

**EXCERPT**

( For Reference Only )

**Consolidated Earnings Report for Fiscal 2000 May 12, 2000**

Company Name: **KOITO MANUFACTURING CO., LTD.**  
 Stock Listings: Tokyo Stock Exchange, Osaka Securities Exchange  
 Code Number: 7276  
 Head Office: 4-8-3, Takanawa, Minato-ku, Tokyo 108-8711  
 Inquiries: Masahiro Ohtake, Executive Senior Managing Director, (03) 3447-5101  
 Meeting of the Board of Directors for the Approval of Results: May 12, 2000

## 1. Consolidated Results of Operations for Fiscal 2000 (April 1, 1999 – March 31, 2000)

## (1) Consolidated Business Results

(¥million)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2000	279,034	1.1%	9,288	- 9.0%	8,393	- 18.5%	3,412	- 11.3%
Fiscal 1999	275,934	22.0%	10,201	42.0%	10,296	19.2%	3,846	- 10.2%

	Net income per share	Net income per share (diluted)	Return on equity	Recurring profit to total capital ratio	Recurring profit ratio
Fiscal 2000	¥21.23	¥0.00	3.7%	3.1%	3.0%
Fiscal 1999	¥23.92	¥0.00	4.3%	3.8%	3.7%

## Notes:

.Returns on investments under the equity method:

Fiscal 2000: ¥8 million      Fiscal 1999: ¥4 million

.Loss on revaluation of marketable securities:

¥20,814 million

Loss on revaluation of derivative transactions:

¥ - million

.No changes in accounting standards were applicable to the above figures

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

## (2) Consolidated Financial Situation

	Total assets (¥million)	Shareholders' equity (¥million)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
Fiscal 2000	275,063	92,848	33.8	577.45
Fiscal 1999	267,783	90,291	33.7	561.55

(3) Consolidated Cashflow Situation

	Operating activities	Investing activities	Financial activities	End of year cash and cash equivalents
Fiscal 2000	21,655	- 26,055	6,051	20,285
Fiscal 1999				18,926

(4) Extent of Consolidation and Adoption of the Equity Method

Consolidated subsidiaries	20
Unconsolidated subsidiaries accounted for by the equity method	0
Affiliates accounted for by the equity method	2

(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 2001 (April 1, 2000 – March 31, 2001)

