

**Consolidated Earnings Report for the First Quarter of Fiscal 2006**

Company Name: KOITO MANUFACTURING CO., LTD.  
 Stock Listings: First Section, Tokyo Stock Exchange  
 Head Office: Tokyo  
 Code Number: 7276  
 URL: <http://www.koito.co.jp>  
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**1. Notes on Presentation of Quarterly Operating Results**

- ① Application of simplified accounting methods: No
- ② Changes in accounting standards of financial accounts in most recent fiscal year: None
- ③ Changes in scope of consolidation or number of equity-method affiliates: None

**2. Consolidated Results of Operations for the First Quarter of Fiscal 2006 (April 1, 2005–June 30, 2005)**

**(1) Consolidated Business Results**

(¥ millions; rounded down)

First Quarter,	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2006	84,561	6.3%	2,817	82.3%	3,671	100.4%	2,018	120.4%
Fiscal 2005	79,564	12.8%	1,545	2,352.4%	1,831	361.2%	915	115.3%
(Ref.) Full Year Fiscal 2005	361,477	8.1%	17,962	30.9%	20,046	30.6%	9,093	41.2%

First Quarter,	Net income per share	Net income per share (diluted)
Fiscal 2006	¥12.61	—
Fiscal 2005	¥5.73	—
(Ref.) Full Year Fiscal 2005	¥55.62	—

Note:

- ① The percentage figures accompanying net sales, operating income, recurring profit and net income represent year-on-year changes.

**(2) Consolidated Financial Position**

First Quarter,	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
Fiscal 2006	315,831	120,091	38.0	749.58
Fiscal 2005	297,933	112,053	37.6	701.79
(Ref.) Full Year Fiscal 2005	318,739	119,278	37.4	745.16

**(3) Consolidated Cash Flows**

(¥ millions)

First Quarter,	Operating activities	Investing activities	Financing activities	End of period cash and cash equivalents
Fiscal 2006	16,047	( 8,654 )	( 2,149 )	17,218
Fiscal 2005	14,152	( 6,409 )	( 1,544 )	18,033
(Ref.) Full Year Fiscal 2005	29,919	( 28,466 )	( 1,433 )	11,925

### Consolidated Results for the First Quarter of Fiscal 2006

During the first quarter of fiscal 2006, the three-month period from April 1, 2005 to June 30, 2005, the automotive lighting equipment segment of the Koito Group continued to grow strongly, particularly in the domestic market. As a result, the Koito Group achieved significant sales and earnings growth compared with the same period of previous fiscal year, as shown by the figures in the Consolidated Business Results section on the previous page. In addition, compared with our original forecast, net sales, recurring profit, and net income for this quarter were also slightly higher.

### 3. Consolidated Outlook for Fiscal 2006 (April 1, 2005–March 31, 2006)

	(¥ millions)		
	Net sales	Recurring profit	Net income
Interim Fiscal 2006	168,200	8,300	4,300
Full Year Fiscal 2006	375,200	23,300	11,500

### Outlook for Fiscal 2006

The Koito Group's business results remain largely on track with forecasts. As a result, the Company has not revised the forecasts previously announced on April 25, 2005. The above projections are based on information available at the time of release of this report. Actual results could differ from projections due to a variety of factors.

## Consolidated Balance Sheets

(¥ millions)

Item	Period	First Quarter Fiscal 2006 As of June 30, 2005	Fiscal 2005 As of March 31, 2005	Change	First Quarter Fiscal 2005 As of June 30, 2004
<b>Assets</b>					
<b>Current assets:</b>					
Cash and time deposits		8,277	9,395	( 1,118 )	13,003
Trade notes and accounts receivable		71,027	87,730	( 16,703 )	68,644
Marketable securities		16,881	9,949	6,932	15,845
Inventories		27,466	24,121	3,345	23,574
Deferred income taxes		5,444	5,630	( 186 )	6,121
Other current assets		8,587	8,146	441	9,060
Less: Allowance for doubtful accounts		( 862 )	( 1,151 )	289	( 904 )
<b>Total current assets</b>		<b>136,821</b>	<b>143,822</b>	<b>( 7,001 )</b>	<b>135,344</b>
<b>Fixed assets:</b>					
Property, plant and equipment					
Buildings and structures		28,599	28,915	( 316 )	29,609
Fixtures and transportation equipment		28,691	29,094	( 403 )	27,630
Machinery, equipment and tools		12,418	12,097	321	11,584
Land		11,872	11,824	48	11,658
Construction in progress		2,608	1,604	1,004	1,471
<b>Property, plant and equipment, net</b>		<b>84,191</b>	<b>83,536</b>	<b>655</b>	<b>81,955</b>
<b>Intangible fixed assets</b>		<b>599</b>	<b>607</b>	<b>( 8 )</b>	<b>403</b>
<b>Investments and other assets:</b>					
Investment securities		85,528	82,359	3,169	74,043
Loans		919	1,015	( 96 )	945
Deferred income taxes		4,208	3,793	415	2,932
Other investments		3,848	3,891	( 43 )	2,635
Less: Allowance for doubtful accounts		( 286 )	( 286 )	0	( 327 )
<b>Total investments and other assets</b>		<b>94,218</b>	<b>90,773</b>	<b>3,445</b>	<b>80,229</b>
<b>Total fixed assets</b>		<b>179,010</b>	<b>174,916</b>	<b>4,094</b>	<b>162,588</b>
<b>Total assets</b>		<b>315,831</b>	<b>318,739</b>	<b>( 2,908 )</b>	<b>297,933</b>

