



Koito

WORLDWIDE AUTOMOTIVE LIGHTING

2015 ANNUAL REPORT

Year ended March 31, 2015



KOITO MANUFACTURING CO., LTD.

PROFILE

KOITO MANUFACTURING CO., LTD. (Koito) is grateful to have celebrated its 100th anniversary in business in April 2015 after having consistently led the industry in automotive lighting since its establishment in 1915.

Today, our lighting is used in various forms of applications worldwide in a wide range of fields. These include transportation, such as automobiles, aviation, railways and shipping, and traffic systems. In all these areas, the Koito Group's lighting is making contributions to safety.

Our products and technologies underpin our commitment to the slogan, "Lighting for Your Safety."

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DISCLAIMER WITH RESPECT TO FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements concerning KOITO MANUFACTURING CO., LTD. and its consolidated subsidiaries' future plans, strategies and performance. These forward-looking statements are not historical facts; rather they represent assumptions and beliefs based on economic, financial and competitive data currently available. Furthermore, they are subject to a number of risks and uncertainties including, but not limited to, economic conditions, worldwide competition in the automotive industry, market trends, foreign currency exchange rates, tax rules, regulations and other factors. Koito therefore wishes to caution readers that actual results may differ materially from our expectations.

In order to ensure fair disclosure, Koito publishes annual reports in Japanese in addition to English annual reports. A certified public accountant reviews the financial sections of Koito's Japanese annual reports to ensure consistency in presentation between the Japanese and English versions. We hope the information presented in this annual report serves to deepen your understanding of Koito.

TO OUR SHAREHOLDERS AND OTHER INVESTORS

This April, Koito celebrated its 100th anniversary. We would like to take this opportunity to express its heartfelt gratitude to shareholders and all other stakeholders for their magnificent support and understanding over the years. We assure you of our willingness to endeavor for further growth in our business operations and would kindly ask for your continuing support and guidance.

During fiscal 2015, the period under review ended March 31, 2015, domestic production volume in the Japanese auto industry declined year on year, primarily due to sluggish sales following an increase in Japan's consumption tax rate and a shift away from exports to manufacturing overseas. Overseas, global production volume of automobiles increased year on year, driven by growth in demand particularly in North America, China and Europe.

The consolidated performance of the Koito Group for fiscal 2015 improved year on year due to stable operation in the mainstay automotive lighting equipment segment. As a result, net sales, operating income, recurring profit and net income marked the third consecutive year of record business performance.

Looking ahead at the automotive industry, global automobile production is expected to expand, mainly driven by growing demand in the U.S., even as production volume in Japan continues to decrease and a further shift away from exports to manufacturing overseas.

In the face of these conditions, for the purpose of sales expansion of automotive lighting equipment in the mid- and

long-term perspective, the Koito Group is working to reinforce its production capacity and strengthen its product development capability around the five major regions of the world (Japan, North America, Europe, China, and Asia). In September 2014, a new plant of North American Lighting Mexico, S.A. de C.V. commenced operation, and in the same month, a new subsidiary called Hubei Koito Automotive Lamp Co., Ltd. was established in China, with production scheduled to start in June 2016.

With a view to expanding market share, the Koito Group will continue to strive to win orders, expand its production capacity, boost productivity, enhance its mutually complementary supply network and structure, build business systems that can quickly respond to environmental changes, and promote compliance and corporate governance to establish a reliable corporation.

The Koito Group, with our corporate message "Lighting for Your Safety," aims to contribute to building a safer and more comfortable society by developing our products in automotive lighting equipment business as its core.

As a leading automotive lighting equipment manufacturer, we will continue to pursue the newest and best technologies, improve the performance and quality of our products, raise the ability and skill of our employees, and always stay true to our basic stance to adopt the perspective of customers to supply products and services that meet their expectations. We would greatly appreciate your continued understanding and support.

August 2015



Masahiro Otake
Chairman and CEO

M. Otake

Hiroshi Mihara
President and COO

Hiroshi Mihara

FINANCIAL OVERVIEW AND MEDIUM-TERM OUTLOOK

Fiscal 2015 Results

During fiscal 2015, some signs brightened in the Japanese economy as a result of the government's economic stimulus measures and upsides such as lower crude oil prices. This was despite negative growth caused for instance by personal consumption falling in reaction to an increase in Japan's consumption tax and import prices rising as a consequence of the yen depreciating abruptly. Meanwhile the global economy strengthened for the most part, as conditions picked up in the U.S. and were restored in Europe, despite deceleration in the Chinese economy and geopolitical risks such as conflict in the Middle East and Ukraine.

In the auto industry, production volume in Japan decreased year on year due to sluggish sales brought on by the hike in the consumption tax and a shift away from exports to manufacturing overseas. Overseas, growth in demand mainly from North America, China, and Europe drove global production volume to increase year on year.

In this climate, the Koito Group reported consolidated net sales of ¥706.4 billion, up 18.2% year on year, due to significant sales growth in the mainstay automotive lighting equipment segment. On the earnings front, operating income was ¥64.1 billion, up 29.6% year on year. The gain was mainly attributable to revenues rising in Japan, as well as the other segments of North America, China, Asia and Europe, and contributions from the

full-fledged operation of a new plant overseas. Recurring profit increased 28.9% to ¥66.8 billion.

Net income amounted to ¥36.0 billion, up 68.7% year on year, marking the third consecutive year of record earnings. In addition to rising revenues, the increase was mainly attributable to the absence of an extraordinary loss in relation to the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade posted in the previous fiscal year.

At the end of the second quarter of the fiscal year under review, Koito paid a dividend of ¥14 per share to shareholders. Koito paid a year-end dividend of ¥16 per share, ¥2 per share higher than in the previous fiscal year. This increase reflects the Company's record-high results in terms of net sales, operating income, recurring profit, and net income.

In addition to ordinary dividends, Koito paid a commemorative dividend of ¥10 per share to mark its 100th anniversary of foundation in April 2015 and to show its appreciation for the support shareholders have shown over the years.

As a result, in combination of the commemorative dividend, interim dividend, and year-end dividend of ¥26 per share, Koito's full-year dividend increased ¥14 from the previous fiscal year to ¥40 per share.

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



Masahiro Otake
Chairman and CEO

CONSOLIDATED FINANCIAL HIGHLIGHTS

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries
Years ended March 31,

	Millions of yen (except per share amounts)			Thousands of U.S. dollars (except per share amounts)
	2013	2014	2015	2015
Annual:				
Net sales	¥472,843	¥597,502	¥706,470	\$5,878,921
Operating income	37,668	49,506	64,155	533,868
Net income	16,625	21,378	36,060	300,074
Per share (yen and U.S. dollars):				
Net income	¥ 103.46	¥ 133.04	¥ 224.41	\$ 1.87
Year-end:				
Total assets	¥418,087	¥483,093	¥575,268	\$4,787,118
Total equity	218,131	256,072	316,826	2,636,481

Notes: 1. Amounts in U.S. dollars are translated from yen, for convenience only, at the rate of ¥120.17 = US\$1, the rate prevailing on March 31, 2015.
2. The above total equity includes noncontrolling interests.

Outlook for Fiscal 2016

We expect the Japanese economy to continue to recover gradually as personal consumption picks up and the positive effect of oil prices falling spreads. Overseas, while geopolitical risks in the Middle East, Ukraine and other parts of the world persist, we foresee continued growth in the U.S., Europe, and the ASEAN region, and expect the global economy to grow modestly with a firm undertone.

As for the Koito Group's business outlook for fiscal 2016, we project net sales to increase year on year. This is mainly because we see the shift in automobile lamps to LED and an increase in

overseas automotive production, primarily in the U.S., as driving an increase in our sales and new orders. Even though this may be offset in part as production volume in Japan continues to decrease.

Earnings on all counts from operating income to recurring profit and net income attributable to owners of the parent are forecast to increase in line with revenues increasing, as well as due to factors such as the full-scale start of production at a new factory in Mexico.

Hiroshi Mihara
President and COO



Medium-Term Outlook

In the automobile industry, international competition will intensify as globalization progresses, and the trend of companies increasingly shifting production to the optimum locations in the world will continue. In Japan, cutbacks in automobile production are expected, mainly due to the trend of carmakers to transfer production overseas. In the medium- to long-term, however, global automobile production is expected to expand in the U.S. and in emerging markets such as China, Thailand, Indonesia, and India.

We believe these medium- and long-term trends in the automobile industry present major business opportunities for the Koito Group. The Group currently conducts its business centered on production bases run by 14 companies in 9 overseas countries, and is working to strengthen and enhance the corporate structure of each Group company to achieve greater competitiveness and profitability to handle globally optimized production. Koito is strengthening production systems and order-winning activities in regions where major global automakers are expanding production, and in regions where orders are expected to increase. In Japan, Koito is accelerating the efficient utilization of resources through plant realignment and optimization of business structures.

We are aggressively developing value-added products, such as LED headlamps and the Adaptive Driving Beam (ADB). At the same time, we are also developing headlamps for low-priced vehicles in emerging economies, and other products tailored to market characteristics. These are required in response to the launch of global strategic vehicles that the world's major automakers are putting on the market. Such efforts come with the transfer of our technologies to our own affiliates and the establishing of a complementary supply structure among the Koito Group companies. In this manner, we will work to win more orders.

In other products and services, our priority is to drive business growth by winning more orders for road traffic control systems, LED displays, electronic aircraft components and hydraulic equipment, as well as seats for railroad cars such as the bullet train, and by developing new products and opening up new markets.

All of us at Koito will make concerted efforts to deliver products and services that satisfy our customers. To do so, we will continue to bring together the knowledge and energy of Koito and the Group companies as we strive on the basis of CSR (corporate social responsibility) to develop and provide environmentally friendly products such as LED headlamps, and cultivate personnel who can inherit our unique manufacturing philosophy.



OPERATIONS BY REGION AND FUTURE DEVELOPMENTS

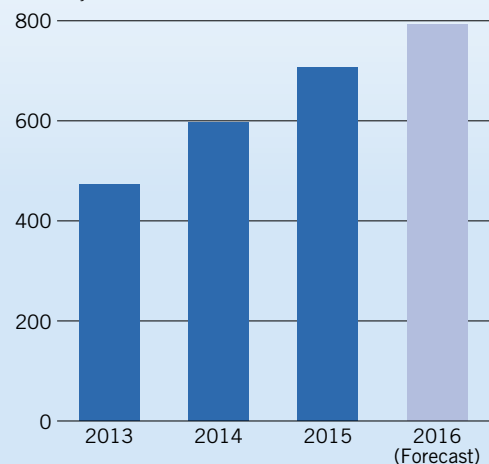
OUTLOOK FOR MEDIUM-TERM GLOBAL STRATEGIES



As regards the outlook for Koito's consolidated business results for fiscal 2016, worldwide automobile production volumes are projected to increase. In this situation, Koito will work to gain market share, expand orders, and commence full-fledged operations at new plants overseas. We will also reap rationalization benefits, particularly in improved productivity, at Group companies. As a result, both sales and earnings are projected to increase further compared to the previous fiscal year.

CONSOLIDATED NET SALES

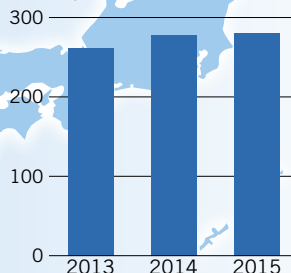
Years ended March 31,
(Billions of yen)



JAPAN

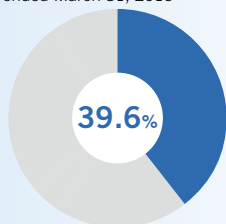
NET SALES [Japan]

Years ended March 31,
(Billions of yen)



SHARE OF SALES [Japan]

Year ended March 31, 2015



In fiscal 2015, Japan's automobile production decreased year on year to the 9.5 million unit level due to sluggish sales brought on by the hike in the consumption tax and a shift away from exports to manufacturing overseas.

KOITO MANUFACTURING CO., LTD.

In fiscal 2015, net sales at Koito Manufacturing increased 2.5% year on year to ¥251.5 billion, mainly as the result of a shift of automobile lamps to LED, in the midst of a slip in Japanese automobile production volume.

On the earnings front, Koito Manufacturing reported operating income of ¥19.5 billion, an 8.2% increase from the previous year, while recurring profit increased 10.8% to ¥33.0 billion. These increases reflected measures to cut unit costs, in addition to an increase in sales. Net income rose by 74.8% to ¥23.3 billion, in part due to the absence of an extraordinary loss posted in the previous year.

Koito made total capital expenditures of ¥10.1 billion primarily for the development of new products and model changes in the automotive lighting equipment segment, and for new facilities needed for quality enhancements, rationalizations and cost-cutting measures, as well as molds and industrial tools.

Japanese automobile production is projected to fall in fiscal 2016 due to sluggish sales and a shift away from exports to manufacturing overseas.

Koito will work to expand sales of new products and gain market share and obtain more orders for high-added-value products such as LED headlamps and the ADB, while at the same time working to achieve profitability by raising productivity.



