits during the period under review, as prescribed by Company regulations.

(4) Accounting for foreign currency denominated transactions:

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the balance sheet date and included in income. Assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen at the exchange rate prevailing at the balance date, while revenues and costs at overseas subsidiaries are translated into Japanese yen at the average exchange rate prevailing during the accounting period. Gains or losses on such foreign currency translations are listed under minority interests and reported in shareholders' equity as translation adjustments.

(5) Accounting for hedging

Unrealized gains and losses arising from hedge transactions are recognized when the underlying hedge contracts are concluded and are included in income during the applicable accounting period.

(6) Accounting treatment of consumption tax

Financial statements are prepared exclusive of consumption taxes.

5. Valuation of Assets and Liabilities of Consolidated Subsidiaries

Assets and liabilities of consolidated subsidiaries are valued at market price.

6. Amortization of Goodwill and Negative Goodwill

Goodwill is amortized by the straight-line method over a 5-year period.

7. Scope of Cash and Cash Equivalents in the Statement of Cash Flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand, demand deposits, and highly liquid short-term investments with maturities of less than 3 months that can be readily converted into cash and carry little risk of fluctuation in value.

Significant Changes to Accounting Policies Used in Preparation of Consolidated Financial Statements

1. Valuation Standards and Methods for Inventories

From the fiscal year under review, the Company adopted "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan ("ASBJ") Statement No. 9, July 5, 2006). Accordingly inventories are now mainly stated using the acquisition cost method, cost being determined by the average method (the Book Value in the balance sheet is reduced when the profitability has declined).

This change had no effect on profit and loss.

2. Application of "Accounting Treatment of Overseas Subsidiaries in Preparation of Consolidated Financial Statements"

From the fiscal year under review, the Company adopted "Accounting Treatment of Overseas Subsidiaries in Preparation of Consolidated Financial Statements" (ASBJ Practical Response Report No. 18, May 17, 2006).

This change had an immaterial effect on profit and loss.

3. Accounting Standards for Lease Transactions

From the fiscal year under review, the Company adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, June 17, 1993, revision on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, January 18, 1994, revision on March 30, 2007) and now accounts for financial leases other than those that transfer ownership rights as ordinary sale and purchase transactions. The Company had previously accounted for these leases according to the method for ordinary operating lease transactions.

The Company continued to apply the method for ordinary operating lease transactions to financial leases other than those that transfer ownership rights that started before the fiscal year under review.

Notes

(¥ millions)

	Fiscal 2008 As of March 31, 2008	Fiscal 2009 As of March 31, 2009
1. Cumulative depreciation of property, plant and equipment	190,410	201,012
2. Liabilities for guarantees	7	6

3. Selling, general and administrative expenses

(¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
(1) Selling expenses		
Freight expenses	3,294	3,010
Employee salaries	5,173	5,062
Packaging expenses	2,095	2,047
Transfer to allowance for bonuses	559	513
Retirement benefit expenses	519	440
(2) General and administrative expenses		
Employee salaries	6,606	6,050
Fringe benefits expenses	1,792	1,821
Transfer to allowance for bonuses	517	530
Transfer to allowance for directors' bonuses	397	329
Retirement benefit expenses	517	501
Transfer to allowance for directors' retirement benefits	264	252

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

(¥ millions)

	Fiscal 2008 As of March 31, 2008	Fiscal 2009 As of March 31, 2009
Cash and deposits	11,609	18,168
Time deposits with maturities exceeding three months	△341	△1,388
Marketable securities redeemable within three months	5,441	2,892
Cash and cash equivalents	16,709	19,672

Segment Information

(1) Industry Segment Information
Fiscal 2008 (April 1, 2007 to March 31, 2008)

(¥ millions)

	Automotive Lighting Equipment	Non-Automotive Electrical Equipment	Other Products & Services	Total	Corporate and elimination	Consolidated total
I. Sales and operating income						
Net sales						
(1) Sales to outside customers	391,829	42,943	35,875	470,648	—	470,648
(2) Inter-segment sales and transfers	125,284	2,058	10,132	137,475	(137,475)	—
Total	517,114	45,001	46,007	608,124	(137,475)	470,648
Operating expenses	490,132	42,284	45,673	578,090	(136,400)	441,689
Operating income or loss	26,981	2,717	334	30,034	(1,075)	28,959
II. Assets, depreciation, impairment losses and capital expenditures						
Assets	232,751	46,781	62,008	341,540	47,045	388,585
Depreciation	23,129	927	1,032	25,088	52	25,140
Capital expenditures	26,295	778	604	27,677	—	27,677

Fiscal 2009 (April 1, 2008 to March 31, 2009)

(¥ millions)

	Automotive Lighting Equipment	Non-Automotive Electrical Equipment	Other Products & Services	Total	Corporate and elimination	Consolidated total
I. Sales and operating income						
Net sales						
(1) Sales to outside customers	317,208	44,292	38,732	400,232	—	400,232
(2) Inter-segment sales and transfers	96,527	1,951	14,732	113,211	(113,211)	—
Total	413,735	46,243	53,464	513,444	(113,211)	400,232
Operating expenses	407,211	43,367	52,058	502,636	(111,535)	391,100
Operating income or loss	6,524	2,876	1,406	10,807	(1,676)	9,131
II. Assets, depreciation, impairment losses and capital expenditures						
Assets	195,716	50,670	56,154	302,540	49,329	351,869
Depreciation	24,325	1,048	1,275	26,648	68	26,716
Capital expenditures	29,200	1,353	611	31,164	—	31,164

Notes:
1. Industry segment figures are based on sales categories.
2. Major products of each division
(1) Automotive Lighting Equipment: LED headlamps, Discharge headlamps, miscellaneous car lamps, discharge headlamp systems, signaling lamps, high-mount stop lamps, halogen bulbs, various miniature bulbs and other lighting products.
(2) Non-Automotive Electrical Equipment: Control systems for rail transports, road traffic signals, and traffic control systems.
(3) Other Products & Services: Aircraft equipments and electronic components, headlamp cleaners, aircraft and train seats, environmental control systems, transportation, finance and insurance services.

