《 For Reference Only 》

Consolidated Earnings Report for Fiscal 2004 April 26, 2004

Company Name: **KOITO MANUFACTURING CO., LTD.**
Stock Listing: Tokyo Stock Exchange
Code Number: 7276
Head Office: Minato-ku, Tokyo
URL: http://www.koito.co.jp
Representative Director: Takashi Ohtake, President & CEO
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Meeting of the Board of Directors for the Approval of Results: April 26, 2004
Parent Company: N/A (Code Number:—) Parent Company Shareholding: N/A
U.S. GAAPs Applied: None

1. Consolidated Results of Operations for Fiscal 2004 (April 1, 2003 – March 31, 2004)

(1) Consolidated Business Results (¥ millions)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2004	334,254	7.4%	13,723	4.3%	15,345	18.1%	6,440	10.5%
Fiscal 2003	311,133	3.3%	13,157	34.5%	12,997	26.8%	5,826	109.3%

	Net income per share	Net income per share (diluted)	Return on equity	Recurring profit to equity ratio	Recurring profit ratio
Fiscal 2004	¥39.19	—	6.0%	5.2%	4.6%
Fiscal 2003	¥35.51	—	5.7%	4.4%	4.2%

Notes:
① Equity in earnings of affiliated companies: Fiscal 2004: ¥206 million Fiscal 2003: ¥149 million
② Weighted-average number of shares outstanding (consolidated) in the FY ended March 2004: 159,566,592
FY ended March 2003: 159,578,328
③ No changes in accounting standards were applicable to the above figures.
④ 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 (¥)
March 31, 2004	299,344	111,707	37.3	699.88
March 31, 2003	290,397	102,475	35.3	642.22

Note: Number of shares outstanding (consolidated): March 31, 2004: 159,609,348; March 31, 2003: 159,564,383

(3) Consolidated Cash Flow (\ millions)

	Operating activities	Investing activities	Financing activities	End of year cash and cash equivalents
Fiscal 2004	18,419	△12,852	△9,038	11,780
Fiscal 2003	27,756	△ 22,149	△ 5,389	15,494

(4) Extent of Consolidation and Adoption of the Equity Method
Consolidated subsidiaries: 20; Non-consolidated subsidiaries accounted for by the equity method: 0;
Affiliates accounted for by the equity method: 3

(5) Changes in Extent of Consolidation and Affiliates Accounted for Under the Equity Method
Consolidated subsidiaries: New 0; Excluded 1
Affiliates accounted for under equity method : New 0; Excluded 0

2. Consolidated Outlook for Fiscal 2005 (April 1, 2004 - March 31, 2005) (¥ millions)

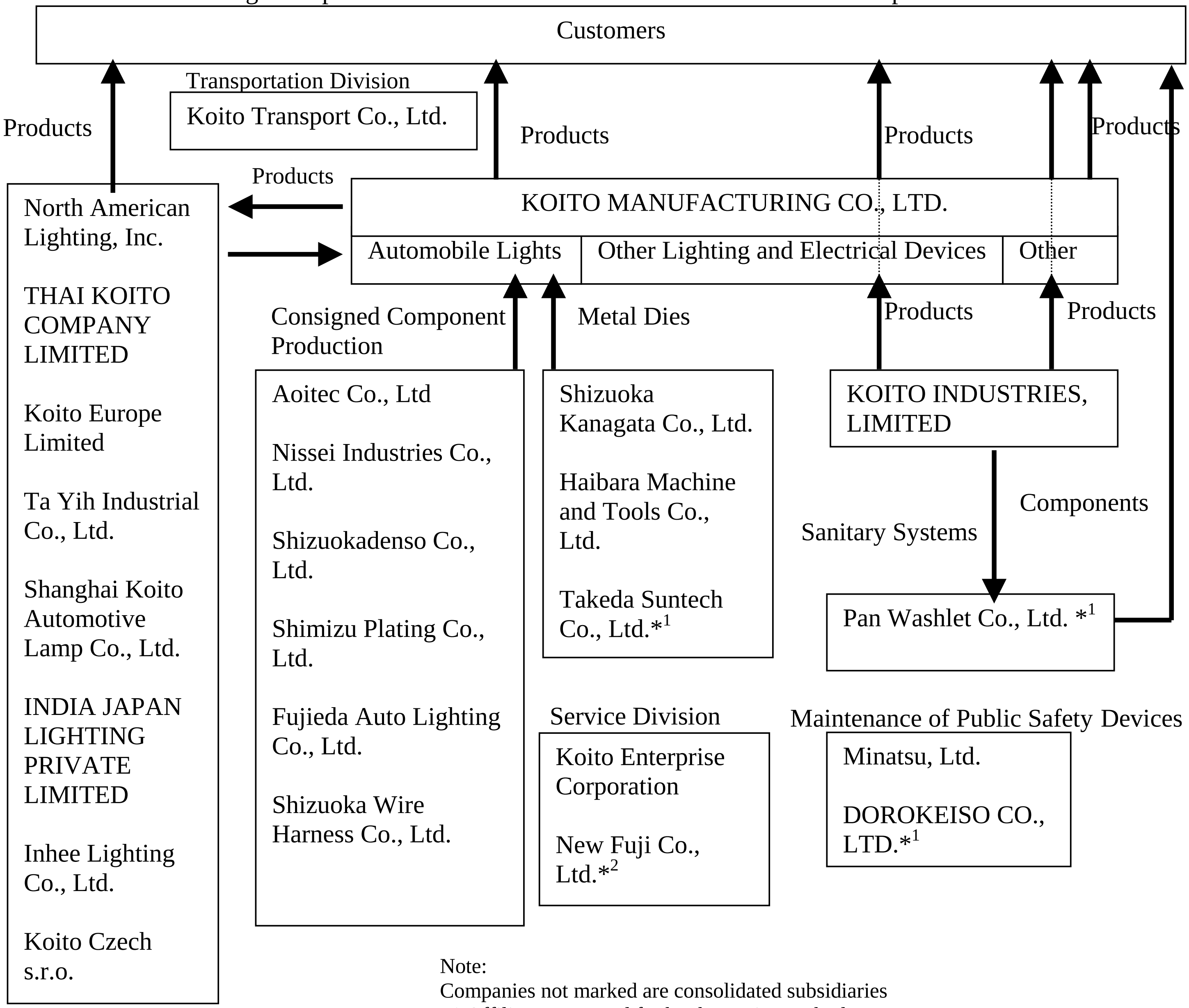
	Net sales	Recurring profit	Net income
Interim	153,900	4,400	1,900
Entire year	350,600	17,700	7,600

Reference – Predicted net income per share for the entire year: ¥46.45
*Figures less than one million yen are omitted.
*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.

Koito Group

The Koito Group comprises KOITO MANUFACTURING CO., LTD., its 20 subsidiaries and 4 affiliates. It manufactures and sells automobile lights, components for airplanes, trains and railways, a wide variety of electrical devices and measuring equipment. The Koito Group is also involved in related financial and distribution operations. Kosmotec Co., Ltd. was liquidated on June 30, 2003.

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



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

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 among shareholders, customers, employees and business partners.