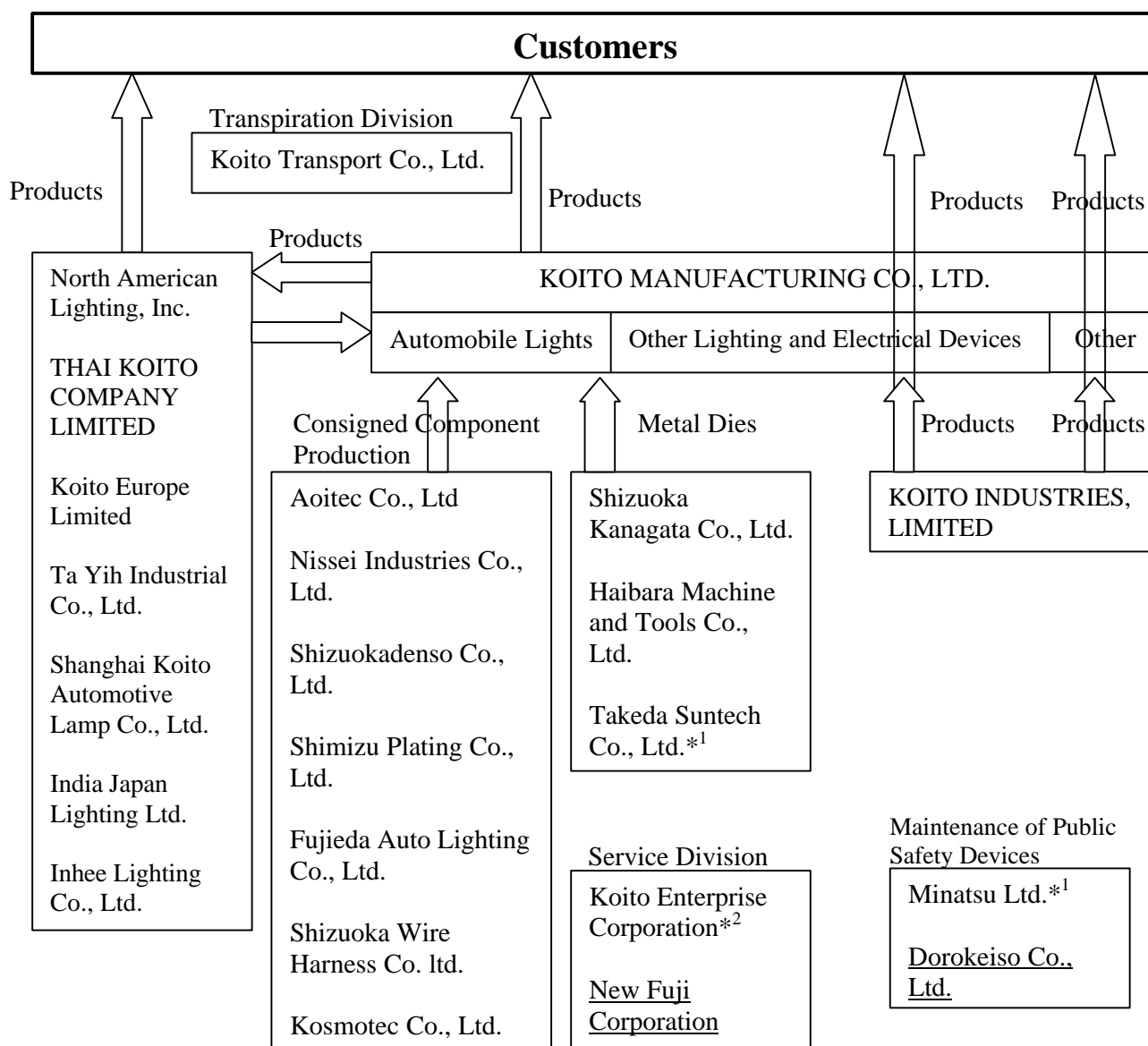
	Net sales (¥million)	Recurring profit (¥million)	Net income (¥million)
Interim	130,000	4,500	- 300
Entire year	291,400	11,300	1,900

Reference – Predicted net income per share for the entire year: ¥11.82

## Structure of the Koito Group

The Koito Group is composed of Koito Manufacturing Co., Ltd., its 20 subsidiaries and 3 affiliates. It manufactures and retails automobile lights, components for airplanes, trains and railways, a wide variety of electrical devices and measuring equipment. It is also involved in related finance and distribution operations.

The following flow chart outlines the structure of Koito Group.



Note:

Companies not marked are consolidated subsidiaries

\*1 Affiliates accounted for by the equity method

\*2 Affiliates not accounted for by the equity method

## Management Policies

### **(1) Fundamental Management Policies**

Koito Group caters to its customers' need for light. Through doing so, it contributes to the progress of society, while working to create mutually beneficial relationships with customers, shareholders, employees and related companies. These are the aims of its fundamental management policies.

Koito Group is also well aware of the importance of environmental issues. Its basic environmental policies emphasize the taking of initiative and the setting of examples in environmental preservation. Its manufacturing processes and techniques are developed accordingly.

### **(2) Fundamental Policies Regarding Distribution of Profits**

Koito Group takes the payment of a stable dividend to its shareholders to be one of its most important responsibilities. It calculates this dividend with the utmost care, taking into consideration all pertinent aspects of results and the operating environment. It is essential for the group to maintain a corporate structure flexible enough to react appropriately to future changes in the market. Accordingly, Koito intends to commit its retained earnings to those areas which will improve results and allow it to live up to its shareholders' expectations in the future. These include the expansion of its operating activities, the development of new technology and new products, the streamlining of operations and cost reductions.