KOITO MANUFACTURING Shizuoka Plant



KOITO MANUFACTURING Haibara Plant



KOITO MANUFACTURING Sagara Plant



KOITO MANUFACTURING Fujikawa Tooling Plant

KOITO KYUSHU LIMITED

KOITO KYUSHU LIMITED was established in November 2005 with the aim of responding to production by automakers in the Kyushu region, mainly in order to offset risks associated with the predicted “Nankai Trough Quake” earthquake, and improve distribution efficiency. A new plant was constructed and operations commenced in October 2006, and a second plant commenced operations in September 2008 in line with growth in production volumes.

Net sales at Koito Kyushu in fiscal 2015 increased 12.4% year on year to ¥40.5 billion due to a shift in automobile lamps to LED.



KOITO KYUSHU LIMITED Head Office and Plant

KI HOLDINGS CO., LTD.

KI HOLDINGS' consolidated net sales for fiscal 2015 (the period from April 1, 2014 to March 31, 2015) rose 11.1% year on year to ¥54.2 billion.

Results by segment were as follows:

[Transportation Equipment Segment]

Segment sales increased 36.2% year on year to ¥28.4 billion, as a result of increased sales in the railroad car equipment business for China.

[Electrical Equipment Segment]

Segment sales decreased 9.1% year on year to ¥23.7 billion, as a result of decreased sales in the lighting, information systems, and traffic systems businesses.

[Home Appliances and Environment Segment]

Segment sales increased 14.6% year on year to ¥2.0 billion, due to sales having risen in the environmental systems business.

* Figures for KI Holdings, whose fiscal year ends in September, were restated by the Company to facilitate comparison.



KI HOLDINGS CO., LTD. Head Office and Plant

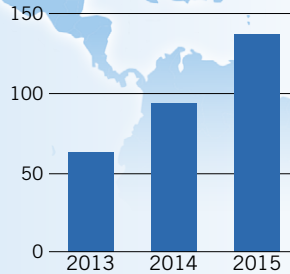


KOITO ELECTRIC INDUSTRIES, LTD. Head Office and Fuji Nagaizumi Plant

NORTH AMERICA

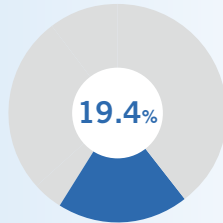
NET SALES [North America]

Years ended March 31,
(Billions of yen)



SHARE OF SALES [North America]

Year ended March 31, 2015



In fiscal 2015, automobile production in North America increased to over 17.0 million units due to a continued recovery in demand.

In North America, North American Lighting, Inc. (NAL), established in 1983, supplies automotive lighting equipment to U.S.-based automakers and all local plants of Japanese automakers. NAL is now the largest independent manufacturer of lighting equipment in North America.

NAL conducts production operations at the 4 plants at Paris, Flora and Salem in Illinois, and a plant in Alabama in the southern U.S. NAL also produces molding dies at a tooling plant in Indiana. Research and development is conducted at its Technical Center in the city of Farmington Hills in Michigan.

Furthermore, North American Lighting Mexico, S.A. de C.V. (NAL Mexico), which had been established in December 2012 in response to the expansion of automobile production in Mexico, started operations in September 2014.

In the non-automotive electrical equipment segment, KPS N.A., INC. manufactures and sells seats and electrical components for railroad cars.

In fiscal 2015, net sales in the North American business increased 46.3% over the previous fiscal year to ¥136.9 billion mainly due to an increase in automobile production and new orders accompanying recovery in automobile demand. Also contributing were a shift in automotive lighting equipment to LED and operations at the plant in Mexico starting up.



NAL Head Office (Paris)



NAL Paris Plant



NAL Flora Plant



NAL Salem Plant



NAL Alabama Plant



NAL Indiana Tooling Plant



NAL Technical Center

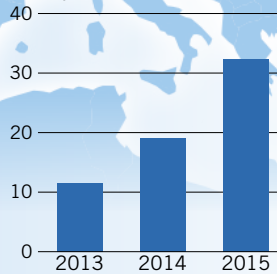


NAL Mexico

EUROPE

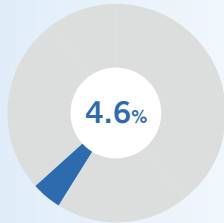
NET SALES [Europe]

Years ended March 31,
(Billions of yen)



SHARE OF SALES [Europe]

Year ended March 31, 2015



Automobile production in Europe increased from the previous year to over 16.0 million units in fiscal 2015 as demand recovered primarily in Western Europe.

Koito's automotive lighting equipment business in Europe is developed by two manufacturing bases: Koito Europe Limited (KEL) in Droitwich, the U.K., and Koito Czech s.r.o. (KCZ) in Zatec, Czech Republic.

In fiscal 2015, net sales in the European business increased a significant 68.7% year on year to ¥32.3 billion, mainly as new orders grew and automotive lighting equipment shifted to LED amid automobile production in the region picking up in line with the European economy.

Koito will strengthen its local development structure, further develop strategic order-winning initiatives, and boost competitiveness and profitability, mainly through improved operational efficiency, aiming for further growth in orders and earnings improvement in Europe over the medium- and long-term.



Koito Europe Limited

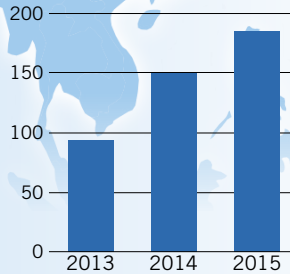


Koito Czech s.r.o.

CHINA

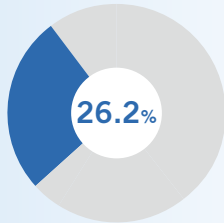
NET SALES [China]

Years ended March 31,
(Billions of yen)



SHARE OF SALES [China]

Year ended March 31, 2015



Automobile production in China exceeded 24.0 million units overall in fiscal 2015 due to increased production by Japanese, European, and U.S. manufacturers.

Koito is developing its automotive lighting equipment business in China through three companies: Shanghai Koito Automotive Lamp Co., Ltd. (Shanghai Koito), a joint venture established in 1989; FUZHOU KOITO TAYIH AUTOMOTIVE LAMP CO., LTD. (FUZHOU KOITO TAYIH), consolidated as a subsidiary in September 2005, and GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD. (GUANGZHOU KOITO), established in November 2005. In response to an increase in new orders in Central China, Hubei Koito Automotive Lamp Co., Ltd. was established in September 2014 with plans to launch operations in June 2016.

Shanghai Koito established a Technical Center in China, one of the first auto parts manufacturers to do so, in April 2002. This move has given the joint venture product development and molding die manufacturing capabilities, as well as quality assurance, enabling it to establish a strong reputation with automakers.

In the non-automotive electrical equipment segment, CHANGZHOU KOITO JINCHUANG TRANSPORTATION EQUIPMENT CO., LTD. manufactures and sells electrical components for railroad cars.

Net sales in China rose 23.6% year on year to ¥185.2 billion, mainly due to increased orders from Japanese and European automobile manufacturers amid growing demand for automobiles.



Shanghai Koito First and Second Plants



Shanghai Koito Third Plant



Shanghai Koito Technical Center



Guangzhou Koito



Fuzhou Koito Tayih

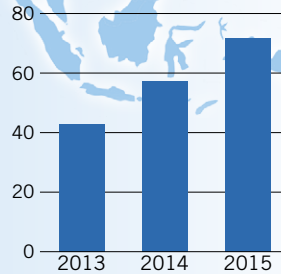


Hubei Koito (Operation scheduled for 2016)

ASIA

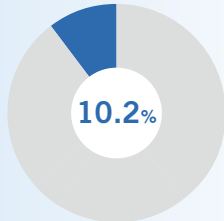
NET SALES [Asia]

Years ended March 31,
(Billions of yen)



SHARE OF SALES [Asia]

Year ended March 31, 2015



Automobile production in Asia decreased from the previous year in fiscal 2015 due to a decline in production accompanying political uncertainty in Thailand, despite outputs increasing in India, Indonesia and elsewhere.

Koito's automotive lighting equipment business in Asia is developed by four manufacturing bases: THAI KOITO COMPANY LIMITED (THAI KOITO) in Thailand, Ta Yih Industrial Co., Ltd. (Ta Yih Industrial) in Taiwan, INDIA JAPAN LIGHTING PRIVATE LIMITED (IJL) in India, and PT. INDONESIA KOITO established in June 2010 in Indonesia. Furthermore, Koito opened a Technical Center within THAI KOITO in April 2012 to strengthen its development framework in Asia.

In fiscal 2015, net sales in the Asia business increased 25.5% year on year to ¥71.8 billion mainly as orders rose for lighting in automobiles and motorcycles.

Looking ahead, the Group will develop products matching the needs in each niche to receive more orders in the growing Asian automobile market.



THAI KOITO Bangplee Plant



THAI KOITO Prachinburi Plant



THAI KOITO Technical Center



PT. INDONESIA KOITO



Ta Yih Industrial



IJL Chennai Plant



IJL Bawal Plant

RESEARCH AND DEVELOPMENT

The Koito Group makes full use of electronics and other cutting-edge technologies, and conducts R&D activities to develop creative systems and complex products in pursuit of improving safety.

At the same time, Koito aims to conduct manufacturing activities that put people and the environment first. To this end, Koito is developing technologies that focus on environmental themes that include recycling and the use of materials and manufacturing methods with low environmental impact.

The Koito Group's R&D activities are conducted by Koito's global R&D network of 5 bases, led by KOITO MANUFACTURING Technical Center in Japan. The other bases are the NAL Technical Center in North America, KCZ's Technical Section in Europe, the Shanghai Koito Technical Center in China, and the THAI KOITO Technical Center in Asia. As of March 31, 2015, the number of personnel engaged in the Koito Group's R&D activities stood at 2,609.

In fiscal 2015, R&D costs totaled ¥27.9 billion, and the main research themes are outlined below.



KOITO MANUFACTURING Technical Center

Automobile Related Businesses

1. Core automotive lighting equipment technologies (optics, electronics, mechanical and structural engineering, etc.)
2. Production technologies
3. Simulation technologies
4. System development for ITS-related equipment and materials and others



Other Products & Services

1. Electrical components for railroad rolling stock
2. Internet-based systems
3. Aircraft components
4. New products in new business domains and others



R&D Network



Development of LED Headlamps

Koito is diligently developing products with an eye to increasing the deployment of LED headlamps.

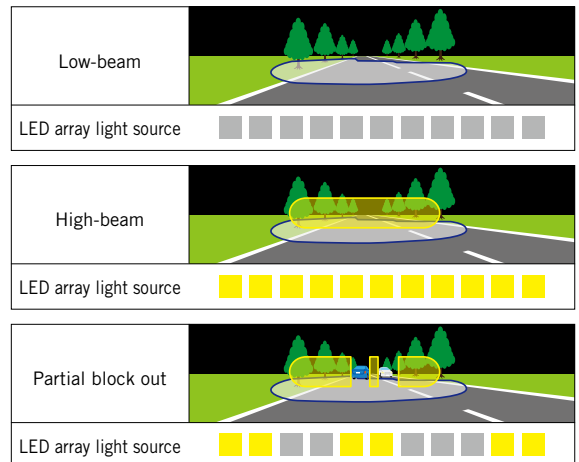
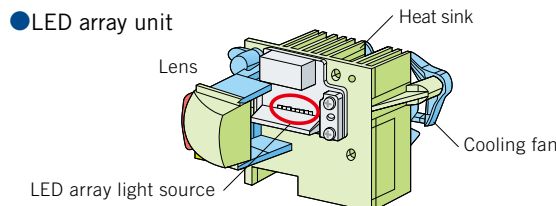
To this end, Koito developed the Single-LED Bi-functional Projector, a headlamp using one LED light source to switch between high-beam and low-beam, and became the first in the world to succeed at mass producing it. In the process, Koito has revamped its optical technologies, and the LED units have become more energy efficient, compact and lightweight.

At the same time, the Group is leveraging the compact and lightweight characteristics of LED units to bring daring and innovative lamp designs to life, such as the L-shaped and triple-eyed multiple lighting LED headlamp we commercialized.



Development of the ADB (Adaptive Driving Beam)

The ADB system, with an onboard camera and image sensor, automatically controls the light distribution of the driving beam. This next-generation headlamp system illuminates a wide visual environment in front of the driver while controlling the light distribution patterns of the driving beam to ensure that the glare from the beam does not impact on oncoming vehicles or vehicles in front.



SOCIAL CONTRIBUTION AND ENVIRONMENTAL ACTIVITIES

Public Communication and Social Contribution Activities

In conducting business operations, Koito is watchful to foster harmony with all stakeholders, including local communities, customers, suppliers and investors in order to build relationships of trust between the Company and society. Koito also introduces some of its environmental initiatives and discloses environmental information through its environmental reports, annual reports and website. Disclosure of this kind is essential to fostering a deeper understanding of Koito's business and environmental protection activities.

In addition to working to raise the awareness of employees regarding environmental problems close at hand, other important areas where we are making proactive efforts to build relationships of trust with the regional community include participation in community cleanup and tree-planting activities and other programs to keep the local natural environment clean, and to preserve it. Koito will actively engage in activities that contribute to society to help fulfill its obligations as a good corporate citizen.

