



Consolidated Earnings Report for the First Quarter of Fiscal 2014 [Japanese GAAP]

July 29, 2013

Company Name:	KOITO MANUFACTURING CO., LTD.
Stock Listing:	First Section, Tokyo Stock Exchange
Code Number:	7276
URL:	http://www.koito.co.jp
Representative Director:	Masahiro Ohtake, President
Inquiries:	Hideo Yamamoto, Director and Managing Corporate Officer
Tel:	+81-3-3443-7111
Filing of Quarterly Securities Report:	August 2, 2013
Scheduled Payment of Dividends:	—
Supplementary explanatory materials prepared:	None
Explanatory meeting:	None

(¥ millions are rounded down)

1. Consolidated Results for the First Quarter of Fiscal 2014 (April 1, 2013 to June 30, 2013)

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

First Quarter,	Net sales	Operating income	Recurring profit	Net income
Fiscal 2014	128,701 14.0%	6,934 △14.3%	8,025 2.7%	5,316 81.5%
Fiscal 2013	112,911 33.8%	8,089 —	7,816 —	2,929 —

Note: Comprehensive income or loss: June 30, 2013: ¥12,473 million (-%), June 30, 2012: ¥△48 million (-%)

First Quarter,	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2014	33.08	—
Fiscal 2013	18.23	—

(2) Consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
June 30, 2013	427,015	228,432	46.4	1,234.17
March 31, 2013	418,087	218,131	45.4	1,180.61

Note: Equity: June 30, 2013: ¥198,328 million; March 31, 2013: ¥189,720 million

2. Dividends

	Dividend per share(¥)				
	First Quarter	Second Quarter	Third Quarter	Year End	Full Year
Fiscal 2013	—	10.00	—	12.00	22.00
Fiscal 2014	—				
Fiscal 2014 (forecast)		—	—	—	—

Notes: 1. Revisions to recent dividend forecasts: None

2. The dividend record dates are September 30 and March 31, as prescribed by Koito's Articles of Incorporation; the dividend forecasts for the year ending March 31, 2014 record date are currently undecided.

3. Forecast of Consolidated Results for Fiscal 2014 (April 1, 2013 to March 31, 2014)

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

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
First half	262,000 16.1%	16,500 △5.9%	17,000 △1.5%	9,500 31.3%	59.12
Full year	548,000 15.9%	42,000 11.5%	43,500 8.7%	23,500 41.3%	146.24

Note: Revisions to recent consolidated business forecasts: Yes

***Notes**

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

(4) Number of shares issued (common stock)

① Number of shares issued (including treasury stock):	Fiscal 2014, 1Q	160,789,436	Fiscal 2013	160,789,436
② Number of treasury stock:	Fiscal 2014, 1Q	91,902	Fiscal 2013	91,522
③ Average number of stock during the first quarter:	Fiscal 2014, 1Q	160,697,754	Fiscal 2013, 1Q	160,698,279

***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 Results for Fiscal 2014 (April 1, 2013 to March 31, 2014)

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

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
First half	113,000 \triangle 4.4%	6,500 \triangle 39.8%	13,000 \triangle 16.1%	9,000 10.4%	56.01
Full year	228,000 \triangle 1.0%	13,500 \triangle 23.3%	23,000 \triangle 8.5%	15,000 34.1%	93.34

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

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

1. The above forecasts are based on information available, and certain assumptions that are judged to be reasonable, at the time of the release of this report. Koito is not promising that the Company will achieve these forecasts. Actual results could differ from forecasts due to a variety of factors.
2. The dividend forecasts for the fiscal year ending March 31, 2014 have not been decided. Koito intends to promptly disclose the dividend forecasts when able to do so.