3. Significant components of corporate and elimination of inter-segment items. (¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009	Significant Items
Unallocated operating expenses in corporate and elimination	3,670	3,421	Expenses related to the General Affairs Department of the parent company's head office

4. Assets at March 31, 2009 include ¥49,329 million that was included in corporate and elimination of inter-segment items as corporate assets. These comprise mainly surplus operational funds at the parent company (cash, deposits and marketable securities), long-term investments (investment securities) and assets relating to administrative divisions.

(2) Geographical Segment Information

Fiscal 2008 (April 1, 2007 to March 31, 2008)

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
I. Sales and operating income							
Net sales							
(1) Sales to outside customers	296,554	58,241	90,881	24,971	470,648	—	470,648
(2) Inter-segment sales and transfers	104,365	8	8,499	24,602	137,475	(137,475)	—
Total	400,919	58,250	99,380	49,574	608,124	(137,475)	470,648
Operating expenses	378,905	56,047	93,607	49,529	578,090	(136,400)	441,689
Operating income or loss	22,014	2,202	5,773	44	30,034	(1,075)	28,959
II. Assets	234,675	24,394	57,302	25,169	341,540	47,045	388,585

Fiscal 2009 (April 1, 2008 to March 31, 2009)

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
I. Sales and operating income							
Net sales							
(1) Sales to outside customers	263,359	42,447	77,324	17,101	400,232	—	400,232
(2) Inter-segment sales and transfers	88,130	71	8,709	16,299	113,211	(113,211)	—
Total	351,490	42,518	86,034	33,401	513,444	(113,211)	400,232
Operating expenses	341,027	44,106	80,254	37,248	502,636	(111,535)	391,100
Operating income or loss	10,463	△1,587	5,779	△3,846	10,807	(1,676)	9,131
II. Assets	211,161	24,114	54,362	12,903	302,540	49,329	351,869

Notes:
1. Country and regional segments are based on geographic proximity.
2. Countries and regions included in each segment:
   (1) North America: United States
   (2) Asia: China, Taiwan, Thailand and India
   (3) Europe: United Kingdom, Czech Republic and Belgium
3. Significant components of corporate and elimination of inter-segment items are as follows:

(¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009	Significant Items
Unallocated operating expenses in corporate and elimination	3,670	3,421	Expenses related to the General Affairs Department of the parent company’s head office

(3) Overseas Sales

Fiscal 2008 (April 1, 2007 to March 31, 2008)

(¥ millions)

	North America	Asia	Europe	Total
I. Overseas sales	64,630	90,108	26,818	181,556
II. Consolidated sales				470,648
III. Overseas sales ratio (%)	13.7	19.2	5.7	38.6

Fiscal 2009 (April 1, 2008 to March 31, 2009)

(¥ millions)

	North America	Asia	Europe	Total
I. Overseas sales	47,963	76,878	18,279	143,120
II. Consolidated sales				400,232
III. Overseas sales ratio (%)	12.0	19.2	4.6	35.8

Notes:
1. Countries and regional segments are based on geographic proximity.
2. Countries and regions included in each segment:
   (1) North America: United States
   (2) Asia: China, Taiwan, Thailand and India
   (3) Europe: United Kingdom, Czech Republic and Belgium
3. Overseas sales are those of the parent company and its consolidated subsidiaries to countries and regions other than the country or region in which each is based.

Lease Transactions

1. Financial Leases (Lessee)
The Company applies the accounting method for ordinary operating lease transactions to financial leases (lessee) other than those that transfer ownership rights that started before March 31, 2008. Details are shown in the following table.

①Acquisition cost equivalents, accumulated depreciation equivalents and year-end balance equivalents of leased assets

(¥ millions)

		Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
Acquisition cost equivalents	Buildings	3,077	3,077
	Machinery and transportation equipment	1,697	1,545
	Tools and equipment	552	400
	Total	5,327	5,023
Accumulated depreciation equivalents	Buildings	329	465
	Machinery and transportation equipment	918	1,020
	Tools and equipment	314	273
	Total	1,562	1,759
Year-end balance equivalents	Buildings	2,748	2,612
	Machinery and transportation equipment	779	524
	Tools and equipment	237	127
	Total	3,765	3,264

Note: Acquisition cost equivalents constituted an immaterial portion of term-end balances of property, plant and equipment. Consequently, acquisition cost equivalents are accounted for by the paid interest method.

②Year-end balances of outstanding lease commitments

(¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
Within one year	394	310
More than one year	3,370	2,954
Total	3,765	3,264

Note: Outstanding lease commitments constituted an immaterial portion of term-end balances of property, plant and equipment. Consequently, outstanding lease commitments are accounted for by the paid interest method.

