

《 For Reference Only 》

Consolidated Earnings Report for the First Quarter of Fiscal 2004 July 29, 2003

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

Accounting standards used to prepare financial statements: Same as interim financial statements
 Changes in accounting standards or recognition of financial accounts in most recent fiscal year: None
 Changes in scope of consolidation or number of equity-method affiliates: Excluded one consolidated subsidiary
 Consolidated subsidiary Kosmotec Co., Ltd. was dissolved on June 30, 2003.
 Involvement of CPAs or auditors: None

2. Consolidated Results of Operations for First Quarter of Fiscal 2004 (April 1, 2003 – June 30, 2003)

(1) Consolidated Business Results (¥ millions)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2004 First Quarter	70,563	6.1%	63	83.5%	397	572.9%	425	263.2%
Fiscal 2003 First Quarter	66,528	-	381	-	59	-	117	-
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)
Fiscal 2004 First Quarter	¥2.66	-
Fiscal 2003 First Quarter	¥0.73	-
Fiscal 2003	¥36.51	-

Notes:

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

Koito began quarterly disclosure in the first quarter of fiscal 2004. Accordingly, comparisons of quarterly results between the previous fiscal year's first quarter and the corresponding period of the preceding fiscal year are not presented.

Overview of Consolidated Results for First Quarter of Fiscal 2004

During the first quarter of fiscal 2004, the three-month period from April 1, 2003 to June 30, 2003, economic conditions in Japan remained challenging, as private-sector capital expenditures and consumer spending languished partly due to a continuation of instability in financial markets, deepening deflation and worsening employment conditions.

The global economy also lost momentum during the first quarter, clouded over by weak overall consumer spending in the U.S. and no signs of an upswing in private-sector capital expenditures. Asian economies, especially Taiwan and China, were impacted by the outbreak of SARS.

The Japanese automotive industry benefited from replacement demand prompted by the implementation of stricter emissions standards for trucks, but saw automobile exports decline. Consequently, domestic production of passenger cars was held to 2.43 million units, a marginal increase of 0.4%.

In this difficult climate, the Koito Group saw domestic and overseas subsidiaries in the automotive lighting equipment segment perform well. The non-automotive electrical equipment and other products segments met almost all forecasts.

As a result, net sales in the first quarter increased 6.0% to ¥70,563 million, mainly on growth in the automotive lighting equipment segment, exceeding forecasts by ¥3.8 billion. On the earnings side, both recurring profit and net income were much higher than in the previous fiscal year's first quarter. Recurring profit rose 572% to ¥397 million. Net income jumped 263% to ¥425 million.

Operating income and recurring profit were also much higher than forecasts, the result of a group-wide effort to rationalize operations and reduce costs. Consequently, net income exceeded forecasts by 27%.

(2) Consolidated Financial Position

	Total assets (¥ millions)	Shareholders' equity (¥ millions)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
Fiscal 2004 First Quarter As of June 30, 2003	286,853	103,999	36.3	651.77
Fiscal 2003 As of March 31, 2003	290,397	102,475	35.3	642.22

(3) Consolidated Cash Flows

(¥ millions)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of period
Fiscal 2004 First Quarter	11,315	3,523	1,563	21,751
Fiscal 2003	27,756	22,149	5,389	15,494

Financial Position

The Koito Group's financial condition as of June 30, 2003, the end of the first quarter of fiscal 2004, is summarized below.

As of June 30, 2003, the shareholders' equity ratio had improved 1.0 percentage point to 36.3%, the result of an increase of ¥1.5 billion in shareholders' equity and a decline in total assets of ¥3.5 billion. Significant changes in assets included a decrease of ¥17.4 billion in trade notes and accounts receivable and an increase of ¥4.9 billion in investment securities. Total liabilities decreased ¥4.6 billion, mainly reflecting a decline of ¥5.1 billion in trade notes and accounts payable.

Cash Flows

Cash and cash equivalents had increased ¥6.2 billion from March 31, 2003 to ¥21.7 billion as of June 30, 2003.

