Consolidated Earnings Report for Fiscal 2010

April 27, 2010

Company Name:	**KOITO MANUFACTURING CO., LTD.**
Stock Listing:	First Section, Tokyo Stock Exchange
Code Number:	7276
URL:	http://www.koito.co.jp
Representative Director:	Masahiro Ohtake, President
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Planned Date of the General Meeting of Shareholders:	June 29, 2010
Planned Date of Dividends Payment:	June 30, 2010
Planned Date of Filing of Annual Securities Report:	June 30, 2010

(¥ millions are rounded down)

1. Consolidated Results for Fiscal 2010 (April 1, 2009 to March 31, 2010)

(1) Consolidated Operating Results (¥ millions; the percentage figures represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2010	408,430	2.0%	36,054	294.8%	35,983	288.0%	6,217	53.8%
Fiscal 2009	400,232	△15.0%	9,131	△68.5%	9,275	△69.5%	4,042	△74.1%

	Net income per share (¥)	Net income per share (diluted) (¥)	Return on equity (%)	Recurring profit to total assets ratio (%)	Operating income to net sales ratio (%)
Fiscal 2010	38.69	—	4.3	10.1	8.8
Fiscal 2009	25.16	—	2.8	2.5	2.3

Reference: Equity in earnings of affiliated companies: Fiscal 2010: ¥10 million Fiscal 2009: ¥2 million

(2) Consolidated Financial Position (¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
Fiscal 2010	357,530	177,615	41.6	925.08
Fiscal 2009	351,869	174,485	40.4	884.74

Reference: Equity: March 31, 2010: ¥148,664 million; March 31, 2009: ¥142,184 million

(3) Consolidated Cash Flows (¥ millions)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
Fiscal 2010	48,468	△16,803	△20,946	30,189
Fiscal 2009	31,271	△28,840	431	19,672

2. Dividends

	Dividend per share (¥)					Dividend paid (annual) (¥ millions)	Payout ratio (Consolidated) (%)	Ratio of dividends to net assets (Consolidated) (%)
(Recording Date)	First Quarter	Second Quarter	Third Quarter	Year-end	Full year			
Fiscal 2009	—	12.00	—	8.00	20.00	3,214	79.5	2.2
Fiscal 2010	—	8.00	—	10.00	18.00	2,892	46.5	2.0
Fiscal 2011 (forecast)		—		—	—		—	—

Note: Dividends for fiscal 2011 are currently undecided.

3. Forecast of Consolidated Results for Fiscal 2011 (April 1, 2010 to March 31, 2011)

(¥ millions; the percentage figures represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
First half	194,000	11.9%	12,000	113.1%	10,000	64.5%	3,500	—	21.78
Full year	408,000	△0.1%	30,000	△16.8%	25,000	△30.5%	11,000	76.9%	68.45

4. Others

(1) Changes to important subsidiaries during Fiscal 2010 (Changes in certain specified subsidiaries resulting in revised scope of consolidation): None

(2) Changes in accounting principles, procedures, methods of presentation, etc. associated with preparation of consolidated financial statements (Significant changes in the basis of preparing the consolidated financial statements)

① Changes in accounting standards: None

② Other changes: None

(Note) Refer to "Significant Changes to Accounting Policies Used in Preparation of Consolidated Financial Statements" for details.

(3) Number of shares issued (common stock)

① Number of shares issued (including treasury stock): March 31, 2010 160,789,436, March 31, 2009 160,789,436

② Number of treasury stock: March 31, 2010 85,690, March 31, 2009 82,208

(Note) Refer to "Per Share Information" for the basis of calculation of consolidated net income per share.

*Explanations concerning proper use of forecast of operating results and other noteworthy matters

1. The above forecasts are based on information available at the time of release of this report. Actual results could differ from forecasts due to a variety of factors.
2. The dividend forecast for the fiscal year ending March 31, 2011 has not been decided. Koito intends to promptly disclose the year-end dividend forecast.

《 For Reference Only 》

Non-consolidated Earnings Report for Fiscal 2010

1. Non-consolidated Results for Fiscal 2010 (April 1, 2009 to March 31, 2010)

(1) Non-consolidated Operating Results

(¥ millions; the percentages figures represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2010	213,499	△0.5 %	15,381	139.5 %	21,064	60.0 %	4,820	△13.9 %
Fiscal 2009	214,471	△13.5 %	6,421	△57.3 %	13,166	△38.0 %	5,600	△56.5 %

	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2010	30.00	—
Fiscal 2009	34.85	—

(2) Non-consolidated Financial Position (¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
Fiscal 2010	228,869	131,245	57.3	816.69
Fiscal 2009	196,208	125,613	64.0	781.63

Note: Equity: March 31, 2010: ¥131,245 million; March 31, 2009: ¥125,613 million

2. Forecast of Non-consolidated Results for Fiscal 2011 (April 1, 2010 to March 31, 2011)

(¥ millions; the percentage figures represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
First half	108,000	17.6%	6,500	217.8%	10,000	111.9%	6,000	71.4 %	37.34
Full year	217,500	1.9%	13,500	△12.2 %	19,000	△9.8%	11,500	138.6 %	71.56

*Explanations concerning proper use of forecast of operating results and other noteworthy matters

The above forecasts are based on information available at the time of release of this report. Actual results could differ from forecasts due to a variety of factors.

1. Results of Operations

(1) Analysis of Operations

During fiscal 2010, the period under review, economic activity reached a considerable standstill in Japan, the U.S., Europe and other developed countries due to the global financial turmoil continuing from the fall of 2008. Despite signs of recovery in some countries reflecting the implementation of various economic policies, the future of the global economy was unclear.

In the auto industry, domestic demand declined and exports decreased as the recovery impetus remained weak despite the worst period having passed after the introduction of such measures in Japan and overseas as reduced taxes for eco-cars and scrap incentives. As a result, unit automobile production in Japan decreased over 10% year on year. Overseas, although automobile production began to expand in China and some other emerging countries, production still did not recover in many regions, especially North America and Europe where production was significantly cut back. As a result, overall worldwide unit automobile production declined year on year.

In this climate, the Koito Group succeeded in achieving record high levels of operating income and recurring profit as a result of forcefully extending cost-cutting measures throughout the Group. However, losses were incurred on the sale of marketable securities and from damage to the principal of marketable securities, held by the Koito Group. Furthermore, consolidated subsidiary KOITO INDUSTRIES, LIMITED. caused grave concern and inconvenience to shareholders and other involved parties by its entanglement in an irregularity regarding aircraft seats. The Koito Group has sincerely accepted its responsibility for the occurrence of this incident and has deeply reflected upon it. As a result, the entire Group is now working to further strengthen its corporate governance after compliance systems.

For the fiscal year under review, the Koito Group reported consolidated net sales of ¥408.4 billion, an increase of 2.0%. This was due to a return to increased sales in the mainstay automotive lighting equipment segment that reflected a gentle recovery in automobile production from the second half of the year under review.

Results by business segment are outlined as follows:

〔Automotive Lighting Equipment〕

Segment sales rose 6.7% to ¥338.4 billion. Unit automobile production cutbacks were implemented in Japan, North America, Europe and other regions of the world, but there were increased orders for the Koito Group for products for hybrid cars and other environmentally friendly vehicles.

〔Non-Automotive Electrical Equipment〕

Segment sales decreased 2.6% to ¥43.1 billion, reflecting decreased sales of lighting equipment, train and railway equipment and certain other products, despite increased sales of information system equipment, etc.

〔Other Products & Services〕

Segment sales were ¥26.7 billion, down 30.9% from the previous fiscal year due to lower sales of aircraft seats and other products despite steady sales of railroad car seats.