Promoting Manufacturing that Puts the Environment First

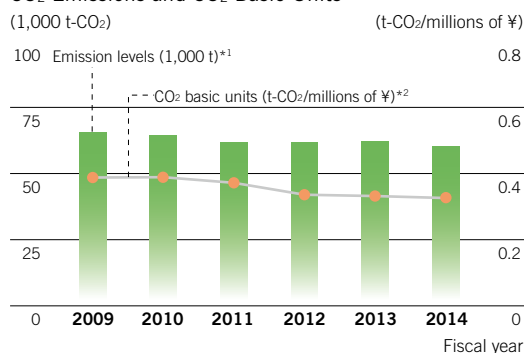
Koito has established an Environmental Committee as a top management mechanism that oversees two sub-committees: the Environmental Protection Committee and the Environmental Audit Committee. These committees work to maintain environmental compliance, and to promote efforts to minimize the environmental burden of manufacturing while pursuing economic efficiency.

The Koito Group is making Group-wide efforts to reduce the overall environmental impact of its core automotive lamp products over the entire product lifecycle from product development to manufacturing, use, disposal and recycling. Through these means, Koito is working to preserve the environment and reduce the Group's overall environmental burden.

To help prevent global warming, Koito promotes initiatives to reduce energy losses, including making efforts to save energy and improve production efficiency, and initiatives to reduce CO₂ emissions. Koito also promotes the conversion from heavy-oil fuels to electricity or gas, both of which entail only small amounts of CO₂ emissions. Moreover, since fiscal 2012 Koito has been working to further reduce the CO₂ emissions per production monetary amount (CO₂ basic units) as a result of placing importance on reducing electricity, which has the highest share of energy.

In resource recycling, our primary focus is to keep waste emissions as close to zero as possible by promoting reuse of waste as a resource, namely through the 3Rs (Reduce, Reuse, Recycle). Similarly, we are striving to minimize environmentally harmful substances produced in manufacturing processes. Specifically, we are tightening our control over amounts of materials used and emission levels, using these substances more efficiently, replacing them with alternatives, and other measures. Our goal is to help form a recycling-oriented society by quickly achieving and maintaining zero-emission operations, among other means.

CO₂ Emissions and CO₂ Basic Units



*1 CO₂ emissions are assessed for the Shizuoka, Haibara and Sagara plants, by using the power-generation fiscal 2008 CO₂ emissions coefficients received from the Federation of Electric Power Companies of Japan for electricity and coefficients based on the energy- and heat-saving laws for city gas, LPG and heavy kerosene.

*2 CO₂ emission levels (t-CO₂) per production monetary amount (millions of ¥)

Koito Group Environmental Management System

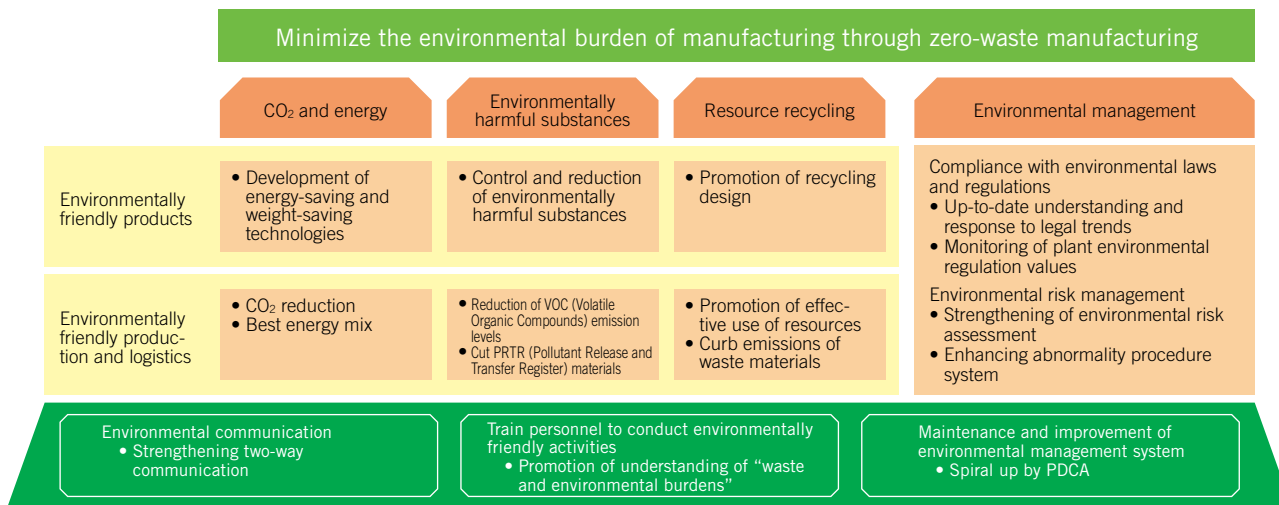
In developing its operations globally, the Koito Group recognizes the need to further enhance its environmental preservation systems. Our ongoing efforts in this regard include building environmental management systems and obtaining environmental certification at our affiliated companies.

Koito has constructed a common company-wide environmental management system covering all stages from development to manufacturing that complies with the international ISO 14001 standard. By January 2003, all four of our production bases in Japan had obtained ISO 14001 certification.

Meanwhile, 18 of our affiliated companies, including 10 overseas companies, have obtained ISO 14001 certification, mainly at production sites.

We will continue to develop locally-tailored environmental preservation activities in every country and region where we operate, as we respond to the demands of societies around the world for global environmental protection and sustainable societies.

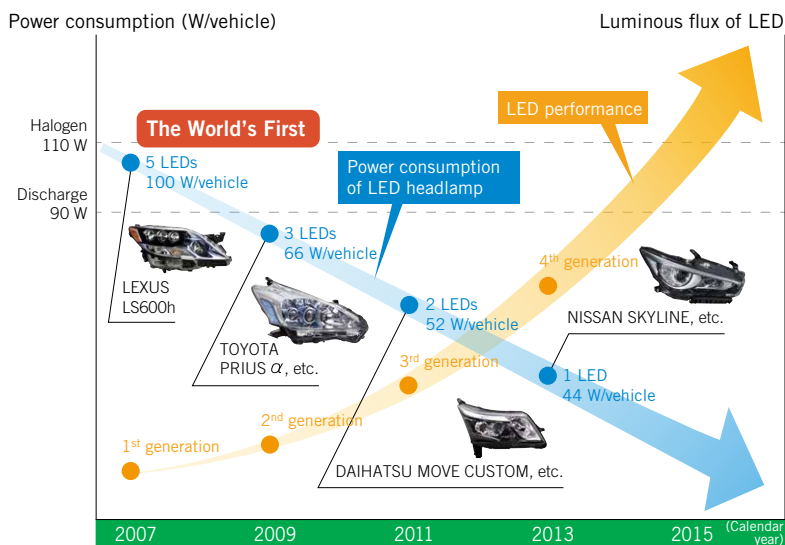
Basic Approach to Environmental Activities



Saving Electric Power with LED Headlamps

LED headlamps are finding wide-ranging and rapidly increasing applications in environmentally friendly vehicles such as hybrid cars and electric vehicles and elsewhere, mainly due to the fact that they save electric power and have long working lives.

Koito has worked to improve the performance of LED chips, and to lessen the number of LED chips required for headlamp performance. As a result, the power consumption of LED headlamps is becoming less every year. This contributes to the improved fuel consumption of vehicles together with CO₂ reductions, especially as their power consumption is approximately 50% less than conventional discharge headlamps.



Realization of Energy-Saving Plants

The Koito Group's manufacturing approach pays consideration to the environment from the development and design to the production stage.

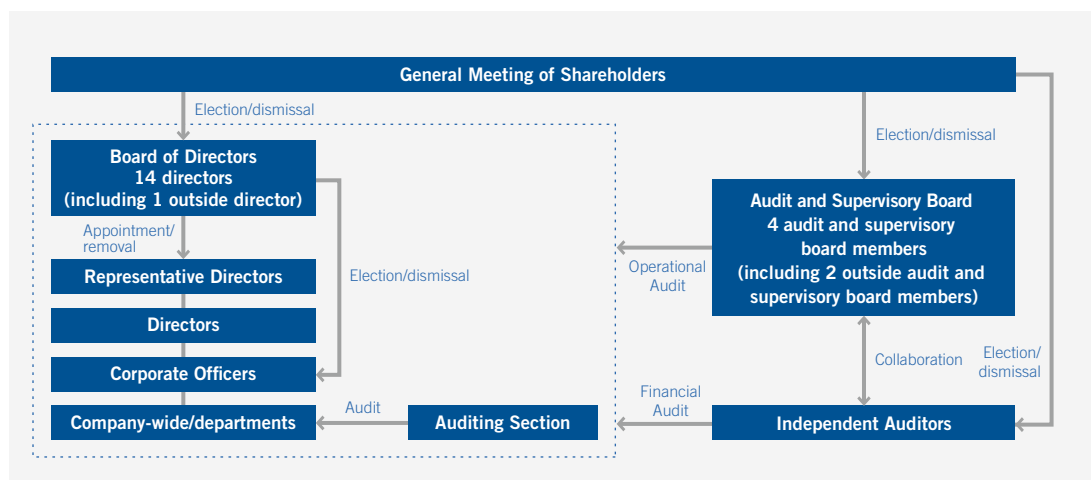
Along with significantly reducing energy consumption in the production stage by simplifying and downsizing the facilities, our plants built on one floor with a simplified roof structure maximize natural ventilation and the intake of sunlight to save energy.



CORPORATE GOVERNANCE

The Koito Group's basic approach to corporate governance is to recognize the importance of ethical standards and sound management if it is to retain the trust of all its stakeholders (people concerned). To do this, Koito places the highest managerial priority on enhancing corporate governance and strengthening compliance.

(1) Establishment Status of the Corporate Governance Structure and Internal Control Systems



① Overview of the Corporate Governance Structure

At Koito, management decisions and supervision are conducted by the Board of Directors, business execution is conducted by the Corporate Officers, and business execution is audited by the Audit and Supervisory Board. The Board of Directors, which comprises 14 directors (including 1 outside director), in principle meets once per month and is attended by directors and audit and supervisory board members. It reports on progress in business execution and makes decisions on important matters. The Managing Committee comprising full-time directors and a corporate officer, is a body to aid the Board of Directors. The committee meets in principle 3 times per month and determines business execution, and reports on progress in and follows up on business execution. As determined by the Articles of Incorporation, the Board of Directors comprises 15 members or less.

The Audit and Supervisory Board comprises 4 audit and supervisory board members (including 2 outside audit and supervisory board members). Each audit and supervisory board member audits the performance of directors in line with auditing policies through such means as their participation in meetings of the Board of Directors, and surveys of the Company's operations and financial condition. Moreover, the standing audit and supervisory board members attend important meetings and committees to audit business execution by directors.

② Status of Establishment of the Internal Control System

Koito is establishing a system of internal controls based on the following basic policies.

- i. System ensuring that directors and employees execute their business duties in compliance with laws and regulations and the Company's Articles of Incorporation

The Compliance Committee, Compliance Department, Auditing Section, whistle-blower internal reporting system and other organizations and systems, as well as the Code of Corporate Ethics and other relevant regulations, will be developed and enhanced based on Koito Group Corporate Behavior Charter. At the same time, Koito's directors, corporate officers and employees will receive education familiarizing them with the organizations, systems and regulations.
- ii. System for the preservation and administration of information on directors executing their business duties

Regulations will be developed and enhanced to appropriately preserve and administer minutes to the General Meeting of Shareholders, Board of Directors meetings, Managing Committee meetings, and other information on directors executing their business duties.
- iii. Regulations and other systems for managing the risk of loss

Crisis Management Regulations and other regulations and systems for managing risk will be developed to avoid and eliminate material risks that could threaten the Company's survival, and minimize the impact when they arise. At the same time, Koito's directors, corporate officers and employees will receive education and training on risk management.
- iv. System for ensuring the efficient execution of business duties by directors

Board of Directors and Managing Committee meetings will be held regularly. Meanwhile, Board of Directors Regulations, Managing Committee Regulations and other regulations pertaining to the execution of business duties by directors, as

well as the corporate officer system and other organizations and systems, will be developed and enhanced to ensure the efficient execution of business duties by directors. At the same time, business duties will be executed according to specific plans the divisions develop each year based on the president's policy.