The Koito Group is also well aware of the importance of environmental issues. Accordingly, the Koito Group's environmental policy sets an ambitious program of environmental stewardship for all business activities under the banner of "manufacturing products that put people and the environment first."

(2) Basic Earnings Distribution Policies

The Koito Group views the payment of stable dividends in line with operating results and business conditions as one of its most important management policies. Maintaining a corporate structure capable of responding with agility to future changes in market conditions is vital. Accordingly, Koito intends to build up retained earnings to expand its business, develop new technologies and products, streamline operations and lower costs. The overriding goal is to improve earnings and meet shareholders' expectations.

(3) Medium- and Long-Term Management Strategies

As a first-rate manufacturer of automotive lighting and electrical equipment, the Koito Group is committed to creating value for customers while remaining steadfast to its polestar of "Entrusting safety to light." With this in mind, the Group will continue to provide innovative technologies while ensuring the highest standard of reliability. Koito Group will implement the following strategies targeted at expanding its business.

① As a global supplier capable of meeting the needs of automobile manufacturers seeking to establish overseas production bases and the expansion of procurement to optimal locations worldwide, the Koito Group will reinforce the product development and manufacturing functions of its overseas bases while promoting a structure of complementarity within the Group. This will enable the Group to respond effectively to market needs in Japan, the U.S., Asia, and Europe.

② Amid rapid advancement in information technology, the Koito Group will formulate timely and appropriate responses to Intelligent Transport System (ITS)-related fields. The Koito Group will bring attractive products to market by developing cutting-edge technologies that stay ahead of customer and market needs and commercializing products at the earliest opportunity.

③ Koito Group will reform its corporate structure by optimally allocating and utilizing resources with the aim of establishing a powerful earnings structure.

④ Koito Group will strive to earn the trust of corporate clients by pursuing the highest standards of quality and enforcing strict environmental safeguards.

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

(4) Key Issues

The Koito Group is working to realign and reinforce its management framework and organization in response to structural shifts in the automobile industry. (Automobile manufacturers, for instance, are now seeking to establish strong local manufacturing bases worldwide, to better serve the world's four key regional automobile markets.) Against this background, the most pressing issue for Koito is to build a stronger management structure. Key to this will be developing innovative new technologies and products that anticipate market and customer needs, shortening development times, and implementing cost cutting measures throughout the Group. Allocating resources effectively and establishing a structure of complementarity are also of paramount importance.

(5) Fundamental Philosophy and Measures Regarding Corporate Governance

The Koito Group is strongly aware of the importance of observing ethical standards and upholding the integrity of management. Strengthening corporate governance and legal compliance is therefore viewed as a key priority. Koito has implemented measures to ensure greater transparency and impartiality in management decision-making procedures and operational execution. These measures include the appointment of outside directors, corporate auditors and the formation of various committees, in addition to actions taken to strengthen the Board of Auditors.

Going forward, Koito will explore the feasibility of introducing a Committee System of management, as well as a variety of other ways of enhancing corporate governance.

Results of Operations and Financial Position

(1) Overview of Fiscal 2004

During fiscal 2004, ended March 31, 2004, Japan's economy saw some signs of economic recovery, including increases in exports and capital expenditures supported by favorable economic conditions in the U.S. and China, and a rally in stock prices reflecting improved corporate performances. Prospects of a recovery, however, remained uncertain due to the sudden appreciation of the yen, and the continuation of a challenging employment environment.

Overseas, the U.S. economy recovered rapidly in the summer of 2003, underpinned by the benefits of tax cuts and other factors, and Asia also saw strong economic growth, especially in China and Thailand. Although European economies had remained lackluster, signs of recovery emerged toward the fiscal year-end.

Japan's automobile industry saw robust automobile sales, underpinned by the launch of new compact car models and replacement demand for trucks. Meanwhile, exports to North America declined due to expanded local production. As a result, automobile production in Japan totaled 10.35 million units in fiscal 2004, slightly higher than the previous fiscal year. Overseas, new car sales are growing in North America, Europe and Asia.

In this climate, the Koito Group is reinforcing product development capabilities in the Automotive Lighting Equipment Segment to capture a growing volume of orders over the medium and long terms, while aggressively working to win new orders.

Koito is particularly focused on boosting production capacity overseas. Koito commenced operations at North American Lighting, Inc. (NAL)'s newly completed third plant in Paris, Illinois (U.S.A), and at a new plant operated by European subsidiary Koito Czech s.r.o. (KCZ), greatly increasing production capacity in North America and Europe. In Asia, construction of Thai Koito Company Limited's third plant was completed, in conjunction with plant expansion at South Korea-based Inhee Lighting Co., Ltd., further enhancing production capacity in the region.

Under these conditions, the Koito Group's net sales climbed 7.4% year on year to a record ￥334.2 billion, lifted by a strong performance in the Automotive Lighting Equipment Segment.

Results by business segment are outlined below.

Automotive Lighting Equipment Segment

Sales in the automotive lighting equipment segment rose 10.0% to ￥264.6 billion, fueled by technological advances in manufacturing larger, multi-functional headlamps, and greater use of high-intensity discharge headlamps and headlamp leveling systems in Japan. Another contributing factor was a sharp increase in orders for both signaling lamps and headlamps at overseas subsidiaries in Europe, China and South Korea.

Non-Automotive Electrical Equipment

The non-automotive electrical equipment segment saw sales decline 5.9% to ¥46.9 billion. This mainly reflected declining orders in the lighting, information equipment and traffic systems divisions, which outweighed brisk sales of railroad car equipment.

Other Products

The other products segment recorded net sales of ¥22.7 billion, up 9.9% from the previous fiscal year, as Koito worked to capture new orders. This increase reflected higher sales of headlamp cleaners in line with growth in vehicles exported to North America and Europe, and higher sales of aircraft seats despite a downturn in aircraft production, due to efforts to win new orders.

On the earnings front, amid intensifying price competition in Japan and elsewhere for automotive lighting orders, efforts by Koito and group companies to rationalize operations by aggressively promoting cost-cutting measures lifted recurring profit 18.1% to ¥15.3 billion. Net income rose 10.5% year on year to ¥6.4 billion. Koito achieved record-high recurring profit and net income, along with net sales in fiscal 2004.

In light of its sharply improved operating results for fiscal 2004, Koito plans to increase the year-end dividend ¥2 per share to ¥7 per share to reward shareholders for their continued support. Koito will thus pay a dividend of ¥12 per share for the full year, including the interim dividend, ¥2 higher than the previous fiscal year.

(2) Cash Flows

Operating activities provided net cash of ¥18.4 billion. Cash inflows of ¥25.1 billion included income before income taxes of ¥14.0 billion and depreciation of ¥16.5 billion, which was partly offset by income taxes paid.

Investing activities used net cash of ¥12.8 billion, reflecting capital investments of ¥19.7 billion in plant construction and other items, partly offset by the sale of marketable and investment securities.

Financing activities used net cash of ¥9.0 billion. This result was due to cash outflows of ¥6.5 billion for the repayment of loans to strengthen the balance sheet and ¥2.5 billion for the payment of dividends.

As a result, cash and cash equivalents as of March 31, 2004 were down ¥3.7 billion from a year ago at ¥11.7 billion.