The end of year dividend for the period under review has been set at ¥6 per share; ¥4 as standard and a further ¥2 in commemoration of the 85<sup>th</sup> anniversary of Koito's establishment, celebrated in April of this year. This brings the total dividend payment for the year to ¥10 per share, a ¥2 rise over the previous year.

### **(3) Medium- and Long-Term Management Strategies**

As a maker of automobile lights and electrical devices, Koito Group aims to create new value for customers. It delivers both the technology and the trust that customers need, based on the concept of "light for safety." Current developments aimed at the Group's further expansion include:

- .The expansion of overseas manufacturing facilities and the strengthening of overseas production systems to keep up with the expansion of car manufacturers' international operations and global procurement systems. This will be accompanied by the establishment of a global network within the Koito Group, each part supporting the activities of the others.
- .Timely and appropriate response in the fields of component modularization and ITS-related fields, where great growth is expected in the future. Also, the speedy determination of customer and market needs, backed up by the requisite expertise in R&D and product design.
- .The reform of Koito's corporate structure through the optimal allocation and use of management resources, aimed at creating a new profit structure.
- .The heightening of the trust placed in Koito through insistence on product quality and efforts towards environmental preservation.

These four undertakings are representative of Koito's commitment to providing satisfaction to customers, shareholders, society and its employees, while playing its part in the conservation of our environment.

## **Results of Operations**

### **(1) Outline of Fiscal 2000**

The Japanese economy has yet to see significant recovery in consumer spending. Due to the government's comprehensive measures for economic revival and the reform of financial systems, however, the worst of the recession is now over. The foundation has been laid for a gradual recovery. The Asian economy has also overcome the currency crises it had been faced with, and is making a speedy return to form. The U.S. economy continues to perform strongly and Europe too is well on the road to recovery.

The domestic car industry has seen continued demand in the small car sector, taking sales slightly higher than in the previous year. Downturn in exports, however, took the total number of automobiles manufactured during the year down 0.4% to 9.93 million.

Within this operating environment, Koito's efforts in promoting the sale of new products in the key sector of automobile lights saw consolidated net sales rising 1.1% to ¥279,034 million.

Results by segment are outlined below.

#### **Automobile Lights**

Efforts were made in this sector to boost product development and up the number of orders received. Greater demand for discharge headlamps and multi-functional headlamps also contributed to taking net sales up 3.7% to ¥198,381 million.

#### **Other Lighting and Electrical Devices**

Components for trains and railways showed steady growth, with shinkansen-related components forming the core of demand. Demand for public safety-related products such as traffic lights from local government and similar bodies was slack though. This brought net sales for the year down 1.9% to ¥59,168 million.

#### **Other**

Drops in airplane production overseas and slackening demand for airplane seats held back results in the airplane components division. Accordingly, net sales in this segment fell 11.6%, to ¥21,483 million.

Profits did not fare as well as might have been expected. The rise in net sales was accompanied by a decrease in fixed expenses and general streamlining of operations such as the shortening of the product development cycle. However, depreciation on the new overseas headlamp manufacturing facilities and losses on foreign exchange transactions combined to take consolidated recurring profit down 18.5% to ¥8,393 million. Net income fell 11.3% to ¥3,412 million. On the other hand, cash and cash equivalents at the end of the year were ¥1,358 million higher than the previous year, at ¥20,285 million. Cashflows from operating activities came to ¥21,655 million, those from financial activities to ¥6,051 million, with a negative cashflow of ¥26,055 million from investment activities.

The Y2K problem was treated with the utmost seriousness by all members of the Koito Group. All the necessary steps were taken, and no problems of any kind occurred.

## **(2) Outlook for Fiscal 2001**

There are those who predict steady recovery from now for the Japanese economy. However, the surplus in facilities, doubts concerning employment and the stagnation of consumer spending are among the factors which should still be sources of concern. It must be concluded that no firm predictions can be made about the future.