On the earnings front, Koito faced a business environment that included a minimum of reduced automobile production in Japan and overseas due to the effect of automobile sales promotion measures. Together with Group companies, Koito implemented quality improvement activities, curbed capital expenditures and endeavored to rationalize, especially by strengthening cost-cutting measures, including the temporary closure of plants. As a result, operating income increased 294.8% year on year to ¥36.0 billion and recurring profit rose 288.0% to ¥35.9 billion. These figures are record high.

Net income increased 53.8% year on year to ¥6.2 billion due to the reversal of deferred tax assets, despite losses incurred on the sale of marketable securities and from damage to the principal of marketable securities, held by the Koito Group, and the payment of damages associated with an irregularity regarding aircraft seats.

(2) Analysis of Financial Position

－1. Balance sheet

Total assets as of March 31, 2010 increased ¥5.6 billion from March 31, 2009 to ¥357.5 billion. This increase was mainly the result of a ¥38.2 billion increase in current assets, mainly cash and time deposits, and trade notes and accounts receivable, offset by a ¥32.5 decrease in fixed assets, mainly a decrease in property, plant and equipment accompanying curbs in capital investments and a decline in investment securities.

Total liabilities increased ¥2.5 billion from March 31, 2009 to ¥179.9 billion, reflecting an increase in trade notes and accounts payable despite some loan repayments.

Total net assets increased ¥3.1 billion from March 31, 2009 to ¥177.6 billion. This was attributable to an increase in retained earnings resulting from the net income of ¥6.2 billion.

－2. Cash flows

Operating activities provided net cash of ¥48.4 billion. Cash of ¥52.7 billion, mainly reflecting income before income taxes of ¥13.7 billion and depreciation of ¥24.2 billion, was partly offset by income taxes paid.

Investing activities used net cash of ¥16.8 billion, primarily reflecting capital investments in production of automotive lighting equipment.

Financing activities used net cash of ¥20.9 billion, the result mainly of ¥17.3 billion for loan repayments and a ¥3.5 billion total dividend payment.

As a result, cash and cash equivalents as of March 31, 2010 were ¥30.1 billion, ¥10.5 billion higher than at March 31, 2009.

(3) Basic Earnings Distribution Policies and Dividend Payments for Fiscal 2010 and Fiscal 2011

The economic climate in Japan and overseas remains one of deteriorating corporate earnings and worsening employment conditions resulting from the global financial crisis and fluctuating share prices and exchange rates, despite indications that business conditions are partially picking up. Koito continues to face a severe operating environment.

In these circumstances, the Koito Group is working to strengthen order-winning activities, improve productivity, improve its mutual complementary supply network and structure, realign business scales in proportion to changes in production volumes, and forcefully extend cost-cutting measures, with the goal of improving operating results.

As regards Koito’s forecast of results for fiscal 2011, the fiscal year ending March 31, 2011, we expect net sales to be on par with the previous fiscal year due to the impact of exchange-rate conversions amid expanded orders centered on hybrid cars and other environmentally friendly vehicles and increased sales of new products.

On the earnings front, we forecast falls in operating income and recurring profit, reflecting the increased expense associated with the aircraft seat irregularity, despite improved productivity since last year and our forceful actions to extend our cost-cutting measures in Japan and overseas, including reducing business costs and curbing capital investments. We expect net income to increase year on year, reflecting the decrease in extraordinary losses associated with marketable securities.

For the first two quarters of the fiscal year under review, Koito paid a dividend to shareholders of ¥8 per share, which is the same as the year-end dividend for the previous year. Although our future operating environment remains uncertain, Koito plans to propose a year-end dividend for the fiscal year under review of ¥10, which is an increase of ¥2 from the previous year, to pay a stable dividend in line with operating results.

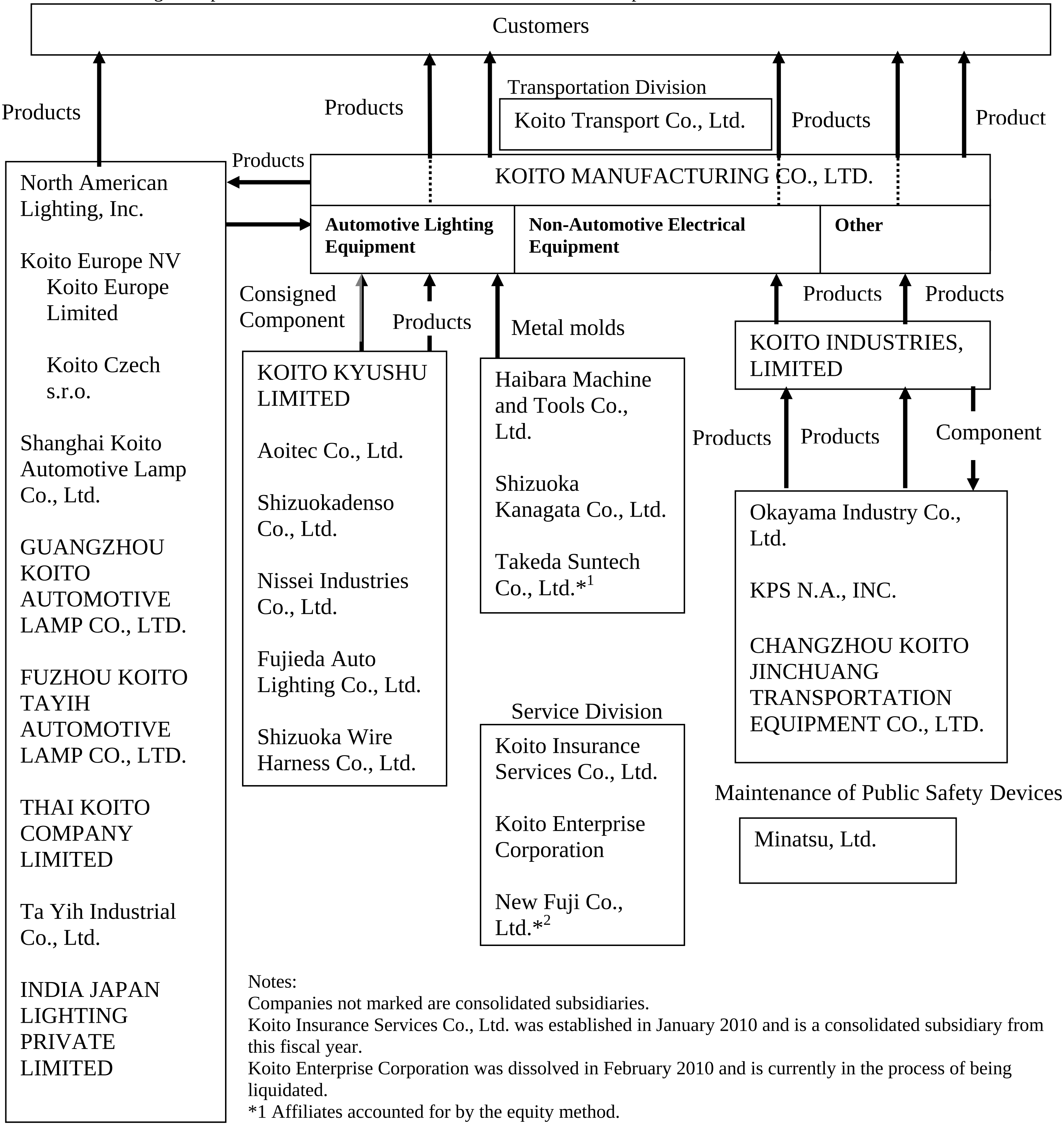
Including the interim dividend, this would result in a full year dividend of ¥18 applicable to fiscal 2010, ¥2 per share lower than fiscal 2009. Looking ahead, we will continue our efforts to achieve even higher earnings to meet the expectations of all shareholders.

