



Consolidated Earnings Report for the Third Quarter of Fiscal 2013 [Japanese GAAP]

January 29, 2013

Company Name:	KOITO MANUFACTURING CO., LTD.
Stock Listing:	First Section, Tokyo Stock Exchange
Code Number:	7276
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Filing of Quarterly Securities Report:	February 1, 2013
Scheduled Payment of Dividends:	—
Supplementary explanatory materials prepared:	None
Explanatory meeting:	None

(¥ millions are rounded down)

1. Consolidated Results for the Third Quarter of Fiscal 2013 (April 1, 2012 to December 31, 2012)

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

Third Quarter,	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2013	339,970	13.8%	24,977	40.7%	25,622	49.8%	12,279	62.5%
Fiscal 2012	298,714	△6.7%	17,751	△37.3%	17,103	△33.0%	7,555	16.6%

Note: Comprehensive income: December 31, 2012: ¥21,417 million (656.0%) December 31, 2011: ¥2,832 million (—%)

Third Quarter,	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2013	76.41	—
Fiscal 2012	47.02	—

(2) Consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
December 31, 2012	377,454	198,898	46.4	1,091.03
March 31, 2012	363,273	182,916	44.1	997.38

Reference: Equity: December 31, 2012: ¥175,326 million; March 31, 2012: ¥160,278 million

2. Dividends

	Dividend per share(¥)				
	First Quarter	Second Quarter	Third Quarter	Year End	Full Year
Fiscal 2012	—	9.00	—	10.00	19.00
Fiscal 2013	—	10.00	—		
Fiscal 2013 (forecast)				—	—

Notes: 1. Revisions to recent dividend forecasts: None

2. The dividend record dates are September 30 and March 31, as prescribed by Koito's Articles of Incorporation; the dividend forecasts for the March 31, 2013 record date are currently undecided.

3. Forecast of Consolidated Results for Fiscal 2013 (April 1, 2012 to March 31, 2013)

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

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
Full year	465,000	7.9%	35,000	10.3%	35,500	12.7%	17,000	26.9%	105.79

Note: Revisions to recent forecast of consolidated results: Yes

***Notes**

- (1) Changes to important subsidiaries during the third quarter (changes in specified subsidiaries resulting in revised scope of consolidation): None
- (2) Application of special accounting methods in the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting principles, accounting estimates and restatements
 - ① Changes in accounting policies in conjunction with revisions to accounting standards: None
 - ② Other changes: None
 - ③ Changes in accounting estimates: None
 - ④ Restatements: None

(4) Number of shares issued (common stock)

① Number of shares issued (including treasury stock)	Fiscal 2013, 3Q	160,789,436	Fiscal 2012	160,789,436
② Number of treasury shares	Fiscal 2013, 3Q	91,324	Fiscal 2012	90,680
③ Average number of shares during the third quarter	Fiscal 2013, 3Q	160,698,168	Fiscal 2012, 3Q	160,700,280

***Explanations concerning status of quarterly review procedures**

This quarterly earnings report is not subject to the review procedures for quarterly reporting based on the Financial Instruments and Exchange Act. At the time of issue of this report, the review procedures for quarterly reporting based on the Financial Instruments and Exchange Act were being carried out.

***Explanations concerning proper use of business forecasts and other noteworthy matters**

- 1. The above forecasts are based on information available, and certain assumptions that are judged to be reasonable, at the time of the release of this report. Koito is not promising that the Company will achieve these forecasts. Actual results could differ from forecasts due to a variety of factors.
- 2. The dividend forecast for the fiscal year ending March 31, 2013 has not been decided. Koito intends to promptly disclose the dividend forecast when able to do so.

《 For Reference Only 》

Forecast of Non-consolidated Results for Fiscal 2013 (April 1, 2012 to March 31, 2013)

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

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Full year	228,000 4.4%	16,500 5.2%	23,500 0.3%	13,500 95.5%	84.01

Note: Revisions to recent forecast of non-consolidated results: Yes

*Explanations concerning proper use of business forecasts and other noteworthy matters

The above forecasts are based on information available, and certain assumptions that are judged to be reasonable, at the time of release of this report. Koito is not promising that the Company will achieve these forecasts. Actual results could differ from forecasts due to a variety of factors.

