Consolidated Earnings Report for the Second Quarter of Fiscal 2016
[Japanese GAAP]

October 29, 2015

Company Name:	**KOITO MANUFACTURING CO., LTD.**
Stock Listing:	First Section, Tokyo Stock Exchange
Code Number:	7276
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Filing of Quarterly Securities Report:	November 5, 2015
Scheduled Payment of Dividends:	December 4, 2015
Supplementary explanatory materials prepared:	Yes
Explanatory meeting:	Yes

(¥ millions are rounded down)

1. Consolidated Results for the Second Quarter of Fiscal 2016 (April 1, 2015 to September 30, 2015)

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

Second Quarter,	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent	
Fiscal 2016	383,310	18.6%	32,399	32.1%	32,882	28.4%	14,175	△3.3%
Fiscal 2015	323,279	21.0%	24,520	50.3%	25,607	47.1%	14,661	44.3%

Note: Comprehensive income or loss: September 30, 2015: ¥1,144 million (△95.9%), September 30, 2014:¥ 27,792 million (142.0%)

Second Quarter,	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2016	88.21	88.20
Fiscal 2015	91.24	―

(2) Consolidated Financial Position (¥millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
September 30, 2015	571,811	308,401	47.1	1,677.30
March 31, 2015	575,268	316,826	46.8	1,674.91

Note: Equity: September 30, 2015: ¥ 269,532 million, March31, 2015: ¥269,148 million

2. Dividends

	Dividend per share (¥)				
	First Quarter	Second Quarter	Third Quarter	Year End	Full Year
Fiscal 2015	―	14.00	―	26.00	40.00
Fiscal 2016	―	16.00			
Fiscal 2016 (forecast)			―	―	―

Notes: 1. Revisions to recent dividend forecasts: Yes
2. The dividend record date is March 31, as prescribed by Koito's Articles of Incorporation; the dividend forecast for the March 31, 2016 is currently undecided.
3. Breakdown of Fiscal 2015 year-end dividend: Ordinary dividend: ¥16.00; Commemorative dividend: ¥10.00

3. Forecast of Consolidated Results for Fiscal 2016 (April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent		Net income per share (¥)
Full year	787,000	11.4%	71,000	10.7%	72,000	7.7%	37,000	2.6%	230.25

Note: Revisions to recent consolidated business forecasts: Yes

***Notes**

(1) Changes to important subsidiaries during the second quarter (changes in specified subsidiaries resulting in revised scope of consolidation): None

(2) Application of special accounting methods in the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles, accounting estimates and restatements

①Changes in accounting policies in conjunction with revisions to accounting standards: Yes

②Other changes: None

③Changes in accounting estimates: None

④Restatements: None

(Note) For details, please refer to (3) Changes in Accounting Principles, Accounting Estimates and Restatements under 2. Summary Information (Notes) on page 5 of the supplementary materials.

(4) Number of shares issued (common stock)

①Number of shares issued (including treasury stock):	Fiscal 2016, 2Q	160,789,436	Fiscal 2015	160,789,436
②Number of treasury stock:	Fiscal 2016, 2Q	95,512	Fiscal 2015	95,419
③Average number of stock during the second quarter:	Fiscal 2016, 2Q	160,693,975	Fiscal 2015, 2Q	160,694,321

*Explanations concerning status of quarterly review procedures

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

《 For Reference Only 》

Forecast of Non-consolidated Result for Fiscal 2016 (April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
Full year	267,000	6.1%	20,000	2.2%	35,000	5.8%	24,000	2.7%	149.35

Note: Revisions to recent non-consolidated business forecasts: Yes

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

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

Table of Contents of Supplementary Materials

1. Qualitative Information Concerning Quarterly Financial Statements and Other Matters

(1) Explanation Regarding Consolidated Operating Results

During the first half of fiscal 2016, the period under review, the Japanese economy continued to stagnate due to sluggish personal consumption and exports as well as a simultaneous global decline in stock prices caused by a concern of China's deceleration in economic growth. Meanwhile, the global economy continued to decelerate due to the slowing Chinese economy, declining exports from resource-rich countries, a slowdown in Asian economies as seen in currency depreciation in new emerging countries, and geopolitical risks such as conflicts in the Middle East, despite the steady recovery in the United States and Europe.