The full year dividend for fiscal 2011, the fiscal year ending March 31, 2011, is currently undecided.

2. Koito Group

The Koito Group comprises KOITO MANUFACTURING CO., LTD., its 26 subsidiaries and 2 affiliates. The Group manufactures and sells automobile lights, components for airplanes, trains and railways, and a variety of electrical devices and measuring equipment. The Koito Group is also involved in related financial and distribution operations.

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



Notes:
Companies not marked are consolidated subsidiaries.
Koito Insurance Services Co., Ltd. was established in January 2010 and is a consolidated subsidiary from this fiscal year.
Koito Enterprise Corporation was dissolved in February 2010 and is currently in the process of being liquidated.
*1 Affiliates accounted for by the equity method.
DOROKEISO CO., LTD., an affiliate accounted for by the equity method, was liquidated in May 2009 and so excluded from the scope of affiliated companies accounted for by the equity method.
*2 Non-consolidated subsidiary.

3. 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 with all stakeholders, including shareholders, customers, employees and business partners.

The Koito Group addresses CSR (corporate social responsibility) and other issues by engaging in environmental preservation measures and social contribution activities and also adheres to the policy of "manufacturing products that put people and the environment first" in all its business activities.

(2) Management Targets

Koito considers ROE and equity ratio to be important targets from the viewpoint of investment efficiency and corporate evaluation.

To sustain its business and pay stable dividends to shareholders, Koito strives to achieve its targets in an integrated manner to preserve earnings.

Koito aims to strengthen and refine its corporate structure to enable it to respond with agility to future changes in the business environment, develop new technologies and products, and streamline operations. In doing so, Koito will strive to meet shareholders' expectations by expanding its business in the medium and long-term, improving performance and paying stable dividends.

(3) Medium- and Long-Term Management Strategies

Under its corporate slogan of "Lighting for Your Safety," the Koito Group, as a manufacturer of automotive lighting and electrical equipment, is committed to playing a part in creating a better society through the creation of new value sought by customers. Strategies for taking Koito forward are as follows:

－1. As a global supplier capable of meeting the needs of automobile manufacturers seeking to expand production, procurement and supply networks to optimal locations worldwide, the Koito Group will further reinforce the product development, manufacturing and sales functions of its overseas bases while establishing a system to respond to the world's four key regional automobile markets (Japan, North America, Europe and Asia). This will include promoting a complementary supply structure and network within the Group.

－2. The Koito Group will bring attractive products to market in good time by developing cutting-edge technologies that stay ahead of customer and market needs, and commercializing products at the earliest opportunity.

－3. The Koito Group will pursue the highest standards of quality and safety, and enforce strict environmental safeguards.

－4. The Koito Group will reinforce its corporate and earnings structure by acquiring and effectively allocating resources.

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

(4) Key Issues

As a global supplier, the Koito Group is working to realign and reinforce its management framework and organization to be able to respond flexibly to worldwide trends in the automobile industry, to establish development, production and sales systems, and enhance internal controls on corporate activities.

In this context, Koito is building a stronger management structure. Key to this will be developing innovative new technologies and products that anticipate market and customer needs, shortening development times, increasing environmental preservation measures, adjusting production capacity based on orders received, increasing productivity and implementing cost cutting measures throughout the Group. Improving quality, allocating resources effectively and establishing a complementary structure for doing so are also of paramount importance.

As regards internal controls, to ensure that the Koito Group remains trusted by shareholders and all other stakeholders, Koito recognizes the importance of corporate ethics, and is enhancing corporate governance and strengthening compliance to ensure sound management, and transparent and fair management decision-making and business execution.

4. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

① Consolidated Balance Sheet

(¥ millions)

	Fiscal 2009 As of March 31, 2009	Fiscal 2010 As of March 31, 2010
Assets		
Current assets:		
Cash and time deposits	18,168	36,835
Trade notes and accounts receivable	70,209	86,937
Marketable securities	6,758	5,097
Inventories	37,452	42,153
Deferred income tax assets	4,138	6,238
Other current assets	8,324	18,274
Less: Allowance for doubtful accounts	△1,089	△13,320
Total current assets	143,962	182,216
Fixed assets:		
Property, plant and equipment		
Buildings and structures (net)	35,219	32,747
Machinery and transportation equipment (net)	36,537	29,840
Fixtures, equipment and tools (net)	11,485	10,665
Land	12,928	13,206
Construction in progress	2,286	1,530
Total property, plant and equipment	98,458	87,989
Intangible fixed assets	1,498	1,745
Investments and other assets:		
Investment securities	90,456	75,384
Loans	595	207
Deferred income tax assets	14,578	7,949
Other investments	2,553	2,272
Less: Allowance for doubtful accounts	△234	△234
Total investments and other assets	107,949	85,578
Total fixed assets	207,906	175,314
Total assets	351,869	357,530

(¥ millions)

	Fiscal 2009 As of March 31, 2009	Fiscal 2010 As of March 31, 2010
Liabilities		
Current liabilities:		
Notes and accounts payable	57,641	75,174
Short-term loans	43,737	35,714
Accrued expenses	16,205	15,769
Income taxes payable	841	3,305
Allowance for employees’ bonuses	4,836	4,754
Allowance for directors’ and corporate auditors’ bonuses	329	322
Reserve for product warranties	1,400	1,400
Other current liabilities	5,880	6,264
Total current liabilities	130,871	142,704
Non-current liabilities:		
Long-term debt	17,198	6,967
Allowance for employees’ retirement benefits	26,740	27,999
Allowance for directors’ and corporate auditors’ retirement benefits	1,768	1,486
Other non-current liabilities	805	755
Total non-current liabilities	46,512	37,209
Total liabilities	177,384	179,914
Net assets		
Shareholders’ equity:		
Common stock	14,270	14,270
Additional paid-in capital	17,107	17,107
Retained earnings	109,289	112,626
Treasury common stock, at cost	△66	△70
Total shareholders’ equity	140,601	143,934
Revaluations and translation adjustments:		
Valuation adjustment on investment securities	3,246	6,776
Translation adjustments	△1,664	△2,046
Total revaluations and translation adjustments	1,582	4,729
Minority interests	32,301	28,951
Total net assets	174,485	177,615
Total liabilities and net assets	351,869	357,530

② Consolidated Statement of Income for Fiscal 2010

(¥ millions)

	Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
Net sales	400,232	408,430
Cost of sales	355,703	339,072
Gross profit	44,529	69,357
Selling, general and administrative expenses:		
Selling expense	14,538	13,471
General and administrative expenses	20,859	19,831
Total selling, general and administrative expenses	35,397	33,303
Operating income	9,131	36,054
Non-operating income:		
Interest income	1,656	921
Dividends	650	414
Equity in earnings of affiliates	2	10
Other non-operating income	2,981	3,370
Total non-operating income	5,291	4,716
Non-operating expenses:		
Interest expenses	1,178	740
Aircraft business safety measures expenses	—	2,593
Other non-operating expenses	3,968	1,453
Total non-operating expenses	5,147	4,787
Recurring profit	9,275	35,983
Extraordinary gains:		
Gain on sales of investment securities	98	—
Others	62	0
Total extraordinary gains	160	0
Extraordinary losses:		
Loss on sales and disposal of property, plant and equipment	378	179
Surcharges and damages	3	3,641
Loss on sales of marketable securities	457	—
Loss on sales of investment securities	—	4,387
Loss on valuation of investment securities	—	885
Loss on abandonment of inventories	—	1,050
Provision for allowance for doubtful accounts	300	12,097
Bad debts expenses	272	—
Others	43	9
Total extraordinary losses	1,455	22,252
Income before income taxes	7,980	13,731
Income taxes	5,794	7,755
Income tax adjustment	△3,743	1,980
Total income taxes	2,051	9,736
Minority interest in consolidated subsidiaries	1,886	△2,222
Net income	4,042	6,217