(3) Outlook for Fiscal 2005

In fiscal 2005, the global economy is expected to achieve relatively steady growth, supported by a full-fledged recovery in the U.S. and healthy demand from China and elsewhere in Asia. Japan's economy is expected to remain on a modest recovery track, underpinned by exports and capital expenditures as before. However, economic prospects remain guarded due to a number of concerns, including conditions in Iraq and the possible reemergence of exchange rate volatility.

In Japan, domestic automobile production is predicted to decline slightly due to falling exports. Meanwhile, growing automobile production in Asia, especially in China, is forecast to drive a steady increase in global automobile production.

In the aircraft industry, aircraft production is expected to continue to fall due to slumping demand for air travel worldwide.

Despite difficult conditions and mounting uncertainties, the Koito Group will work to expand orders and production capacity, mainly in automotive lighting equipment, focusing on the world's four key markets. At the same time, the company will implement far-reaching cost-cutting measures, including steps to improve inter-group supply and complementarity, with the goal of further improving operating results.

As a result of the above, the Koito Group forecasts consolidated net sales of ¥350.6 billion, recurring profit of ¥17.7 billion and net income of ¥7.6 billion for the fiscal year ending March 31, 2005.

Consolidated Balance Sheets

(\ millions)

At March 31

Item \ Period	Fiscal 2004 As of March 31, 2004	Fiscal 2003 As of March 31, 2003	YoY change
Assets			
Current assets:			
Cash and time deposits	9,550	11,670	△ 2,120
Trade notes and accounts receivable	84,848	77,396	7,452
Marketable securities	15,138	19,674	△ 4,536
Inventories	20,481	19,906	575
Deferred income taxes	6,021	5,069	952
Other current assets	7,897	5,391	2,506
Less: Allowance for doubtful accounts	△979	△ 931	△ 48
Total current assets	142,958	138,177	4,781
Fixed assets:			
Property, plant and equipment			
Buildings and structures	29,640	30,893	△ 1,253
Fixtures and transportation equipment	26,183	23,890	2,293
Machinery, equipment and tools	11,158	11,558	△ 400
Land	11,625	11,448	177
Construction in progress	1,393	2,814	△ 1,421
Property, plant and equipment, net	80,003	80,605	△ 602
Intangible fixed assets	409	430	△ 21
Investments and other assets:			
Investment securities	68,992	59,716	9,276
Loans	992	1,455	△ 463
Deferred income taxes	2,713	5,116	△ 2,403
Other investments	3,601	5,195	△ 1,594
Less: Allowance for doubtful accounts	△327	△ 299	△ 28
Total investments and other assets	75,973	71,184	4,789
Total fixed assets	156,386	152,220	4,166
Total assets	299,344	290,397	8,947

At March 31 (\ millions)

Item / Period	Fiscal 2004 As of March 31, 2004	Fiscal 2003 As of March 31, 2003	YoY change
Liabilities			
Current liabilities:			
Trade notes and accounts payable	58,504	55,544	2,960
Short-term loans	32,969	27,660	5,309
Bonds due within one year	3,000	－	3,000
Accrued expenses	14,842	13,794	1,048
Income taxes payable	3,358	2,802	556
Provisions for employees' bonuses	4,478	4,681	△ 203
Other current liabilities	7,720	7,031	689
Total current liabilities	124,873	111,514	13,359
Non-current liabilities:			
Bonds	－	3,000	△ 3,000
Long-term debt	12,255	25,379	△ 13,124
Accrued retirement benefits	20,788	19,033	1,755
Directors' and corporate auditors' accrued retirement benefits	1,363	1,441	△ 78
Other non-current liabilities	882	1,066	△ 184
Total non-current liabilities	35,290	49,920	△ 14,630
Total liabilities	160,163	161,435	△ 1,272
Minority interests	27,472	26,487	985
Shareholders' equity:			
Common stock	14,270	14,270	－
Additional paid-in capital	17,107	17,107	－
Retained earnings	73,306	68,782	4,524
Valuation adjustment on investment securities	10,658	4,892	5,766
Translation adjustments	△ 2,904	△ 1,809	△ 1,095
Treasury common stock, at cost	△ 731	△ 768	37
Total shareholders' equity	111,707	102,475	9,232
Total liabilities, minority interests and shareholders' equity	299,344	290,397	8,947

Consolidated Statements of Income

For the years ended March 31, (\ millions)

Item \ Period	Fiscal 2004		Fiscal 2003		YoY change	
		%		%		%
Net sales	334,254	100.0	311,133	100.0	23,121	7.4
Cost of sales	287,013	85.9	265,023	85.2	21,990	
Gross profit	47,241	14.1	46,110	14.8	1,131	
Selling, general and administrative expenses	33,517	10.0	32,953	10.6	564	
Operating income	13,723	4.1	13,157	4.2	566	4.3
Non-operating income	3,574		2,070		1,504	
Interest income and dividends	(1,231)		(802)		(429)	
Equity in earnings of affiliates	(206)		(149)		(57)	
Other non-operating income	(2,136)		(1,119)		(1,017)	
Non-operating expenses	1,952		2,230		△ 278	
Interest expenses and discounts	(626)		(827)		(△ 201)	
Other non-operating expenses	(1,326)		(1,402)		(△76)	
Recurring profit	15,345	4.6	12,997	4.2	2,348	18.1
Extraordinary gains	465		5,553		△ 5,088	
Extraordinary losses	1,750		5,784		△ 4,034	
Income before income taxes	14,061	4.2	12,766	4.1	1,295	
Income taxes	8,074		5,503		2,571	
Income tax adjustment	△ 2,519		△ 390		△ 2,129	
Total	5,554		5,113		441	
Minority interest in consolidated subsidiaries	△ 2,066		△ 1,826		△ 240	
Net income	6,440	1.9	5,826	1.9	614	10.5

Consolidated Statements of Retained Earnings At March 31

For the years ended March 31, (\ millions)

Period / Item	Fiscal 2004	Fiscal 2003
(Additional paid-in capital) I Additional paid-in capital at beginning of period Beginning balance	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 Consolidated retained earnings, beginning of period	68,782	64,373
II Increase in retained earnings Net income	6,440	5,826
III Appropriations Dividends Bonuses to directors and corporate auditors Loss on disposal of treasury stock	 1,755 160 0	 1,277 140 —
IV Retained earnings at end of period	73,306	68,782

Consolidated Statements of Cash Flows

For the years ended March 31 (¥ millions)