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1. Qualitative Information Concerning Quarterly Financial Statements and Other Matters

(1) Qualitative Information Concerning Consolidated Operating Results

During the third quarter of the fiscal year ending March 31, 2013, the period under review, the Japanese economy slumped and faced sluggish overseas demand mainly due to stagnation in export industries resulting from the continuing strong yen, and to a worsening of Japan-China relations, despite reconstruction demand as a result of the Great East Japan Earthquake in March 2011 and other factors. Although there were signs of economic conditions picking up in the U.S., growth in the world economy was sluggish mainly due to the impact of the continued financial instability in Europe, the deceleration of growth in China, and the unstable situation in the Middle East.

In the Japanese auto industry, the domestic automobile production volume substantially increased year on year mainly as a result of reconstruction demand from the earthquake, and of assistance for purchasing “eco-cars” (environmentally friendly vehicles). Overseas, production worldwide increased year on year, as expansion of production in North America as well as emerging markets including Thailand and Indonesia, outweighed the impact of production cuts in Europe due to declining demand.

In this climate, the Koito Group reported consolidated net sales for the third quarter of ¥339.9 billion, up 13.8% year on year, due to a significant sales growth in the mainstay automotive lighting equipment segment.

Results by geographical segment are outlined as follows.

[Japan]

Sales in Japan increased 8.7% to ¥189.4 billion. This reflected the substantial growth in automobile production mainly due to the reconstruction demand from the Great East Japan Earthquake and eco-car subsidies.

[North America]

Sales in North America increased 59.4% to ¥44.1 billion mainly due to an increase in automobile production accompanying the recovery in automobile demand, and to increased orders from local automobile manufacturers.

[China]

Sales in China rose 7.2% to ¥68.2 billion. This increase was the result of stronger activities to win orders from local automobile manufacturers and efforts to expand sales, despite weak growth in automobile demand caused by the sluggish economic growth, and a decline in production of locally assembled Japanese cars due to a deterioration in China-Japan relations.

[Asia]

Sales in Asia rose 31.7% to ¥29.8 billion. Sales growth was driven by the significant increase in automobile production in Thailand and steadily robust production in Indonesia.

[Europe]

Sales in Europe decreased 20.7% to ¥8.3 billion mainly due to the slump in the economies of Europe, the sluggishness of intraregional automobile sales, and the negative impact of exchange rates because of the strong yen.

On the earnings front, the Company reported significant increases in operating income to ¥24.9 billion, up 40.7% year on year, and recurring profit to ¥25.6 billion, up 49.8% year on year. Earnings growth was driven by a substantial rise in sales accompanying the increased automobile production in Japan and overseas. There were also contributions from the operations of new overseas plants and efforts to improve business performance by promoting robust measures to cut unit costs. Net income rose 62.5% to ¥12.2 billion, despite the posting of a loss on revaluation of investment securities and other losses under extraordinary losses. Thus there were large year-on-year increases in operating income, recurring profit and net income.

(2) Qualitative Information Concerning Consolidated Financial Position

- 1. Analysis of assets, liabilities and net assets

Total assets as of December 31, 2012 increased ¥14.1 billion from March 31, 2012 to ¥377.4 billion. This was mainly due to increases in current assets, such as cash and time deposits, fixed assets and investment securities.

Total liabilities decreased ¥1.8 billion from March 31, 2012 to ¥178.5 billion, mainly reflecting a decrease in trade notes and accounts payable, and a decrease in short-term loans and long-term debt.

Total net assets increased ¥15.9 billion from March 31, 2012 to ¥198.8 billion, the result mainly of increases in retained earnings due to the recording of a net income, and total accumulated other comprehensive income.

- 2. Analysis of cash flows

Operating activities provided net cash of ¥35.4 billion after payment of taxes, mainly reflecting income before income taxes of ¥22.3 billion, and depreciation of ¥13.1 billion.

Investing activities used net cash of ¥30.9 billion, mainly reflecting payments into time deposits of ¥12.9 billion and acquisition of property and equipment of ¥19.5 billion.

Financing activities used net cash of ¥6.1 billion, due to ¥0.8 billion in repayment of short-term loans and long-term debt and ¥5.3 billion in dividends paid.

As a result, cash and cash equivalents as of December 31, 2012 were ¥21.9 billion, ¥1.2 billion lower than on March 31, 2012.