Table of Contents of Supplementary Materials

1. Qualitative Information Concerning Quarterly Financial Statements and Other Matters.....	2
(1) Explanation Regarding Consolidated Operating Results.....	2
(2) Explanation Regarding Consolidated Financial Position.....	2
(3) Explanation Regarding Forecast of Consolidated results for Fiscal 2014 and Other Future Projections.....	3
2. Summary Information (Notes).....	4
(1) Changes to Important Subsidiaries during the First Quarter.....	4
(2) Application of Special Accounting Methods in the Preparation of Quarterly Consolidated Financial Statements..	4
(3) Changes in Accounting Principles, Accounting Estimates and Restatements.....	4
3. Quarterly Consolidated Financial Statements.....	5
(1) Quarterly Consolidated Balance Sheets.....	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Quarterly Consolidated Statements of Cash Flows.....	9
(4) Notes on Quarterly Consolidated Financial Statements.....	11
(Going Concern Assumption).....	11
(Note Regarding Significant Changes in Shareholders' Equity).....	11
(Segment Information).....	11

1. Qualitative Information Concerning Quarterly Financial Statements and Other Matters

(1) Explanation Regarding Consolidated Operating Results

During the first quarter of fiscal 2014, the period under review, the Japanese economy experienced a recovery trend, albeit modest, as improvements were seen in corporate earnings mainly in the export industries, due to correction of the strong yen and to high stock prices. Growth in the world economy was robust although slow, mainly due to economic conditions picking up in the U.S. and expansion of demand in emerging countries, despite the persistence of the debt problems in some European countries and instabilities in the Middle East.

In the Japanese auto industry, production volume decreased year on year as a result of the impact of last year's high levels of reconstruction demand from the Great East Japan Earthquake, and of assistance for purchasing "eco-cars" (environmentally friendly vehicles). Overseas, production worldwide increased year on year, as expansion of production in North America, as well as in emerging markets including China and Thailand, outweighed the impact of production cuts in Europe due to declining demand.

In this climate, the Koito Group reported first-quarter consolidated net sales of ¥128.7 billion, up 14.0% year on year, due to a sales growth in the automotive lighting equipment segment overseas.

Results by geographical segment are outlined as follows.

[Japan]

Sales in Japan decreased 5.8% to ¥58.3 billion. This reflected lower automobile production due to the absence of the impact of reconstruction demand from the Great East Japan Earthquake and "eco-car" subsidies in the previous fiscal year.

[North America]

Sales in North America increased 45.9% to ¥21.4 billion mainly due to an increase in Japanese automobile production accompanying the recovery in automobile demand, and to increased orders for local automobile manufacturers.

[China]

Sales in China rose 37.0% to ¥31.7 billion. This increase was mainly due to increased orders for local automobile manufacturers amid growing demand for automobiles.

[Asia]

Sales in Asia rose 47.0% to ¥14.2 billion. Sales growth was driven by the significant increase in automobile production in Thailand and steady motorcycle and automobile production in Indonesia.

[Europe]

Sales in Europe decreased 15.1% to ¥2.8 billion. As the economies of Europe continued to slump, automobile production decreased mainly due to the sluggishness of intraregional automobile sales.

On the earnings front, operating income was ¥6.9 billion, down 14.3% year on year. Although sales increased accompanying the higher automobile production in North America, China and Asia, as well as from contributions from the operations of new overseas plants, a decrease in sales in Japan had a significant impact on earnings. Recurring profit increased 2.7% to ¥8.0 billion mainly due to the posting of foreign exchange gains accompanying the yen's depreciation. Net income amounted to ¥5.3 billion, up 81.5% year on year mainly attributable to the absence of loss on revaluation of investment securities recorded in the previous fiscal year.

(2) Explanation Regarding Consolidated Financial Position

-1. Analysis of assets, liabilities and net assets

Total assets increased ¥8.9 billion from March 31, 2013 to ¥427.0 billion. This was mainly due to capital investment in the construction of new plant and equipment to bolster overseas production, in addition to increases in current assets such as cash and time deposits.

Total liabilities decreased ¥1.3 billion from March 31, 2013 to ¥198.5 billion, reflecting a decrease in the allowance for expenses for damages.

Total net assets increased ¥10.3 billion from March 31, 2013 to ¥228.4 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 accompanying the yen's depreciation and higher stock prices.

-2. Analysis of cash flows

Operating activities provided net cash of ¥12.0 billion after payment of taxes, mainly reflecting income before income taxes of ¥8.9 billion and depreciation of ¥5.0 billion.

Investing activities used net cash of ¥7.4 billion, mainly reflecting acquisition of property and equipment of ¥7.8 billion.

Financing activities used net cash of ¥0.9 billion, the result mainly of ¥2.2 billion in dividends paid.