Item \ Period	Fiscal 2004	Fiscal 2003
I. Cash flows from operating activities		
Income before income taxes	14,061	12,766
Depreciation	16,580	17,004
Equity in earnings of affiliated companies	△ 206	△ 149
Provision for allowance for doubtful accounts	156	56
Provision for accrued retirement benefits	1,710	△ 2,759
Provision for reserve for bonuses	△ 203	△ 102
Interest and dividends received	△ 1,231	△ 802
Interest payments	626	827
Loss on sale and revaluation of marketable securities	△ 563	1,588
Loss on revaluation of golf memberships	40	326
Loss on sale and disposal of property and equipment	296	192
Loss on revaluation of landholdings	–	1,290
Trade notes and accounts receivable	△ 8,602	△ 791
Inventories	△ 1,093	504
Other receivables	△ 2,430	400
Trade notes and accounts payable	4,005	988
Accrued expenses and other current liabilities	2,195	748
Directors' and corporate auditors' bonuses paid	△ 180	△ 168
Sub total	25,161	31,918
Interest and dividends received	1,231	802
Interest paid	△ 626	△ 827
Income taxes paid	△ 7,347	△ 4,137
Net cash provided by operating activities	18,419	27,756
II. Cash flows from investing activities		
Payments into time deposits	△ 1,117	△ 2,619
Proceeds from time deposits	1,300	2,148
Payments for purchase of marketable and investment securities	△ 26,581	△ 32,146
Proceeds from sale of marketable and investment securities	30,830	28,051
Payments for purchase of property and equipment	△ 19,752	△ 18,682
Proceeds from sale of property and equipment	777	397
Payments for new loans	△ 717	△ 698
Proceeds from loan repayments	900	1,211
Other payments relating to investments	1,508	189
Net cash used in investing activities	△ 12,852	△ 22,149
III. Cash flows from financing activities		
(Decrease) increase in short-term loans	△ 10,250	3,697
Increase in long-term debt	4,631	12,148
Repayment of long-term debt	△ 948	△ 14,815
Redemption of bonds	–	△ 2,518
Payment for eliminating employees' savings deposits	–	△ 1,772
Payments for repurchase of treasury stock	△ 3	△ 33
Proceeds from sale of treasury stock	40	–
Dividends paid by parent company	△ 1,755	△ 1,277
Dividends paid to minority shareholders	△ 753	△ 819
Net cash used in financing activities	△ 9,038	△ 5,389
IV. Effect of exchange rate changes on cash and cash equivalents	△ 243	△ 173
V. Change in cash and cash equivalents	△ 3,714	45
VI. Cash and cash equivalents at beginning of year	15,494	15,449
VII. Cash and cash equivalents at end of year	11,780	15,494

Significant Accounting Policies Used in Preparation of Consolidated Financial Statements

1. Scope of Consolidation
Number of consolidated subsidiaries: 20
Former consolidated subsidiary Kosmotec Co., Ltd. was liquidated in the previous fiscal year and is thus excluded from the scope of consolidation.

2. Application of the Equity Method
Number of affiliates accounted for using the equity method: 3
Non-consolidated subsidiary New Fuji Co., Ltd. was excluded from the scope of affiliated companies accounted for by the equity method as it has a negligible effect on consolidated net income and retained earnings of the Koito Group.

3. Fiscal Year of Consolidated Subsidiaries
The fiscal year end of consolidated subsidiaries KOITO INDUSTRIES, LIMITED, Koito Transport Co., Ltd., Minatsu, Ltd. and India Japan Lighting Private Ltd., 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 15 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	Stated at 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	Stated at 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	Stated at cost determined by the moving average method.
(b) Derivatives	Stated at market value
(c) Specified money trusts	Stated at market value

(d) Inventories
At the Company and its domestic subsidiaries, finished products, semi-finished products and work-in-progress are stated at cost, cost being determined by the gross-average method, whereas raw materials and supplies are stated at cost determined by the moving-average method. At overseas consolidated subsidiaries, inventories are stated at the lower of cost or market, determined by the moving-average method.

(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 consolidated 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 allowances
(a) Allowance for doubtful accounts:
The allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up by 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) 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.

(d) 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.

Certain listed subsidiaries amortize the transitional obligation arising from a change in accounting standards for retirement benefits in equal amounts over a period of five years. 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.

(e) 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 accounting 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 leases
Finance leases, other than those that transfer ownership of the leased assets to the lessees, are treated in the same way as ordinary operating leases for accounting purposes by the Company and domestic consolidated subsidiaries, and are treated by certain overseas subsidiaries as ordinary transactions.

(6) Accounting for hedging
Cash flows and 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.

(7) Accounting treatment of consumption tax
Financial statements are prepared exclusive of consumption tax.

5. Matters Concerning Valuation of Assets and Liabilities of Consolidated Subsidiaries
Assets and liabilities of consolidated subsidiaries are valued at market.

6. Amortization of Consolidated Adjustment Account
The consolidation adjustment account is amortized in equal installments over a 5-year period. Small amounts are amortized in the financial year in which they have accrued, and charged to income.

7. Matters Concerning Appropriation of Retained Earnings
The statement of consolidated retained earnings is prepared on the basis of appropriations of retained earnings approved by consolidated subsidiaries for the fiscal year under review.

8. 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.

Notes

(¥ millions)

	Fiscal 2004 As of March 31, 2004	Fiscal 2003 As of March 31, 2003
1. Cumulative depreciation of property, plant and equipment	145,992	141,174
2. Liabilities for guarantees	38	47

3. Selling, general and administrative expenses

(¥ millions)

	Fiscal 2004	Fiscal 2003
(1) Selling expenses		
Freight expenses	2,272	1,918
Employee salaries	6,352	6,521
Packaging expenses	1,561	1,609
Transfer to allowance for bonuses	668	722
Transfer to allowance for retirement benefits	844	772
(2) General and administrative expenses		
Employee salaries	5,805	5,640
Employee benefit expenses	1,508	1,351
Transfer to allowance for bonuses	408	419
Transfer to allowance for retirement benefits	581	495
Transfer to allowance for directors' and corporate auditors' retirement benefits	246	184

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

(¥ millions)

	Fiscal 2004 As of March 31, 2004	Fiscal 2003 As of March 31, 2003
Cash and deposits	9,550	11,670
Time deposits with maturities exceeding three months	△ 767	△ 990
Marketable securities redeemable within three months	2,997	4,814
Cash and cash equivalents	11,780	15,494

Segment Information

(1) Industry Segment Information

Fiscal year ended March 31, 2004 (¥ millions)

	Automotive Lighting Equipment Division	Other Electric Equipment Division	Others	Total	Corporate and elimination of inter-segment items	Consolidated total
I. Sales and operating income						
(1) Sales to outside customers	264,613	46,912	22,728	334,254	−	334,254
(2) Inter-segment sales and transfers	41,506	1,609	2,906	46,023	(46,023)	−
Total	306,120	48,522	25,635	380,278	(46,023)	334,254
Operating expenses	292,831	47,067	24,822	364,721	(44,189)	320,531
Operating income	13,289	1,454	813	15,557	(1,833)	13,723
II. Assets, depreciation and capital expenditures						
Assets	159,292	57,646	47,461	264,399	34,945	299,344
Depreciation	14,755	878	898	16,531	49	16,580
Capital expenditures	20,189	522	298	21,010	−	21,010

Fiscal year ended March 31, 2003 (¥ millions)

	Automotive Lighting Equipment Division	Other Electric Equipment Division	Others	Total	Corporate and elimination of inter-segment items	Consolidated total
I. Sales and operating income						
(1) Sales to outside customers	240,627	49,832	20,673	311,133	−	311,133
(2) Inter-segment sales and transfers	44,150	2,170	2,996	49,318	(49,318)	−
Total	284,778	52,003	23,670	360,451	(49,318)	311,133
Operating expenses	272,845	49,219	23,563	345,628	(47,651)	297,976
Operating income	11,933	2,783	106	14,823	(1,666)	13,157
II. Assets, depreciation and capital expenditures						
Assets	150,219	59,131	52,414	261,764	28,633	290,397
Depreciation	15,116	1,005	831	16,953	51	17,004
Capital expenditures	17,481	616	408	18,506	−	18,506

Notes:
1. Industry segment figures are based on sales categories.
2. Major products of each division
   (1) Automotive Lighting Equipment Division
   Headlamps, miscellaneous car lamps, discharge headlamp systems, all-glass sealed beam lamp units, signaling lamps, high-mount stop lamps, halogen bulbs, various miniature bulbs and other lighting products.
   (2) Other Electric Equipment Division
   Road traffic signals, traffic control systems and transport control systems.
   (3) Others
   Aircraft lights and electronic components, special-feature seats, environmental control systems, transportation, finance and insurance services.
3. Significant components of corporate and elimination of inter-segment items.