Domestic sales of automobiles are predicted to rise slightly in the coming year. Exports are likely to drop due to greater domestic production in overseas markets however, making it unrealistic to hope for an increase in the number of automobiles being manufactured in Japan.

Koito Group plans to take its R&D and product design abilities to new levels. At the same time, it will strive for the shortening of the product development cycle, comprehensive streamlining and cost reductions. These will tie into increased orders and higher sales. Overseas affiliates will be strengthened and expanded to develop a global structure capable of meeting the continuing worldwide demand for Koito Group's products. Focusing the efforts of the entire group, Koito will go on to attain higher profit levels than ever before.

Consolidated predictions for fiscal 2001 are as follows:

Net sales: ¥291,400 million

Recurring profit: ¥11,300 million

Net income: ¥1,900 million

These predictions include a joint depreciation cost of ¥10,600 million made for the change in accounting standards catering to the addition to the employee retirement benefit reserve.

# Consolidated Balance Sheets

At March 31

(Value less than ¥1,000,000 rounded down)

Item	Period	Fiscal 2000	Fiscal 1999	YoY change ¥ million
<b>Assets</b>				
<b>Current assets:</b>				
Cash and time deposits		13,889	14,951	-1,062
Notes and accounts receivables-trade		72,305	72,179	126
Marketable securities		39,262	37,307	1,955
Inventories		18,004	18,583	-579
Other current assets		9,393	10,523	-1,130
Deferred income taxes		1,367	911	456
Less: Allowance for doubtful receivables		-1,237	-768	-469
Total current assets		152,983	153,686	-703
<b>Fixed assets :</b>				
Property, plant and equipment				
Buildings and structures		31,539	34,262	-2,723
Fixtures and transportation equipment		19,700	20,058	-358
Machinery, equipment and tools		10,209	11,537	-1,328
Land		13,099	12,739	360
Construction in progress		2,259	2,835	-576
Property, plant and equipment, net		76,808	81,433	-4,625
Intangible fixed assets		1,124	1,258	-134
<b>Other investments :</b>				
Investment securities		22,799	16,205	6,594
Long-term loans		7,928	4,031	3,897
Other investments		4,894	4,497	397
Deferred income taxes		5,224	4,650	574
Less: Allowance for doubtful receivable		-22	-16	-6
Total investments and other assets		40,824	29,366	11,458
Total fixed assets		118,757	112,059	6,698
Translation adjustments		3,322	2,037	1,285
Total assets		275,063	267,783	7,280

# Consolidated Balance Sheets

At March 31

(Value less than ¥1,000,000 rounded down)

Item	Period	Fiscal 2000	Fiscal 1999	YoY change ¥ million
<b>LIABILITIES</b>				
<b>Current liabilities :</b>				
Notes and account payable-trade		57,392	55,258	2,134
Short-term loans		15,968	17,277	-1,309
Current maturities of bond		—	10,000	-10,000
Accrued expenses		14,457	13,583	874
Income taxes payable		1,812	2,401	-589
Accrued bonuses		4,633	5,365	-732
Other current liabilities		7,659	9,405	-1,746
Total current liabilities		101,923	113,293	-11,370
<b>Non-current liabilities :</b>				
Bond and convertible bond		5,522	—	5,522
Long-term debt		32,560	21,650	10,910
Accrued severance indemnities		14,065	14,559	-494
Reserve for losses on overseas investments		450	450	—
Other non-current liabilities		1,735	1,674	61
Total non-current liabilities		54,333	38,335	15,998
<b>Total liabilities</b>		156,256	151,628	4,628
<b>Minority interests</b>		25,958	25,863	95
<b>Shareholders' equity :</b>				
<b>Common stock</b>		14,270	14,270	—
<b>Additional paid-in capital</b>		17,107	17,107	—
<b>Retained earnings</b>		61,469	58,912	2,557
Total		92,848	90,291	2,557
<b>Treasury stock</b>		-0	-0	0
<b>Subsidiary stake in parent company</b>		—	—	—
<b>Total shareholders' equity</b>		92,848	90,291	2,557
<b>Total liabilities and shareholders' equity</b>		275,063	267,783	7,280