- v. System for ensuring appropriate business execution by the corporate group comprising Koito and its subsidiaries
Koito and its Group companies will subscribe together to the Koito Group Corporate Behavior Charter and develop a system for ensuring and administering the appropriate execution of business duties.
- vi. Matters pertaining to the status of certain employees, their independence from directors, and ensuring the viability of instruction in the event corporate auditors request for such employees to assist in the execution of their duties
An Office of the Board of Corporate Auditors will be established to help the corporate auditors execute their duties under the instruction and order of the corporate auditors and the Board of Corporate Auditors. Moreover, assignment of personnel to the Office of the Board of Corporate Auditors shall be decided upon approval by the Board of Corporate Auditors to ensure independence from directors.
- vii. System for directors and employees of Koito and its subsidiaries to report to corporate auditors and for preventing unfair treatment of the directors and employees for reporting to the corporate auditors
Directors, corporate officers and employees of Koito and its Group companies shall report to the corporate auditors when they learn of matters of material impact on the Company, serious violations of laws, regulations and the Company's Articles of Incorporation, and other issues of compliance. Moreover, each corporate auditor shall exercise their own discretion in reporting the findings from such reports to the Board of Corporate Auditors. Meanwhile, the Company's organization and systems will be developed and enhanced to rigorously prevent the unfair treatment of directors, corporate officers and employees for reporting to the corporate auditors.
- viii. Policy on expenses arising from the corporate auditors of Koito executing their duties and system for enabling the corporate auditors to conduct effective audits
The Company shall pay all necessary expenses involved in the corporate auditors executing their duties. The corporate auditors shall monitor and audit the execution of business duties at the Company by means that include attending the meetings of the Board of Directors, Managing Committee, Compliance Committees and other relevant conferences and committees, and examining important documents. The corporate auditors shall exchange opinions periodically, or as need be with directors, corporate officers, independent auditors, and the Auditing Section, among others.

③ Status of Establishment of the Risk Management System

Koito's risk management system implements measures for avoiding and minimizing various risks and is delegated to various divisions within the Company for administration on a daily basis. In the event of a given risk transpiring, Koito will make a rapid and appropriate response based on leadership from top management.

④ Status of Internal Audits and Audits by Corporate Auditors

For internal audits, audits by the corporate auditors and accounting audits, the internal audit function is delegated primarily to the Internal Audit Office of the Auditing Section, and the corporate auditors and independent auditors receive regular reports from the Auditing Section on the audit plan, methods, and results, while exchanging information as necessary.

⑤ Status of Accounting Audits

To ensure the adequacy of financial statements, the Board of Corporate Auditors and Board of Directors periodically receive progress reports on the status of accounting audits based on relevant directives and other laws from the independent auditors. Koito's accounting audit was performed by certified public accountants, Atsushi Sasayama, Hirofumi Nikaido and Yasushi Onuki from Koito's independent auditor, accounting firm MEIJI AUDIT CORPORATION. Furthermore, six certified public accountants and two other staff who belong to MEIJI AUDIT CORPORATION assisted with the accounting audit.

(2) Remuneration for Directors, Corporate Auditors and the Independent Auditor

Remuneration for directors, corporate auditors, and the independent auditor for the fiscal year ended March 31, 2015 was as follows:

Remuneration for Directors and Corporate Auditors:

For directors	¥967 million
For corporate auditors	¥ 64 million
For outside directors and outside auditors	¥ 50 million
Total	¥1,081 million

Remuneration for the Independent Auditor:

Fee for certification of audit	¥64 million
(Remuneration based on work stipulated by Article 2, Paragraph 1 of the Certified Public Accountants Act)	

BOARD OF DIRECTORS, AUDITORS AND CORPORATE OFFICERS



Chairman and CEO
Masahiro Otake



President and COO
Hiroshi Mihara



Executive Vice President
Yuji Yokoya



Executive Vice President
Koichi Sakakibara

■ Directors

Chairman and CEO

Masahiro Otake

President and COO

Hiroshi Mihara

Executive Vice President

Yuji Yokoya

Koichi Sakakibara

Senior Managing Directors

Kenji Arima

Yohei Kawaguchi

Director and Senior Adviser

Takashi Ohtake

Director and Managing Corporate Officer

Masami Uchiyama

Katsuyuki Kusakawa

Hideo Yamamoto

Michiaki Kato

Hideharu Konagaya

Mineo Kobayashi

Outside Director

Haruya Uehara

■ Audit and Supervisory Board Members

Standing Audit and Supervisory Board Member

Mitsuo Kikuchi

Mikio Tsuruta

Audit and Supervisory Board Member

Koichi Kusano

Nobuyoshi Kawashima

■ Corporate Officers

(Excluding the members with an additional concurrent post on the Board of Directors)

Managing Corporate Officer

Osami Takikawa

Jun Toyota

Atsushi Inoue

Kiyoshi Sato

Corporate Officer

Kazuhito Iwaki

Koichi Toyoda

Shinji Watanabe

Masatoshi Yoneyama

Toshiyuki Katsumata

Mamoru Murakoshi

Masahiro Otake

Yuji Higashi

FINANCIAL SECTION

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TEN-YEAR SUMMARY

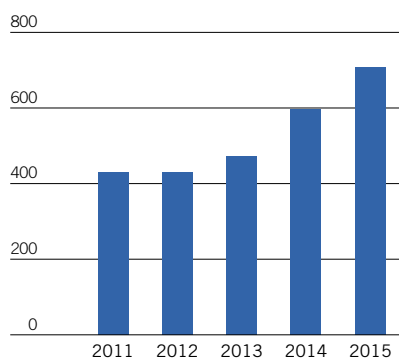
KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries
Years ended March 31

Consolidated	Millions of yen (except per share amounts)			
	2006	2007	2008	2009
For the year:				
Net sales	¥397,509	¥452,520	¥470,648	¥400,232
Operating income	22,262	21,328	28,959	9,131
Income before income taxes	23,277	24,799	30,097	7,980
Income taxes	9,078	9,622	11,678	2,051
Net income	12,731	13,374	15,581	4,042
Amounts per share (yen and U.S. dollars):				
Net income	¥ 79.39	¥ 83.23	¥ 96.95	¥ 25.16
Cash dividends	20.00	22.00	23.00	20.00
At year-end:				
Working capital	¥ 27,993	¥ 24,182	¥ 26,813	¥ 13,091
Property, plant and equipment less accumulated depreciation	76,800	84,644	83,875	83,244
Total assets	366,254	385,300	388,585	351,869
Total equity	139,849	149,553	151,713	142,184

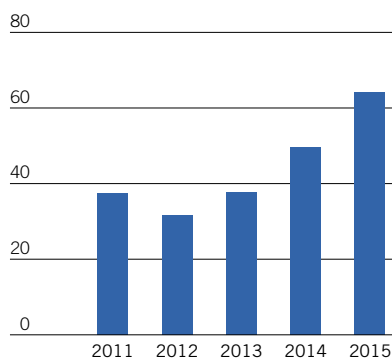
Notes: 1. Amounts in U.S. dollars are translated from yen, for convenience only, at the rate of ¥120.17=US\$1, the rate prevailing on March 31, 2015.
2. The above total equity for fiscal 2011 and thereafter, included noncontrolling interests.

Net Sales

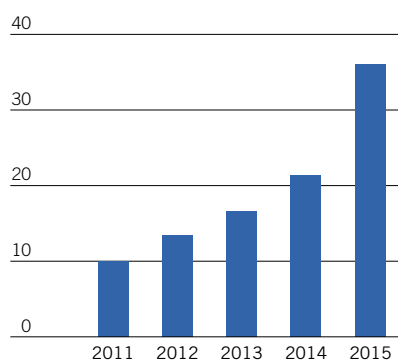
(Billions of yen)

**Operating Income**

(Billions of yen)

**Net Income**

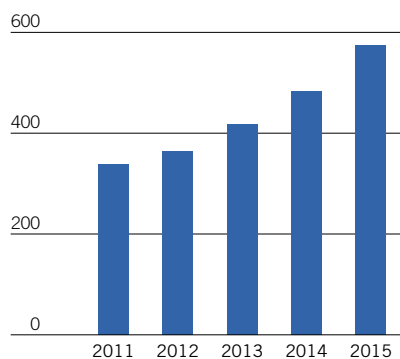
(Billions of yen)



						Thousand of U.S. dollars (except per share amounts)	
2010	2011	2012	2013	2014	2015	2015	
¥408,430	¥428,977	¥430,929	¥472,843	¥597,502	¥706,470	\$5,878,921	
36,054	37,434	31,725	37,668	49,506	64,155	533,868	
13,731	17,591	27,093	33,004	46,596	63,895	531,705	
9,736	11,850	10,599	11,812	17,173	19,017	158,250	
6,217	10,012	13,391	16,625	21,378	36,060	300,074	
¥ 38.69	¥ 62.30	¥ 83.33	¥ 103.46	¥ 133.04	¥ 224.41	\$ 1.87	
18.00	19.00	19.00	22.00	26.00	40.00	0.33	
¥ 39,512	¥ 58,015	¥ 65,554	¥ 81,705	¥108,550	¥144,795	\$1,204,918	
73,252	65,010	66,791	72,415	87,168	115,285	959,349	
357,530	338,760	363,273	418,087	483,093	575,268	4,787,118	
148,664	168,414	182,916	218,131	256,072	316,826	2,636,481	

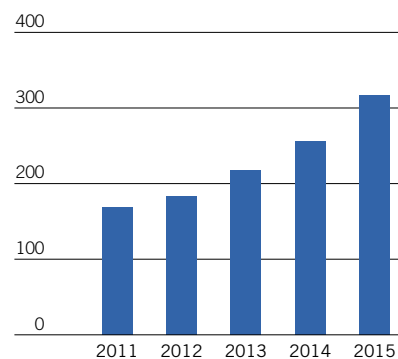
Total Assets

(Billions of yen)



Total Equity

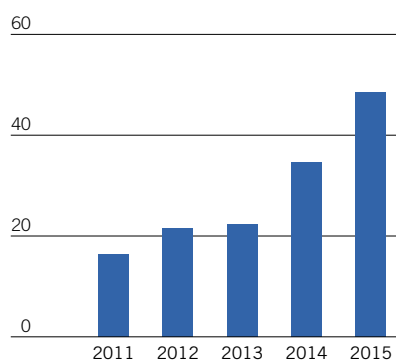
(Billions of yen)



* Noncontrolling interests are included.

Capital Expenditures

(Billions of yen)



MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

The Koito Group comprises the parent company (KOITO MANUFACTURING CO., LTD.), 29 subsidiaries and 2 affiliates. The Group manufactures and sells automotive lighting equipment; components for airplanes, trains and railways; a wide variety of electrical devices; and measuring equipment. It is also involved in related distribution operations.

In April 2015, all business operations of consolidated subsidiary Koito Europe NV were transferred to consolidated subsidiary Koito Czech s.r.o.

NET SALES

In the auto industry, production volume in Japan decreased year on year due to sluggish sales brought on by the hike in the consumption tax and a shift away from exports to manufacturing overseas. Overseas, growth in demand mainly from North America, China, and Europe drove global production volume to increase year on year.

In this climate, the Koito Group reported consolidated net sales of ¥706.4 billion, up 18.2% year on year, due to sales growth in the mainstay automotive lighting equipment segment.

EARNINGS

On the earnings front, operating income was ¥64.1 billion, up 29.6% year on year. The gain was mainly attributable to revenues rising in Japan, as well as the other segments of North America, China, Asia and Europe, and contributions from the full-fledged operation of a new plant overseas. Recurring profit increased 28.9% to ¥66.8 billion. Net income amounted to ¥36.0 billion, up 68.7% year on year, marking the third consecutive year of record earnings. In addition to rising revenues, the increase was mainly attributable to the absence of an extraordinary loss in relation to the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade posted in the previous fiscal year.

RESULTS BY GEOGRAPHICAL SEGMENT

JAPAN

Sales in Japan increased 0.9% to ¥280.1 billion. This mainly reflected a shift in automobile lamps to LED amid a decline in volume of domestic automobile production.

NORTH AMERICA

Sales in North America increased 46.3% year on year to ¥136.9 billion mainly due to increases in automobile production accompanying the recovery in automobile demand, and in new orders. Also contributing were a shift of automobile lamps to LED and the start of operations at a plant in Mexico.

CHINA

Sales in China rose 23.6% to ¥185.2 billion. This increase was mainly due to increased orders from Japanese, European and U.S. automobile manufacturers amid growing demand for automobiles.

ASIA

Sales in Asia rose 25.5% to ¥71.8 billion. Sales growth was driven by increased orders in Thailand, as well as an increase in orders for equipment in motorcycles and automobiles in Indonesia.

EUROPE

Sales in Europe increased 68.7% to ¥32.3 billion. This was mainly due to an increase in new orders and a shift of automobile lamps to LED amid strong automobile production in the region accompanying a pickup in the European economy.

FINANCIAL POSITION

Total assets as of March 31, 2015 had increased ¥92.1 billion from March 31, 2014 to ¥575.2 billion. This was mainly due to capital investment for bolstering overseas production, in addition to increases in current assets such as cash and time deposits, and trade notes and accounts receivable.

Total liabilities as of March 31, 2015 had increased ¥31.4 billion from March 31, 2014 to ¥258.4 billion, mainly reflecting an increase in trade notes and accounts payable.

Total net assets as of March 31, 2015 had increased ¥60.7 billion from March 31, 2014 to ¥316.8 billion. This increase was mainly due to an increase in retained earnings from net income, and to an increase in total accumulated other comprehensive income.

CASH FLOWS

Operating activities provided net cash of ¥73.2 billion after payment of taxes, mainly reflecting income before income taxes of ¥63.8 billion and depreciation of ¥25.9 billion.