(¥ millions)

Period	First Quarter Fiscal 2006 As of June 30, 2005	Fiscal 2005 As of March 31, 2005	Change	First Quarter Fiscal 2005 As of June 30, 2004
<b>Item</b>				
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Notes and accounts payable-trade	56,105	60,408	( 4,303 )	53,853
Short-term loans	22,821	26,073	( 3,252 )	35,615
Current portion of bonds	—	—	—	3,000
Accrued expenses	18,942	17,204	1,738	18,905
Income tax payable	2,081	4,343	( 2,262 )	1,031
Provisions for employees' bonuses	4,501	4,486	15	4,482
Reserve for product warranties	1,200	1,200	—	800
Other current liabilities	6,963	6,064	899	6,345
<b>Total current liabilities</b>	<b>112,617</b>	<b>119,779</b>	<b>( 7,162 )</b>	<b>124,034</b>
<b>Non-current liabilities:</b>				
Long-term debt	27,542	24,624	2,918	10,299
Accrued retirement benefits	24,234	23,617	617	21,708
Directors' and corporate auditors' accrued retirement benefits	1,370	1,593	( 223 )	1,426
Other non-current liabilities	569	762	( 193 )	861
<b>Total non-current liabilities</b>	<b>53,716</b>	<b>50,598</b>	<b>3,118</b>	<b>34,296</b>
<b>Total liabilities</b>	<b>166,334</b>	<b>170,377</b>	<b>( 4,043 )</b>	<b>158,331</b>
<b>Minority interests</b>	<b>29,405</b>	<b>29,082</b>	<b>323</b>	<b>27,548</b>
<b>Shareholders' equity:</b>				
<b>Common stock</b>	<b>14,270</b>	<b>14,270</b>	<b>—</b>	<b>14,270</b>
<b>Additional paid-in capital</b>	<b>17,107</b>	<b>17,107</b>	<b>—</b>	<b>17,107</b>
<b>Retained earnings</b>	<b>80,434</b>	<b>79,912</b>	<b>522</b>	<b>72,647</b>
<b>Valuation adjustment on investment securities</b>	<b>10,129</b>	<b>10,155</b>	<b>( 26 )</b>	<b>11,159</b>
<b>Translation adjustments</b>	<b>( 1,495 )</b>	<b>( 1,723 )</b>	<b>228</b>	<b>( 2,428 )</b>
<b>Treasury common stock, at cost</b>	<b>( 356 )</b>	<b>( 445 )</b>	<b>89</b>	<b>( 703 )</b>
<b>Total shareholders' equity</b>	<b>120,091</b>	<b>119,278</b>	<b>813</b>	<b>112,053</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>315,831</b>	<b>318,739</b>	<b>( 2,908 )</b>	<b>297,933</b>

## Consolidated Statements of Income

(¥ millions)