③Lease charge payable and depreciation equivalents

(¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
Lease charge payable	464	440
Depreciation equivalents	464	440

④Accounting method for depreciation equivalents
Depreciation equivalents are accounted for by the straight-line method, assuming the lease period to be the useful lives and the residual value to be zero.

2.Operating lease transactions

(¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
Outstanding lease commitments		
Within one year	53	160
More than one year	298	362
Total	352	522

(Fiscal 2009, April 1, 2008 to March 31, 2009)
(1) Parent company and major corporate shareholders

(¥ millions)

Related party	Name of related company	Address	Paid-in capital or investment	Principal business or occupation	Controlling or controlled voting rights	Joint directors	Relation-ship	Business relationship	Volume of transactions	Description of transactions	Resulting account balances
Major corporate shareholders	Toyota Motor Corporation	Toyota City, Aichi Prefecture	397,049	Manufacture and marketing of automobiles and automobile parts; marketing of industrial vehicles; manufacturing and marketing of housing.	Controlled (Direct: 20%)	–	Supply of automobile lighting equipment	Supply of automobile lighting equipment;	88,922	Trade Receivables	7,267
								Purchase of materials	4,365	Trade payables	319

Note: Resulting account balances are exclusive of consumption tax

(2) Subsidiaries

(¥ millions)

Related party	Name of related company	Address	Paid-in capital or investment	Principal business or occupation	Controlling or controlled voting rights	Joint directors	Relation-ship	Business relationship	Volume of transactions	Description of transactions	Resulting account balances
Affiliates	Takeda Suntech Co., Ltd.	Shizuoka City, Shizuoka Prefecture	15	Manufacture of dies for resin molded parts	Direct control: 20%	Directors : 2	Purchase of dies for resin moldings	Purchase of dies for resin moldings	1,722	Trade payables	328
								Supply of materials	75	Trade receivables-Other	1
	DORO KEISO CO., LTD.	Chofu City, Tokyo	40	Installation and maintenance of axle weight measuring systems	Indirect control: 29.1%	—	—	—	—	—	—

Note: Resulting account balances are exclusive of consumption tax

Deferred Tax Accounting

Significant components of deferred tax assets and liabilities

(¥ millions)

	Fiscal 2009 As of March 31, 2009
Deferred tax assets	
Surplus in bonus reserve	1,935
Surplus in employees' retirement benefit reserve	11,215
Allowance for directors' and corporate auditors' retirement benefits	719
Excess accelerated depreciation	1,430
Loss on revaluation of investment securities	874
Loss on revaluation of land	664
Reserve for liability claims	1,275
Reserve for product warranties	679
Other	4,556
Subtotal of deferred tax assets	23,352
Valuation allowance	△1,955
Total deferred tax assets	21,397
Deferred tax liabilities	
Reserve for reduction of asset costs	△524
Securities valuation differences	△2,155
Total deferred tax liabilities	△2,680
Net deferred tax assets or liabilities	18,716

Marketable Securities

(Marketable securities for fiscal 2008, as of March 31, 2008)

1. Securities held for trading purposes (¥ millions)

Book Value on consolidated financial statements	Unrealized gains or losses included in or charged to income in the current accounting period of consolidation
3,030	0

2. Securities held to maturity (¥ millions)

	Type of security	Book Value	Market Value	Difference
Securities with unrealized gains carried on consolidated balance sheets	(1) Japanese government bonds and municipal bonds	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Others	8,092	8,179	87
	Subtotal	8,092	8,179	87
Securities with unrealized losses carried on consolidated balances sheets	(1) Japanese government bonds and municipal bonds	990	986	△4
	(2) Corporate bonds	—	—	—
	(3) Others	57,097	50,965	△6,132
	Subtotal	58,088	51,951	△6,136
Total		66,181	60,131	△6,049

3. Other listed securities (¥ millions)

	Type of security	Acquisition cost	Book Value	Difference
Securities with unrealized gains carried on consolidated balance sheets	(1) Equity securities	3,787	10,354	6,566
	(2) Bonds			
	① Japanese government bonds and municipal bonds	—	—	—
	② Corporate bonds	199	202	2
	③ Other bonds	—	—	—
	(3) Other securities	6,117	6,178	61
	Subtotal	10,103	16,735	6,631
Securities with unrealized losses carried on consolidated balances sheets	(1) Equity securities	6,882	5,618	△1,264
	(2) Bonds			
	① Japanese government bonds and municipal bonds	—	—	—
	② Corporate bonds	300	299	△1
	③ Other bonds	4,200	3,900	△299
	(3) Other securities	1,667	1,575	△91
	Subtotal	13,049	11,394	△1,655
Total		23,153	28,129	4,975

4. Other securities sold during fiscal 2008 (¥ millions)

Sales	Total gains on sales	Total losses on sales
2,483	23	—

5. Schedule of non-listed securities (¥ millions)

Type of security	Book Value	Details
(1) Bonds held to maturity		
Foreign bonds without market quotation	88	
(2) Other securities		
Equity securities without market quotation (excluding OTC market securities)	3,696	
Investments	347	
Total	4,131	