In the Japanese auto industry, production volume decreased year on year due to the stagnated economy and stalled demand caused by an increase in the excise on light vehicle, among others factors. Overseas, global production volume of automobiles remained flat year on year, as the increase driven by growing demand in North America was offset by stagnation or decline in in other regions including China, Russia, and South America.

In this climate, the KOITO Group reported a consolidated net sales at end of the first half standing at ¥383.3 billion, up 18.6% year on year. This was due to sales growth in the mainstay automotive lighting equipment segment that was driven mostly by a shift in automobile lamps to LED and an expansion in orders.

Results by geographical segment are outlined as follows.

〔Japan〕

Sales in Japan increased 5.3% year on year to ¥137.0 billion. The increase was mainly attributable to a shift in automobile lamps to LED that more than offset the decrease in the domestic production volume of automobiles.

〔North America〕

Sales in North America increased 46.6% year on year to ¥87.4 billion. Factors contributing to the sales increase included increased production volume and newly gained orders, which accompanied a recovery in automobile demand and a shift in automobile lamps to LED, as well as a Koito plant in Mexico commencing full operation.

〔China〕

Sales in China increased 20.0% year on year to ¥103.1 billion. This was mainly due to increased orders from Japanese automobile manufacturers and shift in automobile lamps to LED, despite a decrease in the production volume of automobiles.

〔Asia〕

Sales in Asia increased 17.7% year on year to ¥38.3 billion. Sales growth was driven mainly by an increase in orders in Thailand and Indonesia.

〔Europe〕

Sales in Europe increased 15.6% year on year to ¥17.3 billion. Amid a robust trend in automobile production in the region, Koito's sales in Europe were driven mainly by an increase in new orders and a shift of automobile lamps to LED.

On the earnings front, operating income increased 32.1% year on year to ¥32.3 billion with all geographical segments from Japan and North America to China, Asia, and Europe contributing to the gain. Commencement of full operation at a Koito plant in Mexico also contributed to profit. Recurring profit increased 28.4% to ¥32.8 billion. Profit attributable to owners of parent decreased 3.3% year on year to ¥14.1 billion. This was mostly due to consolidated subsidiary KI HOLDINGS CO., LTD. recording a ¥9.9 billion extraordinary loss in the first quarter on allowance provisioned as expenses for damages relating to aircraft seats.

(2) Explanation Regarding Consolidated Financial Position

-1. Analysis of assets, liabilities and net assets

Total assets were ¥571.8 billion at September 30, 2015, down ¥3.4 billion from the balance at March 31, 2015. This was mainly because fixed assets had declined due to a decrease in the balance of investment securities by such factors as a fall in stock price evaluation at the first half end, which had offset a rise in current assets from an increase in the balance of cash and time deposits.

Total liabilities had increased ¥4.9 billion from March 31, 2015 to ¥263.4 billion at September 30, 2015, partly due to an increase in allowances for damages.

Net assets were ¥308.4 billion at September 30, 2015, down ¥8.4 billion from March 31, 2015, mainly due to a decrease in accumulated other comprehensive income and non-controlling interests, which offset a gain in retained earnings.

-2. Analysis of cash flows
Operating activities provided net cash of ¥29.5 billion after taxes, mainly reflecting income before income taxes of ¥23.1 billion and depreciation of ¥14.4 billion.
Investing activities used net cash of ¥28.9 billion, mainly reflecting acquisition of property and equipment of ¥22.5 billion.
Financing activities used net cash of ¥2.7 billion, the result mainly of ¥5.8 billion in dividends paid.
As a result, cash and cash equivalents as of September 30, 2015 were ¥22.9 billion, ¥3.1 billion lower than on March 31, 2015.

(3) Explanation Regarding Forecast of Consolidated Results for Fiscal 2016 and Other Future Projections
As regards Koito's business forecasts for fiscal 2016, the fiscal year ending March 31, 2016, net sales are projected to increase year on year. This can be attributed domestically, primarily to a projected increase in Koito's orders and net sales as automobile lamps shift to LED offset by a decline in overall automotive production volume in Japan, and overseas, orders and automobile lamps shift to LED are projected to increase mainly in North America.

