

Consolidated Earnings Report for the First Three Quarters of Fiscal 2005

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>
 Representative Director: Takashi Ohtake, President & CEO
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1. Notes on Presentation of Quarterly Operating Results

Application of simplified accounting methods: No

Changes in accounting standards of financial accounts in most recent fiscal year: None

Changes in scope of consolidation or number of equity-method affiliates:

Added one consolidated subsidiary - Koito Europe NV

2. Consolidated Results of Operations for First Three Quarters of Fiscal 2005 (April 1, 2004–December 31, 2004)

(1) Consolidated Business Results (¥ millions; rounded down)

First Three Quarters,	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2005	255,436	11.1%	9,661	73.8%	10,753	60.5%	5,061	64.5%
Fiscal 2004	229,913	6.7%	5,558	31.2%	6,698	65.8%	3,077	105.1%
(Ref.) Full Year Fiscal 2004	334,254	7.4%	13,723	4.3%	15,345	18.1%	6,440	10.5%

First Three Quarters,	Net income per share	Net income per share (diluted)
Fiscal 2005	¥30.81	
Fiscal 2004	¥19.28	
(Ref.) Full Year Fiscal 2004	¥39.19	

Note:

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

(2) Consolidated Financial Position

	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
Dec. 31, 2004	305,419	115,159	37.7	720.25
Dec. 31, 2003	281,912	107,623	38.2	674.49
(Ref.) Mar. 31, 2004	299,344	111,707	37.3	699.88

(3) Consolidated Cash Flows

(¥ millions)

First Three Quarters,	Operating activities	Investing activities	Financing activities	End of period cash and cash equivalents
Fiscal 2005	21,342	21,190	1,190	10,778
Fiscal 2004	9,849	2,385	11,008	11,723
(Ref.) Full Year Fiscal 2004	18,419	12,852	9,038	11,780

Consolidated Results for the First Three Quarters of Fiscal 2005

During the first three quarters of fiscal 2005, the nine-month period from April 1, 2004 to December 31, 2004, the Japanese economy remained on a gradual recovery track, mainly supported by recovering corporate earnings driven by increased capital investment and steady exports. However, the economic outlook remains uncertain, predominantly due to the effects of soaring oil and steel prices.

In the Japanese automotive industry, the prospects for automobile production figures must be viewed with guarded optimism, mainly due to the short supply of steel and currency rate trends, despite both strong domestic sales and exports.

In this climate, the Koito Group performed strongly, particularly in the mainstay automotive lighting equipment segment, with operating results substantially exceeding the previous year's level.

As a result, the Koito Group achieved sales and earnings growth compared with the same period a year earlier, as shown by net sales, operating income, recurring profit and net income figures for the first three quarters of fiscal 2005 in the Consolidated Business Results section on the previous page.

3. Consolidated Outlook for Fiscal 2005 (April 1, 2004–March 31, 2005)

	(¥ millions)		
	Net sales	Recurring profit	Net income
Fiscal 2005	360,000	19,000	8,600

Outlook for Fiscal 2005

In general, the Koito Group's business results remain on track with forecasts. As a result, the Company has not revised the forecasts previously announced on October 27, 2004. The above projections are based on information available at the time of release of this report. Actual results could differ significantly from projections due to a variety of factors.

Consolidated Balance Sheets

(¥ millions)

Item	Period	Third Quarter Fiscal 2005 As of December 31, 2004	Fiscal 2004 As of March 31, 2004	Change	Third Quarter Fiscal 2004 As of December 31, 2003
	Assets				
Current assets:					
Cash and time deposits		10,385	9,550	835	10,158
Trade notes and accounts receivable		73,348	84,848	11,500	63,866
Marketable securities		7,112	15,138	8,026	13,778
Inventories		26,692	20,481	6,211	27,920
Deferred income taxes		6,121	6,021	100	5,694
Other current assets		10,395	7,897	2,498	11,183
Less: Allowance for doubtful accounts		953	979	26	904
Total current assets		133,102	142,958	9,856	131,698
Fixed assets:					
Property, plant and equipment					
Buildings and structures		29,216	29,640	424	29,947
Fixtures and transportation equipment		28,438	26,183	2,255	25,298
Machinery, equipment and tools		11,513	11,158	355	10,408
Land		11,736	11,625	111	11,285
Construction in progress		1,710	1,393	317	895
Property, plant and equipment, net		82,615	80,003	2,612	77,836
Intangible fixed assets		393	409	16	413
Investments and other assets:					
Investment securities		82,101	68,992	13,109	64,444
Loans		1,012	992	20	1,041
Deferred income taxes		3,634	2,713	921	3,183
Other investments		2,844	3,601	757	3,636
Less: Allowance for doubtful accounts		285	327	42	342
Total investments and other assets		89,307	75,973	13,334	71,964
Total fixed assets		172,316	156,386	15,930	150,213
Total assets		305,419	299,344	6,075	281,912