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

Type of security	Within 1 year	1-5 years	5-10 years	Over 10 years
1. Bonds				
(1) Japanese government bonds and municipal bonds	—	990	—	—
(2) Corporate bonds	399	102	—	—
(3) Other bonds	8,762	19,268	—	41,149
2. Other securities	1,491	1,514	1,523	2,157
Total	10,654	21,876	1,523	43,306

(Marketable securities for fiscal 2009, as of March 31, 2009)

1. Securities held for trading purposes (¥ millions)

Book Value on consolidated financial statements	Unrealized gains/losses included in/charged to income in the current accounting period of consolidation
3,052	0

2. Securities held to maturity (¥ millions)

	Type of security	Book Value	Market Value	Difference
Securities with unrealized gains carried on consolidated balance sheets	(1) Japanese government bonds and municipal bonds	800	801	1
	(2) Corporate bonds	—	—	—
	(3) Others	6,796	6,938	141
	Subtotal	7,596	7,739	143
Securities with unrealized losses carried on consolidated balances sheets	(1) Japanese government bonds and municipal bonds	189	186	△3
	(2) Corporate bonds	—	—	—
	(3) Others	55,800	45,627	△10,172
	Subtotal	55,989	45,813	△10,176
Total		63,586	53,553	△10,033

3. Other listed securities (¥ millions)

	Type of security	Acquisition cost	Book Value	Difference
Securities with unrealized gains carried on consolidated balance sheets	(1) Equity securities	2,259	4,582	2,322
	(2) Bonds			
	① Japanese government bonds and municipal bonds	—	—	—
	② Corporate bonds	494	498	3
	③ Other bonds	—	—	—
	(3) Other securities	3,423	3,444	20
	Subtotal	6,177	8,525	2,347
Securities with unrealized losses carried on consolidated balances sheets	(1) Equity securities	9,384	4,956	△4,428
	(2) Bonds			
	① Japanese government bonds and municipal bonds	—	—	—
	② Corporate bonds	1,220	897	△322
	③ Other bonds	4,500	3,496	△1,003
	(3) Other securities	1,073	866	△207
	Subtotal	16,179	10,216	△5,963
Total		22,357	18,741	△3,615

4. Other securities sold during fiscal 2009 (¥ millions)

Sales	Total gains on sales	Total losses on sales
5,179	103	457

5. Schedule of non-listed securities (¥ millions)

Type of security	Book Value	Details
(1) Bonds held to maturity		
Foreign bonds without market quotation	34	
(2) Other securities		
Equity securities without market quotation (excluding OTC market securities)	4,711	
Investments	463	
Total	5,208	

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

Type of security	Within 1 year	1-5 years	5-10 years	Over 10 years
1. Bonds				
(1) Japanese government bonds and municipal bonds	500	490	—	—
(2) Corporate bonds	498	98	500	298
(3) Other bonds	10,263	9,500	—	46,363
2. Other securities	943	2,501	531	—
Total	12,205	12,589	1,032	46,662

Retirement Benefits

1. Retirement benefit plan

The Company and its consolidated subsidiary KOITO INDUSTRIES, LTD. offer defined benefit plans that include a fund-type corporate pension plan, tax qualified pension plan and lump-sum retirement benefit plan. Other domestic consolidated subsidiaries offer a tax qualified pension plan and lump-sum retirement benefit plan. Certain overseas subsidiaries offer defined contribution plans.

2. Matters concerning retirement benefit obligations

(¥ millions)

	Fiscal 2008 As of March 31, 2008	Fiscal 2009 As of March 31, 2009
a. Retirement benefit obligations	△56,084	△57,290
b. Plan assets	29,916	27,822
c. Unfunded pension liabilities (a+b)	△26,168	△29,467
d. Unrecognized net transition obligation	—	—
e. Unrecognized actuarial differences	△381	2,727
f. Accrued retirement benefits on balance sheet (c+d+e)	△26,549	△26,740
g. Allowance for retirement benefits	△26,549	△26,740

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

3. Matters concerning retirement benefit expenses

(¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
a. Service cost *1 *2	2,363	2,455
b. Interest cost	1,106	1,124
c. Expected return on plan assets	△578	△536
d. Amortization of transitional obligation	—	—
e. Actuarial loss	1,291	734
f. Net periodic cost (a+b+c+d+e)	4,183	3,777

Notes:
1. Excludes employees' contributions to the fund-type corporate pension plan.
2. Retirement benefit expenses of consolidated subsidiaries using the simplified method are recorded in service cost.

4. Basis of calculation of retirement benefit obligations

a. Method of distribution of estimated retirement benefit costs	Fixed amount
b. Discount rate	2.0%
c. Expected rate of return	2.0%
d. Duration of amortization of past period liabilities	Certain number of years (5-10), not exceeding average residual years to retirement
e. Duration of amortization of actuarial differences	Certain number of years (5-10), not exceeding average residual years to retirement
f. Duration of amortization of net transitional obligation	−

Per Share Information

	Fiscal 2008	Fiscal 2009
Net assets per share	¥944.01	¥884.74
Net income per share	¥ 96.95	¥ 25.16

Net income per share after adjustment for dilution is not shown for both fiscal 2008 and fiscal 2007 because although treasury-stock stock options were introduced and there is treasury stock, after adjustment there is no dilution effect.

Note: The following shows the basis for calculation of net income per share.