# Consolidated Statements of Income

For the year ended March 31

(Value less than ¥1,000,000 rounded down)

Item	Fiscal 2000		Fiscal 1999		YoY change	
	¥ million	%	¥ million	%	¥ million	%
Net sales	279,034	100.0%	275,934	100.0%	3,100	1.1%
Cost of sales	237,701	85.2%	234,987	85.2%	2,714	
Gross profit	41,332	14.8%	40,946	14.8%	386	
Selling, general and administrative expenses	32,044	11.5%	30,745	11.1%	1,299	
Operating income	9,288	3.3%	10,201	3.7%	-913	-9.0%
Non-operating income	(2,628)		(3,895)		(-1,267)	
Interest income and dividends	1,016		1,552		-536	
Income from affiliates (under equity method)	8		4		4	
Other non-operating income	1,604		2,338		-734	
Non-operating expenses	(3,523)		(3,800)		(-277)	
Interest expenses and discounts	1,267		2,471		-1,204	
Other non-operating expenses	2,255		1,328		927	
Recurring profit	8,393	3.0%	10,296	3.7%	-1,903	-18.5%
Extraordinary gains	260		456		-196	
Extraordinary losses	1,312		2,300		-988	
Income before income taxes	7,341	2.6%	8,451	3.1%	-1,110	
Income taxes	3,770		4,388		-618	
Income tax adjustment	-772		-902		130	
Total	2,997		3,486		-489	
Minority interest in consolidated subsidiaries	-931		-1,118		187	
Net income	3,412	1.2%	3,846	1.4%	-434	-11.3%

## Consolidated Statements of Retained Earnings

At March 31

(Value less than ¥1,000,000 rounded down)

Item	Period	Fiscal 2000	Fiscal 1999
		¥ million	¥ million
Consolidated retained earnings at beginning of period		58,912	49,934
Other retained earnings at beginning of period		—	45,035
Earnings carried forward from previous year		—	4,898
Adjustment for adoption of tax-effect accounting		568	4,552
Increases in consolidated retained earnings		—	2,012
Adjustment for newly consolidated subsidiaries		—	2,012
Decreases in consolidated retained earnings		1,424	1,433
Dividend		1,286	1,286
Bonuses to directors and corporate auditors		138	146
Net income		3,412	3,846
Ending balance		61,469	58,912

## Consolidated Statements of Cash Flows

For the year ended March 31

(Value less than ¥1,000,000 rounded down)

<div>Period</div> <div>Item</div>	<div>Fiscal 2000</div> <div>¥ million</div>
Cashflow from operating activities	21,655
Cashflow from investing activities	-26,055
Cashflow from financing activities	6,051
Change in cash and cash equivalents	-292
Change in cash and cash equivalents	1,358
Cash and cash equivalents at beginning of the year	18,926
Cash and cash equivalents at end of the year	20,285

## Segment Information by Division

### (1) Segment Information by Division

Previous fiscal year (April 1, 1998 - March 31, 1999)

	Lighting Equipment Division	Other Electric Equipment Division	Others	Total	Elimination of Inter-segment Items	Consolidated Total
For the year ended at March 31 ,1999						
Sales						
Sales to outside costumers	191,334	60,294	24,305	275,934	–	275,934
Inter-segment sales	42,444	–	2,741	45,186	(45,186)	–
Total	233,779	60,294	27,047	321,121	(45,186)	275,934
Operating expenses	224,924	59,443	24,931	309,299	43,565	265,733
Operating income	8,854	851	2,116	11,822	1,620	10,201
Identifiable assets at March 31,2000	138,051	59,977	30,463	228,490	39,292	267,783
Depreciation	14,994	1,494	1,221	17,709	51	17,760
Capital Expenditures	13,758	782	1,530	16,070	–	16,070

Fiscal year under Review (April 1, 1999 - March 31, 2000)