Investing activities used net cash of ¥55.5 billion, mainly reflecting acquisition of property and equipment of ¥42.8 billion.

Financing activities used net cash of ¥14.3 billion, mainly reflecting dividends paid of ¥8.0 billion.

As a result, cash and cash equivalents as of March 31, 2015 were ¥33.0 billion, ¥5.3 billion higher than on March 31, 2014.

CAPITAL EXPENDITURES

Capital expenditures totaled ¥48.4 billion. Outlays were centered on investing in the overseas business of the automotive lighting equipment segment, primarily in a new factory and machinery, equipment and tools for adapting to new products and model changes.

Capital expenditures in Japan totaled ¥15.0 billion: ¥16.8 billion in North America, ¥9.7 billion in China, ¥5.1 billion in Asia, and ¥1.6 billion in Europe.

The funds required for capital expenditures were allocated from internal funds and debt.

There were no disposals or sales of key facilities during the fiscal year under review.

PRESSING ISSUES

(1) THE KOITO GROUP'S CURRENT OUTLOOK

During fiscal 2015, the period under review, some signs brightened in the Japanese economy as a result of the government's economic stimulus measures and upsides such as lower crude oil prices. This was despite negative growth caused for instance by personal consumption falling in reaction to an increase in Japan's consumption tax and import prices rising as a consequence of the yen depreciating abruptly.

Meanwhile the global economy strengthened for the most part, as conditions picked up in the U.S. and were restored in Europe, despite deceleration in the Chinese economy and geopolitical risks such as conflict in the Middle East and Ukraine.

The Koito Group will make efforts to increase order activities, boost productivity, enhance our mutually complementary supply network and structure, and implement more cost-cutting measures. All of these activities are aimed at further improving the Group's business results as a global supplier with 5 development and production bases.

(2) KEY ISSUES IN THE NEAR TERM

As a global supplier, the Koito Group faces the challenges of establishing a research, production and sales structure for responding flexibly to trends in the global automobile industry, reorganizing and strengthening its management structure and organization, and enhancing internal control over corporate activities.

To accomplish this, the Group is striving to improve management practices by developing innovative new technologies and products that anticipate market and customer needs, and preserving the environment, as well as boosting productivity, implementing cost-cutting measures, promoting quality improvement activities and strengthening the corporate structure.

On March 22, 2013, Koito received cease and desist orders and surcharge payment orders from the Japan Fair Trade Commission (JFTC), on suspicion of violating the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade concerning transactions for automotive lighting equipment. As a result of carefully reviewing the contents of these orders, Koito has found that its understanding of this matter differs from that expressed in the contents of the cease and desist orders and surcharge payment orders, and that they are unacceptable. On May 23, 2013, Koito has made hearing requests to the JFTC. At the current time, Koito is still in the process. Koito will explain its stance in these hearings, and will seek fair judgments.

In the U.S. and Canada, plaintiffs have filed lawsuits against Koito and its U.S. subsidiary, and are seeking payment for damages they claim to have incurred. Koito will closely review the details of the statement of claim and deal with this matter in an appropriate manner.

Koito will ensure the further enhancement of compliance systems and the thorough implementation of recurrence prevention measures, as company which should fulfill its social responsibility and to continue as a company that is trusted by all stakeholders, and will make efforts to comply with corporate ethics and restore trust.

(3) POLICIES

The Koito Group will create new markets along the business theme of “Lighting” and contribute to achieving a better society. At the same time, the basic policy of management is to work together for mutual harmony and benefit with all stakeholders, including shareholders, customers, employees and business partners. Furthermore, from CSR (corporate social responsibility) and other perspectives, Koito is conducting manufacturing activities that put people and the environment first throughout all of its business endeavors, as well as environmental preservation and social contribution activities.

(4) SPECIFIC MEASURES

Based on its corporate message of “Lighting for Your Safety,” the Koito Group will create new value demanded by customers and contribute to achieving a better society as a manufacturer of automotive lighting and electric equipment.

To advance to the next stage of growth, the Koito Group will take the following measures:

- ① To address the automobile industry’s expansion of globally optimal production systems, the Koito Group will work to enhance its system to respond to the world’s five key regional automobile markets (Japan, North America, Europe, China and Asia). To this end, the Group will further reinforce the product development, manufacturing and sales functions of its overseas bases, among other measures.
- ② The Koito Group will develop cutting-edge technologies that stay ahead of customer and market needs and commercialize products at the earliest opportunity. Moreover, the Group will bring attractive products to market in a timely manner.
- ③ The Koito Group aims to pursue the highest quality and safety standards, while advancing the protection of the environment and strengthening compliance.
- ④ The Koito Group plans to further reinforce its profit structure and operations by securing and effectively allocating resources.

The Koito Group will formulate specific policies related to these measures, and strive to increase the satisfaction of our shareholders, customers, employees and business partners, and to preserve the environment, and to enhance internal control.

BUSINESS RISK FACTORS

The following factors could affect the Koito Group’s operating results, share price and financial position. Forward-looking statements in this annual report are based on the management’s judgment as of June 29, 2015.

(1) ECONOMIC CONDITIONS

Demand for automotive lighting equipment, which represents a material share of the Koito Group’s operating income around the world, is subject to economic conditions in countries and regions in which the Group’s products are sold. Consequently, an economic downturn and accompanying contraction of demand in the Koito Group’s main markets, including Japan and elsewhere in North America, Asia and Europe, may adversely affect its operating results and financial position.

(2) LEGAL REGULATIONS

Automotive lighting equipment, the mainstay product of the Koito Group, is subject to various legal regulations, including road transportation vehicle laws and safety standards, in Japan as well as all other countries where the Group conducts business, to provide key safety components of vehicles. Consequently, unexpected changes in legal regulations could adversely affect the Koito Group's operating results and financial position.

(3) EXCHANGE RATE MOVEMENTS

The Koito Group produces and sells products around the world. Sales, expenses, assets, liabilities and other accounts denominated in the local currencies of each region in which the Group operates are converted into yen for the purpose of preparing Koito's consolidated financial statements. Accordingly, the exchange rate prevailing on the conversion date may affect the post-conversion yen value of these accounts. Generally speaking, an appreciation of the yen relative to other currencies may adversely affect the Koito Group's operating results and financial position.

(4) POTENTIAL RISKS OF EXPANDING OVERSEAS

The Koito Group is rapidly becoming more dependent on overseas-based production and sales activities. The expansion of these business activities in overseas markets carries the following inherent risks:

- ① Unanticipated changes in laws and regulations
- ② Disadvantageous changes in political and economic conditions
- ③ Social unrest caused by terrorism, war or other factors

(5) PRODUCT DEFECTS

The Koito Group manufactures products in accordance with quality control standards approved in Japan and other countries where it conducts business. Nevertheless, there is no guarantee that all products will be free of defects and that recall and other costs will not arise from defects in the future. Therefore, product defects could adversely affect the Koito Group's operating results and financial position.

(6) CHANGES IN RAW MATERIAL PRICES

The Koito Group currently faces the risk of raw material price fluctuations. In particular, prices for plastics, key raw materials for the Koito Group's businesses, have been rising along with changing market prices for crude oil. This trend could cause a rise in procurement costs for the Koito Group, which could adversely affect the Koito Group's operating results and financial position.

(7) NATURAL DISASTERS, ETC.

There is a risk that the production, logistics, sales and other bases of the Koito Group, its customers or its suppliers could be damaged by an earthquake, tsunami, typhoon or other natural disaster. While the Koito Group conducts disaster prevention activities and carries out inspections of facilities, these efforts do not guarantee that bases will be completely shielded from their effects. In particular, the Koito Group production bases in Japan are concentrated in the prefecture of Shizuoka, and there is a Koito plant in the vicinity of Chubu Electric Power Co., Inc.'s Hamaoka nuclear power station. Therefore, a major disaster could dramatically lower the Koito Group's capacity to produce automotive lighting equipment and other products and in turn adversely affect its operating results and financial position.

(8) OTHER RISKS

As a global supplier, the Koito Group engages in business in many countries worldwide, and is subject to the application of the various laws about competition and so forth in Japan and overseas. Therefore, becoming involved in legal action could adversely affect the Koito Group's operating results and financial position.

CONSOLIDATED BALANCE SHEETS

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

At March 31,	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 28,253	¥ 33,082	\$ 275,293
Trade notes and accounts receivable	111,472	128,408	1,068,552
Less: Allowance for doubtful accounts	(13,103)	(1,974)	(16,426)
	98,369	126,434	1,052,126
Inventories	52,046	60,790	505,866
Deferred income tax assets—current (Note 6)	3,565	4,816	40,076
Prepaid expenses and others	111,641	129,675	1,079,096
Total current assets	293,878	354,800	2,952,483
Investments:			
Investment securities	71,695	74,907	623,341
Loans	29	17	141
Deferred income tax assets—non-current (Note 6)	1,000	95	790
Other investments	2,559	4,740	39,444
Less: Allowance for doubtful accounts	(152)	(152)	(1,264)
Total investments	75,131	79,608	662,461
Property, plant and equipment, at cost:			
Buildings and structures	94,588	105,924	881,451
Machinery, equipment and tools	245,308	291,550	2,426,146
Less: Accumulated depreciation	(252,727)	(282,187)	(2,348,231)
	87,168	115,285	959,349
Land	13,821	14,291	118,923
Construction in progress	13,089	11,281	93,875
Property, plant and equipment, net	114,080	140,859	1,172,164
Total assets	¥ 483,093	¥ 575,268	\$ 4,787,118

At March 31,	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
LIABILITIES AND EQUITY			
Current liabilities:			
Trade notes and accounts payable	¥105,326	¥122,929	\$1,022,959
Short-term loans (Note 4)	38,269	37,702	313,738
Income taxes payable	8,506	9,161	76,233
Accrued expenses and other current liabilities	33,224	40,211	334,617
Total current liabilities	185,328	210,005	1,747,565
Non-current liabilities:			
Long-term debt (Note 4)	5,241	3,798	31,605
Liability for retirement benefits (Note 5)	26,141	24,862	206,890
Other non-current liabilities	10,305	19,773	164,541
Total non-current liabilities	41,692	48,436	403,062
Equity:			
KOITO MANUFACTURING CO., LTD. shareholders' equity			
Common stock	14,270	14,270	118,748
320,000,000 shares authorized and 160,789,436 shares issued at March 31, 2014 and 2015			
Additional paid-in capital	17,108	17,108	142,364
Retained earnings	158,109	188,935	1,572,231
Treasury common stock, at cost:			
95,079 shares in 2014 and 95,400 shares in 2015	(84)	(85)	(707)
Total KOITO MANUFACTURING CO., LTD. shareholders' equity	189,404	220,229	1,832,645
Accumulated other comprehensive income:			
Valuation adjustment on investment securities	18,532	27,922	232,354
Translation adjustments	8,665	18,435	153,407
Retirement benefits liability adjustments	3,343	2,561	21,311
Total accumulated other comprehensive income	30,541	48,919	407,081
Noncontrolling interests	36,127	47,677	396,746
Total equity	256,072	316,826	2,636,481
Total liabilities and equity	¥483,093	¥575,268	\$4,787,118

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

For the years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Net sales	¥597,502	¥706,470	\$5,878,921
Cost of sales	504,321	596,460	4,963,468
Gross profit	93,180	110,010	915,453
Selling, general and administrative expenses	43,674	45,855	381,584
Operating income	49,506	64,155	533,868
Other income (expenses):			
Interest income	1,593	1,716	14,279
Interest expenses	(828)	(858)	(7,139)
Loss on sale and disposal of property and equipment	(340)	(554)	(4,610)
Other, net	(3,334)	(565)	(4,701)
Income before income taxes and noncontrolling interests	46,596	63,895	531,705
Income taxes	17,173	19,017	158,250
Income before noncontrolling interests income	29,422	44,877	373,445
Noncontrolling interests income in consolidated subsidiaries	8,044	8,816	73,362
Net income	¥ 21,378	¥ 36,060	\$ 300,074
Noncontrolling interests income in consolidated subsidiaries	8,044	8,816	73,362
Income before noncontrolling interests income	29,422	44,877	373,445
Other comprehensive income			
Valuation adjustment on investment securities	5,230	9,980	83,049
Translation adjustments	5,688	14,565	121,203
Retirement benefits liability adjustments	–	(869)	(7,231)
Total other comprehensive income	10,919	23,676	197,020
Comprehensive income	¥ 40,341	¥ 68,553	\$ 570,466
Attributable to:			
Shareholders of the parent company	¥ 30,745	¥ 54,438	\$ 453,008
Noncontrolling interests	¥ 9,596	¥ 14,115	\$ 117,458
	Yen		U.S. dollars
	2014	2015	2015
Per share:			
Net income	¥ 133.04	¥ 224.41	\$ 1.87
Cash dividends	26	40	0.33
Average total number of shares during the year (thousands of shares)	160,696	160,694	160,694