	Fiscal 2008	Fiscal 2009
Net income	¥15,581 million	¥4,042 million
Amount not attributable to common stock	— million	— million
Net income associated with common stock	¥15,581 million	¥4,042 million
Average number of shares outstanding during the period	160,714,369 shares	160,709,665 shares

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheet

(¥ millions)

	Fiscal 2008 As of March 31, 2008	Fiscal 2009 As of March 31, 2009
Assets		
Current assets:		
Cash and time deposits	1,743	5,854
Notes receivable	476	378
Accounts receivable–trade	51,285	31,090
Marketable securities	6,090	1,000
Finished products	4,068	3,363
Semi-finished products	942	857
Work in progress	1,001	772
Raw materials and supplies	3,409	4,596
Accrued income	4,224	1,650
Deferred income tax assets	3,197	1,785
Other current assets	693	404
Less: Allowance for doubtful accounts	△113	△84
Total current asset	77,022	51,668
Fixed assets:		
Property, plant and equipment		
Buildings (net)	12,637	15,106
Structures (net)	984	1,100
Machinery (net)	5,572	4,529
Transportation equipment (net)	223	182
Fixtures, equipment and tools (net)	5,062	4,090
Land	6,429	7,030
Construction in progress	1,272	5
Total property, plant and equipment	32,182	32,046
Intangible fixed assets:		
Telephone subscription rights	37	37
Other intangible fixed assets	91	96
Total intangible fixed assets	128	133
Investments and other assets:		
Investment securities	60,856	57,817
Shares of affiliated companies	36,415	32,779
Investments in affiliated companies	11,509	11,996
Deferred income tax assets	2,030	8,808
Guarantee deposits	644	642
Other investments	512	512
Less: Allowance for doubtful accounts	△197	△196
Total investments and other assets	111,771	112,360
Total fixed assets	144,083	144,540
Total assets	221,105	196,208

(¥ millions)

	Fiscal 2008 As of March 31, 2008	Fiscal 2009 As of March 31, 2009
Liabilities		
Current liabilities:		
Notes and accounts payable	47,748	29,959
Payables	2,508	1,733
Accrued expenses	10,177	8,927
Allowance for employees' bonuses	3,522	3,457
Allowance for directors' and corporate auditors' bonuses	367	329
Reserve for product warranties	1,400	1,400
Income taxes payable	4,694	855
Other current liabilities	705	39
Total current liabilities	71,123	46,702
Non-current liabilities:		
Allowance for employees' retirement benefits	16,993	17,527
Allowance for directors' and corporate auditors' retirement benefits	1,196	1,363
Allowance for losses on overseas investments	1,500	5,000
Other non-current liabilities	2	2
Total non-current liabilities	19,692	23,892
Total liabilities	90,815	70,595
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital		
Capital reserve	17,107	17,107
Total additional paid-in capital	17,107	17,107
Retained earnings		
Profit reserve	3,567	3,567
Other retained earnings		
Reserve for reductions of asset costs	826	790
Other reserve	70,000	80,000
Retained earnings brought forward	14,569	6,348
Total retained earnings	88,963	90,707
Treasury common stock, at cost	△61	△66
Total shareholders' equity	120,280	122,019
Revaluations and translation adjustments:		
Valuation adjustment on investment securities	10,008	3,593
Total revaluations and translation adjustments	10,008	3,593
Total net assets	130,289	125,613
Total liabilities and net assets equity	221,105	196,208

(2) Non-consolidated Statement of Income

(¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
Net sales	247,896	214,471
Cost of sales		
Inventories of semi-finished goods at year-start	4,565	5,011
Cost of manufacturing semi-finished goods during year	211,130	185,415
Purchases of goods during the year	3,818	3,717
Total	219,514	194,144
Goods transfer to/from other account	534	79
Inventories of semi-finished goods at year-end	5,011	4,221
Total cost of sales	213,968	189,843
Gross profit	33,927	24,627
Selling, general and administrative expenses:		
Selling expense	9,833	9,260
General and administrative expenses	9,067	8,946
Total selling, general and administrative expenses	18,901	18,206
Operating income	15,026	6,421
Non-operating income:		
Interest and dividend income	3,205	4,190
Other non-operating income	3,079	2,643
Total non-operating income	6,284	6,833
Non-operating expenses:		
Miscellaneous expenses	78	88
Total non-operating expenses	78	88
Recurring profit	21,232	13,166
Extraordinary gains:		
Total extraordinary gains	—	—
Extraordinary losses:		
Allowance for losses on overseas investments	—	3,500
Loss on sale and disposal of fixed assets	209	250
Total extraordinary losses	209	3,750
Income before income taxes	21,023	9,415
Income taxes	8,314	5,220
Income tax adjustment	△157	△1,404
Total income taxes	8,156	3,815
Net income	12,866	5,600