Operating activities provided net cash of ¥11.3 billion. The main sources of cash were depreciation of ¥3.9 billion and a decrease in trade notes and accounts receivable of ¥17.6 billion. Investing activities used net cash of ¥3.5 billion, mainly for the acquisition of property and equipment. Financing activities used net cash of ¥1.5 billion, mainly to repay short-term bank loans and pay cash dividends.

3. Consolidated Outlook for Fiscal 2004 (April 1, 2003 - March 31, 2004)

(¥ millions)

	Net sales	Recurring profit	Net income	Net income per share
Interim	139,100	2,300	1,100	6.89
Entire year	319,700	13,300	5,600	35.10

Outlook for Fiscal 2004

The outlook for Japan's economy remains cloaked in uncertainty. Despite some positive signs like an upturn in stock prices and less volatility in financial markets, an end to deflation and a strong economic recovery remain a distant prospect.

Despite recording strong results in the first quarter of fiscal 2004, the Company will not revise forecasts initially announced on April 24, 2003, in light of the prevailing uncertainty in the economic environment.

*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	Fiscal 2004 First Quarter As of June 30, 2003	Fiscal 2003 As of March 31, 2003	Change
Assets				
Current assets:				
Cash and time deposits		14,626	11,670	2,956
Trade notes and accounts receivable		59,916	77,396	17,480
Marketable securities		22,077	19,674	2,403
Inventories		23,382	19,906	3,476
Deferred income taxes		5,685	5,069	616
Other current assets		7,042	5,391	1,651
Less: Allowance for doubtful accounts		1,086	931	155
Total current assets		131,644	138,177	6,533
Fixed assets:				
Property, plant and equipment				
Buildings and structures		30,391	30,893	502
Fixtures and transportation equipment		24,785	23,890	895
Machinery, equipment and tools		11,394	11,558	164
Land		11,473	11,448	25
Construction in progress		2,591	2,814	223
Property, plant and equipment, net		80,636	80,605	31
Intangible fixed assets		452	430	22
Investments and other assets:				
Investment securities		64,683	59,716	4,967
Loans		1,313	1,455	142
Deferred income taxes		3,445	5,116	1,671
Other investments		4,978	5,195	217
Less: Allowance for doubtful accounts		300	299	1
Total investments and other assets		74,120	71,184	2,936
Total fixed assets		155,209	152,220	2,989
Total assets		286,853	290,397	3,544

(¥ millions)

Item	Fiscal 2004 First Quarter As of June 30, 2003	Fiscal 2003 As of March 31, 2003	Change
Liabilities			
Current liabilities:			
Notes and accounts payable-trade	50,404	55,544	5,140
Short-term loans	28,710	27,660	1,050
Accrued expenses	16,634	13,794	2,840
Income taxes payable	249	2,802	2,553
Provisions for employees' bonuses	4,673	4,681	8
Other current liabilities	7,176	7,031	145
Total current liabilities	107,848	111,514	3,666
Non-current liabilities:			
Bonds	3,000	3,000	-
Long-term debt	24,263	25,379	1,116
Accrued retirement benefits	19,349	19,033	316
Directors' and corporate auditors' accrued retirement benefits	1,230	1,441	211
Other non-current liabilities	1,102	1,066	36
Total non-current liabilities	48,945	49,920	975
Total liabilities	156,794	161,435	4,641
Minority interests	26,059	26,487	428
Shareholders' equity:			
Common stock	14,270	14,270	-
Additional paid-in capital	17,107	17,107	-
Retained earnings	68,090	68,782	692
Valuation adjustment on investment securities	7,062	4,892	2,170
Translation adjustments	1,763	1,809	46
Treasury common stock, at cost	768	768	0
Total shareholders' equity	103,999	102,475	1,524
Total liabilities, minority interests and shareholders' equity	286,853	290,397	3,544

Consolidated Statements of Income

(¥ millions)