Earnings on all counts from operating income and recurring profit to profit attributable to owners of parent are forecast to increase in line with sales increasing, as well as enhanced rationalization of operations.

For the first half of fiscal 2016, the fiscal year under review, Koito paid a dividend of ¥16 per share, which is ¥2 higher than the dividend amount for the same period of the previous fiscal year, and the same with the year-end ordinary dividend amount (excluding commemorative dividend of ¥10) of the fiscal year. The year-end dividend for fiscal 2016 has not yet been decided as the outlook for the business environment remains uncertain. The Company plans to announce the year-end dividend projection at a later date based on business performance trends.
Looking ahead, we will continue our efforts to further improve earnings to meet the expectations of all shareholders.

The differences between the actual results for the first half of fiscal 2016 herein and the previously announced forecasts (both consolidated and non-consolidated) for the first half of fiscal 2016 (six months ended September 30, 2015) announced in the Consolidated Earnings Report for the First Quarter of Fiscal 2016 on July 28, 2015, are shown below.
In addition, the full-year business forecast (both consolidated and non-consolidated) for fiscal 2016 has been revised in the following manner.

Difference between the Consolidated Forecast and Actual Business Results for the first half of Fiscal 2016 (April 1, 2015 to September 30, 2015)

(¥ millions)

	Net sales	Operating income	Recurring profit	Profit attributable to owners of parent	Net income per share (¥)
Previously Announced forecast (A)	384,000	31,000	32,000	14,000	87.12
Actual results (B)	383,310	32,399	32,882	14,175	88.21
Difference (B-A)	△689	1,399	882	175	—
Change (%)	△0.2	4.5	2.8	1.3	—
(Reference) Actual results for the second quarter of fiscal 2015	323,279	24,520	25,607	14,661	91.24

(Reference)
Difference between the Non-Consolidated Forecast and Actual Business Results for the first half of Fiscal 2016 (April 1, 2015 to September 30, 2015)

(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously Announced forecast (A)	124,000	8,000	18,000	13,000	80.90
Actual results (B)	125,721	8,588	18,936	13,663	85.03
Difference (B-A)	1,721	588	936	663	—
Change (%)	1.4	7.4	5.2	5.1	—
(Reference) Actual results for the second quarter of fiscal 2015	119,645	8,561	16,637	12,605	78.44

Forecast of Consolidated Results for Fiscal 2016 (April 1, 2015 to March 31, 2016)

(¥ millions)

	Net sales	Operating income	Recurring profit	Profit attributable to owners of parent	Net income per share (¥)
Previously Announced forecast (A)	793,000	70,000	72,000	37,000	230.25
Revised forecast (B)	787,000	71,000	72,000	37,000	230.25
Difference (B-A)	△6,000	1,000	—	—	—
Change (%)	△0.8	1.4	—	—	—
(Reference) Actual results for fiscal 2015	706,470	64,155	66,880	36,060	224.41

(Reference) Forecast of Non-Consolidated Results for Fiscal 2016 (April 1, 2015 to March 31, 2016)

(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously Announced forecast (A)	264,000	19,000	34,000	23,000	143.13
Revised forecast (B)	267,000	20,000	35,000	24,000	149.35
Difference (B-A)	3,000	1,000	1,000	1,000	—
Change (%)	1.1	5.3	2.9	4.3	—
(Reference) Actual results for fiscal 2015	251,563	19,574	33,071	23,360	145.37

2. Summary Information (Notes)

(1) Changes to Important Subsidiaries during the Second Quarter:
None

(2) Application of Special Accounting Methods in the Preparation of Quarterly Consolidated Financial Statements:
None

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

Effective April 1, 2015, the Company has adopted the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013, hereinafter the "Business Combination Accounting Standard"), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013, hereinafter the "Consolidated Accounting Standard") and Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013, hereinafter the "Business Divestiture Accounting Standard") and other standards. As a result, the differences arising from the changes in equity of parent company to its subsidiaries in cases where its control is retained shall be recognized as capital surplus, and the acquisition-related costs in connection with the business combination shall be recognized as expenses in the consolidated fiscal year in which are incurred. At the same time, for business combinations implemented on or after April 1, 2015, the disclosure method was changed so as to restate the distribution of acquisition cost upon provisional accounting recognition in the statements of the fiscal year in which the combination took place. In addition, the presentation of quarterly net income, etc. was changed, and the presentation of minority interest was changed to the presentation of non-controlling interests. Consequently, the quarterly consolidated financial statements and consolidated financial statements were restated for the second quarter of the fiscal year ended March 31, 2016 and the fiscal year ended March 31, 2016 respectively.