(3) Non-consolidated Changes in Shareholders' Equity

(¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
Shareholders' equity		
Common stock		
Balance at previous year-end	14,270	14,270
Changes during fiscal year		
Total changes during fiscal year	—	—
Balance at fiscal year-end	14,270	14,270
Additional paid-in capital		
Capital reserve		
Balance at previous year-end	17,107	17,107
Changes during fiscal year		
Total changes during fiscal year	—	—
Balance at fiscal year-end	17,107	17,107
Total additional paid-in capital		
Balance at previous year-end	17,107	17,107
Changes during fiscal year		
Total changes during fiscal year	—	—
Balance at fiscal year-end	17,107	17,107
Retained earnings		
Profit reserve		
Balance at previous year-end	3,567	3,567
Changes during fiscal year		
Total changes during fiscal year	—	—
Balance at fiscal year-end	3,567	3,567
Other retained earnings		
Reserve for reductions of asset costs		
Balance at previous year-end	847	826
Changes during fiscal year		
Reversal of reductions of replaced assets	△20	△36
Total changes during fiscal year	△20	△36
Balance at fiscal year-end	826	790
Other reserve		
Balance at previous year-end	62,000	70,000
Changes during fiscal year		
Provision of general reserve	8,000	10,000
Total changes during fiscal year	8,000	10,000
Balance at fiscal year-end	70,000	80,000
Retained earnings brought forward		
Balance at previous year-end	13,217	14,569
Changes during fiscal year		
Reversal of reductions of replaced assets	20	36
Provision of general reserve	△8,000	△10,000
Dividends of retained earnings	△3,535	△3,857
Net income	12,866	5,600
Purchases of treasury stock	0	—
Total changes during fiscal year	1,351	△8,220
Balance at fiscal year-end	14,569	6,348

(¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
Total retained earnings		
Balance at previous year-end	79,632	88,963
Changes during fiscal year		
Dividends of retained earnings	△3,535	△3,857
Net income	12,866	5,600
Purchases of treasury stock	0	—
Total changes during fiscal year	9,331	1,743
Balance at fiscal year-end	88,963	90,707
Treasury stock		
Balance at previous year-end	△54	△61
Changes during fiscal year		
Purchases of treasury stock	△7	△4
Total changes during fiscal year	△7	△4
Balance at fiscal year-end	△61	△66
Total shareholders' equity		
Balance at previous year-end	110,957	120,280
Changes during fiscal year		
Dividends of retained earnings	△3,535	△3,857
Net income	12,866	5,600
Purchases of treasury stock	△6	△4
Total changes during fiscal year	9,323	1,739
Balance at fiscal year-end	120,280	122,019
Revaluations and translation adjustments		
Valuation adjustment on investment securities		
Balance at previous year-end	17,076	10,008
Changes during fiscal year		
Changes in items other than shareholders' equity during fiscal year (net)	△7,067	△6,415
Total changes during fiscal year	△7,067	△6,415
Balance at fiscal year-end	10,008	3,593
Total revaluations and translation adjustments		
Balance at previous year-end	17,076	10,008
Changes during fiscal year		
Changes in items other than shareholders' equity during fiscal year (net)	△7,067	△6,415
Total changes during fiscal year	△7,067	△6,415
Balance at fiscal year-end	10,008	3,593
Total net assets		
Balance at previous year-end	128,033	130,289
Changes during fiscal year		
Dividends of retained earnings	△3,535	△3,857
Net income	12,866	5,600
Purchases of treasury stock	△6	△4
Changes in items other than shareholders' equity during fiscal year (net)	△7,067	△6,415
Total changes during fiscal year	2,255	△4,676
Balance at fiscal year-end	130,289	125,613

Going Concern Assumption
None.

Significant Accounting Policies Used in Preparation of Non-consolidated Financial Statements

1. Marketable securities

①Securities held for trading:	Market Value (the selling price is mainly determined by the moving average method)
②Securities held to maturity:	Depreciable-cost method (straight-line method)
③Securities of subsidiaries and affiliates:	Cost as determined by the moving-average method
④Other marketable securities:	
Listed securities	Market Value, determined by the market price as of the end of the period, with unrealized gains or losses reported in shareholders' equity and the selling price determined by the moving-average method
Non-listed	Cost determined by the moving-average method

2. Derivatives and other instruments

①Derivatives:	Market Value
②Money trusts:	Market Value

3. Valuation Standards and Methods for Inventories
Inventories are now mainly stated using the acquisition cost method, cost being determined by the average method (the Book Value in the balance sheet is reduced when the profitability has declined). Inventories are now mainly stated using the acquisition cost method, cost being determined by the average method (the Book Value in the balance sheet is reduced when the profitability has declined).

4. Method for depreciating and amortizing property, plant and equipment
(1) Property, plant and equipment are depreciated using the declining-balance method, based on the estimated useful lives of the assets as permitted by the corporate tax laws. Estimated useful lives are as follows:

Buildings and structures	7 – 50 years
Machinery and transportation equipment	3 – 7 years

(2) Intangible fixed assets are depreciated using the straight-line method.

5. Accounting for translation of foreign currency transactions
All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate in effect at the end of the period with gains and losses included in income.

6. Standards for reserves
(1) Allowance for doubtful receivables
The allowance for doubtful receivables provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: a reserve for general receivables calculated based on historical default rates, and the estimated credit loss for doubtful receivables based on an individual assessment of each account.

(2) Allowances for bonuses
Provisions for employees' bonuses are based on the estimated requirements for the fiscal year.

(3) Allowance for directors' and corporate auditors' bonuses
The Company provides an allowance for directors' and corporate auditors' bonuses to adequately cover payments of such bonuses during the accounting period under review. These bonus payments are subject to approval at the regular general meeting of shareholders.

(4) Reserve for product warranties
The Company provides for a reserve for possible expenses related to quality assurance issues.