(¥ millions)

	Year ended March 31, 2004	Year ended March 31, 2003	Significant Items
Unallocated operating expenses in corporate and elimination of inter-segment items	2,917	2,782	Expenses related to the General Affairs Department of the parent company’s head office

4. Assets at March 31, 2004 include ¥34,945 million that was included in corporate and elimination of inter-segment items as corporate assets. These comprise mainly cash equivalents (cash, deposits and marketable securities), long-term investments (investment securities) and assets relating to administrative divisions.

(2) Geographical Segment Information

Fiscal year ended March 31, 2004 (¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
I. Sales and operating income							
Sales							
(1) Sales to outside customers	229,500	43,087	50,234	11,432	334,254	–	334,254
(2) Inter-segment sales and transfers	43,990	–	2,001	31	46,023	(46,023)	–
Total	273,491	43,087	52,235	11,463	380,278	(46,023)	334,254
Operating expenses	260,796	42,126	48,820	12,977	364,721	(44,189)	320,531
Operating income (loss)	12,694	961	3,414	△ 1,513	15,557	(1,833)	13,723
II . Assets	191,473	22,957	35,546	14,423	264,399	34,945	299,344

Fiscal year ended March 31, 2003 (¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
I. Sales and operating income							
Sales							
(1) Sales to outside customers	213,891	44,428	44,674	8,138	311,133	–	311,133
(2) Inter-segment sales and transfers	47,907	–	1,386	23	49,318	(49,318)	–
Total	261,799	44,428	46,061	8,162	360,451	(49,318)	311,133
Operating expenses	250,394	42,963	42,410	9,860	345,628	(47,651)	297,976
Operating income (loss)	11,404	1,465	3,651	△ 1,697	14,823	(1,666)	13,157
II. Assets	195,213	22,862	31,230	12,459	261,764	28,633	290,397

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, South Korea, Thailand, India
   (3) Europe: United Kingdom, Czech Republic
3. Significant components of corporate and elimination of inter-segment items

(¥ millions)

	Year ended March 31, 2004	Year ended March 31, 2003	Significant Items
Unallocated operating expenses in corporate and elimination of inter-segment items	2,917	2,782	Expenses related to the General Affairs Department of the parent company's head office

(3) Overseas Sales

Fiscal year ended March 31, 2004 (¥ millions)

	North America	Asia	Europe	Total
I. Overseas sales	47,770	50,529	10,224	108,523
II. Consolidated sales				334,254
III. Overseas sales ratio (%)	14.3%	15.1%	3.1%	32.5%

Fiscal year ended March 31, 2003 (¥ millions)

	North America	Asia	Europe	Total
I. Overseas sales	49,522	45,512	6,068	101,103
II. Consolidated sales				311,133
III. Overseas sales ratio (%)	15.9%	14.6%	2.0%	32.5%

Note:

1. Countries and regions are classified according to their proximity.
2. The breakdown of regions in each segment is as follows:
   (1) North America: United States
   (2) Asia: China, Taiwan, South Korea, Thailand, India
   (3) Europe: United Kingdom, Czech Republic
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. Finance leases that do not transfer ownership of leased property to lessee

(1) Acquisition cost equivalents, accumulated depreciation equivalents and balance equivalents of leased assets as of the fiscal year-end

(¥ millions)

		Year ended March 31, 2004	Year ended March 31, 2003
Acquisition cost equivalents	Buildings	2,495	2,495
	Machinery and transportation equipment	1,377	1,378
	Tools and equipment	1,014	1,469
	Total	4,887	5,343
Accumulated depreciation equivalents	Buildings	86	13
	Machinery and transportation equipment	705	677
	Tools and equipment	593	1,003
	Total	1,385	1,694
Term-end balance equivalents	Buildings	2,409	2,482
	Machinery and transportation equipment	672	700
	Tools and equipment	420	466
	Total	3,502	3,649

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.

(2) Balance of outstanding lease commitments

(¥ millions)

	Year ended March 31, 2004	Year ended March 31, 2003
Within one year	462	484
More than one year	3,040	3,164
Total	3,502	3,649

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.

(3) Lease charge payable and depreciation equivalents

(¥ millions)

	Year ended March 31, 2004	Year ended March 31, 2003
Lease charge payable	547	573
Depreciation equivalents	547	573

(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.

2. Operating lease transactions

(¥ millions)

	Year Ended March 31, 2004	Year Ended March 31, 2003
Outstanding lease commitments		
Within one year	202	314
More than one year	196	84
Total	399	398

Transactions with Related Parties

Year Ended March 31, 2004

(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	Relationship	Business relationship	Volume of transactions	Description of transactions	Account Resulting account balances
Corporation · Major shareholder	Toyota Motor Corporation	Toyoda 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;	75,092	Trade Receivables	10,462
								Purchase of materials	3,464	Trade payables	610

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	Relationship	Business relationship	Volume of transactions	Description of transactions	Account Resulting account balances
Affiliates	Takeda Suntech Co., Ltd.	Shimizu 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	1,573	Trade payables	352
								Supply of materials	28	Trade receivables-Other	3
	DORO KEISO Co., Ltd.	Chofu City, Tokyo	40	Installation and maintenance of axle weight measuring systems	Indirect control: 34%	—	—	—	—	—	—
	Pan Washlet Co., Ltd.	Kita Kyushu City, Fukuoka Prefecture	400	Manufacture of hygiene equipment	Indirect control 24.5%	—	—	—	—	—	—

Note: Resulting account balances are exclusive of consumption tax

Deferred Tax Accounting

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

	As of March 31, 2004
Deferred tax assets	
Surplus in bonus reserve	1,940
Surplus in employees' retirement benefit reserve	6,388
Allowance for directors' and corporate auditors' retirement benefits	650
Excess accelerated depreciation	2,968
Loss on revaluation of investment securities	1,105
Loss on revaluation of land	509
Reserve for liability claims	985
Reserve for product warranties	316
Other	1,376
Total deferred tax assets	16,239
Deferred tax liabilities	
Reserve for reduction of asset costs	△ 547
Securities valuation differences	△ 6,958
Total deferred tax liabilities	△ 7,505
Net deferred tax assets	8,734

Marketable Securities

Fiscal 2004 (As of March 31,2004)

(1) Securities held for trading purposes (¥ millions)

Book value on consolidated financial statements.	Unrealized gains/losses included in included/charged to income in the current accounting period of consolidation.
4,111	22