In the consolidated statements of cash flows for the first half ended September 30, 2015, cash flows pertaining to the acquisition or sale of shares in subsidiaries unaccompanied by change in the scope of consolidation were recorded under cash flows from financing activities. Cash flows pertaining to expenses incurred in the acquisition of shares in subsidiaries accompanied by change in the scope of consolidation, as well as cash flows pertaining to expenses incurred in the acquisition or sales of shares in subsidiaries unaccompanied by change in the scope of consolidation, were recorded under cash flows from operating activities.

With regard to the adoption of the Business Combination Accounting Standard and other accounting standards, the Company adopts the Business Combination Accounting Standard from April 1, 2015, the beginning of the first quarter ended June 30, 2015, and onwards in accordance with the transitional treatment set forth in Article 58-2 (4) of the Business Combination Accounting Standard, Article 44-5 (4) of the Consolidated Accounting Standard, and Article 57-4 (4) of the Business Divestiture Accounting Standard.

There was no impact from the application of these standards on earnings performance.

3. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(¥ millions)

	Fiscal 2015 As of March 31, 2015	Second Quarter of Fiscal 2016 As of September 30, 2015
Assets		
Current assets:		
Cash and time deposits	125,691	143,204
Trade notes and accounts receivable	120,467	118,419
Electronically recorded monetary claims-operating	7,941	8,678
Marketable securities	1,356	1,739
Inventories	60,790	61,560
Deferred income tax assets	4,816	4,592
Other current assets	35,710	32,520
Less: Allowance for doubtful accounts	△1,974	△2,207
Total current assets	354,800	368,508
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	41,831	39,840
Machinery and transportation equipment (net)	55,041	58,604
Fixtures, equipment and tools (net)	18,413	19,559
Land	14,291	13,963
Construction in progress	11,281	11,791
Total property, plant and equipment	140,859	143,759
Intangible fixed assets:		
Goodwill	1,026	918
Other intangible fixed assets	1,728	1,947
Total intangible fixed assets	2,754	2,865
Investments and other assets:		
Investment securities	74,907	53,421
Deferred income tax assets	95	1,543
Other investments	2,003	1,856
Less: Allowance for doubtful accounts	△152	△142
Total investments and other assets	76,854	56,678
Total fixed assets	220,468	203,303
Total assets	575,268	571,811

(¥ millions)

	Fiscal 2015 As of March 31, 2015	Second Quarter of Fiscal 2016 As of September 30, 2015
Liabilities		
Current liabilities:		
Trade notes and accounts payable	122,929	117,785
Short-term loans	37,702	40,307
Accrued expenses	22,664	23,615
Income taxes payable	9,161	6,199
Allowance for employees' bonuses	4,833	4,898
Reserve for product warranties	2,657	2,848
Other current liabilities	10,057	17,385
Total current liabilities	210,005	213,040
Non-current liabilities:		
Long-term debt	3,798	4,220
Deferred income tax liabilities	6,601	6,586
Allowance for directors' and corporate auditors' retirement benefits	383	413
Allowance for expenses for damages	5,655	7,552
Reserve for product warranties	4,844	4,848
Allowance for environmental strategies	230	196
Allowance for employees' retirement benefits	24,862	24,567
Other non-current liabilities	2,060	1,986
Total non-current liabilities	48,436	50,370
Total liabilities	258,442	263,410
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital	17,108	17,108
Retained earnings	188,935	198,933
Treasury common stock, at cost	△85	△86
Total shareholders' equity	220,229	230,226
Accumulated other comprehensive income:		
Valuation adjustment on investment securities	27,922	22,309
Translation adjustments	18,435	14,743
Adjustments in defined benefit plans	2,561	2,253
Total accumulated other comprehensive income	48,919	39,305
Subscription rights to shares	—	291
Non-controlling interests	47,677	38,577
Total net assets	316,826	308,401
Total liabilities and net assets	575,268	571,811