③ Consolidated Changes in Shareholders' Equity

(¥ millions)

	Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
Shareholders' equity		
Common stock		
Balance at previous year-end	14,270	14,270
Changes during fiscal year		
Total changes during fiscal year	—	—
Balance at fiscal year-end	14,270	14,270
Additional paid-in capital		
Balance at previous year-end	17,107	17,107
Changes during fiscal year		
Total changes during fiscal year	—	—
Balance at fiscal year-end	17,107	17,107
Retained earnings		
Balance at previous year-end	110,980	109,289
Changes during fiscal year		
Dividends from retained earnings	△3,857	△2,571
Net income for the fiscal year	4,042	6,217
Decrease accompanying standardization of accounting treatment of overseas subsidiaries	△1,921	△309
Tax effect adjustments of previous years	44	—
Total changes during fiscal year	△1,691	3,336
Balance at fiscal year-end	109,289	112,626
Treasury common stock, at cost:		
Balance at previous year-end	△61	△66
Changes during fiscal year		
Purchases of treasury stock	△4	△4
Total changes during fiscal year	△4	△4
Balance at fiscal year-end	△66	△70
Total shareholders' equity		
Balance at previous year-end	142,297	140,601
Changes during fiscal year		
Dividends of retained earnings	△3,857	△2,571
Net income for the fiscal year	4,042	6,217
Purchases of treasury stock	△4	△4
Decrease accompanying standardization of accounting treatment of overseas subsidiaries	△1,921	△309
Tax effect adjustments of previous years	44	—
Total changes during fiscal year	△1,695	3,332
Balance at fiscal year-end	140,601	143,934

(¥ millions)

	Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
Revaluations and translation adjustments		
Valuation adjustment on investment securities		
Balance at previous year-end	10,292	3,246
Changes during fiscal year		
Changes in items other than shareholders’ equity during fiscal year (net)	△7,045	3,530
Total changes during fiscal year	△7,045	3,530
Balance at fiscal year-end	3,246	6,776
Translation adjustments		
Balance at previous year-end	△876	△1,664
Changes during fiscal year		
Changes in items other than shareholders’ equity during fiscal year (net)	△788	△382
Total changes during fiscal year	△788	△382
Balance at fiscal year-end	△1,664	△2,046
Total revaluations and translation adjustments		
Balance at previous year-end	9,415	1,582
Changes during fiscal year		
Changes in items other than shareholders’ equity during fiscal year (net)	△7,833	3,147
Total changes during fiscal year	△7,833	3,147
Balance at fiscal year-end	1,582	4,729
Minority interests		
Balance at previous year-end	32,635	32,301
Changes during fiscal year		
Changes in items other than shareholders’ equity during fiscal year (net)	△333	△3,349
Total changes during fiscal year	△333	△3,349
Balance at fiscal year-end	32,301	28,951
Total shareholders’ equity		
Balance at previous year-end	184,348	174,485
Changes during fiscal year		
Dividends of retained earnings	△3,857	△2,571
Net income for the fiscal year	4,042	6,217
Purchases of treasury stock	△4	△4
Decrease accompanying standardization of accounting treatment of overseas subsidiaries	△1,921	△309
Tax effect adjustments of previous years	44	—
Changes in items other than shareholders’ equity during fiscal year (net)	△8,167	△202
Total changes during fiscal year	△9,863	3,130
Balance at fiscal year-end	174,485	177,615

(3) Consolidated Statement of Cash Flows

(¥ millions)

	Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
Cash flows from operating activities		
Income before income taxes	7,980	13,731
Depreciation	26,716	24,296
Equity in earnings of affiliated companies	△2	△10
Provision for allowance for doubtful accounts	179	12,263
Provision for accrued retirement benefits	440	977
Provision for reserve for bonuses	301	239
Interest and dividends received	△2,306	△1,336
Interest payments	1,178	740
Loss on sale of marketable and investment securities	458	4,369
Loss on revaluation of marketable and investment securities	2	12,982
Loss on sale of property and equipment	658	180
Changes in trade notes and accounts receivable	24,390	△18,394
Changes in inventories	895	△4,989
Changes in other current assets	3,130	△10,151
Changes in trade notes and accounts payable	△18,876	18,057
Changes in accrued expenses and other current liabilities	△1,272	△287
Directors' and corporate auditors' bonuses paid	△397	△329
Others	△3,346	421
Sub total	40,128	52,761
Interest and dividends received	2,306	1,336
Interest paid	△1,178	△740
Income taxes paid	△9,985	△4,889
Net cash provided by operating activities	31,271	48,468
Cash flows from investing activities		
Payments into time deposits	△1,299	△8,619
Proceeds from time deposits	223	838
Payments for purchase of marketable and investment securities	△17,036	△6,563
Proceeds from sale of marketable and investment securities	15,679	11,994
Payments for purchase of property and equipment	△27,189	△14,447
Proceeds from/Payments for sale of/disposal of property and equipment	225	△102
Payments for new loans	△539	△465
Proceeds from loan repayments	553	814
Others	543	△254
Net cash used in investing activities	△28,840	△16,803
Cash flows from financing activities		
Increase or decrease in short-term loans	3,252	△19,576
Increase in long-term debt	6,869	15,685
Repayment of long-term debt	△4,140	△13,501
Payments for repurchase of treasury stock	△5	△4
Proceeds from sale of treasury stock	—	—
Dividends paid by parent company	△3,857	△2,572
Dividends paid to minority shareholders	△1,688	△978
Net cash provided by or used in financing activities	431	△20,946
Effect of exchange rate changes on cash and cash equivalents	103	△201
Change in cash and cash equivalents	2,964	10,518
Cash and cash equivalents at beginning of year	16,709	19,672
Cash and cash equivalents at end of year	19,672	30,189

Going Concern Assumption

None.

Significant Accounting Policies Used in Preparation of Consolidated Financial Statements

1. Scope of Consolidation

Number of consolidated subsidiaries: 26

Koito Insurance Services Co., Ltd. was established in the fiscal year under review and included in the scope of consolidation.

Koito Enterprise Corporation was dissolved in the fiscal year under review and is currently in the process of being liquidated.

2. Application of the Equity Method

Number of affiliates accounted for using the equity method: 1

Non-consolidated subsidiary New Fuji Co., Ltd. has been excluded from the scope of affiliated companies accounted for by the equity method as it has a negligible effect on the consolidated net income and retained earnings of the Koito Group.

DOROKEISO CO., LTD., an affiliate accounted for by the equity method, was liquidated in May 2009 and so excluded from the scope of affiliated companies accounted for by the equity method.

3. Fiscal Year of Consolidated Subsidiaries

The fiscal year-end of consolidated subsidiaries KOITO KYUSHU LIMITED, KOITO INDUSTRIES, LIMITED, Koito Transport Co., Ltd., Minatsu, Ltd., Okayama Industry Co., Ltd. and INDIA JAPAN LIGHTING PRIVATE LIMITED 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 19 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: 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: 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: Cost determined by the moving average method.

(b) Derivatives: Market Value

(c) Specified money trusts: Market Value

(d) Inventories

Inventories are now mainly stated using the acquisition cost method, cost being determined by the weighted average method (the book value in the balance sheet is reduced when the profitability has declined).

(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 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 comprises 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) Allowance for directors’ and corporate auditors’ bonuses:

At the Company and certain domestic consolidated subsidiaries, an allowance is provided in the amount incurred in the fiscal year under review to pay bonuses to directors and corporate auditors as decided at the General Meeting of Shareholders.

(d) 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.

(e) 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.

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.

(f) 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 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 hedging

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.