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

For the years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
KOITO MANUFACTURING CO., LTD. shareholders' equity			
Common stock:			
Beginning balance	¥ 14,270	¥ 14,270	\$ 118,748
Ending balance	¥ 14,270	¥ 14,270	\$ 118,748
Additional paid-in capital:			
Beginning balance	¥ 17,108	¥ 17,108	\$ 142,364
Ending balance	¥ 17,108	¥ 17,108	\$ 142,364
Retained earnings:			
Beginning balance	¥140,588	¥158,109	\$1,315,711
Cumulative effects of change in accounting policies	–	(735)	(6,116)
Restated balance at April 1, 2015	–	157,374	1,309,594
Net income	21,378	36,060	300,074
Deductions:			
Cash dividends applicable to the year	(3,856)	(4,499)	(37,438)
Ending balance	¥158,109	¥188,935	\$1,572,231
Treasury stock	¥ (84)	¥ (85)	\$ (707)
KOITO MANUFACTURING CO., LTD. shareholders' equity	¥189,404	¥220,229	\$1,832,645
Total accumulated other comprehensive income			
Valuation adjustment on investment securities	¥ 18,532	¥ 27,922	\$ 232,354
Translation adjustments	8,665	18,435	153,407
Retirement benefits liability adjustments	3,343	2,561	21,311
	¥ 30,541	¥ 48,919	\$ 407,081
Noncontrolling interests	¥ 36,127	¥ 47,677	\$ 396,746
Total equity	¥256,072	¥316,826	\$2,636,481

CONSOLIDATED STATEMENTS OF CASH FLOWS

KOITO MANUFACTURING CO., LTD. and Consolidated Subsidiaries

For the years ended March 31,	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Cash flows from operating activities:			
Net income	¥ 21,378	¥ 36,060	\$ 300,074
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	21,522	25,919	215,686
Noncontrolling interests in consolidated subsidiaries	8,044	8,816	73,362
(Decrease) increase in provision for allowance for doubtful accounts	164	(11,370)	(94,615)
(Decrease) increase in liability for retirement benefits	781	(2,568)	(21,369)
Loss on sale and disposal of property and equipment	306	540	4,493
Changes in operating assets and liabilities:			
Trade notes and accounts receivable	(8,330)	(5,365)	(44,645)
Inventories	(10,508)	(4,411)	(36,706)
Prepaid expenses and others	(8,051)	10,145	84,422
Trade notes and accounts payable	14,524	9,139	76,050
Accrued expenses and other current liabilities	(1,111)	7,642	63,593
Others, net	(3,147)	(1,258)	(10,468)
Net cash provided by operating activities	35,572	73,289	609,877
Cash flows from investing activities:			
Decrease in time deposits and other due over three months, net	(13,340)	(24,377)	(202,854)
Purchase of marketable and investment securities	(16)	(17)	(141)
Proceeds from sale of marketable and investment securities	9,221	11,615	96,654
Acquisition of property and equipment	(32,906)	(42,831)	(356,420)
Proceeds from sale of property and equipment	356	225	1,872
Increase in long-term loans	28	12	99
Decrease in other investments and other assets	627	(153)	(1,273)
Net cash used in investing activities	(36,030)	(55,526)	(462,062)
Cash flows from financing activities:			
(Decrease) increase in short-term bank loans	8,558	(4,928)	(41,008)
(Decrease) increase in long-term bank loans	2,809	(1,427)	(11,874)
Increase in treasury stock	(6)	(1)	(8)
Proceeds from noncontrolling shareholders	888	-	-
Cash dividends	(6,872)	(8,020)	(66,738)
Net cash used in financing activities	5,377	(14,376)	(119,630)
Foreign currency translation adjustment on cash and cash equivalents	838	1,945	16,185
Change in cash and cash equivalents	5,758	5,332	44,370
Cash and cash equivalents at beginning of the year	21,992	27,750	230,922
Cash and cash equivalents at end of the year	¥ 27,750	¥ 33,082	\$ 275,293

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presentation

KOITO MANUFACTURING CO., LTD. (the “Company”) and its subsidiaries maintain their accounts in conformity with the financial accounting standards of Japan, and its foreign subsidiaries maintain their accounts in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan.

In preparing the consolidated financial statements, certain rearrangements and reclassifications have been made and certain additional financial information has been included in the consolidated financial statements issued in Japan for the convenience of readers outside Japan. Certain financial statement items of the previous fiscal year were reclassified to conform to the presentation for the current fiscal year.

2. Summary of significant accounting policies

(1) The accompanying consolidated financial statements for the years ended March 31, 2014 and 2015 include the accounts for the Company and the 29 subsidiaries listed below:

Names of consolidated subsidiaries for the year ended March 31, 2015	Equity ownership percentage (*) %
KOITO KYUSHU LIMITED	100
Koito Transport Co., Ltd.	100
Aoitec Co., Ltd.	70
Shizuokadenso Co., Ltd.	100
Nissei Industries Co., Ltd.	62
Fujieda Auto Lighting Co., Ltd.	100
Shizuoka Wire Harness Co., Ltd.	100
Haibara Machine and Tools Co., Ltd.	100
Shizuoka Kanagata Co., Ltd.	40
Koito Insurance Services Co., Ltd.	100
KI HOLDINGS CO., LTD.	50
KOITO ELECTRIC INDUSTRIES, LTD.	100
Minatsu, Ltd.	100
Okayama Industry Co., Ltd.	51
North American Lighting, Inc.	100
North American Lighting Mexico, S.A. de C.V.	90
Koito Europe NV	100
Koito Europe Limited	100
Koito Czech s.r.o.	100
Shanghai Koito Automotive Lamp Co., Ltd.	45
GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD.	100
Hubei Koito Automotive Lamp Co., Ltd. (**)	100
FUZHOU KOITO TAYIH AUTOMOTIVE LAMP CO., LTD.	100
THAI KOITO COMPANY LIMITED	62
PT. INDONESIA KOITO	90
Ta Yih Industrial Co., Ltd.	33
INDIA JAPAN LIGHTING PRIVATE LIMITED	70
KPS N.A., INC.	100
CHANGZHOU KOITO JINCHUANG TRANSPORTATION EQUIPMENT CO., LTD.	50

(*) Represents ownership at March 31, 2015 and includes shares owned through consolidated subsidiaries.

(**) Hubei Koito Automotive Lamp Co., Ltd. was established in September 2014 and is owned 100% by the Company.

(2) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The excess of the costs over the underlying net equity of investments in the consolidated subsidiaries is amortized over five years.

Investments in one affiliate (owned 20% to 50%) are stated at cost plus equity in their undistributed earnings.

Consolidated net income or loss includes the Company's equity in the current net income or loss of such companies, after the elimination of unrealized intercompany profits.

(3) Translation of foreign currency financial statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into yen at the rate of exchange in effect at the balance sheet date, except for the components of shareholders' equity, which are translated at exchange rates in effect at acquisition dates. Revenue and expense accounts are translated at the average rate of exchange in effect during the year.

Foreign currency translation adjustments are included in noncontrolling interest and shareholders' equity in the accompanying consolidated financial statements.

(4) Inventories

Inventories are stated principally at cost. The cost of finished products and work in process are determined primarily by the weighted average method.

Raw materials and supplies are determined by the moving-average method. Inventories in the consolidated foreign subsidiaries are stated at the lower of cost or market as determined by the moving-average method.

(5) Securities

Securities for the year are valued by type of security as follows:

Securities held for trading	Market value
Securities held to maturity	Depreciable cost
Other securities	
Where there is a market quotation	Market value as determined by the quoted price at the end of the fiscal year
Where there is no market quotation	Cost as determined by the moving-average method
Specified money trusts	Market value

(6) Property, plant and equipment and depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is computed with the declining-balance method or straight-line method, at rates based on the estimated useful lives of the assets.

Machinery held by the Company is depreciated over useful lives estimated by the Company, which are between 3 to 7 years. Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(7) Liability for retirement benefits

Under the terms of the retirement plans of the Company, certain employees are entitled to severance payments upon retirement or termination from the Company. The amount of the payment is based on the length of service, salary at the time of severance, and the cause of the severance.

The Company has a non-contributory and contributory funded pension plan which covers substantially all of the benefits at the retirement age under the above retirement plan.

Liability for retirement benefits is recorded based on the amount that would be required if all eligible employees retired at the balance sheet date less the amount funded by plan assets.

Consolidated subsidiary KI HOLDINGS CO., LTD. has two types of defined benefit retirement plan: a fund-type corporate pension plan and a lump-sum retirement benefit plan. Other domestic consolidated subsidiaries mainly have lump-sum retirement benefit plans. Certain overseas subsidiaries have defined contribution retirement plans or defined benefit retirement plans.

Liability for retirement benefits for the directors and corporate auditors of some consolidated subsidiaries are covered by a retirement benefit plan which allows retiring directors and corporate auditors to receive lump-sum retirement benefits. The amount of such benefits is determined based on the length of service and the level of remuneration at the time of retirement.

The amount of the retirement benefits for directors and auditors is recorded in other non-current liabilities.

(8) Income taxes

The Company and its subsidiaries adopt tax-effect accounting and account for income taxes using the asset and liability method. Under this method, deferred tax assets and deferred tax liabilities are recognized for the future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities using enacted rates.

(9) Appropriation of retained earnings

Under the Corporation Law of Japan, proposals by the Board of Directors for the appropriation of retained earnings (principally the payment of annual cash dividends) should be approved by a shareholders' meeting that must be held within three months of the end of each financial year. In addition to such appropriation, the Law permits the Board of Directors to distribute cash to shareholders at an interim date (interim dividend). The appropriation of retained earnings reflected in the accompanying consolidated financial statements for each financial year represents the appropriation which was approved by the shareholders' meeting or by the Board of Directors and disposed of during that year.

(10) Research and development costs

Research and development costs are charged to income as incurred.

(11) Net income and dividends per share

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Cash dividends per share represent dividends, including "interim dividends" declared, as applicable to the respective periods.

(12) Cash equivalents

Cash and cash equivalents include time deposits and readily marketable securities with original maturities of three months or less.

(13) Consumption tax

Consumption tax is imposed at the flat rate of 8% on all domestic consumption of goods and services with certain exceptions. The consumption tax withheld on sales and consumption tax paid by the Companies on the purchases of goods and services is not included in the amounts of respective income or costs and expenses in the accompanying consolidated statements of income, but is recorded as an asset or a liability, as the case may be, and the net balance is included in other current liabilities.

(14) Derivative transactions

The Company utilizes foreign exchange forward contracts and interest rate swap agreements designated as hedges. The hedge transactions are only utilized on foreign exchange forward transactions and interest rate swap transactions when the transactions are fixed to hedge any risk anticipated from these transactions and to fix the cash flows value resulting from future transactions denominated in foreign currencies and loans bearing interest. Due to the nature of the hedging arrangements, no significant losses are anticipated.

(15) Accounting change

The Company and its domestic subsidiaries adopted Section 35 of “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 of May 17, 2012) and the main clause of Section 67 of “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 of May 26, 2015) effective from April 1, 2014. As a result, the methods for calculating the retirement benefit obligation and service cost have been revised in the following respects: the method for attributing projected benefits to each period has been changed from the straight-line method to the benefit formula method, and the method for determining the discount rate has been changed to use a single weighted-average discount rate reflecting the expected timing and amount of benefit payments.

The cumulative effect of changing the method for calculating the retirement benefit obligation and service cost was recognized by adjusting retained earnings at April 1, 2014, in accordance with the transitional treatment provided in Paragraph 37 of Accounting Standard for Retirement Benefits.

As a result, the liability for retirement benefits increased by ¥1,203 million (\$10,010 thousand), retained earnings and non-controlling interests decreased by ¥735 million (\$6,116 thousand) and ¥156 million (\$1,298 thousand) at April 1, 2014. The effect of consolidated operating income and income before income taxes and minority interests for the year ended March 31, 2015 were immaterial. In addition, net assets per share decreased by ¥4.57 (\$0.03).