Item	Fiscal 2004 First Quarter April 1, 2003 to June 30, 2003		Fiscal 2003 First Quarter April 1, 2002 to June 30, 2002		Change		Fiscal 2003 April 1, 2002 to March 31, 2003	
		(%)		(%)		(%)		(%)
Net Sales	70,563	100.0	66,528	100.0	4,035	6.1	311,133	100.0
Cost of Sales	62,372	88.4	58,198	87.5	4,174		265,023	85.2
Gross Profit	8,191	11.6	8,330	12.5	139		46,110	14.8
Selling, general and administrative expenses	8,128	11.5	7,948	11.9	180		32,953	10.6
Operating income	63	0.1	381	0.6	318	83.5	13,157	4.2
Non-operating income	660		353		307		2,070	
Interest income and dividends	(159)		(132)		27		(802)	
Equity in earnings of affiliates	(28)		(50)		22		(149)	
Other non-operating income	(473)		(170)		303		(1,119)	
Non-operating expenses	326		675		349		2,230	
Interest expenses and discounts	(201)		(235)		34		(827)	
Other non-operating expenses	(125)		(439)		314		(1,402)	
Recurring profit	397	0.6	59	0.1	338	572.9	12,997	4.2
Extraordinary gains	440		11		429		5,553	
Extraordinary losses	315		466		151		5,784	
Income before income taxes	522	0.7	395	0.6	917		12,766	4.1
Incomes taxes	463		-		463		5,503	
Deferred income taxes	254		-		254		390	
Total	209		-		209		5,113	
Minority interest in consolidated subsidiaries	112		512		400		1,826	
Net income	425	0.6	117	0.2	308	263.2	5,826	1.9

Consolidated Statements of Retained Earnings

(¥ millions)

Item	Period	Fiscal 2004 First Quarter April 1, 2003 to June 30, 2003	Fiscal 2003 April 1, 2002 to March 31, 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	425	5,826
III Appropriations			
Dividends		957	1,277
Bonuses to directors and corporate auditors		160	140
IV Retained earnings at end of period		68,090	68,782

Consolidated Statements of Cash Flows

(¥ millions)

Item	Period	Fiscal 2004 First Quarter April 1, 2003 to June 30, 2003	Fiscal 2003 April 1, 2002 to March 31, 2003
I. Cash flows from operating activities			
Income before income taxes		522	12,766
Depreciation		3,964	17,004
Equity in earnings of affiliated companies		28	149
Provision for allowance for doubtful accounts		157	56
Provision for accrued retirement benefits		73	2,759
Provision for reserve for bonuses		8	102
Interest and dividends received		159	802
Interest payments		201	827
Loss on sale and revaluation of marketable securities		147	1,588
Loss on revaluation of golf memberships			326
Loss on sale and disposal of property and equipment		38	192
Loss on revaluation of landholdings			1,290
Trade notes and accounts receivable		17,660	791
Inventories		3,382	504
Other receivables		1,596	400
Trade notes and accounts payable		5,367	988
Accrued expenses and other current liabilities		2,649	748
Directors' and corporate auditors' bonuses paid		180	168
Sub total		14,396	31,918
Interest and dividends received		159	802
Interest paid		201	827
Income taxes paid		3,039	4,137
Net cash provided by operating activities		11,315	27,756
II. Cash flows from investing activities			
Payments into time deposits		329	2,619
Proceeds from time deposits		285	2,148
Payments for purchase of marketable and investment securities		5,698	32,146
Proceeds from sale of marketable and investment securities		5,613	28,051
Payments for purchase of property and equipment		3,711	18,682
Proceeds from sale of property and equipment		174	397
Increase in loans receivable		101	698
Proceeds from collection of loans receivable		244	1,211
Other payments relating to investments		0	189
Net cash used in investing activities		3,523	22,149
III. Cash flows from financing activities			
Increase (decrease) in short-term loans		489	3,697
Increase in long-term debt		35	12,148
Repayment of long-term debt		5	14,815
Redemption of bonds			2,518
Payment for eliminating employees' savings deposits			1,772
Payments for purchase of treasury stock		0	33
Dividends paid by parent company		957	1,277
Dividends paid to minority shareholders		147	819
Net cash used in financing activities		1,563	5,389
IV Effect of exchange rate changes on cash and cash equivalents		28	173
V Change in cash and cash equivalents		6,257	45
VI Cash and cash equivalents at beginning of period		15,494	15,449
VII Cash and cash equivalents at end of period		21,751	15,494