As a result, cash and cash equivalents as of June 30, 2013 were ¥26.1 billion, ¥4.1 billion higher than on March 31, 2013.

(3) Explanation Regarding Forecast of Consolidated Results for Fiscal 2014 and Other Future Projections

As regards Koito's business forecast for fiscal 2014, the fiscal year ending March 31, 2014, net sales are projected to increase over the previous fiscal year because of increased orders in the U.S. and Thailand and worldwide demand for environmentally friendly vehicles. This partly offset by lower demand for automobiles accompanying the end of assistance for purchasing "eco-cars" and concerns about lower Japanese automobile production in China.

On the earnings front, operating income, recurring profit and net income are expected to increase from the previous year mainly due to contributions from the commencement of operations at new plants overseas, especially the U.S., Thailand and Indonesia, improvements in productivity, and to rationalization benefits, particularly in reducing expenses.

As stated in the "Announcement Regarding Revision of the Business Results Forecast" issued on July 29, 2013, the forecasts (both consolidated and non-consolidated) for the second quarter of fiscal 2014 and for the full-year of fiscal 2014 that were announced in the Consolidated Earnings Report for Fiscal 2013 on April 23, 2013, have been revised in the following manner based on recent business performance trends.

Forecast of Consolidated Results for the Second Quarter of Fiscal 2014 (April 1, 2013 to September 30, 2013)

(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously announced forecast (A)	247,000	13,500	13,500	6,000	37.34
Revised forecast (B)	262,000	16,500	17,000	9,500	59.12
Difference (B-A)	15,000	3,000	3,500	3,500	—
Change (%)	6.1	22.2	25.9	58.3	—
(Reference) Actual results for the second quarter of fiscal 2013	225,734	17,529	17,260	7,236	45.03

(Reference)

Forecast of Non-Consolidated Results for the Second Quarter of Fiscal 2014 (April 1, 2013 to September 30, 2013)

(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously announced forecast (A)	104,000	4,000	10,000	6,000	37.34
Revised forecast (B)	113,000	6,500	13,000	9,000	56.01
Difference (B-A)	9,000	2,500	3,000	3,000	—
Change (%)	8.7	62.5	30.0	50.0	—
(Reference) Actual results for the second quarter of fiscal 2013	118,187	10,790	15,494	8,150	50.72

Forecast of Consolidated Results for Fiscal 2014 (April 1, 2013 to March 31, 2014)

(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously announced forecast (A)	533,000	39,000	40,000	20,000	124.46
Revised forecast (B)	548,000	42,000	43,500	23,500	146.24
Difference (B-A)	15,000	3,000	3,500	3,500	—
Change (%)	2.8	7.7	8.8	17.5	—
(Reference) Actual results for fiscal 2013	472,843	37,668	40,007	16,625	103.46

(Reference) Forecast of Non-Consolidated Results for Fiscal 2014 (April 1, 2013 to March 31, 2014)

(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously announced forecast (A)	219,000	11,000	20,000	12,000	74.67
Revised forecast (B)	228,000	13,500	23,000	15,000	93.34
Difference (B-A)	9,000	2,500	3,000	3,000	—
Change (%)	4.1	22.7	15.0	25.0	—
(Reference) Actual results for fiscal 2013	230,263	17,611	25,130	11,184	69.60

2. Summary Information (Notes)

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

None

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

None

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

None

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(¥ millions)

	Fiscal 2013 As of March 31, 2013	First Quarter of Fiscal 2014 As of June 30, 2013
Assets		
Current assets:		
Cash and time deposits	76,485	87,468
Trade notes and accounts receivable	90,299	80,594
Electronically recorded monetary claims-operating	6,820	7,369
Marketable securities	778	2,175
Inventories	39,540	42,981
Deferred income tax assets	3,370	3,441
Accrued income	15,450	15,364
Other current assets	18,440	20,473
Less: Allowance for doubtful accounts	△12,846	△13,168
Total current assets	238,338	246,701
Fixed assets:		
Property, plant and equipment		
Buildings and structures (net)	32,059	32,352
Machinery and transportation equipment (net)	30,570	34,398
Fixtures, equipment and tools (net)	9,786	11,125
Land	13,938	14,033
Construction in progress	12,837	12,257
Total property, plant and equipment	99,193	104,167
Intangible fixed assets	981	963
Investments and other assets:		
Investment securities	71,658	69,471
Long-term loans	56	51
Deferred income tax assets	5,882	3,783
Other investments	2,141	2,032
Less: Allowance for doubtful accounts	△165	△155
Total investments and other assets	79,574	75,182
Total fixed assets	179,749	180,313
Total assets	418,087	427,015