(6) Accounting treatment of consumption tax

Financial statements are prepared exclusive of consumption taxes.

5. Valuation of Assets and Liabilities of Consolidated Subsidiaries

Assets and liabilities of consolidated subsidiaries are valued at market price.

6. Amortization of Goodwill and Negative Goodwill

Goodwill is amortized by the straight-line method over a 5-year period.

7. 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 To Consolidated Financial Statements

(¥ millions)

	Fiscal 2009 As of March 31, 2009	Fiscal 2010 As of March 31, 2010
1. Cumulative depreciation of property, plant and equipment	201,012	213,743
2. Liabilities for guarantees	6	6

3. Selling, general and administrative expenses

(¥ millions)

	Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
(1)Selling expenses		
Freight expenses	3,010	2,672
Employee salaries	5,062	4,517
Packaging expenses	2,047	1,691
Transfer to allowance for bonuses	513	489
Retirement benefit expenses	440	529
(2)General and administrative expenses		
Employee salaries	6,050	5,768
Fringe benefits expenses	1,821	1,726
Transfer to allowance for bonuses	530	496
Transfer to allowance for directors' bonuses	329	322
Retirement benefit expenses	501	665
Transfer to allowance for directors' retirement benefits	252	230

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

(¥ millions)

	Fiscal 2009 As of March 31, 2009	Fiscal 2010 As of March 31, 2010
Cash and deposits	18,168	36,835
Time deposits with maturities exceeding three months	△1,388	△9,172
Marketable securities redeemable within three months	2,892	2,526
Cash and cash equivalents	19,672	30,189

Segment Information

(1) Industry Segment Information
Fiscal 2009 (April 1, 2008 to March 31,2009)

(¥ millions)

	Automotive Lighting Equipment	Non-Automotive Electrical Equipment	Other Products & Services	Total	Corporate and elimination	Consolidated total
I. Sales and operating income Net sales						
(1) Sales to outside customers	317,208	44,292	38,732	400,232	—	400,232
(2) Inter-segment sales and transfers	96,527	1,951	14,732	113,211	(113,211)	—
Total	413,735	46,243	53,464	513,444	(113,211)	400,232
Operating expenses	407,211	43,367	52,058	502,636	(111,535)	391,100
Operating income or loss	6,524	2,876	1,406	10,807	(1,676)	9,131
II. Assets, depreciation, impairment losses and capital expenditures						
Assets	195,716	50,670	56,154	302,540	49,329	351,869
Depreciation	24,325	1,048	1,275	26,648	68	26,716
Capital expenditures	29,200	1,353	611	31,164	—	31,164

Fiscal 2010 (April 1, 2009 to March 31,2010)

(¥ millions)

	Automotive Lighting Equipment	Non-Automotive Electrical Equipment	Other Products & Services	Total	Corporate and elimination	Consolidated total
I. Sales and operating income Net sales						
(1) Sales to outside customers	338,499	43,160	26,770	408,430	—	408,430
(2) Inter-segment sales and transfers	102,257	2,011	12,925	117,195	(117,195)	—
Total	440,757	45,172	39,696	525,625	(117,195)	408,430
Operating expenses	409,742	40,587	38,884	489,213	(116,837)	372,375
Operating income or loss	31,015	4,584	811	36,411	(357)	36,054
II. Assets, depreciation, impairment losses and capital expenditures						
Assets	221,965	47,284	22,880	292,129	65,401	357,530
Depreciation	22,235	1,269	700	24,204	92	24,296
Capital expenditures	14,564	705	488	15,757	—	15,757

Notes:
1. Industry segment figures are based on sales categories.
2. Major products of each division
(1) Automotive Lighting Equipment: LED headlamps, discharge headlamps, headlamps, miscellaneous car lamps, rear lamps, indicators, high-mount stop lamps and halogen bulbs, various miniature bulbs and other lighting products.
(2) Non-Automotive Electrical Equipment: Control systems for rail transports, road traffic signals, and traffic control systems.
(3) Other Products & Services: Aircraft lights and electronic components, headlamp cleaners, aircraft and train seats, environmental control systems, transportation, finance and insurance services.
3. Significant components of corporate and elimination (¥ millions)

	Fiscal 2009 (April 1, 2008 to March 31, 2009)	Fiscal 2010 (April 1, 2009 to March 31, 2010)	Significant Items
Unallocated operating expenses in corporate and elimination	3,421	3,358	Expenses related to the General Affairs Department of the parent company's head office

4. Assets at March 31, 2010 include ¥65,401 million that was included in corporate and elimination as corporate assets. These comprise mainly surplus operational funds at the parent company (cash, deposits and marketable securities), long-term investments (investment securities) and assets relating to administrative divisions.

(2) Geographic Segment Information

Fiscal 2009 (April 1, 2008 to March 31, 2009)

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
I. Sales and operating income Net sales							
(1) Sales to outside customers	263,359	42,447	77,324	17,101	400,232	—	400,232
(2) Inter-area sales and transfers	88,130	71	8,709	16,299	113,211	(113,211)	—
Total	351,490	42,518	86,034	33,401	513,444	(113,211)	400,232
Operating expenses	341,027	44,106	80,254	37,248	502,636	(111,535)	391,100
Operating income or loss	10,463	△1,587	5,779	△3,846	10,807	(1,676)	9,131
II. Assets	211,161	24,114	54,362	12,903	302,540	49,329	351,869

Fiscal 2010 (April, 2009 to March 31, 2010)

(¥ millions)

	Japan	North America	Asia	Europe	Total	Corporate and elimination	Consolidated total
I. Sales and operating income Net sales							
(1) Sales to outside customers	253,591	45,171	95,744	13,923	408,430	—	408,430
(2) Inter-area sales and transfers	98,111	49	5,542	13,491	117,195	(117,195)	—
Total	351,702	45,220	101,287	27,414	525,625	(117,195)	408,430
Operating expenses	326,308	41,087	92,102	29,714	489,213	(116,837)	372,375
Operating income or loss	25,393	4,133	9,185	△2,300	36,411	(357)	36,054
II. Assets	195,338	20,129	63,897	12,765	292,129	65,401	357,530

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, Thailand and India
   (3) Europe: United Kingdom, Czech Republic and Belgium
3. Significant components of corporate and elimination are as follows:

(¥ millions)

	Fiscal 2009 (April 1, 2008 to March 31, 2009)	Fiscal 2010 (April 1, 2009 to March 31, 2010)	Significant Items
Unallocated operating expenses in corporate and elimination	3,421	3,358	Expenses related to the General Affairs Department of the parent company's head office

(3) Overseas Sales

Fiscal year ended March 31, 2009

(¥ millions)

	North America	Asia	Europe	Total
I. Overseas sales	47,963	76,878	18,279	143,120
II. Consolidated sales				400,232
III. Overseas sales ratio (%)	12.0 %	19.2 %	4.6 %	35.8 %

Fiscal year ended March 31, 2009

(¥ millions)

	North America	Asia	Europe	Total
I. Overseas sales	48,999	93,532	14,371	156,903
II. Consolidated sales				408,430
III. Overseas sales ratio (%)	12.0 %	22.9 %	3.5 %	38.4 %

Notes:

1. Countries 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, Thailand and India
   (3) Europe: United Kingdom, Czech Republic and Belgium
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. Financial Lease Transactions
The Company applies the accounting method for ordinary operating lease transactions to financial leases (lessee) other than those that transfer ownership rights that started before March 31, 2008. Details are shown in the following table.