	Lighting Equipment Division	Other Electric Equipment Division	Others	Total	Elimination of Inter-segment Items	Consolidated Total
For the year ended at March 31 ,2000						
Sales						
Sales to outside customers	198,381	59,168	21,483	279,034	–	279,034
Inter-segment sales	44,043	–	2,767	46,810	(46,810)	–
Total	242,424	59,168	24,250	325,844	(46,810)	279,034
Operating expenses	233,541	58,475	22,502	314,519	44,773	269,745
Operating income	8,883	692	1,748	11,325	2,036	9,288
Identifiable assets at March 31,2000	138,424	61,054	47,845	247,323	27,740	275,063
Depreciation	14,958	1,355	997	17,310	56	17,366
Capital Expenditures	13,243	372	1,605	15,220	–	15,220

Notes:

- Business segments are based on the categorization of sales.
- Main products in each segment:
  - (1) Lighting Equipment Division: Headlamps, miscellaneous car lamps, all-glass sealed beam lamp units, rear lamps, indicators, high-mount stop lamps and halogen bulbs
  - (2) Other Electric Equipment Division: Road traffic signals, traffic control systems, sanitary equipment and control systems for rail transports
  - (3) Others: Aircraft lights, hydrodynamic machinery, environmental control systems, air conditioning equipment, various electric applications equipment, various special equipment, transportation, finance and insurance
- Consolidated operating expenses in the year under review include the sum of ¥2,870 million that could not be allocated to any of the segments and is instead included in eliminations and corporate expenses. These expenses mainly represent the general affairs operations of the parent company.
- Consolidated assets in the year under review include the sum of ¥27,740 million that represents corporate assets and is included in the eliminations and corporate items. These assets mainly represent cash and cash equivalents (cash, deposits and securities), long-term investments (investment securities) and assets of management operations, all at the parent company.

## (2) Geographic Segment Information

Previous fiscal year (April 1, 1998 - March 31, 1999)

(¥ Million)

	Japan	North America	Asia	Europe	Total	Eliminations and other	Consolidated
For the year ended at March 31, 1999							
Saleas							
Sales to third parties	213,559	35,462	21,862	5,049	275,934	—	275,934
Interarea sales and transfers	44,902	-	284	-	45,186	(45,186)	—
Total sales	258,461	35,462	22,147	5,049	321,121	(45,186)	275,934
Operating expenses	249,758	33,792	20,341	5,407	309,299	43,565	265,733
Operating income (loss)	8,703	1,670	1,806	-358	11,822	1,620	10,201
Total assets	177,648	20,922	23,788	6,132	228,490	39,292	267,783

Fiscal year under Review (April 1, 1999 - March 31, 2000)

(¥ Million)

	Japan	North America	Asia	Europe	Total	Eliminations and other	Consolidated
For the year ended at March 31, 2000							
Saleas							
Sales to third parties	213,880	35,384	25,302	4,466	279,034	—	279,034
Interarea sales and transfers	46,180	-	629	-	46,810	(46,810)	—
Total sales	260,061	35,384	25,931	4,466	325,844	(46,810)	279,034
Operating expenses	251,201	34,687	23,869	4,760	314,519	44,773	269,745
Operating income (loss)	8,859	697	2,062	-294	11,325	2,036	9,288
Total assets	195,317	20,139	25,143	6,722	247,323	27,740	275,063

## (3) Net Overseas Sales

Previous fiscal year (April 1, 1998 - March 31, 1999)

(¥ Million)

	North America	Asia	Europe	Total
Net overseas sales	47,165	22,249	2,844	72,259
Consolidated net sales	-	-	-	275,934
Proportion of consolidated net sales	17.1%	8.1%	1.0%	26.2%

Fiscal year under Review (April 1, 1999 - March 31, 2000)

(¥ Million)

	North America	Asia	Europe	Total
Net overseas sales	41,913	27,377	2,485	71,775
Consolidated net sales	-	-	-	279,034
Proportion of consolidated net sales	15.0%	9.8%	0.9%	25.7%

Notes:

- The countries and regions listed above are divided according to geographical proximity.
- The breakdown of the regions listed is as follows:
  - North America – U.S.
  - Asia – China, Taiwan, South Korea, Thailand, India, others
  - Europe – U.K.
- Net overseas sales are those of Koito and its subsidiaries that take place in all countries and regions outside Japan.
- In the previous fiscal year, sales were classified according to the destination of each product. Beginning with the year under review, sales are classified according to the location of the transaction.