(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	501	502	1
	(3) Others	8,869	9,028	159
	Subtotal	9,370	9,530	160
Securities with unrealized losses carried on consolidated balances sheets	(1) Japanese government bonds and municipal bonds	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Others	14,692	14,348	△ 344
	Subtotal	14,692	14,348	△ 344
Total		24,062	23,878	△ 184

(3) Other securities with market quotations (¥ millions)

	Type of security	Acquisition cost	Book value	Difference
Securities with unrealized gains carried on consolidated balance sheets	(1) Equity securities	5,362	23,660	18,298
	(2) Bonds			
	① Japanese government bonds, municipal bonds	—	—	—
	② Corporate bonds	—	—	—
	③ Other bonds	7,997	8,062	65
	(3) Other securities	4,883	5,029	146
	Subtotal	18,242	36,751	18,509
Securities with unrealized losses carried on consolidated balances sheets	(1) Equity securities	227	224	△ 3
	(2) Bonds			
	① Japanese government bonds, municipal bonds	—	—	—
	② Corporate bonds	1,000	996	△ 4
	③ Other bonds	10,737	10,614	△ 123
	(3) Other securities	1,027	936	△ 91
	Subtotal	12,991	12,770	△ 221
Total		31,233	49,521	18,288

(4) Other securities sold during fiscal 2004 (¥ millions)

Sales	Total gains on sales	Total losses on sales
1,175	550	50

(5) Schedule of securities without market quotations (¥ millions)

Type of security	Book value	Remarks
(1) Bonds held to maturity		
Foreign bonds without market quotations	33	
(2) Other securities		
Equity securities without market quotations (excluding OTC registered securities)	1,105	
Investments	177	
Total	1,315	

(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	—	—	—	—
(2) Corporate bonds	1,594	—	—	—
(3) Other bonds	23,101	6,677	—	11,390
Other securities	2,306	2,017	—	—
Total	27,001	8,694	—	11,390

Fiscal 2003 (As of March 31, 2003)
(1) Securities

(¥ millions)

Book value on consolidated financial statements	Unrealized gains/losses included in income during the fiscal year
6,325	4

(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	504	507	3
	(3) Others	5,287	5,313	26
	Subtotal	5,791	5,820	29
Securities with unrealized losses carried on consolidated balances sheets	(1) Japanese government bonds and municipal bonds	—	—	—
	(2) Corporate bonds	502	484	△ 18
	(3) Others	15,593	15,449	△ 144
	Subtotal	16,095	15,933	△ 162
Total		21,886	21,753	△ 133

(3) Other securities with market quotations (¥ millions)

	Type of security	Acquisition cost	Book value	Difference
Securities with unrealized gains carried on consolidated balance sheets	(1) Equity securities	4,214	13,238	9,024
	(2) Bonds			
	①Japanese government bonds, municipal bonds	—	—	—
	②Corporate bonds	1,099	1,102	3
	③Other bonds	5,712	5,770	58
	(3) Other securities	3,397	3,444	47
	Subtotal	14,422	23,554	9,132
Securities with unrealized losses carried on consolidated balances sheets	(1) Equity securities	1,872	1,812	△ 60
	(2) Bonds			
	①Japanese government bonds, municipal bonds	—	—	—
	②Corporate bonds	1,000	996	△ 4
	③Other bonds	18,829	18,247	△ 582
	(3) Other securities	1,303	1,113	△ 190
	Subtotal	23,004	22,168	△ 836
Total		37,426	45,722	8,296

Note: The Company has booked an impairment loss of ¥1,606 million on other securities with market quotations whose fair value on March 31, 2003 had fallen more than 50% below the acquisition cost.

(4) Other securities sold during fiscal 2003 (4.1.2001 – 3.31.2002)
Gains and losses on the sale of marketable securities are not shown as they are negligible.

(5) Schedule of securities without market quotations (¥ millions)

Type of security	Book value	Remarks
(1) Bonds held to maturity		
Foreign bonds without market quotations	165	
(2) Other securities		
Equity securities without market quotations (excluding OTC registered securities)	938	
Investments	193	
Total	1,296	

(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	—	—	—	—
(2) Corporate bonds	2,603	503	—	—
(3) Other bonds	18,905	20,649	5,509	—
2. Other securities	1,800	805	1,951	—
Total	23,308	21,957	7,460	—

Derivative Transactions

For fiscal 2004 and fiscal 2003, the Company used derivative instruments, principally comprising foreign exchange forward contracts for currency hedges and interest swap transactions for interest-rate hedges. Information is not disclosed since the company applies hedge accounting.

Retirement Benefits

1. Retirement benefit plan

(1) Retirement benefit plans of the Company and its consolidated subsidiaries

The Company and its consolidated subsidiary KOITO INDUSTRIES, LTD. offer defined benefit plans that include an employees' welfare annuity fund, 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.

On April 15, 2003, the Company received approval from Japan's Ministry of Health, Labour and Welfare for exemption from the future retirement benefit obligation with respect to the substitutional component of employees' welfare annuity fund.

2. Matters concerning retirement benefit obligations (\ millions)

	As of March 31, 2004	As of March 31, 2003
Retirement benefit obligations	△ 49,490	△ 60,442
Plan assets	20,346	29,803
Unfunded pension liabilities	△ 29,144	△ 30,639
Unrecognized net transition obligation	951	3,143
Unrecognized actuarial differences	7,404	8,463
Accrued retirement benefits on balance sheet	△ 20,788	△ 19,033
Allowance for retirement benefits	△ 20,788	△ 19,033

Notes: 1. Includes the component managed by employees' welfare annuity fund.

The Company applied the transitional provisions described in paragraph 47-2 of the "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" (Accounting Committee Report No. 13 issued by the Japanese Institute of Certified Public Accountants) to the settlement of the substitutional component of the employees' welfare annuity fund. On the date of approval by Japan's Ministry of Health, Labour and Welfare for exemption from the future retirement benefit obligation with respect to the substitutional component of the employees' welfare annuity fund, the Company's pension plan assets were reduced by an amount equivalent to the retirement benefit obligations associated with this component.

As a result, the Company returned pension plan assets equivalent to an estimated ¥7,616 million as of March 31, 2004.

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

3. Matters concerning retirement benefit expenses (\ millions)

	Fiscal 2004	Fiscal 2003
Service cost *1 *2	2,074	2,000
Interest cost	1,477	2,540
Expected return on plan assets	△ 585	△ 1,448
Amortization of transitional obligation	951	1,571
Actuarial loss *3	1,772	1,283
Net periodic cost	5,689	5,946
Gain on the return of substitutional component of Employees Welfare Annuity Fund	△ 428	△ 5,336

Notes:

1. Excludes employees' contribution to the employees' pension fund.
2. Retirement benefit expenses of consolidated subsidiaries using the simplified method are recorded in service cost.
3. Difference from estimated pension fund assets in previous period.

4. Basis of calculation of retirement benefit obligations

Method of distribution of estimated retirement benefit costs	Fixed amount
Discount rate	3.0%
Expected rate of return	3.0%
Duration of amortization of past period liabilities	Certain number of years (5-10), not exceeding average residual years to retirement
Duration of amortization of actuarial differences	Certain number of years (5-10), not exceeding average residual years to retirement
Duration of amortization of net transitional obligation	The Company: 1 year. Certain listed subsidiaries: 5 years

Going Concern Assumption

None.