(5) Allowance for retirement benefits
An allowance for retirement benefits is provided to adequately cover the pension costs of employees. The allowance is determined as of the end of the period on the basis of projected retirement benefit liabilities and pension assets at the fiscal year balance sheet date.
Actuarial gains or losses are amortized from the accounting period following the period in which actuarial gains or losses arise, using the straight-line method over a fixed number of years (5 years), but no more than the average remaining years of service of employees in the accounting period in which actuarial gains or losses arise.

(6) Allowance for directors' and corporate auditors' retirement benefits
The Company provides an allowance for directors' and corporate auditors' retirement benefits to adequately cover estimated payments of such benefits during the accounting period under review, as prescribed by company regulations.

(7) Reserve for losses on overseas investments
The allowance for losses on overseas investments provides for possible losses, and takes into account the estimated credit loss for investment losses based on an individual assessment of country risk, foreign exchange risk and the financial soundness of overseas affiliates.

7. Accounting for hedging
Unrealized gains and losses arising from hedge transactions are recognized when the underlying hedge contracts are concluded and are included in income during the applicable accounting period.

8. Accounting treatment of consumption taxes
Financial statements are prepared exclusive of consumption taxes and regional consumption taxes.

Significant Changes to Accounting Policies

1. Valuation Standards and Methods for Inventories
From the fiscal year under review, the Company adopted "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan ("ASBJ") Statement No. 9, July 5, 2006). Accordingly inventories are now mainly stated using the acquisition cost method, cost being determined by the average method (the Book Value in the balance sheet is reduced when the profitability has declined).
This change had no effect on profit and loss.

2. Accounting Standards for Lease Transactions
From the fiscal year under review, the Company adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, June 17, 1993, revision on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, January 18, 1994, revision on March 30, 2007) and now accounts for financial leases other than those that transfer ownership rights as ordinary sale and purchase transactions. The Company had previously accounted for these leases according to the method for ordinary operating lease transactions.
The Company continued to apply the method for ordinary operating lease transactions to financial leases other than those that transfer ownership rights that started before the fiscal year under review.

Notes

(¥ millions)

	Fiscal 2008 As of March 31, 2008	Fiscal 2009 As of March 31, 2009
1. Cumulative depreciation of property, plant and equipment	98,735	100,866
2. Guarantees	28,176	30,023

3. Selling, general and administrative expenses

(¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
(1) Selling expenses		
Freight expenses	4,302	3,924
Employee salaries	2,264	2,243
Packaging expenses	1,542	1,534
Transfer to allowance for bonuses	331	318
Retirement benefit expenses	250	217
(2) General and administrative expenses		
Employee salaries	2,350	2,387
Employee benefit expenses	1,132	1,104
Transfer to allowance for bonuses	349	339
Provision for allowance for directors' bonuses	367	329
Transfer to allowance for retirement benefits	315	261
Research expenses	228	242
Transfer to allowance for directors' and corporate auditors' retirement benefits	172	167

Lease Transactions

1. Financial Leases (Lessee)
The Company applies the accounting method for ordinary operating lease transactions to financial leases (lessee side) other than those that transfer ownership rights that started before March 31, 2008. Details are shown in the following table.

① Acquisition cost equivalents, accumulated depreciation equivalents and year-end balance equivalents of leased assets.

(¥ millions)

		Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
Acquisition cost equivalents	Machinery and transportation equipment	459	459
	Tools and equipment	39	39
	Total	499	499
Accumulated depreciation equivalents	Machinery and transportation equipment	408	459
	Tools and equipment	15	23
	Total	424	483
Year-end balance equivalents	Machinery and transportation equipment	51	—
	Tools and equipment	23	15
	Total	75	15

Note: Acquisition cost equivalents constituted an immaterial portion of year-end balances of property, plant and equipment. Consequently, acquisition cost equivalents are accounted for by the paid interest method.

② Year-end balances of outstanding lease commitments

(¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
Within one year	59	7
More than one year	15	7
Total	75	15

Note: Outstanding lease commitments constituted an immaterial portion of year-end balances of property, plant and equipment. Consequently, outstanding lease commitments are accounted for by the paid interest method.

③ Lease charge payable and depreciation equivalents (¥ millions)

	Fiscal 2008 April 1, 2007 to March 31, 2008	Fiscal 2009 April1, 2008 to March 31, 2009
Lease charge payable	59	59
Depreciation equivalents	59	59

④ Accounting method for depreciation equivalents
Depreciation equivalents are accounted for by the straight-line method, assuming the lease period to be the useful lives and the residual value to be zero.

Marketable Securities

(Fiscal 2008 as of March 31, 2008)

Shares held by subsidiaries and affiliated companies with market quotations

(¥ millions)

	Book Value	Market Value	Difference
Subsidiaries	8,702	8,181	△521

(Fiscal 2009 as of March 31, 2009)

Shares held by subsidiaries and affiliated companies with market quotations

(¥ millions)

	Book Value	Market Value	Difference
Subsidiaries	8,702	5,925	△2,777

Deferred Tax Accounting

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

	Fiscal 2009 As of March 31, 2009
Deferred tax assets	
Surplus in bonus reserve	1,379
Surplus in employees’ retirement benefit reserve	6,993
Officers’ retirement benefit reserve	556
Excess accelerated depreciation	2,423
Reserve for losses on overseas investments	1,995
Loss on revaluation of investment securities	873
Loss on revaluation of land	496
Reserve for liability claims	1,028
Reserve for product warranties	558
Other	784
Total deferred tax assets	17,089
Valuation allowance	△3,582
Deferred tax asset	13,507
Deferred tax liabilities	
Reserve for reduction of asset costs	△524
Securities valuation differences	△2,389
Total deferred tax liabilities	△2,914
Net deferred tax assets or liabilities	10,593