## Non-Consolidated Earnings Report for Fiscal 2000    May 12, 2000

Company Name: **KOITO MANUFACTURING CO., LTD.**  
 Stock Listings: Tokyo Stock Exchange, Osaka Securities Exchange  
 Code Number: 7276  
 Head Office: 4-8-3, Takanawa, Minato-ku, Tokyo 108-8711  
 Inquiries: Masahiro Ohtake, Executive Senior Managing Director, (03) 3447-5101  
 Meeting of the Board of Directors for the Approval of Results: May 12, 2000  
 General Annual Meeting : June 29, 2000

### 1. Non-Consolidated Results of Operations for Fiscal 2000 (April 1, 1999 – March 31, 2000)

#### (1) Non-Consolidated Business Results

(¥ million)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2000	147,984	3.3%	4,476	39.8%	7,155	12.7%	3,688	21.2%
Fiscal 1999	143,215	- 2.9%	3,201	- 9.6%	6,346	5.2%	3,043	- 3.5%

	Net income per share	Net income per share (diluted)	Return on equity	Recurring profit to total capital ratio	Recurring profit ratio
Fiscal 2000	¥22.94	¥0.00	4.9%	5.4%	4.8%
Fiscal 1999	¥18.93	¥0.00	4.1%	4.6%	4.4%

Notes:

.Average number of shares during : fiscal2000 – 160,789,436, fiscal 1999 - 160,789,436

.No changes in accounting standards were applicable to the above figures

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

#### (2) Dividend Situation

	Annual Dividend per share			Total annual dividend payments (¥ million)	Pay-out ratio	Dividends to shareholders' equity ratio
	Total	Interim	End of year			
Fiscal 2000	¥10.00	¥4.00	¥6.00	1,607	43.6%	2.1%
Fiscal 1999	¥8.00	¥4.00	¥4.00	1,286	42.3%	1.8%

Note: Breakdown of fiscal 2000 end of year dividend: Commemorative dividend¥2.00

Special Dividend    ¥ -

#### (3) Financial Situation

	Total assets (¥million)	Shareholders' equity (¥million)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
Fiscal 2000	131,978	75,793	57.4	471.39
Fiscal 1999	139,411	73,501	52.7	457.13

Note: Number of shares outstanding at end of year: Fiscal 2000 – 160,789,436

Fiscal 1999 – 160,789,436

2. Non-Consolidated Outlook for Fiscal 2001 (April 1, 2000 – March 31, 2001)

	Net sales (¥million)	Recurring profit (¥million)	Net income (¥million)
Interim	72,900	3,200	1,600
Entire year	153,000	7,800	4,000

	Annual dividend per share	
	Interim	End of year
Interim	¥4.00	-
Entire year	-	¥4.00

Reference – Predicted net income per share for the entire year: ¥24.88

## Sales Comparison by Division

(Value less than ¥1,000,000 rounded down)

Division	Period	Fiscal 2000		Fiscal 1999		YoY	Change
		¥ million	%	¥ million	%	¥ million	%
Lighting Equipment Division		139,065	94.0%	133,529	93.2%	5,536	4.1%
Aircraft Lights		3,245	2.2%	3,044	2.1%	201	6.6%
Others		5,674	3.8%	6,640	4.7%	966	14.5%
Total		147,984	100.0%	143,215	100.0%	4,769	3.3%
(Proportion accounted for by exports)		11,863	8.0%	10,303	7.2%	1,560	15.1%