(3) Qualitative Information Concerning Forecast of Consolidated Results for Fiscal 2013

The yen has weakened and stock prices have improved in Japan since the change of government at the end of 2012. Economic conditions remain harsh and uncertain, however, owing mainly to bottlenecks in the supply of electricity and unstable employment conditions in Japan. These conditions have been compounded internationally by an unbroken pall on China-Japan relations, the European debt problem, concerns the U.S. economy may decelerate, downturn in growth of the Chinese economy, and geopolitical uncertainties in the Middle East.

Under these conditions, the Koito Group will enhance efforts to expand orders, boost productivity, and improve its mutually complementary supply network and structure. It will also build business structures that can rapidly respond to changes in the business environment, and assertively develop measures to reduce costs as it strives to improve operating performance.

As regards Koito's business forecast for fiscal 2013, the fiscal year ending March 31, 2013, net sales are projected to increase year on year based on a significant increase in sales in the second quarter, despite concerns for the future that include a drop in consumer demand due to the end of eco-car subsidies in Japan and a slump in production of Japanese automobiles in China.

Earnings are expected to increase from the previous year mainly due to contributions from the commencement of operations at new plants overseas, especially the U.S., Thailand and Indonesia, improvements in productivity, and cost-cutting activities, particularly for expenses.

We have paid an interim dividend of ¥10 per share, which is at the same level as the dividend paid for the six months ended March 31, 2012.

Looking ahead, we will continue our efforts to achieve even higher earnings to meet the expectations of all shareholders.

In addition, the full-year business forecast (both consolidated and non-consolidated) for fiscal 2013 announced previously in the Consolidated Earnings Report for the Second Quarter of Fiscal 2013, dated October 26, 2012, has been revised in the following manner.

Forecast of Consolidated Results for Fiscal 2013 (April 1, 2012 to March 31, 2013)

	(¥ millions)				
	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously-announced forecast (A)	455,000	33,000	32,500	14,500	90.23
Revised forecast (B)	465,000	35,000	35,500	17,000	105.79
Difference (B-A)	10,000	2,000	3,000	2,500	—
Change (%)	2.2	6.1	9.2	17.2	—
(Reference) Actual results for previous year (fiscal 2012)	430,929	31,725	31,496	13,391	83.33

(Reference) Forecast of Non-Consolidated Results for Fiscal 2013

(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously-announced forecast (A)	226,000	15,500	22,000	11,500	71.56
Revised forecast (B)	228,000	16,500	23,500	13,500	84.01
Difference (B-A)	2,000	1,000	1,500	2,000	—
Change (%)	0.9	6.5	6.8	17.4	—
Actual results for previous year (fiscal 2012)	218,295	15,682	23,429	6,906	42.97

2. Summary Information (Notes)

(1) Changes to Important Subsidiaries during the Third Quarter:

None

(2) Application of Special Accounting: Methods in the Preparation of Quarterly Consolidated Financial Statements:

None

(3) Changes in Accounting Principles, Accounting Estimates and Restatements:

None

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(¥ millions)

	Fiscal 2012 As of March 31, 2012	Third Quarter of Fiscal 2013 As of December 31, 2012
Assets		
Current assets:		
Cash and time deposits	59,620	71,163
Trade notes and accounts receivable	93,916	76,476
Marketable securities	891	1,050
Inventories	37,817	38,968
Deferred income tax assets	3,029	3,332
Accrued income	14,468	14,762
Other current assets	6,056	16,935
Less: Allowance for doubtful accounts	△12,804	△13,007
Total current assets	202,995	209,683
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	29,917	31,135
Machinery and transportation equipment (net)	26,091	28,188
Fixtures, equipment and tools (net)	10,783	8,864
Land	13,497	13,635
Construction in progress	4,778	9,779
Total property, plant and equipment	85,068	91,603
Intangible fixed assets	1,186	1,009
Investments and other assets:		
Investment securities	61,722	63,230
Loans	99	61
Deferred income tax assets	10,400	9,969
Other investments	1,973	2,067
Less: Allowance for doubtful accounts	△174	△171
Total investments and other assets	74,022	75,157
Total fixed assets	160,278	167,770
Total assets	363,273	377,454

(¥ millions)