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Second quarter, for the six months ended September 30)

(¥ millions)

	Second Quarter of Fiscal 2015 April 1, 2014 to September 30, 2014	Second Quarter of Fiscal 2016 April 1, 2015 to September 30, 2015
Net sales	323,279	383,310
Cost of sales	276,694	323,639
Gross profit	46,585	59,671
Selling, general and administrative expenses	22,064	27,272
Operating income	24,520	32,399
Non-operating income:		
Interest income	759	966
Dividends	460	602
Equity in earnings of affiliates	6	4
Foreign exchange gains	118	—
Other non-operating income	396	1,266
Total non-operating income	1,741	2,840
Non-operating expenses		
Interest expenses	424	424
Foreign exchange losses	—	1,413
Aircraft business safety measure expenses	118	229
Other non-operating expenses	111	289
Total non-operating expenses	654	2,356
Recurring profit	25,607	32,882
Extraordinary gains:		
Gain on sales of property and equipment	15	1,390
Gain on sales of investment securities	423	1,002
Gain on abolishment of retirement benefit plan	936	—
Other extraordinary gains	1	1
Total extraordinary gains	1,377	2,394
Extraordinary losses:		
Loss on sales and disposal of property and equipment	295	314
Provision for expenses for damages	—	9,968
Loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade	—	933
Compensation for damage	—	924
Other extraordinary losses	6	1
Total extraordinary losses	301	12,142
Income before income taxes	26,683	23,135
Income taxes	8,098	8,477
Income tax adjustment	△354	1,548
Total income taxes	7,743	10,026
Profit	18,939	13,109
(Break down)		
Profit attributable to owners of parent	14,661	14,175
Profit or loss attributable to non-controlling interests	4,278	△1,066

(¥ millions)

	Second Quarter of Fiscal 2015 April 1, 2014 to September 30, 2014	Second Quarter of Fiscal 2016 April 1, 2015 to September 30, 2015
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,614	△5,728
Translation adjustments	5,538	△5,920
Adjustments in defined benefit plans	△299	△316
Total other comprehensive income	8,853	△11,964
Comprehensive income	27,792	1,144
(Break down)		
Comprehensive income attributable to owners of parent	21,133	4,561
Comprehensive income attributable to non-controlling interests	6,659	△3,416

(3) Quarterly Consolidated Statements of Cash Flows

(¥ millions)

	Second Quarter of Fiscal 2015 April 1, 2014 to September 30, 2014	Second Quarter of Fiscal 2016 April 1, 2015 to September 30, 2015
Cash flows from operating activities		
Income before income taxes	26,683	23,135
Depreciation	11,475	14,497
Amortization of goodwill	—	108
Stock-based compensation	—	291
Equity in earnings of affiliated companies	△6	△4
Provision for allowance for doubtful accounts	1,019	234
Net defined liability for retirement benefits	△940	△722
Provision for reserve for bonuses	80	68
Reserve for product warranties	△12	195
Interest and dividends received	△1,219	△1,569
Interest payments	424	424
Gain on abolishment of retirement benefit plan	△936	—
Gain on sale of marketable and investment securities	△429	△1,002
Loss or gain on sale and retirement of property and equipment	187	△1,076
Provision for expenses for damages	—	9,968
Monopolization and maintenance of fair trade	—	933
Compensation for damage	—	924
Increase or decrease in trade notes and accounts receivable	4,726	△3,264
Increase in inventories	△1,885	△2,010
Decrease in other current assets	1,161	2,442
Decrease in trade notes and accounts payable	△1,094	△3,184
Increase in accrued expenses and other current liabilities	3,181	1,460
Others	769	7,830
Sub total	43,184	49,678
Interest and dividend received	1,219	1,569
Interest paid	△424	△424
Loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade paid	—	△933
Damages paid	△993	△8,995
Income taxes paid	△9,351	△11,338
Net cash provided by operating activities	33,635	29,557
Cash flows from investing activities		
Payments into time deposits	△29,036	△63,771
Proceeds from time deposits	18,593	41,730
Payments for purchase of marketable and investment securities	△8	△48
Proceeds from sale of marketable and investment securities	1,015	14,353
Acquisition of property and equipment	△21,694	△22,541
Proceeds from sale and disposal of property and equipment	278	2,086
Payments for new loans	△5	△7
Proceeds from loan repayments	11	8
Others	△300	△806
Net cash used in investing activities	△31,146	△28,996