① Acquisition cost equivalents, accumulated depreciation equivalents and year-end balance equivalents of leased assets

(¥ millions)

		Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
Acquisition cost equivalents	Buildings	3,077	3,077
	Machinery and transportation equipment	1,545	1,065
	Tools and equipment	400	275
	Total	5,023	4,418
Accumulated depreciation equivalents	Buildings	465	542
	Machinery and transportation equipment	1,020	707
	Tools and equipment	273	192
	Total	1,759	1,442
Year-end balance equivalents	Buildings	2,612	2,535
	Machinery and transportation equipment	524	357
	Tools and equipment	127	82
	Total	3,264	2,976

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 Year-end balances of outstanding lease commitments

(¥ millions)

	Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
Within one year	310	278
More than one year	2,954	2,698
Total	3,264	2,976

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)

	Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
Lease charge payable	440	318
Depreciation equivalents	440	318

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)

	Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
Outstanding lease commitments		
Within one year	160	138
More than one year	362	300
Total	522	439

Transactions with Related Parties

(Fiscal 2010, April 1, 2009 to March 31, 2010)

(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	Resulting account balances
Major corporate shareholder	Toyota Motor Corporation	Toyota 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	93,191	Trade Receivables	14,857
								Purchase of materials	3,945	Trade payables	845

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	Resulting account balances
Affiliates	Takeda Suntech Co., Ltd.	Shizuoka City, Shizuoka Prefecture	15	Manufacture of dies for resin molded parts	Direct control: 20%	Director: 1	Purchase of dies for resin moldings	Purchase of dies for resin moldings	1,485	Trade payables	372
								Supply of materials	59	Trade receivables -Other	2

Note: Resulting account balances are exclusive of consumption tax

Deferred Tax Accounting

Significant components of deferred tax assets and liabilities

(¥ millions)

	Fiscal 2010 As of March 31, 2010
Deferred income tax assets	
Excess accrued employees' bonus	1,900
Excess accrued employees' retirement benefits	11,166
Disallowed retirement allowance to directors	604
Excess depreciation, other	1,115
Loss on revaluation of investment securities, other	873
Reserve for liability claims	1,246
Loss on revaluation of land	496
Reserve for product warranties	558
Allowance for doubtful accounts	3,746
Loss carry forward	5,398
Other	3,331
Subtotal of deferred income tax assets	30,438
Valuation allowance	△11,110
Total deferred income tax assets	19,328
Deferred income tax liabilities	
Reserve for reduction of asset costs	△514
Valuation adjustment on investment securities	△4,625
Total deferred income tax liabilities	△5,140
Net deferred income tax assets	14,187

Marketable Securities

(Marketable securities as of March 31, 2009)

1. Securities held for trading purposes (¥ millions)

Book Value on consolidated financial statements	Unrealized gains/losses included in/charged to income in the current accounting period of consolidation
3,052	0

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	800	801	1
	(2) Corporate bonds	—	—	—
	(3) Others	6,796	6,938	141
	Subtotal	7,596	7,739	143
Securities with unrealized losses carried on consolidated balances sheets	(1) Japanese government bonds and municipal bonds	189	186	△3
	(2) Corporate bonds	—	—	—
	(3) Others	55,800	45,627	△10,172
	Subtotal	55,989	45,813	△10,176
Total		63,586	53,553	△10,033

3. Other listed securities (¥ millions)

	Type of security	Acquisition cost	Book Value	Difference
Securities with unrealized gains carried on consolidated balance sheets	(1) Equity securities	2,259	4,582	2,322
	(2) Bonds			
	①Japanese government bonds and municipal bonds	—	—	—
	②Corporate bonds	494	498	3
	③Other bonds	—	—	—
	(3) Other securities	3,423	3,444	20
	Subtotal	6,177	8,525	2,347
Securities with unrealized losses carried on consolidated balances sheets	(1) Equity securities	9,384	4,956	△4,428
	(2) Bonds			
	①Japanese government bonds and municipal bonds	—	—	—
	②Corporate bonds	1,220	897	△322
	③Other bonds	4,500	3,496	△1,003
	(3) Other securities	1,073	866	△207
	Subtotal	16,179	10,216	△5,963
Total		22,357	18,741	△3,615

4. Other securities sold during fiscal 2009(April 1, 2008 to March 31, 2009) (¥ millions)

Sales	Total gains on sales	Total losses on sales
5,179	103	457

5. Schedule of non-listed securities (¥ millions)

Type of security	Book Value	Details
(1) Bonds held to maturity Foreign bonds without market quotation	34	
(2) Other securities Equity securities without market quotation	4,711	
Investments	463	
Total	5,208	

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	500	490	—	—
(2) Corporate bonds	498	98	500	298
(3) Other bonds	10,263	9,500	—	46,363
2. Other securities	943	2,501	531	—
Total	12,205	12,589	1,032	46,662

Marketable securities as of March 31, 2010

1. Securities held for trading purposes (¥ millions)

Book Value on consolidated financial statements	Unrealized gains/losses included in/charged to income in the current accounting period of consolidation
531	—

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	89	90	0
	(2) Corporate bonds	—	—	—
	(3) Others	3,000	3,025	25
	Subtotal	3,089	3,115	25
Securities with unrealized losses carried on consolidated balances sheets	(1) Japanese government bonds and municipal bonds	99	99	0
	(2) Corporate bonds	—	—	—
	(3) Others	44,920	38,081	△6,839
	Subtotal	45,020	38,181	△6,839
Total		48,110	41,296	△6,813

3. Other listed securities (¥ millions)

	Type of security	Acquisition cost	Book Value	Difference
Securities with unrealized gains carried on consolidated balance sheets	(1) Equity securities	4,777	10,424	5,646
	(2) Bonds			
	①Japanese government bonds and municipal bonds	—	—	—
	②Corporate bonds	285	296	11
	③Other bonds	—	—	—
	(3) Other securities	794	795	0
	Subtotal	5,857	11,515	5,658
Securities with unrealized losses carried on consolidated balances sheets	(1) Equity securities	4,603	2,914	△1,689
	(2) Bonds			
	①Japanese government bonds and municipal bonds	—	—	—
	②Corporate bonds	712	645	△66
	③Other bonds	3,976	3,134	△842
	(3) Other securities	1,062	961	△101
	Subtotal	10,355	7,655	△2,700
Total		16,213	19,170	2,957

4. Other securities sold during fiscal 2010 (¥ millions)

Sales	Total gains on sales	Total losses on sales
4,200	—	17

5. Schedule of non-listed securities (¥ millions)

Type of security	Book Value	Details
(1) Bonds held to maturity		
Foreign bonds without market quotation	53	
(2) Other securities		
Equity securities without market quotation	4,531	
Investments	131	
Total	4,715	

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	99	—	—	—
(2) Corporate bonds	100	195	277	368
(3) Other bonds	6,216	265	—	44,568
2. Other securities	661	—	632	—
Total	7,078	461	909	44,936

Retirement Benefits

1. Retirement benefit plan

Retirement benefit plans adopted by the Company and its consolidated subsidiaries

The Company and its consolidated subsidiary KOITO INDUSTRIES, LIMITED. offer defined benefit plans that include a fund-type corporate pension plans and lump-sum retirement benefit plans. Other domestic consolidated subsidiaries offer qualified retirement pension plans and lump-sum retirement benefit plans. Certain overseas subsidiaries offer defined contribution retirement plans.

2. Matters concerning retirement benefit obligations

(¥ millions)

	Fiscal 2009 As of March 31, 2009	Fiscal 2010 As of March 31, 2010
a. Projected benefit obligations	△57,290	△56,994
b. Plan assets	27,822	23,261
c. Unfunded pension liabilities (a+b)	△29,467	△33,732
d. Unrecognized net transition obligation	—	—
e. Unrecognized actuarial differences	2,727	5,733
f. Accrued retirement benefits on balance sheet (c+d+e)	△26,740	△27,999
g. Allowance for retirement benefits	△26,740	△27,999

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

3. Matters concerning retirement benefit expenses

(¥ millions)

	Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
a. Service cost *1 *2	2,455	2,556
b. Interest cost	1,124	1,134
c. Expected return on plan assets	△536	△459
d. Amortization of transitional obligation	—	—
e. Actuarial loss	734	2,044
f. Net periodic cost (a+b+c+d+e)	3,777	5,276

Notes:

1. Excludes employees' contributions to the fund-type corporate pension plan.
2. Retirement benefit expenses of consolidated subsidiaries using the simplified method are recorded in "a. Service cost".