	Fiscal 2012 As of March 31, 2012	Third Quarter of Fiscal 2013 As of December 31, 2012
Liabilities		
Current liabilities:		
Trade notes and accounts payable	78,443	75,590
Short-term loans	22,854	21,745
Accrued expenses	17,207	18,610
Income taxes payable	5,175	5,085
Allowance for employees' bonuses	4,453	4,055
Allowance for directors' and corporate auditors' bonuses	317	—
Reserve for product warranties	1,700	1,700
Other current liabilities	7,289	8,595
Total current liabilities	137,441	135,382
Non-current liabilities:		
Long-term debt	2,883	3,317
Allowance for employees' retirement benefits	29,313	29,372
Allowance for directors' and corporate auditors' retirement benefits	1,339	285
Allowance for loss on litigation	8,564	7,960
Allowance for environmental strategies	248	250
Other non-current liabilities	564	1,987
Total non-current liabilities	42,915	43,173
Total liabilities	180,356	178,555
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital	17,108	17,108
Retained earnings	127,638	136,703
Treasury common stock, at cost	△76	△77
Total shareholders' equity	158,940	168,004
Accumulated other comprehensive income:		
Valuation adjustment on investment securities	4,014	7,295
Translation adjustments	△2,676	25
Total accumulated other comprehensive income	1,338	7,321
Non-controlling interests	22,638	23,571
Total net assets	182,916	198,898
Total liabilities and net assets	363,273	377,454

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Third quarter, for the nine months ended December 31)

(¥ millions)

	Third Quarter of Fiscal 2012 April 1, 2011 to December 31, 2011	Third Quarter of Fiscal 2013 April 1, 2012 to December 31, 2012
Net sales	298,714	339,970
Cost of sales	255,476	288,069
Gross profit	43,238	51,900
Selling, general and administrative expenses	25,486	26,923
Operating income	17,751	24,977
Non-operating income		
Interest income and dividends	869	874
Equity in earnings of affiliates	1	2
Foreign exchange gains	—	247
Other non-operating income	1,286	1,190
Total non-operating income	2,157	2,313
Non-operating expenses		
Interest expenses	516	423
Foreign exchange losses	651	—
Aircraft business safety measure expenses	1,018	321
Other non-operating expenses	619	923
Total non-operating expenses	2,804	1,668
Recurring profit	17,103	25,622
Extraordinary gains:		
Gain on sales of investment securities	—	757
Gain on sales of property and equipment	10	6
Other extraordinary gains	—	1
Total extraordinary gains	10	765
Extraordinary losses:		
Loss on revaluation of investment securities	1,055	3,031
Special retirement expenses	—	781
Loss on sales and disposal of property and equipment	62	205
Loss on revaluation of inventories	690	18
Loss on abandonment of inventories	384	7
Provision for environmental strategies	13	—
Other extraordinary losses	0	—
Total extraordinary losses	2,206	4,044
Income before income taxes	14,908	22,343
Income taxes	4,653	9,501
Income tax adjustment	1,550	△1,465
Total income taxes	6,204	8,036
Income before non-controlling interests	8,704	14,307
Non-controlling interests in consolidated subsidiaries	1,148	2,027
Net income	7,555	12,279

	Third Quarter of Fiscal 2012 April 1, 2011 to December 31, 2011	Third Quarter of Fiscal 2013 April 1, 2012 to December 31, 2012
Non-controlling interests in consolidated subsidiaries	1,148	2,027
Income before non-controlling interests	8,704	14,307
Other comprehensive income or loss		
Valuation adjustment on marketable securities	△3,319	3,345
Translation adjustments	△2,551	3,674
Total other comprehensive income or loss	△5,871	7,110
Comprehensive income	2,832	21,417
(Breakdown)		
Shareholders of the parent company	2,441	18,262
Non-controlling interests	391	3,154

(3) Quarterly Consolidated Statements of Cash Flows

(¥ millions)