Item	Fiscal 2006 First Quarter April 1, 2005 to June 30, 2005		Fiscal 2005 First Quarter April 1, 2004 to June 30, 2004		Change		Fiscal 2005 April 1, 2004 to March 31, 2005	
		(%)		(%)		(%)		(%)
Net Sales	84,561	100.0	79,564	100.0	4,997	6.3	361,477	100.0
Cost of Sales	73,495	86.9	69,738	87.7	3,757		310,165	85.8
Gross Profit	11,065	13.1	9,825	12.3	1,240		51,312	14.2
Selling, general and administrative expenses	8,248	9.8	8,280	10.4	( 32 )		33,350	9.2
Operating income	2,817	3.3	1,545	1.9	1,272	82.3	17,962	5.0
Non-operating income	<u>1,193</u>		<u>619</u>		574		<u>3,390</u>	
Interest income and dividends	592		182		410		1,332	
Equity in earnings of affiliates	( 1 )		23		( 24 )		262	
Other non-operating income	602		413		189		1,794	
Non-operating expenses	<u>339</u>		<u>332</u>		7		<u>1,305</u>	
Interest expenses and discounts	219		178		41		826	
Other non-operating expenses	119		153		( 34 )		479	
Recurring profit	3,671	4.3	1,831	2.3	1,840	100.4	20,046	5.5
Extraordinary gains	4		6		( 2 )		107	
Extraordinary losses	65		322		( 257 )		1,866	
Income before income taxes	3,610	4.3	1,515	1.9	2,095	138.3	18,287	5.1
Current income taxes	1,855		1,398		457		8,328	
Deferred income taxes	( 489 )		( 796 )		307		( 1,102 )	
Total	1,366		602		764		7,225	
Minority interest in consolidated subsidiaries	( 225 )		2		( 227 )		( 1,968 )	
Net income	2,018	2.4	915	1.2	1,103	120.4	9,093	2.5

## Consolidated Statements of Retained Earnings

(¥ millions)

Item	Period	Fiscal 2006 First Quarter April 1, 2005 to June 30, 2005	Fiscal 2005 April 1, 2004 to March 31, 2005
(Additional paid-in capital)			
I Additional paid-in capital at beginning of period		17,107	17,107
II Additional paid-in capital at end of period		17,107	17,107
(Retained earnings)			
I Retained earnings at beginning of period		79,912	73,306
II Increase in retained earnings			
Net income		2,018	9,093
III Appropriations			
Dividends		1,120	2,236
Directors' and corporate auditors' bonuses		205	186
Loss on disposal of treasury stock		1	4
Other		170	61
IV Retained earnings at end of period		80,434	79,912

## Consolidated Statements of Cash Flows

(¥ millions)

Period	Fiscal 2006 First Quarter April 1, 2005 to June 30, 2005	Fiscal 2005 First Quarter April 1, 2004 to June 30, 2004	Fiscal 2005 April 1, 2004 to March 31, 2005
<b>I Cash flows from operating activities</b>			
Income before income taxes	3,610	1,515	18,287
Depreciation	4,742	4,122	18,170
Equity in earnings of affiliated companies	1	(23)	(262)
Provision for allowance for doubtful accounts	(316)	(94)	131
Provision for accrued retirement benefits	381	964	2,952
Provision for reserve for bonuses	15	4	8
Interest and dividends received	(592)	(182)	(1,332)
Interest payments	219	178	826
Gain on sale and revaluation of marketable securities	(58)	22	(326)
Loss on revaluation of golf memberships	—	—	1
Loss on sale and disposal of property and equipment	65	22	231
Trade notes and accounts receivable	16,944	16,561	(2,082)
Inventories	(3,268)	(2,913)	(3,176)
Other current liabilities	(273)	(879)	207
Trade notes and accounts payable	(4,277)	(4,907)	1,518
Accrued expenses	2,823	3,656	1,805
Directors' and corporate auditors' bonuses paid	(205)	(186)	(186)
Sub total	19,811	17,860	36,772
Interest and dividends received	592	182	1,332
Interest paid	(219)	(178)	(826)
Income taxes paid	(4,137)	(3,712)	(7,359)
Net cash provided by operating activities	16,047	14,152	29,919
<b>II Cash flows from investing activities</b>			
Payments into time deposits	(6)	(233)	(897)
Proceeds from time deposits	163	15	1,382
Payments for purchase of marketable and investment securities	(7,383)	(6,200)	(39,014)
Proceeds from sale of marketable and investment securities	3,529	4,292	29,561
Payments for purchase of property and equipment	(5,104)	(5,414)	(20,988)
Proceeds from sale of property and equipment	125	70	1,146
Increase in loans receivable	(221)	(207)	(719)
Proceeds from collection of loans receivable	195	153	514
Other payments relating to investments	48	1,115	549
Net cash used in investing activities	(8,654)	(6,409)	(28,466)
<b>III Cash flows from financing activities</b>			
Increase (decrease) in short-term loans	(3,346)	316	(18,146)
Increase in long-term debt	3,074	—	20,002
Repayment of long-term debt	(48)	(5)	(121)
Payments for purchase of treasury stock	(1)	(1)	(9)
Proceeds from sale of treasury stock	90	29	291
Dividends paid by parent company	(1,120)	(1,117)	(2,236)
Dividends paid to minority shareholders	(798)	(766)	(1,214)
Net cash used in financing activities	(2,149)	(1,544)	(1,433)
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	49	54	125
<b>V Change in cash and cash equivalents</b>	5,293	6,253	145
<b>VI Cash and cash equivalents at beginning of period</b>	11,925	11,780	11,780
<b>VII Cash and cash equivalents at end of period</b>	17,218	18,033	11,925