(¥ millions)

Item	Period	Third Quarter Fiscal 2005 As of December 31, 2004	Fiscal 2004 As of March 31, 2004	Change	Third Quarter Fiscal 2004 As of December 31, 2003
	Liabilities				
Current liabilities :					
Notes and accounts payable-trade		55,373	58,504	3,131	50,605
Short-term loans		31,121	32,969	1,848	24,880
Current portion of bonds		3,000	3,000		
Accrued expenses		16,251	14,842	1,409	14,301
Income taxes payable		1,362	3,358	1,996	913
Provisions for employees' bonuses		4,490	4,478	12	4,532
Other current liabilities		9,290	7,720	1,570	8,904
Total current liabilities		120,889	124,873	3,984	104,138
Non-current liabilities :					
Bonds					3,000
Long-term debt		16,477	12,255	4,222	18,362
Accrued retirement benefits		22,815	20,788	2,027	20,605
Directors' and corporate auditors' accrued retirement benefits		1,544	1,363	181	1,320
Other non-current liabilities		900	882	18	846
Total non-current liabilities		41,738	35,290	6,448	44,134
Total liabilities		162,627	160,163	2,464	148,272
Minority interests		27,631	27,472	159	26,016
Shareholders' equity :					
Common stock		14,270	14,270		14,270
Additional paid-in capital		17,107	17,107		17,107
Retained earnings		75,881	73,306	2,575	69,944
Valuation adjustment on investment securities		10,504	10,658	154	9,472
Translation adjustments		2,046	2,904	858	2,401
Treasury common stock, at cost		558	731	173	770
Total shareholders' equity		115,159	111,707	3,452	107,623
Total liabilities, minority interests and shareholders' equity		305,419	299,344	6,075	281,912

Consolidated Statements of Income

(¥ millions)

Item	Fiscal 2005 First Three Quarters April 1, 2004 to December 31, 2004		Fiscal 2004 First Three Quarters April 1, 2003 to December 31, 2003		Change		Fiscal 2004 April 1, 2003 to March 31, 2004	
		(%)		(%)		(%)		(%)
Net Sales	255,436	100.0	229,913	100.0	25,523	11.1	334,254	100.0
Cost of Sales	221,137	86.6	199,499	86.8	21,638		287,013	85.9
Gross Profit	34,298	13.4	30,414	13.2	3,884		47,241	14.1
Selling, general and administrative expenses	24,637	9.6	24,856	10.8	219		33,517	10.0
Operating income	9,661	3.8	5,558	2.4	4,103	73.8	13,723	4.1
Non-operating income	2,478		2,609		131		3,574	
Interest income and dividends	(971)		(756)		(215)		(1,231)	
Equity in earnings of affiliates	(146)		(148)		(2)		(206)	
Other non-operating income	(1,359)		(1,704)		(345)		(2,136)	
Non-operating expenses	1,385		1,468		83		1,952	
Interest expenses and discounts	(625)		(468)		(157)		(626)	
Other non-operating expenses	(759)		(999)		(240)		(1,326)	
Recurring profit	10,753	4.2	6,698	2.9	4,055	60.5	15,345	4.6
Extraordinary gains	49		448		399		519	
Extraordinary losses	1,022		999		23		1,804	
Income before income taxes	9,780	3.8	6,147	2.7	3,633	59.1	14,061	4.2
Current income taxes	4,896		4,483		413		8,074	
Deferred income taxes	1,032		2,024		992		2,519	
Total	3,863		2,459		1,404		5,554	
Minority interest in consolidated subsidiaries	855		610		245		2,066	
Net income	5,061	2.0	3,077	1.3	1,984	64.5	6,440	1.9

Consolidated Statements of Retained Earnings

(¥ millions)

Item	Period	Fiscal 2005 First Three Quarters April 1, 2004 to December 31, 2004	Fiscal 2004 First Three Quarters April 1, 2003 to December 31, 2003	Fiscal 2004 April 1, 2003 to March 31, 2004
(Additional paid-in capital)				
I Additional paid-in capital at beginning of eriod		17,107	17,107	17,107
II Additional paid-in capital at end of period		17,107	17,107	17,107
(Retained earnings)				
I Retained earnings at beginning of period		73,306	68,782	68,782
II Increase in retained earnings				
Net income		5,061	3,077	6,440
III Appropriations				
Dividends		2,236	1,755	1,755
Directors' and corporate auditors' bonuses		186	160	160
Loss on disposal of treasury stock		2		0
Other		61		
IV Retained earnings at end of period		75,881	69,944	73,306

Consolidated Statements of Cash Flows

(¥ millions)