6. Changes in Directors (Scheduled for June 26, 2009)

1. Changes in representative directors

Name: Mitsuo Kikuchi	Position nominated: Executive Vice President	Current position: Executive Senior Managing Director

2. Other changes of directors

(1) Nominees for promotion to director

Name: Kiyoshi Sato	Position nominated: Director	Current position: On loan to North American Lighting, Inc.
Name: Hedeharu Konagaya	Position nominated: Director	Current position: General Manager of both Accounting Department and Affiliated Company Finance Division at Koito

(2) Directors scheduled to retire

Name: Mizuo Yamamuro	Current position: Executive Senior Managing Director (Scheduled to be appointed as a consultant for Koito (Accounting Department))
Name: Yoshihisa Ogawa	Current position: Executive Managing Director
Name: Junsuke Kato	Current position: Director, senior executive advisor to the Board (Scheduled to be appointed as an advisor)
Name: Kiminori Nagakura	Current position: Director (Scheduled to be appointed as a consultant for Koito (Marketing Department))

(3) Directors scheduled to be promoted

Name: Yuji Yokoya	Position nominated: Executive Senior Managing Director	Current position: Executive Managing Director at Koito
Name: Koichi Sakakibara	Position nominated: Executive Senior Managing Director	Current position: Executive Managing Director at Koito
Name: Osami Takikawa	Position nominated: Executive Managing Director	Current position: Director at Koito

Changes in Responsibilities of Directors (Scheduled for June 26, 2009)

New Position	Former Position	Retained Position	Name
Head of Finance & Accounting Headquarters	Head of International Operations Headquarters	Executive Vice President, Head of Engineering Headquarters, Manager of Intellectual Property Department	Shuichi Goto
Executive Vice President	Executive Senior Managing Director	Head of Sales Headquarters, Manager of General Affairs Department and Parts and Accessory Planning Department	Mitsuo Kikuchi
		Executive Senior Managing Director, Head of Production Headquarters, Head of Shizuoka Plant, Manager of Logistics Department, Safety Environment Department and Aircraft Equipment Division	Hiroshi Koishihara
		Executive Senior Managing Director, Deputy Head of Engineering Headquarters, Manager of Research & Development Department, New Business Planning Department, Light Source Division and Electronic Engineering Department	Toshiharu Suzuki
Executive Senior Managing Director, Manager of Cost Administration Department	Executive Managing Director	Deputy Head of Engineering Headquarters, Manager of Information System Department, Design Section Engineering Department in Toyota Branch, Systematized Product Planning Department and Project Management Department	Yuji Yokoya
Executive Senior Managing Director, Head of Aircraft Equipment Division	Executive Managing Director	Deputy Head of Production Headquarters, Head of Haibara Plant, Manager of Electronics Manufacturing Department and Quality Assurance Department	Koichi Sakakibara
Head of Hiroshima Sales Branch	Manager of Toyota Branch, Osaka Branch and Hiroshima Sales Branch, Deputy Manager of Aircraft Equipment Division	Executive Managing Director, Deputy Head of Sales Headquarters	Isao Sano
		Executive Managing Director, Manager of Personnel Department and Purchasing Department, Head of General Affairs Department, Shizuoka	Youhei Kawaguchi
Head of International Operations Headquarters	Deputy Head of International Operations Headquarters	Executive Managing Director, Manager of Administration Department - International Operations, Pan-Pacific Operations, Asia Operations and Euro Operations	Hiroshi Mihara
		Executive Managing Director, Deputy Head of Production Headquarters, Deputy Head of Shizuoka Plant, Head of Kikkawa Plant, Manager of Production Kaizen Division and Production Engineering Department, Deputy Head of International Operations Headquarters	Kazuo Ueki

New Position	Former Position	Retained Position	Name
Executive Managing Director	Director	Deputy Head of Production Headquarters, Manager of Fujikawa Tooling Plant, Head of Sagara Plant	Osami Takikawa
		Director (Independent), Managing Director of Panasonic Corporation	Ikusaburo Kashima
		Director, Deputy Head of International Operations Headquarters, Overseas Planning Department, Engineering Headquarters, Manager of Design Department, Shizuoka, Head of Product Development Department	Kenji Arima
		Director, Deputy Head of Sales Headquarters, Head of Toyota Sales Branch, Deputy Head of International Operations Headquarters	Michiaki Kato
		Director, Deputy Head of International Operations Headquarters, Head of Euro Operations, Vice President, Koito Europe N.V.	Jun Toyota
		Director, President, Koito Europe N.V., President, Koito Czech s.r.o. (Temporary transfer)	Takao Yamanashi
		Director, Deputy Head of Production Headquarters, Head of Production Control Department, Head of Logistics Department	Masami Uchiyama
		Director, Head of Corporate Planning Department, Head of General Affairs Department	Atsushi Inoue
Director		Director, North American Lighting, Inc. (Temporary transfer)	Kiyoshi Sato
Director, Deputy Head of Finance & Accounting Headquarters		Head of Accounting Department, Head of Affiliated Company Finance Division	Hideharu Konagaya