3. U.S. dollar amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥120.17=US\$1, the approximate rate of exchange at March 31, 2015, has been used. This translation should not be construed as a representation that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

4. Short-term loans and long-term debt

At March 31, 2014 and 2015, short-term loans consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Loans, principally from banks			
To the Company	¥ –	¥ –	\$ –
To consolidated subsidiaries	38,269	37,702	313,738
Total	<u>¥38,269</u>	<u>¥37,702</u>	<u>\$313,738</u>

At March 31, 2014 and 2015, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Loans, principally from banks			
To the Company	¥ –	¥ –	\$ –
To consolidated subsidiaries	5,241	3,798	31,605
Total	<u>¥5,241</u>	<u>¥3,798</u>	<u>\$31,605</u>

5. Employee retirement benefits

The reconciliation of beginning and ending balance of retirement benefit obligations at March 31, 2014 and 2015 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Retirement benefit obligations at April 1, 2013 and 2014	¥53,779	¥55,306	\$460,231
Cumulative effects of change in accounting policies	–	1,047	8,712
Restated balance at April 1, 2013 and 2014	53,779	56,353	468,943
Service cost	2,572	2,284	19,006
Interest cost	779	513	4,268
Actuarial differences	1,235	1,619	13,472
Retirement benefits paid	(3,060)	(3,442)	(28,642)
Decrease of transfer to defined contribution plan	–	(7,078)	(58,899)
Retirement benefit obligations at March 31, 2014 and 2015	¥55,306	¥50,251	\$418,165

The reconciliation of beginning and ending balance of the plan assets at March 31, 2014 and 2015 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Plan assets at April 1, 2013 and 2014	¥23,813	¥29,164	\$242,689
Expected return on plan assets	373	475	3,952
Actuarial differences	4,985	2,366	19,688
Contributions by the Company	1,849	1,641	13,655
Retirement benefits paid	(1,857)	(1,803)	(15,003)
Decrease of transfer to defined contribution plan	–	(6,455)	(53,715)
Plan assets at March 31, 2014 and 2015	¥29,164	¥25,388	\$211,267

The reconciliation of projected benefit obligation and plan assets to net defined benefit liability and asset recognized in the consolidated balance sheet at March 31, 2014 and 2015 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Funded projected benefit obligation	¥ 37,724	¥ 31,086	\$ 258,683
Plan assets at fair value	(29,164)	(25,388)	(211,267)
	8,560	5,697	47,407
Unfunded projected benefit obligation	17,581	19,164	159,474
Net liability for retirement benefits recognized in consolidated balance sheet	26,141	24,862	206,890
Liability for retirement benefits	26,141	24,862	206,890
Net liability for retirement benefits recognized in consolidated balance sheet	¥ 26,141	¥ 24,862	\$ 206,890

The components of retirement benefit costs for the years ended March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Service cost	¥2,572	¥2,284	\$19,006
Interest cost	779	513	4,268
Expected return on plan assets	(373)	(475)	(3,952)
Amortization of actuarial differences	815	(991)	(8,246)
Gain on transfer to defined contribution plan	–	(936)	(7,788)
Other	–	(13)	(108)
Total	¥3,793	¥ 382	\$ 3,178

Retirement benefits liability adjustments included in other comprehensive income (before income tax) for the years ended March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Actuarial differences	¥–	¥(835)	\$(6,948)

Retirement benefits liability adjustments included in accumulated other comprehensive income (before income tax) at March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Unrecognized actuarial differences	¥4,731	¥3,895	\$32,412

Plan assets at March 31, 2014 and 2015:

The major categories of plan assets at March 31, 2014 and 2015 were as follows:

	2014		2015	
Bonds	38%		36%	
Stocks	38%		39%	
General accounts of life insurance company	14%		15%	
Other	10%		10%	
Total	100%		100%	

Contributions made to defined contribution plans

Contributions made to defined contribution plans for the year ended March 31, 2014 and 2015 were ¥1,168 million and ¥1,774 million (\$14,762 thousand), respectively.

6. Income taxes

The Company and its domestic subsidiaries are subject to Japanese national and local taxes based on income, which in the aggregate resulted in a normal statutory tax rate of approximately 38% and 35% for the years ended March 31, 2014 and 2015, respectively.

Foreign subsidiaries are subject to income taxes of the countries in which they operate.

(a) The significant components of deferred tax assets and liabilities at March 31, 2014 and 2015 were as follows:

At March 31	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Deferred income tax assets:			
Excess accrued bonus	¥ 1,627	¥ 1,629	\$ 13,555
Excess liability for retirement benefits	9,401	8,086	67,288
Disallowed retirement allowance to directors	509	479	3,986
Loss on revaluation of investment securities, other	4,799	4,177	34,759
Reserve for liability claims	952	1,921	15,985
Loss on revaluation of land	582	—	—
Reserve for product warranties	2,447	2,444	20,337
Excess allowance for doubtful account	359	176	1,464
Tax loss carry-forward	10,851	8,930	74,311
Others	3,580	2,279	18,964
	35,111	30,125	250,686
Less valuation allowance	(18,400)	(13,963)	(116,193)
Deferred income tax assets total	¥ 16,710	¥ 16,161	\$ 134,484
Deferred tax liabilities:			
Depreciation	¥ (1,999)	¥ (3,577)	\$ (29,766)
Reserve for reduction of asset costs	(430)	(391)	(3,253)
Valuation adjustment on investment securities	(10,297)	(13,883)	(115,528)
Deferred income tax liabilities total	¥(12,727)	¥(17,852)	\$(148,556)
Net deferred income tax assets (liabilities)	¥ 3,983	¥ (1,690)	\$ (14,063)

(b) The net deferred income tax assets and liabilities at March 31, 2014 and 2015 were included in the balance sheets as follows:

At March 31	Millions of yen		Thousands of U.S. dollars
	2014	2015	2015
Deferred income tax assets—current	¥3,565	¥ 4,816	\$ 40,076
Deferred income tax assets—non-current	1,000	95	790
Deferred income tax liabilities—non-current	(582)	(6,601)	(54,930)
Net deferred income tax assets (liabilities)	¥3,983	¥(1,690)	\$(14,063)

(c) The reconciliation between the effective tax rate and the effective statutory tax rate for the year ended March 31, 2015 was as follows:

	2015
Effective statutory tax rate	35.0 %
Change in valuation allowance	(6.9)%
Effect of the effective statutory tax rate	2.1 %
Other	(0.4)%
Effective tax rate	29.8 %

* The reconciliation for the year ended March 31, 2014 was not presented because the difference between the effective tax rate and the effective statutory tax rate was less than 5% of the statutory income tax rate.

7. Segment information

REPORTING SEGMENT INFORMATION

The Company has manufacturing operations in Japan and other countries, mainly producing automotive lighting equipment, and supplies products all over the world. Each of the Group companies located in its respective area is an independent management unit, and conducts business activities in line with a comprehensive business plan for its respective area. Segment information of the Company is therefore presented by region, based on the geographical distribution of manufacturing and sales operations. The segments are Japan, North America, China, Asia, and Europe. Some segments include manufacturing and sales operations of control systems for rail transports, aircraft equipment, and aircraft and train seats, in addition to the mainstay automotive lighting equipment.

	Millions of yen						Adjustments	Consolidated Total
	Japan	North America	China	Asia	Europe	Total		
For the year ended March 31, 2015								
Sales:								
Sales to outside customers . . .	¥280,119	¥136,902	¥185,248	¥71,865	¥32,335	¥706,470	¥ -	¥706,470
Inter-area sales and transfers . .	130,837	169	4,212	6,118	31,115	172,453	(172,453)	-
Total	¥410,956	¥137,072	¥189,460	¥77,984	¥63,450	¥878,924	¥(172,453)	¥706,470
Segment income	¥ 31,933	¥ 7,106	¥ 13,719	¥ 7,617	¥ 2,735	¥ 63,112	¥ 1,042	¥ 64,155
Segment assets	¥217,892	¥ 78,446	¥124,229	¥59,348	¥18,604	¥498,522	¥ 76,746	¥575,268
Others								
Depreciation	¥ 11,739	¥ 5,297	¥ 3,949	¥ 3,921	¥ 933	¥ 25,841	¥ 77	¥ 25,919
Amortization of goodwill	¥ 54	¥ -	¥ -	¥ -	¥ -	¥ 54	¥ -	¥ 54
Increase in fixed assets and intangible assets	¥ 15,059	¥ 16,809	¥ 9,779	¥ 5,170	¥ 1,650	¥ 48,470	¥ -	¥ 48,470
Thousands of U.S. dollars								
For the year ended March 31, 2015								
Sales:								
Sales to outside customers . . .	\$2,331,022	\$1,139,236	\$1,541,549	\$598,027	\$269,077	\$5,878,921	\$ -	\$5,878,921
Inter-area sales and transfers . .	1,088,765	1,406	35,050	50,911	258,924	1,435,075	(1,435,075)	-
Total	\$3,419,788	\$1,140,650	\$1,576,599	\$648,947	\$528,001	\$7,314,005	\$(1,435,075)	\$5,878,921
Segment income	\$ 265,731	\$ 59,132	\$ 114,163	\$ 63,385	\$ 22,759	\$ 525,189	\$ 8,671	\$ 533,868
Segment assets	\$1,813,197	\$ 652,791	\$1,033,777	\$493,867	\$154,814	\$4,148,472	\$ 638,645	\$4,787,118
Others								
Depreciation	\$ 97,686	\$ 44,079	\$ 32,861	\$ 32,628	\$ 7,764	\$ 215,037	\$ 640	\$ 215,686
Amortization of goodwill	\$ 449	\$ -	\$ -	\$ -	\$ -	\$ 449	\$ -	\$ 449
Increase in fixed assets and intangible assets	\$ 125,314	\$ 139,876	\$ 81,376	\$ 43,022	\$ 13,730	\$ 403,345	\$ -	\$ 403,345

8. Subsequent events

At the general shareholders' meeting held by the Company on June 26, 2015, appropriations of retained earnings were duly approved as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥26 per share (\$216.36 per 1,000 shares)	¥4,178	\$34,767

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENT AUDIT AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors
KOITO MANUFACTURING CO., LTD.

(Financial statement audit)

MEIJI AUDIT CORPORATION (We, hereinafter) have examined the consolidated balance sheets of KOITO MANUFACTURING CO., LTD. and its subsidiaries at March 31, 2014 and 2015, and the related consolidated statements of income and comprehensive income, changes in equity and cash flows for the years ended March 31, 2014 and 2015, all expressed in Japanese yen. The consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express our opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of KOITO MANUFACTURING CO., LTD. and its subsidiaries at March 31, 2014 and 2015, and the consolidated results of their operations and their cash flows for the years ended March 31, 2014 and 2015, in conformity with generally accepted accounting principles in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

(Internal control audit)

We also have audited the accompanying Internal Control Report of KOITO MANUFACTURING CO., LTD. and its subsidiaries at March 31, 2015. The design and operation of the internal control over financial reporting and the preparation of the Internal Control Report are the responsibility of the Company's management and our responsibility is to independently express an opinion on the Internal Control Report based on our audit. The internal control over financial reporting may not completely prevent or detect financial misstatements.

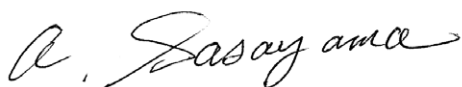
We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan.

MEIJI AUDIT CORPORATION

Responsible Auditor
Certified Public Accountant

Responsible Auditor
Certified Public Accountant

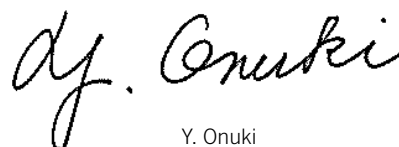
Responsible Auditor
Certified Public Accountant



A. Sasayama



H. Nikaïdo



Y. Onuki

June 26, 2015

CORPORATE INFORMATION

As of March 31, 2015

KOITO MANUFACTURING CO., LTD.

Head office: 4-8-3, Takanawa, Minato-ku, Tokyo 108-8711, Japan

Founded: April 1, 1915

Incorporated: April 1, 1936

Capital: ¥14,270 million

Employees: 20,671 (Consolidated)
4,152 (Non-consolidated)

Common stock:

Authorized: 320,000,000 shares

Issued: 160,789,436 shares

Number of shareholders: 5,286

Principal shareholders:

TOYOTA MOTOR CORPORATION
JP MORGAN CHASE BANK 385632
Sumitomo Mitsui Banking Corporation
Nippon Life Insurance Company
Japan Trustee Services Bank, Ltd. (Trust account)
The Master Trust Bank of Japan, Ltd. (Trust account)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Dai-ichi Life Insurance Company, Limited
DENSO CORPORATION
Aioi Nissay Dowa Insurance Co., Ltd.

Transfer agent:

Contact address of account management agent for special accounts:

Mitsubishi UFJ Trust and Banking Corporation
Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Department
10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan
Phone: 81-3-3212-1211

For further information, please contact:

KOITO MANUFACTURING CO., LTD.
4-8-3, Takanawa, Minato-ku, Tokyo 108-8711, Japan
Phone: 81-3-3443-7111
Facsimile: 81-3-3447-1520
Or via our website at: <http://www.koito.co.jp/english>

CORPORATE DIRECTORY

HEAD OFFICE

4-8-3, Takanawa, Minato-ku,
Tokyo 108-8711, Japan
Phone: 81-3-3443-7111
Facsimile: 81-3-3447-1520

INTERNATIONAL OPERATIONS HEADQUARTERS

Administration Dept.-International Ops.

Phone: 81-3-3447-5171
Facsimile: 81-3-3447-5173

American Operations

Phone: 81-3-3447-5166
Facsimile: 81-3-3447-5173

European Operations

Phone: 81-54-345-4416
Facsimile: 81-54-345-4959

China Operations

Phone: 81-3-3447-5165
Facsimile: 81-3-3447-5173

Asia Operations

Phone: 81-54-345-2593
Facsimile: 81-54-345-4959

PLANTS

Shizuoka Plant (Shizuoka Pref.)

Phone: 81-54-345-2251
Facsimile: 81-54-346-9174

Haibara Plant (Shizuoka Pref.)

Sagara Plant (Shizuoka Pref.)

Fujikawa Tooling Plant (Shizuoka Pref.)

LABORATORY

Laboratory (Shizuoka Pref.)

PARTS CENTER

Koito Parts Center (Shizuoka Pref.)