《 For Reference Only 》

Non-Consolidated Earnings Report for Fiscal 2004 April 26, 2004

Company Name: **KOITO MANUFACTURING CO., LTD.**
Stock Listing: Tokyo Stock Exchange
Code Number: 7276
Head Office: Minato-ku, Tokyo
URL: http://www.koito.co.jp
Representative Director: Takashi Ohtake, President & CEO
Inquiries: Masahiro Ohtake, Executive Senior Managing Director, (03) 3443-7111
Meeting of the Board of Directors for the Approval of Results: April 26, 2004
Interim Dividend System: Yes
Date of Regular General Shareholders' Meeting: June 29, 2004
Tangen Trading Unit System: Yes (1 *tangen* = 1,000 shares)

1. Results for Fiscal 2004 (April 1, 2003 – March 31, 2004)

(1) Results of Operations

(¥ millions)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2004	170,115	8.4%	6,743	29.8%	10,402	30.3%	6,036	2.4%
Fiscal 2003	156,967	0.5%	5,195	18.4 %	7,981	17.5 %	5,894	65.6 %

	Net income per share	Net income per share (diluted)	Return on equity	Ratio of recurring profit to shareholders' equity	Ratio of recurring profit to net sales
Fiscal 2004	¥36.78	—	6.4%	6.8%	6.1%
Fiscal 2003	¥36.05	—	6.7%	5.5%	5.1%

Notes: (1) Weighted-average number of shares outstanding in the FY ended March 2004: 159,610,392
FY ended March 2003: 159,617,961
(2) No changes in accounting methods were applicable to the above figures.
(3) The percentage figures accompanying net sales, operating income, recurring profit and net income represent year-on-year changes.

(2) Dividends (April 1, 2003 – March 31, 2004)

	Dividend per share			Dividend paid (anual)	Payout ratio	Ratio of dividends to shareholders' equity
		Interim	Year-end			
Fiscal 2004	¥12.00	¥5.00	¥7.00	1,915	31.7%	1.9%
Fiscal 2003	¥10.00	¥4.00	¥6.00	1,596	27.1%	1.8%

Note: Breakdown of year-end dividend: Commemorative: ¥ — per share Extraordinary: ¥ — per share

(3) Non-Consolidated Financial Position

	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
March 31, 2004	160,268	98,675	61.6%	618.06
March 31, 2003	144,925	89,302	61.6%	559.51

Notes:
①Number of shares outstanding: March 31, 2004: 159,653,148
March 31, 2003: 159,608,183
②Number of treasury shares: March 31, 2004: 1,136,288
March 31, 2003: 1,181,253

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

	Net sales (¥ millions)	Recurring profit (¥ millions)	Net income (¥ millions)	Total annual dividend per share (¥)		
				Interim	Year-end	
Interim	80,100	3,800	2,300	6.00	—	—
Entire year	170,500	10,500	6,300	—	6.00	12.00

Reference – Predicted net income per share for the entire year: ¥38.42

*Figures less than one million yen are omitted.
*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.

Non-Consolidated Balance Sheets

At March 31

(¥ millions)

Item / Period	Fiscal 2004 As of March 31, 2004	Fiscal 2003 As of March 31, 2003	YoY Change
Assets			
Current assets:			
Cash and time deposits	1,518	1,609	△ 91
Notes receivable	804	970	△ 166
Accounts receivable–trade	35,473	28,367	7,106
Marketable securities	5,093	9,667	△ 4,574
Finished and semi-finished products	3,005	3,663	△ 658
Work in progress	788	789	△ 1
Raw materials and supplies	1,816	1,673	143
Accrued income	1,491	1,324	167
Deferred income taxes	2,602	2,198	404
Other current assets	430	304	126
Less: Allowance for doubtful accounts	△ 118	△ 136	18
Total current assets	52,905	50,432	2,473
Fixed assets:			
Property, plant and equipment			
Buildings	11,703	12,577	△ 874
Structures	907	954	△ 47
Machinery	4,451	4,864	△ 413
Vehicles	234	259	△ 25
Tools and equipment	6,349	6,552	△ 203
Land	5,251	5,063	188
Construction in progress	45	25	20
Property, plant and equipment, net	28,944	30,297	△ 1,353
Intangible fixed assets	171	164	7
Investments and other assets:			
Investment securities	56,973	38,811	18,162
Subsidiary stock	20,307	20,307	−
Deferred income taxes	358	2,160	△ 1,802
Other investments	898	3,034	△ 2,136
Less: Allowance for doubtful accounts	△ 290	△ 283	△ 7
Total	78,247	64,030	14,217
Total fixed assets	107,362	94,492	12,870
Total assets	160,268	144,925	15,343

At March 31

(¥ millions)

Item / Period	Fiscal 2004 As of March 31, 2004	Fiscal 2003 As of March 31, 2003	YoY Change
Liabilities			
Current liabilities:			
Notes and accounts payable–trade	30,087	27,325	2,762
Payables	1,916	1,929	△ 13
Accrued expenses	8,780	8,389	391
Provisions for employees' bonuses	3,327	3,250	77
Reserve for product warranties	800	450	350
Income taxes payable	3,071	2,066	1,005
Other current liabilities	638	693	△ 55
Total current liabilities	48,623	44,104	4,519
Non-current liabilities:			
Reserve for retirement allowances	11,243	9,839	1,404
Allowance for directors' and corporate auditors' retirement benefits	924	877	47
Reserve for losses on overseas investments	800	800	−
Others	2	2	−
Total non-current liabilities	12,969	11,518	1,451
Total liabilities	61,592	55,622	5,970
Shareholders' equity:			
Common stock	14,270	14,270	−
Additional paid-in capital			
Additional paid-in capital	17,107	17,107	−
Retained earnings			
Profit reserve	3,567	3,567	−
Reserve for reduction of asset costs	938	833	105
General reserve	46,500	42,500	4,000
Unappropriated retained earnings	6,749	6,713	36
(Net income)	(6,036)	(5,894)	(142)
Total retained earnings	57,755	53,615	4,140
Securities valuation adjustment.	10,247	5,051	5,196
Treasury stock	△ 706	△ 743	37
Total shareholders' equity	98,675	89,302	9,373
Total liabilities and shareholders' equity	160,268	144,925	15,343

Non-Consolidated Statements of Income

For the years ended March 31, (¥ millions, rounded down)