4. Basis of calculation of retirement benefit obligations

a. Method of distribution of estimated retirement benefit costs	Fixed amount
b. Discount rate	2.0%
c. Expected rate of return	2.0%
d. Duration of amortization of past period liabilities	Certain number of years (5-10), not exceeding average residual years to retirement
e. Duration of amortization of actuarial differences	Certain number of years (5-10), not exceeding average residual years to retirement
f. Duration of amortization of net transitional obligation	—

Per Share Information

	Fiscal 2009	Fiscal 2010
Net assets per share	¥884.74	¥925.08
Net income per share	¥25.16	¥38.69

Net income per share after adjustment for dilution is not shown for both fiscal 2010 and fiscal 2009 because although treasury-stock stock options were introduced and there is treasury stock, after adjustment there is no dilution effect.

The following shows the basis for calculation of net income per share.

	Fiscal 2009	Fiscal 2010
Net income	¥4,042 million	¥6,217 million
Amount not attributable to common stock	— million	— million
Net income associated with common stock	¥4,042 million	¥6,217 million
Average number of shares outstanding during the period	160,709,665 shares	160,705,337 shares

Significant Subsequent Events

None

(Omission of Notes)

Notes regarding “financial products,” “derivative transactions,” “stock options,” “business combinations,” “asset retirement obligations” and “real estate for leasing” have been omitted, as there is no significant necessity of disclosure in this earnings report.

5. Non-consolidated Financial Statements, etc.
(1) Non-consolidated Financial Statements
① Non-consolidated Balance Sheet

(¥ millions)

	Fiscal 2009 As of March 31, 2009	Fiscal 2010 As of March 31, 2010
Assets		
Current assets:		
Cash and time deposits	5,854	19,114
Notes receivable	378	433
Accounts receivable	31,090	47,298
Marketable securities	1,000	3,098
Finished products	4,221	4,544
Work in progress	772	811
Raw materials and supplies	4,596	3,866
Accrued income	1,650	29,419
Short-term loans receivable	—	1,088
Deferred income tax assets	1,785	5,080
Other current assets	404	258
Less: Allowance for doubtful accounts	△84	△26,847
Total current assets	51,668	88,167
Fixed assets:		
Property, plant and equipment		
Buildings (net)	15,106	13,875
Structures (net)	1,100	937
Machinery (net)	4,529	2,757
Transportation equipment (net)	182	129
Fixtures, equipment and tools (net)	4,090	3,080
Land	7,030	7,030
Construction in progress	5	—
Total property, plant and equipment	32,046	27,811
Intangible fixed assets:		
Telephone subscription rights	37	37
Other intangible fixed assets	96	89
Total intangible fixed assets	133	126
Investments and other assets:		
Investment securities	57,817	59,908
Shares of affiliated companies	32,779	30,679
Investments in affiliated companies	11,996	11,996
Loans	—	2,192
Deferred income tax assets	8,808	6,861
Guarantee deposits	642	644
Other investments	512	677
Less: Allowance for doubtful accounts	△196	△197
Total investments and other assets	112,360	112,763
Total fixed assets	144,540	140,702
Total assets	196,208	228,869

(¥ millions)

	Fiscal 2009 As of March 31, 2009	Fiscal 2010 As of March 31, 2010
Liabilities		
Current liabilities:		
Notes and accounts payable	29,959	44,344
Short-term loans	―	13,670
Accrued amount payables	1,733	567
Accrued expenses	8,927	8,358
Allowance for employees’ bonuses	3,457	3,357
Allowance for directors’ and corporate auditors’ bonuses	329	311
Reserve for product warranties	1,400	1,400
Income taxes payable	855	967
Other current liabilities	39	1,193
Total current liabilities	46,702	74,170
Non-current liabilities:		
Long-term debt	―	2,180
Allowance for employees’ retirement benefits	17,527	18,879
Allowance for directors’ and corporate auditors’ retirement benefits	1,363	1,047
Allowance for losses on overseas investments	5,000	1,345
Other non-current liabilities	2	2
Total non-current liabilities	23,892	23,454
Total liabilities	70,595	97,624
Net assets		
Shareholders’ equity:		
Common stock	14,270	14,270
Additional paid-in capital		
Capital reserve	17,107	17,107
Total additional paid-in capital	17,107	17,107
Retained earnings		
Profit reserve	3,567	3,567
Other retained earnings		
Reserve for reductions of asset costs	790	775
Other reserve	80,000	80,000
Retained earnings brought forward	6,348	8,613
Total retained earnings	90,707	92,956
Treasury common stock, at cost	△66	△70
Total shareholders’ equity	122,019	124,265
Revaluations and translation adjustments:		
Valuation adjustment on investment securities	3,593	6,980
Total revaluations and translation adjustments	3,593	6,980
Total net assets	125,613	131,245
Total liabilities and net assets	196,208	228,869

② Non-consolidated Statement of Income

(¥ millions)

	Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
Net sales	214,471	213,499
Cost of sales		
Inventories of semi-finished goods at year-start	5,011	4,221
Cost of manufacturing semi-finished goods during the year	185,415	179,724
Purchases of goods during the year	3,717	3,043
Total	194,144	186,989
Goods transfer to/from other account	79	1,389
Inventories of semi-finished goods at year-end	4,221	4,544
Total cost of sales	189,843	181,056
Gross profit	24,627	32,442
Selling, general and administrative expenses:		
Selling expense	9,260	8,783
General and administrative expenses	8,946	8,278
Total selling, general and administrative expenses	18,206	17,061
Operating income	6,421	15,381
Non-operating income:		
Interest income	26	38
Marketable securities interest income	1,247	654
Dividend income	2,916	1,653
Royalty income, other	1,919	1,889
Rent income	506	580
Miscellaneous income	217	1,048
Total non-operating income	6,833	5,865
Non-operating expenses:		
Interest payments	—	15
Miscellaneous expenses	88	166
Total non-operating expenses	88	181
Recurring profit	13,166	21,064
Extraordinary gains		
Reversal of allowance for overseas investment losses	—	3,655
Total extraordinary gains	—	3,655
Extraordinary losses:		
Allowance for losses on overseas investments	3,500	—
Loss on sale and disposal of fixed assets	250	106
Loss on valuation of stocks of affiliates	—	3,685
Provision of allowance for doubtful accounts	—	15,650
Loss on valuation of investment securities	—	828
Total extraordinary losses	3,750	20,271
Income before income taxes	9,415	4,448
Income taxes	5,220	3,226
Income tax adjustment	△1,404	△3,598
Total income taxes	3,815	△371
Net income	5,600	4,820

③ Non-consolidated Changes in Shareholders' Equity

(¥ millions)

	Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
Shareholders' equity		
Common stock		
Balance at previous year-end	14,270	14,270
Changes during fiscal year		
Total changes during fiscal year	—	—
Balance at fiscal year-end	14,270	14,270
Additional paid-in capital		
Capital reserve		
Balance at previous year-end	17,107	17,107
Changes during fiscal year		
Total changes during fiscal year	—	—
Balance at fiscal year-end	17,107	17,107
Total additional paid-in capital		
Balance at previous year-end	17,107	17,107
Changes during fiscal year		
Total changes during fiscal year	—	—
Balance at fiscal year-end	17,107	17,107
Retained earnings		
Profit reserve		
Balance at previous year-end	3,567	3,567
Changes during fiscal year		
Total changes during fiscal year	—	—
Balance at fiscal year-end	3,567	3,567
Other retained earnings		
Reserve for reductions of asset costs		
Balance at previous year-end	826	790
Changes during fiscal year		
Reversal of reductions of replaced assets	△36	△15
Total changes during fiscal year	△36	△15
Balance at fiscal year-end	790	775
Other reserve		
Balance at previous year-end	70,000	80,000
Changes during fiscal year		
Provision of general reserve	10,000	—
Total changes during fiscal year	10,000	—
Balance at fiscal year-end	80,000	80,000
Retained earnings brought forward		
Balance at previous year-end	14,569	6,348
Changes during fiscal year		
Reversal of reserve for reductions of asset costs	36	15
Provision of general reserve	△10,000	—
Dividends of retained earnings	△3,857	△2,571
Net income	5,600	4,820
Purchases of treasury stock	—	—
Total changes during fiscal year	△8,220	2,264
Balance at fiscal year-end	6,348	8,613

(¥ millions)

	Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
Total retained earnings		
Balance at previous year-end	88,963	90,707
Changes during fiscal year		
Dividends of retained earnings	△3,857	△2,571
Net income	5,600	4,820
Purchases of treasury stock	—	—
Total changes during fiscal year	1,743	2,249
Balance at fiscal year-end	90,707	92,956
Treasury stock		
Balance at previous year-end	△61	△66
Changes during fiscal year		
Purchases of treasury stock	△4	△4
Total changes during fiscal year	△4	△4
Balance at fiscal year-end	△66	△70
Total shareholders' equity		
Balance at previous year-end	120,280	122,019
Changes during fiscal year		
Dividends of retained earnings	△3,857	△2,571
Net income	5,600	4,820
Purchases of treasury stock	△4	△4
Total changes during fiscal year	1,739	2,245
Balance at fiscal year-end	122,019	124,265
Revaluations and translation adjustments		
Valuation adjustment on investment securities		
Balance at previous year-end	10,008	3,593
Changes during fiscal year		
Changes in items other than shareholders' equity during fiscal year (net)	△6,415	3,387
Total changes during fiscal year	△6,415	3,387
Balance at fiscal year-end	3,593	6,980
Total revaluations and translation adjustments		
Balance at previous year-end	10,008	3,593
Changes during fiscal year		
Changes in items other than shareholders' equity during fiscal year (net)	△6,415	3,387
Total changes during fiscal year	△6,415	3,387
Balance at fiscal year-end	3,593	6,980
Total net assets		
Balance at previous year-end	130,289	125,613
Changes during fiscal year		
Dividends of retained earnings	△3,857	△2,571
Net income	5,600	4,820
Purchases of treasury stock	△4	△4
Changes in items other than shareholders' equity during fiscal year (net)	△6,415	3,387
Total changes during fiscal year	△4,676	5,632
Balance at fiscal year-end	125,613	131,245

Going Concern Assumption

None.

Significant Accounting Policies Used in Preparation of Non-consolidated Financial Statements

1. Marketable securities

①Securities held for trading:	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:	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:	Cost determined by the moving-average method

2. Derivatives and other instruments

①Derivatives:	Market Value
②Money trusts:	Market Value

3. Valuation Standards and Methods for Inventories

Inventories are now mainly stated using the acquisition cost method, cost being determined by the weighted average method (the book value in the balance sheet is reduced when the profitability has declined).

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

(2) Allowances for bonuses

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

(3) Allowance for directors' and corporate auditors' bonuses

The Company provides an allowance for directors' and corporate auditors' bonuses to adequately cover payments of such bonuses during the accounting period under review. These bonus payments are subject to approval at the regular general meeting of shareholders.

(4) 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.

(5) 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.

(6) 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.

(7) Reserve for losses on overseas investments

The allowance for losses on overseas investments provides for possible losses, and takes into account the estimated credit loss for investment losses based on an individual assessment of country risk, foreign exchange risk and the financial soundness of overseas affiliates.

7. Accounting for hedging

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.

8. Accounting treatment of consumption taxes

Financial statements are prepared exclusive of consumption taxes and regional consumption taxes.

Notes To Non-consolidated Financial Statements

(¥ millions)

	Fiscal 2009 As of March 31, 2009	Fiscal 2010 As of March 31, 2010
1. Cumulative depreciation of property, plant and equipment	100,866	102,607
2. Guarantees	30,023	20,394

3. Selling, general and administrative expenses (¥ millions)

	Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
(1) Selling expenses		
Freight expenses	3,924	3,639
Employee salaries	2,243	2,134
Packaging expenses	1,534	1,461
Transfer to allowance for bonuses	318	315
Retirement benefit expenses	217	316
(2) General and administrative expenses		
Employee salaries	2,387	2,380
Fringe benefits expenses	1,104	1,077
Transfer to allowance for bonuses	339	335
Transfer to allowance for directors' bonuses	329	311
Retirement benefit expenses	261	549
Research expenses	242	184
Transfer to allowance for directors' and corporate auditors' retirement benefits	167	158

Lease Transactions

1. Financial Leases Transactions
The Company applies the accounting method for ordinary operating lease transactions to financial leases (lessee side) other than those that transfer ownership rights that started before March 31, 2008. Details are shown in the following table.

① Acquisition cost equivalents, accumulated depreciation equivalents and year-end balance equivalents of leased assets.

(¥ millions)

		Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
Acquisition cost equivalents	Machinery and transportation equipment	459	—
	Tools and equipment	39	39
	Total	499	39
Accumulated depreciation equivalents	Machinery and transportation equipment	459	—
	Tools and equipment	23	31
	Total	483	31
Year-end balance equivalents	Machinery and transportation equipment	—	—
	Tools and equipment	15	7
	Total	15	7

Note: Acquisition cost equivalents constituted an immaterial portion of year-end balances of property, plant and equipment. Consequently, acquisition cost equivalents are accounted for by the paid interest method.

② Year-end balances of outstanding lease commitments

(¥ millions)

	Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
Within one year	7	7
More than one year	7	—
Total	15	7

Note: Outstanding lease commitments constituted an immaterial portion of year-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)

	Fiscal 2009 April 1, 2008 to March 31, 2009	Fiscal 2010 April 1, 2009 to March 31, 2010
Lease charge payable	59	7
Depreciation equivalents	59	7

(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

(Fiscal 2009, as of March 31, 2009)

Shares held by subsidiaries and affiliated companies with market quotations

(¥ millions)

	Book Value	Market Value	Difference
Subsidiaries	8,702	5,925	△2,777

(Fiscal 2010, as of March 31, 2010)

Shares held by subsidiaries and affiliated companies with market quotations

(¥ millions)

	Book Value	Market Value	Difference
Subsidiaries	8,702	7,639	△1,063

Deferred Tax Accounting

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

	Fiscal 2010 (as of March 31, 2010)
Deferred income tax assets	
Excess accrued employees’ bonus	1,339
Excess accrued employees’ retirement benefits	7,532
Disallowed retirement allowance to directors	428
Excess depreciation, other	2,357
Loss on revaluation of investment securities, others	873
Reserve for losses on overseas investments	536
Loss on revaluation of land	496
Reserve for liability claims	997
Reserve for product warranties	558
Allowance for doubtful accounts	3,437
Other	626
Subtotal of deferred income tax assets	19,184
Valuation allowance	△2,092
Total deferred income tax assets	17,091
Deferred income tax liabilities	
Reserve for reduction of asset costs	△514
Valuation adjustment on investment securities	△4,634
Total deferred income tax liabilities	△5,148
Net deferred tax assets or liabilities	11,942