(¥ millions)

	Second Quarter of Fiscal 2014 April 1, 2014 to September 30, 2014	Second Quarter of Fiscal 2015 April 1, 2015 to September 30, 2015
Cash flows from financing activities		
Increase or decrease in short-term loans	△180	2,649
Increase in long-term debt	202	669
Repayment of long-term debt	△328	△167
Payments for repurchase of treasury stock	△0	△0
Dividends paid by parent company	△2,249	△4,176
Dividends paid to non-controlling interests	△3,423	△1,682
Net cash provided by or used in financing activities	△5,978	△2,707
Effect of exchange rate changes on cash and cash equivalents	838	△986
Decrease in cash and cash equivalents	△2,651	△3,132
Cash and cash equivalents at beginning of quarter	27,750	33,082
Cash and cash equivalents at end of quarter	25,099	29,950

(4) Notes on Quarterly Consolidated Financial Statements

(Going Concern Assumption)

None

(Note Regarding Significant Changes in Shareholders' Equity)

None

(Segment Information)

(Segment Information)

I. Second Quarter of fiscal 2015 (April 1, 2014 to September 30, 2014)

Information Concerning Net Sales and Operating Income for Each Segment

(¥ millions)

	Japan	North America	China	Asia	Europe	Total	Adjustment (Note 1)	Amount recorded on quarterly consolidated financial statements (Note 3)
Net sales								
Sales to outside customers	130,148	59,674	85,912	32,572	14,971	323,279	—	323,279
Inter-segment sales and transfers	60,870	86	1,866	2,698	14,320	79,841	(79,841)	—
Total	191,019	59,760	87,778	35,271	29,291	403,121	(79,841)	323,279
Segment operating income	11,952	1,779	6,486	3,452	638	24,310	210	24,520

Notes 1. The ¥210 million adjustment in segment operating income includes ¥2,475 million in intersegment eliminations and ¥△2,265 million in unallocated expenses. Unallocated expenses comprise expenses related to management divisions such as administrative and accounting divisions of the head office of the parent company.

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

(1) North America: United States, Mexico

(2) Asia: Thailand, Indonesia, Taiwan and India

(3) Europe: Belgium, United Kingdom and Czech Republic

3. Segment operating income is adjusted to operating income in the quarterly consolidated financial statements.

2. Information Concerning Impairment Loss or Goodwill on Fixed Assets for Each Segment

None

II. Second Quarter of fiscal 2016 (April 1, 2015 to September 30, 2015)

Information Concerning Net Sales and Operating Income for Each Segment

(¥ millions)

	Japan	North America	China	Asia	Europe	Total	Adjustment (Note 1)	Amount recorded on quarterly consolidated financial statements
Net sales								
Sales to outside customers	137,075	87,458	103,124	38,345	17,306	383,310	―	383,310
Inter-segment sales and transfers	69,768	3	2,718	3,360	1,196	77,048	(77,048)	―
Total	206,844	87,462	105,842	41,706	18,503	460,359	(77,048)	383,310
Segment operating income	12,699	6,624	7,433	3,488	1,764	32,012	387	32,399

Notes 1. The ¥387 million adjustment in segment income (operating income) includes ¥2,975 million in intersegment eliminations and ¥△2,588 million in unallocated expenses. Unallocated expenses comprise expenses related to management divisions such as administrative and accounting divisions of the head office of the parent company.

2. The breakdown of countries and regions other than Japan and China is as follows:
   (1) North America: United States, Mexico
   (2) Asia: Thailand, Indonesia, Taiwan and India
   (3) Europe: Belgium, United Kingdom and Czech Republic

3. Segment operating income is adjusted to operating income in the quarterly consolidated financial statements.

2. Information Concerning Impairment Loss or Goodwill on Fixed Assets for Each Segment

(Material Change in Amounts of Goodwill)

Omitted from record due to lack of materiality.

(Material Impairment Loss on Fixed Assets)

None