Item \ Period	Fiscal 2004		Fiscal 2003		YoY Change	
		%		%		%
(Recurring items)						
Income from operations						
Operating revenues						
Net sales	170,115	100.0	156,967	100.0	13,148	8.4
Operating expenses						
Cost of sales	146,142	85.9	134,706	85.8	11,436	
Selling, general and administrative expenses	17,230	10.1	17,066	10.9	164	
Operating income	6,743	4.0	5,195	3.3	1,548	29.8
Non-operating income						
Non-operating income	3,830		2,869		961	
Interest and dividend income	(1,472)		(1,259)		(213)	
Other	(2,357)		(1,609)		(748)	
Non-operating expenses	170		83		87	
Interest expenses	(−)		(5)		(△ 5)	
Other	(170)		(77)		(93)	
Recurring profit	10,402	6.1	7,981	5.1	2,421	30.3
Extraordinary gains/losses						
Extraordinary gains	54		5,483		△ 5,429	
Gains on return of substitutional component of employees' welfare annuity fund	(−)		(5,336)		(△ 5,336)	
Gains on sales of property, plant and equipment	(54)		(147)		(△ 93)	
Extraordinary losses	479		3,640		△ 3,161	
Revaluation of investment securities	(−)		(1,250)		(△ 1,250)	
Revaluation of golf club memberships	(−)		(326)		(△ 326)	
Loss on revaluation of landholdings	(−)		(1,290)		(△ 1,290)	
Provision to reserve for product warranties	(350		(450		(△ 100	
Provision to reserve for losses on overseas investments	(−)		(250)		(△ 250)	
Losses on sales and disposal of property, plant and equipment	(129)		(73)		(56)	
Income before income taxes	9,977	5.9	9,825	6.3	152	1.5
Income taxes-current	5,865		3,670		2,195	
Income taxes-deferred	△ 1,924		259		△ 2,183	
Total income taxes	3,940		3,930		10	
Net income	6,036	3.5	5,894	3.8	142	2.4
Retained earnings b/fwd	1,511		1,457		54	
Interim dividend	798		638		160	
Loss on disposal of treasury stock	0		−		0	
Unappropriated retained earnings	6,749		6,713		36	

Non-Consolidated Statements of Appropriation

For the years ended March 31, (¥ millions)

Item \ Period	Fiscal 2004	Fiscal 2003
Unappropriated retained earnings	6,749	6,713
Withdrawal from reserve for deferred gains on replacement of assets	19	13
Total	6,768	6,726
To be appropriated as follows:		
Dividends	1,117	957
	・ ¥ 7 / common share	・ ¥ 6 / common share
Bonuses to directors and corporate auditors	166	140
(corporate auditors)	(13)	(13)
Reserve for reduction of asset costs	20	117
General reserve	3,500	4,000
Retained earnings carried forward	1,964	1,511

Note: Koito declared an interim dividend of ¥5 per share (Dividend amount: ¥798 million) on December 9, 2003.

Breakdown of Non-Consolidated Net Sales

For the years ended March 31, (¥ millions)

Item \ Period	Fiscal 2004		Fiscal 2003		YoY Change	
		%		%		%
Automobile Lighting Equipment	162,316	95.4	149,328	95.1	12,988	8.7
Aircraft Lights	2,760	1.6	2,993	1.9	△ 233	△ 7.8
Others	5,038	3.0	4,645	3.0	393	8.5
Total	170,115	100.0	156,967	100.0	13,148	8.4
(Portion accounted for by exports)	(15,832)	(9.3)	(12,125)	(7.7)	(3,707)	(30.6)

Significant Accounting Policies

1. Standards and methods for valuing marketable securities

①Securities held for trading:	Stated at 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	Stated at 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	Stated at cost determined by the moving average method.

2. Standards and methods for valuing derivatives and other instruments

①Derivatives:	Stated at market value
②Money trusts:	Stated at market value

3. Standards and methods for valuing inventories

(1) Finished and semi-finished products and work in progress:	Stated at cost, determined mainly by the gross average method
(2) Raw materials and supplies	Stated at cost, determined by the moving-average method

4. Method for depreciating and amortizing important assets

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

(2) Allowances for bonuses

Provisions for employees' bonuses are based on the estimated requirements for the fiscal year.

(3) Reserve for product warranties

The reserve for product warranties provides for possible liability claims made under product warranties based on historical claim rates.

(4) 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.

(5) 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.

(6) Reserve for losses on overseas investments

The allowance for losses on overseas investments is based on the estimated credit loss for investment losses based on an individual assessment of country risk and the financial soundness of overseas affiliates.

7. Accounting for leases

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

8. Accounting for hedging

Hedge accounting methods

Cash flows and 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.

9. Financial statements are prepared exclusive of consumption tax.

Notes

(¥ millions)

	Year ended March 31, 2004	Year ended March 31, 2003
1. Cumulative depreciation of property, plant and equipment	95,742	94,827
2. Liabilities for guarantees	15,430	13,844

3. Selling, general and administrative expenses

(¥ millions)

	Year Ended March 31, 2004	Year Ended March 31, 2003
(1) Selling expenses		
Freight expenses	3,568	3,315
Employee salaries	2,447	2,496
Packaging expenses	1,344	1,398
Transfer to allowance for bonuses	349	351
Retirement benefit expenses	296	271
(2) General and administrative expenses		
Employee salaries	2,465	2,413
Employee benefit expenses	1,052	886
Transfer to allowance for bonuses	333	315
Transfer to allowance for retirement benefits	331	281
Research expenses	172	135
Transfer to allowance for directors' and corporate auditors' retirement benefits	111	100

Lease Transactions

1. Finance leases that do not transfer ownership of leased property to lessee

(1) Acquisition cost equivalents, accumulated depreciation equivalents and balance equivalents of leased assets as of the term-end.

(¥ millions)

		Year ended March 31, 2004	Year ended March 31, 2003
Acquisition cost equivalents	Machinery and transportation equipment	459	459
	Tools and equipment	245	288
	Total	704	747
Accumulated depreciation equivalents	Machinery and transportation equipment	204	153
	Tools and equipment	156	172
	Total	360	325
Balance equivalents	Machinery and transportation equipment	255	306
	Tools and equipment	88	115
	Total	343	421

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.

(2) Balance of outstanding lease commitments

(¥ millions)

	Year ended March 31, 2004	Year ended March 31, 2003
Within one year	107	101
More than one year	235	320
Total	343	421

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.

(3) Lease charge payable and depreciation equivalents

(¥ millions)

	Year ended March 31, 2004	Year ended March 31, 2003
Lease charge payable	109	116
Depreciation equivalents	109	116

(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

As of March 31, 2004
Shares held by subsidiaries and affiliated companies with market quotations

(¥ millions)

	Book Value	Market value	Gain (loss)
1. Subsidiaries	7,370	10,293	2,923
2. Affiliated companies	1,332	3,636	2,303
Total	8,702	13,929	5,226

As of March 31, 2003
Shares held by subsidiaries and affiliated companies with market quotations

(¥ millions)

	Book Value	Market value	Gain (loss)
1. Subsidiary companies	7,370	6,196	△ 1,174
2. Affiliated companies	1,332	2,708	1,376
Total	8,702	8,904	202

Deferred Tax Accounting

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

	Current accounting period (as of March 31, 2004)
Deferred tax assets	
Surplus in bonus reserve	1,327
Surplus in employees' retirement benefit reserve	2,679
Officers' retirement benefit reserve	388
Excess accelerated depreciation	2,768
Reserve for losses on overseas investments	316
Loss on revaluation of investment securities	933
Loss on revaluation of land	509
Reserve for liability claims	770
Reserve for product warranties	316
Other	187
Total deferred tax assets	10,198
Deferred tax liabilities	
Reserve for reduction of asset costs	△ 547
Securities valuation differences	△ 6,690
Total deferred tax liabilities	△ 7,237
Net deferred tax assets	2,960

Changes in Directors and Corporate Auditors

1. Changes in Representative Directors

None.

2. Other Changes in Directors

None.