(¥ millions)

	Fiscal 2013 As of March 31, 2013	First Quarter of Fiscal 2014 As of June 30, 2013
Liabilities		
Current liabilities:		
Trade notes and accounts payable	86,495	86,204
Short-term loans	27,297	29,143
Accrued expenses	18,663	23,818
Income taxes payable	7,582	3,491
Allowance for employees' bonuses	4,408	4,725
Reserve for product warranties	1,800	1,800
Provision or administrative monetary penalty	3,428	—
Other current liabilities	6,957	7,641
Total current liabilities	156,633	156,824
Non-current liabilities:		
Long-term debt	2,800	2,955
Allowance for employees' retirement benefits	30,120	30,376
Allowance for directors' and corporate auditors' retirement benefits	293	306
Allowance for expenses for damages	7,960	6,145
Allowance for environmental strategies	253	241
Other non-current liabilities	1,894	1,731
Total non-current liabilities	43,322	41,757
Total liabilities	199,956	198,582
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital	17,108	17,108
Retained earnings	140,588	143,976
Treasury common stock, at cost	△78	△78
Total shareholders' equity	171,889	175,276
Accumulated other comprehensive income:		
Valuation adjustment on investment securities	13,297	16,516
Translation adjustments	4,534	6,535
Total accumulated other comprehensive income	17,831	23,052
Non-controlling interests	28,410	30,103
Total net assets	218,131	228,432
Total liabilities and net assets	418,087	427,015

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(First quarter, for the three months ended June 30)

(¥ millions)

	First Quarter of Fiscal 2013 April 1, 2012 to June 30, 2012	First Quarter of Fiscal 2014 April 1, 2013 to June 30, 2013
Net sales	112,911	128,701
Cost of sales	95,409	111,128
Gross profit	17,501	17,573
Selling, general and administrative expenses	9,411	10,639
Operating income	8,089	6,934
Non-operating income:		
Interest income	105	531
Dividends	200	296
Equity in earnings of affiliates	△0	3
Foreign exchange gains	—	375
Other non-operating income	343	176
Total non-operating income	648	1,382
Non-operating expenses:		
Interest expenses	153	192
Foreign exchange losses	475	—
Aircraft business safety measure expenses	190	73
Other non-operating expenses	102	25
Total non-operating expenses	921	291
Recurring profit	7,816	8,025
Extraordinary gains:		
Gain on sales of property and equipment	0	3
Gain on sales of investment securities	—	985
Total extraordinary gains	0	988
Extraordinary losses:		
Loss on sales and disposal of property and equipment	26	102
Loss on revaluation of investment securities	2,631	—
Loss on abandonment of inventories	2	—
Total extraordinary losses	2,660	102
Income before income taxes	5,156	8,910
Income taxes	2,827	2,312
Income tax adjustment	△913	310
Total income taxes	1,913	2,622
Income before non-controlling interests	3,242	6,288
Non-controlling interests in consolidated subsidiaries	312	971
Net income	2,929	5,316

(¥ millions)

	First Quarter of Fiscal 2013 April 1, 2012 to June 30, 2012	First Quarter of Fiscal 2014 April 1, 2013 to June 30, 2013
Non-controlling interests	312	971
Income before non-controlling interests	3,242	6,288
Accumulated other comprehensive income		
Valuation adjustment on marketable securities	△603	3,317
Translation adjustments	△2,686	2,867
Total other comprehensive income	△3,290	6,184
Comprehensive income	△48	12,473
(Break down)		
Attributable to shareholders of the parent company	595	10,536
Attributable to non-controlling interests	△644	1,936

(3) Quarterly Consolidated Statements of Cash Flows

(¥ millions)