	Third Quarter of Fiscal 2012 April 1, 2011 to December 31, 2011	Third Quarter of Fiscal 2013 April 1, 2012 to December 31, 2012
Cash flows from operating activities		
Income before income taxes	14,908	22,343
Depreciation	14,628	13,151
Equity in earnings of affiliated companies	△1	△2
Provision for allowance for doubtful accounts	△264	125
Provision for accrued retirement benefits	431	239
Provision for reserve for bonuses	△165	△399
Interest and dividends received	△869	△874
Interest payments	516	423
Gain on sale of marketable and investment securities	—	△757
Loss or gain on revaluation of marketable and investment securities	1,053	3,031
Loss on sale of property and equipment	52	199
Decrease or increase in trade notes and accounts receivable	△486	19,104
Decrease in inventories	△996	△147
Increase in other current assets	△4,091	△8,148
Decrease in trade notes and accounts payable	3,021	△4,691
Increase in accrued expenses and other current liabilities	1,659	853
Directors' and corporate auditors' bonuses paid	△329	△317
Others	△57	1,067
Sub total	29,010	45,200
Interest and dividends received	869	874
Interest paid	△516	△423
Damages paid	△690	△604
Income taxes paid	△10,033	△9,615
Net cash provided by operating activities	18,640	35,432
Cash flows from investing activities		
Payments into time deposits	△24,915	△44,957
Proceeds from time deposits	27,271	32,039
Payments for purchase of marketable and investment securities	△1,375	△12
Proceeds from sale of marketable and investment securities	1,636	1,403
Acquisition of property and equipment	△16,022	△19,591
Proceeds or payments from sale of property and equipment	35	△10
Payments for new loans	△16	△11
Proceeds from loan repayments	64	48
Others	△144	166
Net cash used in investing activities	△13,466	△30,925

	Third Quarter of Fiscal 2012 April 1, 2011 to December 31, 2011	Third Quarter of Fiscal 2013 April 1, 2012 to December 31, 2012
Cash flows from financing activities		
Decrease in short-term loans	△1,075	△1,393
Increase in long-term debt	583	1,342
Repayment of long-term debt	△1,370	△798
Payments for repurchase of treasury stock	△1	△0
Proceeds from sale of treasury stock	0	—
Dividends paid by parent company	△2,772	△3,084
Dividends paid to non-controlling shareholders	△1,703	△2,235
Net cash used in financing activities	△6,338	△6,168
Effect of exchange rate changes on cash and cash equivalents	△677	376
Decrease in cash and cash equivalents	△1,841	△1,285
Cash and cash equivalents at beginning of fiscal year	22,902	23,217
Cash and cash equivalents at end of quarter	21,061	21,932

(4) Going Concern Assumption

None

(5) Note Regarding Significant Changes in Shareholders' Equity

None

(6) Segment Information

(Segment Information)

I. Third quarter of fiscal 2012, April 1, 2011 to December 31, 2011

Information Concerning Net Sales and Operating Income or Loss for Each Segment

	Japan	North America	China	Asia	Europe	Total	Adjustment (Note 1)	(¥ millions) Amount recorded on quarterly consolidated financial statements
Net sales								
Sales to outside customers	174,211	27,695	63,636	22,643	10,528	298,714	—	298,714
Inter-segment sales and transfers	74,148	6	1,708	2,514	9,655	88,034	(88,034)	—
Total	248,360	27,702	65,345	25,157	20,183	386,749	(88,034)	298,714
Segment operating income or loss	14,261	△429	4,594	1,810	△1,268	18,969	(1,217)	17,751

Notes: 1. The ¥△1,217 million adjustment in segment operating income or loss includes ¥1,406 million in intersegment eliminations and ¥△2,624 million in unallocated expenses. Unallocated expenses comprise expenses related to management divisions such as administrative and accounting divisions of the head office of the parent company.

2. The breakdown of countries and regions other than Japan and China is as follows:

- (1) North America: United States
- (2) Asia: Thailand, Indonesia, Taiwan and India
- (3) Europe: Belgium, United Kingdom and Czech Republic

II. Third quarter of fiscal 2013, April 1, 2012 to December 31, 2012

Information Concerning Net Sales and Operating Income or Loss for Each Segment

	Japan	North America	China	Asia	Europe	Total	Adjustment (Note 1)	(¥ millions) Amount recorded on quarterly consolidated financial statements
Net sales								
Sales to outside customers	189,427	44,136	68,231	29,828	8,345	339,970	—	339,970
Inter-segment sales and transfers	84,271	6	1,112	3,262	9,051	97,705	(97,705)	—
Total	273,699	44,143	69,344	33,090	17,397	437,675	(97,705)	339,970
Segment operating income or loss	18,287	780	4,274	2,961	△868	25,435	(458)	24,977

Notes: 1. The ¥△458 million adjustment in segment operating income or loss includes ¥2,533 million in intersegment eliminations and ¥△2,992 million in unallocated expenses. Unallocated expenses comprise expenses related to management divisions such as administrative and accounting divisions of the head office of the parent company.

2. The breakdown of countries and regions other than Japan and China is as follows:

- (1) North America: United States
- (2) Asia: Thailand, Indonesia, Taiwan and India
- (3) Europe: Belgium, United Kingdom and Czech Republic