## Segment Information

### (1) Industry Segment Information

Three months ended June 30, 2005

(¥ millions)

	Lighting Equipment Division	Other Electric Equipment Division	Others	Total	Corporate and elimination of inter-segment items	Consolidated total
Sales						
(1) Sales to outside customers	76,129	3,179	5,252	84,561	—	84,561
(2) Inter-segment sales and transfers	18,506	100	708	19,315	(19,315)	—
Total	94,635	3,279	5,961	103,876	(19,315)	84,561
Operating expenses	90,113	4,193	5,915	100,222	(18,477)	81,744
Operating income (loss)	4,522	(914)	46	3,654	(837)	2,817

Three months ended June 30, 2004

(¥ millions)

	Lighting Equipment Division	Other Electric Equipment Division	Others	Total	Corporate and elimination of inter-segment items	Consolidated total
Sales						
(1) Sales to outside customers	71,383	3,423	4,758	79,564	—	79,564
(2) Inter-segment sales and transfers	9,263	128	727	10,119	(10,119)	—
Total	80,646	3,551	5,485	89,684	(10,119)	79,564
Operating expenses	77,195	4,895	5,304	87,395	(9,376)	78,019
Operating income (loss)	3,451	(1,343)	181	2,288	(743)	1,545

### (2) Geographical Segment Information

Three months ended June 30, 2005

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
Sales							
(1) Sales to outside customers	51,345	11,954	16,148	5,113	84,561	—	84,561
(2) Inter-segment sales and transfers	13,743	—	641	4,930	19,315	(19,315)	—
Total	65,089	11,954	16,789	10,043	103,876	(19,315)	84,561
Operating expenses	62,571	11,326	15,768	10,555	100,222	(18,477)	81,744
Operating income (loss)	2,517	628	1,020	(512)	3,654	(837)	2,817

Three months ended June 30, 2004

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
Sales							
(1) Sales to outside customers	48,327	11,501	15,538	4,197	79,564	—	79,564
(2) Inter-segment sales and transfers	9,479	—	639	1	10,119	(10,119)	—
Total	57,806	11,501	16,177	4,198	89,684	(10,119)	79,564
Operating expenses	56,801	10,947	15,216	4,429	87,395	(9,376)	78,019
Operating income (loss)	1,005	553	960	(230)	2,288	(743)	1,545



**Non-consolidated Earnings Report for the First Quarter of Fiscal 2006**

Company Name: KOITO MANUFACTURING CO., LTD.  
 Stock Listings: First Section, Tokyo Stock Exchange  
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**1. Non-consolidated Results of Operations for the First Quarter of Fiscal 2006 (April 1, 2005–June 30, 2005)**

**(1) Non-consolidated Business Results**

(¥ millions; rounded down)

First Quarter,	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2006	47,552	15.3%	2,328	86.9%	3,634	71.9%	2,173	73.4%
Fiscal 2005	41,243	6.3%	1,245	135.3%	2,114	110.8%	1,253	112.7%
(Ref.) Full Year Fiscal 2005	178,689	5.0%	8,920	32.3%	13,112	26.0%	7,368	22.1%

First Quarter,	Net income per share	Net income per share (diluted)
Fiscal 2006	¥13.57	—
Fiscal 2005	¥7.85	—
(Ref.) Full Year Fiscal 2005	¥44.81	—

Note:

- ① The percentage figures accompanying net sales, operating income, recurring profit and net income represent year-on-year changes.

**(2) Non-consolidated Financial Position**

First Quarter,	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
Fiscal 2006	174,553	104,417	59.8%	651.57
Fiscal 2005	161,178	99,221	61.6%	621.26
(Ref.) Full Year Fiscal 2005	172,291	103,477	60.1%	646.28

**2. Non-consolidated Outlook for Fiscal 2006 (April 1, 2005–March 31, 2006)**

(¥ millions)

	Net sales	Recurring profit	Net income
Interim Fiscal 2006	92,600	7,100	4,200
Full Year Fiscal 2006	194,300	16,000	9,600

**Outlook for Fiscal 2006**

The Koito Group's business results remain largely on track with forecasts. As a result, the Company has not revised the forecasts previously announced on April 25, 2005. The above projections are based on information available at the time of release of this report. Actual results could differ from projections due to a variety of factors.