DOMESTIC BUSINESS NETWORK

Tokyo Branch (Tokyo)

Phone: 81-3-3447-5161
Facsimile: 81-3-3447-1660

Kitakanto Branch (Tochigi Pref.)

Phone: 81-28-636-4066
Facsimile: 81-28-636-4050

Toyota Branch (Aichi Pref.)

Phone: 81-565-28-1129
Facsimile: 81-565-29-1217

Osaka Branch (Osaka Pref.)

Phone: 81-6-6391-6731
Facsimile: 81-6-6395-1154

Hiroshima Branch (Hiroshima Pref.)

Phone: 81-82-282-1281
Facsimile: 81-82-282-1285

Sapporo Sales Office (Hokkaido Pref.)

Sendai Sales Office (Miyagi Pref.)

Kitakanto Sales Office (Tochigi Pref.)

Ota Sales Office (Gunma Pref.)

Tokyo Sales Office (Tokyo)

Atsugi Sales Office (Kanagawa Pref.)

Shizuoka Sales Office (Shizuoka Pref.)

Nagoya Sales Office (Aichi Pref.)

Osaka Sales Office (Osaka Pref.)

Fukuoka Sales Office (Fukuoka Pref.)

OVERSEAS REPRESENTATIVE OFFICES

Detroit Office (U.S.A.)

c/o North American Lighting, Inc.
36600 Corporate Drive Farmington Hills,
Michigan 48331, U.S.A.
Phone: 1-248-553-6408
Facsimile: 1-248-553-6454

Seattle Office (U.S.A.)

c/o Sojitz Corporation of America Columbia Center,
Suite 1160, 701 5th Avenue,
Seattle, Washington 98104, U.S.A.
Phone: 1-206-386-5624
Facsimile: 1-206-386-5640

GLOBAL NETWORK

OVERSEAS SUBSIDIARIES AND AFFILIATES

North American Lighting, Inc.

2275 South Main Street, Paris, Illinois 61944, U.S.A.
Phone: 1-217-465-6600
Facsimile: 1-217-465-6607

North American Lighting Mexico, S.A. de C.V.

Av. Santiago Poniente No. 109,
Parque Industrial Colinas de San Luis Colonia
Ciudad Satélite, San Luis Potosí, S.L.P.
C.P.78423, México
Phone: 52-444-804-2300
Facsimile: 52-444-804-2320

Koito Europe Limited

Kingswood Road,
Hampton Lovett Industrial Estate,
Droitwich, Worcestershire WR9 0QH, U.K.
Phone: 44-1905-790-800
Facsimile: 44-1905-794-466

Koito Czech s.r.o.

Na Astre 3001, 438 01 Zatec, Czech Republic
Phone: 420-415-930-111
Facsimile: 420-415-930-109

Shanghai Koito Automotive Lamp Co., Ltd.

767 Yecheng RD. Jia Ding South Door,
Shanghai, 201821, People's Republic of China
Phone: 86-21-6708-5999
Facsimile: 86-21-6708-5189

GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD.

No. B01, Transnational Industry Park,
Yuexi Village, Shilou Town, Panyu District,
Guangzhou City, Guangdong 511447,
People's Republic of China
Phone: 86-20-3930-7000
Facsimile: 86-20-3930-7020

Hubei Koito Automotive Lamp Co., Ltd.

No.1 Wenchang Road, Xiaogan National Hi-Tech
Industrial Development Zone, Xiaogan City, Hubei
432100, People's Republic of China
Phone: 86-712-236-9888
Facsimile: 86-712-236-9000

FUZHOU KOITO TAYIH AUTOMOTIVE LAMP CO., LTD.

South East Motor Zone, Qingkou, Minhou,
Fujian 350119, People's Republic of China
Phone: 86-591-2276-5266
Facsimile: 86-591-2276-7466

THAI KOITO COMPANY LIMITED

370 Moo 17 Tambol Bangsaothong
Amphur Bangsaothong,
Samutprakarn 10540, Thailand
Phone: 66-2-706-7900
Facsimile: 66-2-315-3281

PT. INDONESIA KOITO

Kawasan Industri Indotaisei Sektor 1A Blok P-3,
Kalihurip-Cikampek,
Karawang, Jawa Barat, 41373, Indonesia
Phone: 62-264-837-1088
Facsimile: 62-264-837-1075

Ta Yih Industrial Co., Ltd.

No.11 Shin-Sin Rd., An-Ping Industrial District,
Tainan 702, Taiwan, Republic of China
Phone: 886-6-261-5151
Facsimile: 886-6-264-4614

INDIA JAPAN LIGHTING PRIVATE LIMITED

No.1, Puduchathram, (Via) Tirumazhisai,
Tiruvellore High Road,
Tamilnadu 602-107, India
Phone: 91-44-3910-6246
Facsimile: 91-44-3910-6106

KPS N.A., INC.

149 Wheeler Ave., Pleasantville, NY 10570, U.S.A.
Phone: 1-914-747-8035
Facsimile: 1-914-747-8038

CHANGZHOU KOITO JINCHUANG TRANSPORTATION EQUIPMENT CO., LTD.

Industrial Park, Yaoguan Town, Wujin District,
Changzhou City, Jiangsu 213011,
People's Republic of China
Phone: 86-519-8837-6007
Facsimile: 86-519-8837-6006

OVERSEAS TECHNICAL ASSOCIATES

North American Lighting, Inc. (U.S.A.)

KPS N.A., INC. (U.S.A.)

North American Lighting Mexico, S.A. de C.V. (Mexico)

Hella Automotive Mexico S.A. de C.V. (Mexico)

Industrias Ardeb S.A. (Brazil)

Koito Europe Limited (U.K.)

Koito Czech s.r.o. (Czech Republic)

HELLA KGaA HUECK & CO. (Germany)

Farba Otomotiv Aydinlatma ve Plastik Fabrikalari A.S. (Turkey)

Automotive Lighting Italia S.p.A. (Italy)

AVTOSVET Limited Liability Company (Russia)

Shanghai Koito Automotive Lamp Co., Ltd. (China)

GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD. (China)

Hubei Koito Automotive Lamp Co., Ltd. (China)

FUZHOU KOITO TAYIH AUTOMOTIVE LAMP CO., LTD. (China)

Chongqing Koito Automotive Lamp Co., Ltd. (China)

CHANGZHOU KOITO JINCHUANG TRANSPORTATION EQUIPMENT CO., LTD. (China)

Shanghai TanDa Railway Vehicle Seat System Co., Ltd. (China)

AMS Co., Ltd. (Korea)

THAI KOITO COMPANY LIMITED (Thailand)

Bangkok Diecasting and Injection Co., Ltd. (Thailand)

PT. INDONESIA KOITO (Indonesia)

Ta Yih Industrial Co., Ltd. (Taiwan)

INDIA JAPAN LIGHTING PRIVATE LIMITED (India)

Hella Australia Pty Ltd. (Australia)

Hella-Phil., Inc. (Philippines)

Lumotech (Pty.) Ltd. (South Africa)

EP Polymers (M) Sdn. Bhd. (Malaysia)

AuVitronics Limited (Pakistan)

DOMESTIC SUBSIDIARIES AND AFFILIATES

KOITO KYUSHU LIMITED (Saga Pref.)

Business lines: Manufacturing and marketing of
automotive lighting equipment

Koito Transport Co., Ltd. (Shizuoka Pref.)

Business lines: Transportation services
and logistics

Aoitec Co., Ltd. (Shizuoka Pref.)

Business lines: Manufacturing and marketing of
electronic components, electrical devices,
telecommunications equipment and precision
machinery

Shizuokadensho Co., Ltd. (Shizuoka Pref.)

Business lines: Manufacturing and marketing of
automotive lighting equipment

Nissei Industries Co., Ltd. (Shizuoka Pref.)

Business lines: Manufacturing and marketing of
miniature bulbs and electrical equipment

Fujieda Auto Lighting Co., Ltd. (Shizuoka Pref.)

Business lines: Manufacturing and marketing of
automotive lighting equipment

Shizuoka Wire Harness Co., Ltd.

(Shizuoka Pref.)

Business lines: Manufacturing and marketing of
automotive lighting equipment

Haibara Machine and Tools Co., Ltd.

(Shizuoka Pref.)

Business lines: Manufacturing and marketing of
resin metal molds

Shizuoka Kanagata Co., Ltd. (Shizuoka Pref.)

Business lines: Manufacturing and marketing of
resin metal molds

Koito Insurance Services Co., Ltd. (Tokyo)

Business lines: Insurance agent

Takeda Suntech Co., Ltd. (Shizuoka Pref.)

Business lines: Manufacturing and marketing of
resin metal molds

New Fuji Co., Ltd. (Shizuoka Pref.)

Business lines: Service businesses

KI HOLDINGS CO., LTD. (Kanagawa Pref.)

Business lines: Manufacturing and marketing of
seats for aircraft

KOITO ELECTRIC INDUSTRIES, LTD.

(Shizuoka Pref.)

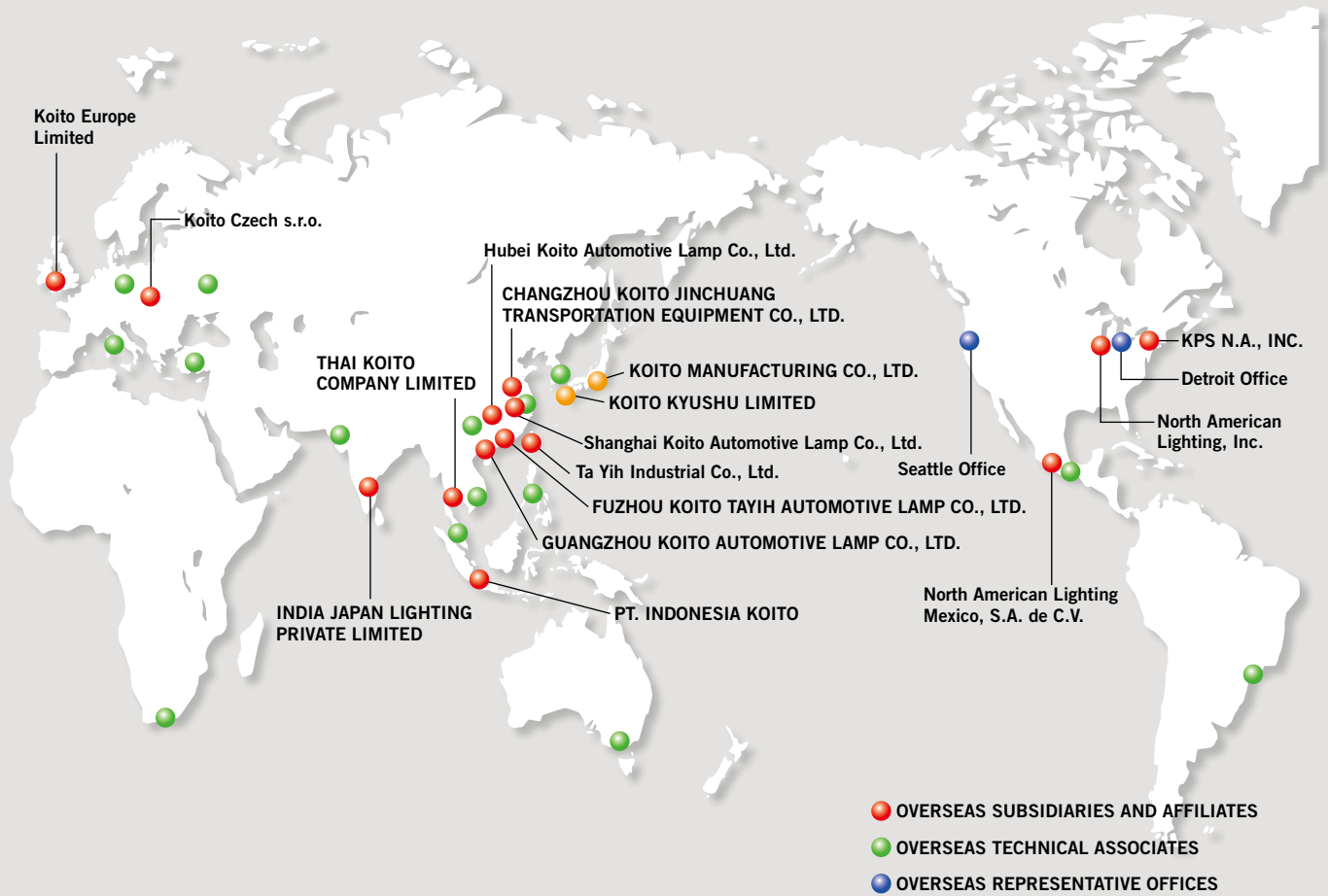
Business lines: Manufacturing and marketing of
railroad car control equipment, road traffic
signals and traffic control systems, and seats for
railroad cars, etc.

Minatsu, Ltd. (Kanagawa Pref.)

Business lines: Maintenance and upkeep of
traffic signals and safety equipment

Okayama Industry Co., Ltd. (Gunma Pref.)

Business lines: Manufacturing and
marketing of railroad car seats





KOITO MANUFACTURING CO., LTD.