Item	Period	Fiscal 2005 First Three Quarters April 1, 2004 to December 31, 2004	Fiscal 2004 First Three Quarters April 1, 2003 to December 31, 2003	Fiscal 2004 April 1, 2003 to March 31, 2004
I Cash flows from operating activities				
Income before income taxes		9,780	6,147	14,061
Depreciation		13,268	12,340	16,580
Equity in earnings of affiliated companies		146	148	206
Provision for allowance for doubtful accounts		68	50	156
Provision for accrued retirement benefits		2,146	1,498	1,710
Provision for reserve for bonuses		12	149	203
Interest and dividends received		971	756	1,231
Interest payments		625	468	626
Gain on sale and revaluation of marketable securities		215	591	563
Loss on revaluation of golf memberships		1	40	40
Loss on sale and disposal of property and equipment		180	183	296
Trade notes and accounts receivable		11,755	12,549	8,602
Inventories		5,952	8,426	1,093
Other current liabilities		2,217	6,002	2,430
Trade notes and accounts payable		3,096	3,958	4,005
Accrued expenses		2,991	2,727	2,195
Directors' and corporate auditors' bonuses paid		207	180	180
Sub total		27,886	15,792	25,161
Interest and dividends received		971	756	1,231
Interest paid		625	468	626
Income taxes paid		6,890	6,231	7,347
Net cash provided by operating activities		21,342	9,849	18,419
II Cash flows from investing activities				
Payments into time deposits		610	1,050	1,117
Proceeds from time deposits		691	1,193	1,300
Payments for purchase of marketable and investment securities		21,260	19,183	26,581
Proceeds from sale of marketable and investment securities		14,302	26,423	30,830
Payments for purchase of property and equipment		16,145	12,321	19,752
Proceeds from sale of property and equipment		1,223	622	777
Increase in loans receivable		623	301	717
Proceeds from collection of loans receivable		418	714	900
Other payments relating to investments		814	1,518	1,508
Net cash used in investing activities		21,190	2,385	12,852
III Cash flows from financing activities				
Increase (decrease) in short-term loans		4,729	10,231	10,250
Increase in long-term debt		6,827	2,125	4,631
Repayment of long-term debt		17	401	948
Payments for purchase of treasury stock		6	2	3
Proceeds from sale of treasury stock		170		40
Dividends paid by parent company		2,236	1,755	1,755
Dividends paid to minority shareholders		1,199	744	753
Net cash used in financing activities		1,190	11,008	9,038
IV Effect of exchange rate changes on cash and cash equivalents				
		36	227	243
V Change in cash and cash equivalents				
		1,002	3,771	3,714
VI Cash and cash equivalents at beginning of period				
		11,780	15,494	15,494
VII Cash and cash equivalents at end of period				
		10,778	11,723	11,780

Segment Information

(1) Industry Segment Information

Nine months ended December 31, 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	216,349	21,905	17,181	255,436		255,436
(2) Inter-segment sales and transfers	32,439	614	2,162	35,216	(35,216)	
Total	248,789	22,519	19,343	290,652	(35,216)	255,436
Operating expenses	236,697	23,989	18,554	279,241	(33,466)	245,775
Operating income (loss)	12,091	1,469	788	11,411	(1,750)	9,661

Nine months ended December 31, 2003

(¥ 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	192,628	22,420	14,864	229,913		229,913
(2) Inter-segment sales and transfers	30,812	767	2,040	33,620	(33,620)	
Total	223,441	23,187	16,904	263,533	(33,620)	229,913
Operating expenses	215,061	24,424	16,824	256,310	(31,955)	224,355
Operating income (loss)	8,380	1,236	79	7,223	(1,665)	5,558

(2) Geographical Segment Information

Nine months ended December 31, 2004

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidate d total
Sales							
(1) Sales to outside customers	160,951	33,904	46,249	14,330	255,436		255,436
(2) Inter-segment sales and transfers	33,287		1,926	2	35,216	(35,216)	
Total	194,239	33,904	48,175	14,333	290,652	(35,216)	255,436
Operating expenses	186,935	32,622	45,390	14,292	279,241	(33,466)	245,775
Operating income (loss)	7,304	1,281	2,785	40	11,411	(1,750)	9,661

Nine months ended December 31, 2003

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidate d total
Sales							
(1) Sales to outside customers	152,373	32,301	37,045	8,191	229,913		229,913
(2) Inter-segment sales and transfers	32,208		1,380	31	33,620	(33,620)	
Total	184,582	32,301	38,426	8,223	263,533	(33,620)	229,913
Operating expenses	179,257	31,645	36,083	9,324	256,310	(31,955)	224,355
Operating income (loss)	5,324	656	2,343	1,100	7,223	(1,665)	5,558