	First Quarter of Fiscal 2013 April 1, 2012 to June 30, 2012	First Quarter of Fiscal 2014 April 1, 2013 to June 30, 2013
Cash flows from operating activities		
Income before income taxes	5,156	8,910
Depreciation	4,326	5,061
Equity in earnings of affiliated companies	0	△3
Provision for allowance for doubtful accounts	243	289
Provision for accrued retirement benefits	688	249
Provision for reserve for bonuses	154	316
Interest and dividends received	△305	△827
Interest payments	153	192
Gain on sale of marketable and investment securities	—	△985
Loss on revaluation of marketable and investment securities	2,631	—
Loss on sale of property and equipment	26	99
Decrease in trade notes and accounts receivable	11,553	11,120
Increase in inventories	△159	△2,357
Increase in other current assets	△2,431	△1,373
Decrease in trade notes and accounts payable	△4,233	△2,574
Increase in accrued expenses and other current liabilities	4,716	4,899
Directors' and corporate auditors' bonuses paid	△317	—
Others	1,053	56
Sub total	23,254	23,072
Interest and dividends received	305	827
Interest paid	△153	△192
Damages paid	△604	△1,814
Administrative monetary penalty paid	—	△3,428
Income taxes paid	△3,803	△6,458
Net cash provided by operating activities	18,999	12,007
Cash flows from investing activities		
Payments into time deposits	△15,615	△18,562
Proceeds from time deposits	9,409	10,355
Payments for purchase of marketable and investment securities	△4	△4
Proceeds from sale of marketable and investment securities	1	8,211
Acquisition of property and equipment	△4,963	△7,813
Proceeds from sale and disposal of property and equipment	26	△28
Payments for new loans	△6	△7
Proceeds from loan repayments	11	6
Others	△195	433
Net cash used in investing activities	△11,336	△7,409

(¥ millions)

	First Quarter of Fiscal 2013 April 1, 2012 to June 30, 2012	First Quarter of Fiscal 2014 April 1, 2013 to June 30, 2013
Cash flows from financing activities		
Increase or decrease in short-term loans	△4,381	1,001
Increase in long-term debt	215	487
Repayment of long-term debt	△195	△186
Payments for repurchase of treasury stock	△0	△0
Dividends paid by parent company	△1,478	△1,778
Dividends paid to non-controlling shareholders	△269	△459
Net cash provided by or used in financing activities	△6,108	△935
Effect of exchange rate changes on cash and cash equivalents	△493	478
Increase in cash and cash equivalents	1,062	4,141
Cash and cash equivalents at beginning of quarter	23,217	21,992
Cash and cash equivalents at end of quarter	24,279	26,133

(4) Notes on Quarterly Consolidated Financial Statements

(Going Concern Assumption)

None

(Note Regarding Significant Changes in Shareholders' Equity)

None

(Segment Information)

(Segment Information)

I. First Quarter of Fiscal 2013 (April 1, 2012 to June 30, 2012)

Information Concerning Net Sales and Operating Income or Loss 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	61,985	14,728	23,150	9,718	3,327	112,911	—	112,911
Inter-segment sales and transfers	28,580	6	302	1,160	3,634	33,684	(33,684)	—
Total	90,565	14,735	23,452	10,879	6,962	146,595	(33,684)	112,911
Segment operating income or loss	6,618	109	1,255	1,003	△247	8,738	(648)	8,089

Notes:1. The ¥△648 million adjustment in segment operating income includes ¥459 million in intersegment eliminations and ¥△1,107 million in unallocated expenses. Unallocated expenses comprise expenses related to management divisions such as administrative and accounting divisions of the head office of the parent company.

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

(1) North America: United States

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

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

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

II. First Quarter of Fiscal 2014 (April 1, 2013 to June 30, 2013)

Information Concerning Net Sales and Operating Income or Loss 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	58,391	21,486	31,708	14,289	2,826	128,701	—	128,701
Inter-segment sales and transfers	26,651	—	679	993	3,611	31,936	(31,936)	—
Total	85,042	21,486	32,387	15,283	6,437	160,638	(31,936)	128,701
Segment operating income or loss	4,429	397	1,448	1,606	△345	7,536	(602)	6,934

Notes:1. The ¥△602 million adjustment in segment operating income includes ¥363 million in intersegment eliminations and ¥△965 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 and Mexico

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

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

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