

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



July 25, 2012

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

(¥ millions are rounded down)

1. Consolidated Results of for the First Quarter of Fiscal 2013 (April 1, 2012 to June 30, 2012)

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

First Quarter,	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2013	112,911	33.8%	8,089	—	7,816	—	2,929	—
Fiscal 2012	84,370	△19.9%	△164	—	11	△99.8%	△790	—

Note: Comprehensive income: June 30, 2012: ¥△48 million (—%), June 30, 2011: ¥△1,657 million (—%)

First Quarter,	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2013	18.23	—
Fiscal 2012	△4.92	—

(2) Consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share(¥)
June 30, 2012	354,077	181,002	45.0	991.09
March 31, 2012	363,273	182,916	44.1	997.38

Note: Equity: June 30, 2012: ¥159,266 million; March 31, 2012: ¥160,278 million

2. Dividends

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

Notes: 1. Revisions to recent dividend forecasts: None

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

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

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

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
First half	229,000	20.6%	18,000	104.3%	17,000	94.3%	7,000	142.4%	43.56
Full year	475,000	10.2%	39,500	24.5%	37,500	19.1%	18,000	34.4%	112.01

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 2012, 1Q	160,789,436	Fiscal 2011	160,789,436
② Number of treasury shares:	Fiscal 2012, 1Q	91,324	Fiscal 2011	90,680
③ Average number of shares during the first quarter:	Fiscal 2012, 1Q	160,698,279	Fiscal 2011, 1Q	160,700,621

*Explanations concerning status of quarterly review procedures

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

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

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

《 For Reference Only 》

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

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

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
First half	120,000	26.0%	11,000	127.7%	15,500	59.0%	8,000	21.9%	49.78
Full year	234,000	7.2%	18,500	18.0%	25,000	6.7%	14,000	102.7%	87.12

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 release of this report. Koito is not promising that the Company will achieve these forecasts. Actual results could differ from forecasts due to a variety of factors.

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1. Qualitative Information Concerning Quarterly Financial Statements and Other Matters

(1) Qualitative Information Concerning Consolidated Operating Results

During the first quarter of fiscal 2013, the period under review, Japan's economy was relatively robust, partly due to reconstruction demand as a result of the Great East Japan Earthquake that occurred on March 11, 2011, and to government assistance programs for purchasing environmentally friendly vehicles, despite stagnation in export industries resulting from the continuing strong yen. Growth in the world economy was sluggish mainly due to the impact of the crises in some economies of Europe.

In the Japanese auto industry, production volume substantially increased year on year as a result of 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 emerging markets including Thailand and Indonesia, outweighed the impact of production cuts in Europe due to declining demand.

In this climate, the Koito Group reported first-quarter consolidated net sales of ¥112.9 billion, up 33.8% year on year, due to a significant sales growth in the mainstay automotive lighting equipment segment.

Results by geographical segment are outlined as follows.

[Japan]

Sales in Japan increased 35.4% to ¥61.9 billion. This reflected the substantial growth in automobile production due to the impact of the Great East Japan Earthquake and eco-car subsidies.

[North America]

Sales in North America increased 84.3% to ¥14.7 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 10.4% to ¥23.1 billion. This increase was due to stronger order-winning activities and efforts to expand sales for local automobile manufacturers, as well as increased production of Japanese automobiles.

[Asia]

Sales in Asia rose 48.2% to ¥9.7 billion. Sales growth was driven by the significant increase in automobile production in Thailand and steadily robust production in Indonesia.

[Europe]

Sales in Europe increased 7.8% to ¥3.3 billion. As the economies of Europe continued to slump, the Company worked to expand sales of automotive lighting equipment, mainly to local automobile manufacturers.

On the earnings front, the Company reported substantial increases in operating income to ¥8.0 billion and recurring profit to ¥7.8 billion. In addition to a substantial rise in earnings accompanying the increased automobile production in Japan and overseas, there were contributions from the operations of new overseas plants and efforts to improve business performance by enacting quality improvement programs and promoting robust measures to cut unit costs. Net income amounted to ¥2.9 billion, compared to a net loss recorded in the same period of the previous fiscal year, despite the posting of extraordinary losses associated with investment securities.

(2) Qualitative Information Concerning Consolidated Financial Position

-1. Analysis of assets, liabilities and net assets

Total assets decreased ¥9.1 billion from March 31, 2012 to ¥354.0 billion. This was mainly due to decreases in property, plant and equipment and investment securities, as well as lower current assets in line with decreased trade notes and accounts receivable.

Total liabilities decreased ¥7.2 billion from March 31, 2012 to ¥173.0 billion, reflecting a decrease in trade notes and accounts payable, and a decrease in short-term loans and long-term debt.

Total net assets decreased ¥1.9 billion from March 31, 2012 to ¥181.0 billion, the result mainly of a decrease in total accumulated other comprehensive income, despite an increase in retained earnings due to the recording of a net income.

-2. Analysis of cash flows

Operating activities provided net cash of ¥18.9 billion after payment of taxes, mainly reflecting income before income taxes of ¥5.1 billion and depreciation of ¥4.3 billion.

Investing activities used net cash of ¥11.3 billion, mainly reflecting acquisition of property and equipment of ¥4.9 billion.

Financing activities used net cash of ¥6.1 billion, the result mainly of ¥1.7 billion in dividends paid, despite ¥4.3 billion in repayment of short-term loans and long-term debt.

As a result, cash and cash equivalents as of June 30, 2012 were ¥24.2 billion, ¥1.0 billion higher than on March 31, 2012.

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

The global business environment remains harsh and uncertain. In Japan, corporate earnings worsened with the yen continuing to appreciate and share prices remaining at a low, and there was a problematic supply of electricity and uncertain employment conditions. There was also downturns in some European economies and political instability in the Middle East.

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

As regards Koito's business forecast for fiscal 2013, the fiscal year ending March 31, 2013, net sales are projected to increase over the previous fiscal year because of increased automobile production mainly due to eco-car subsidies in Japan and worldwide demand for environmentally friendly vehicles.

Earnings are also expected to rise year on year due to contributions from the commencement of operations at new plants overseas, especially the U.S., Thailand and Indonesia, improvements in productivity, and the robust promotion of cost-cutting activities, particularly for expenses. As a result, Koito expects to achieve record highs for both net sales and earnings.

The forecast (both consolidated and non-consolidated) for the second quarter of fiscal 2013 (the six month period ending September 30, 2012) that was announced in the Consolidated Earnings Report for Fiscal 2012 on April 27, 2012, has been revised in the following manner based on the posting of an extraordinary loss and recent business performance trends. The forecasts for the third quarter of fiscal 2013 and the full-year fiscal 2013 are unchanged because the outlook for the business environment is unclear. For details regarding the extraordinary loss posted, please refer to "Announcement Regarding Posting of Extraordinary Loss" of April 27, 2012.

Forecast of Consolidated Results for the Second Quarter of Fiscal 2013 (April 1, 2012 to September 30, 2012)

(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously announced forecast (A)	232,000	18,500	17,500	9,000	56.01
Revised forecast (B)	229,000	18,000	17,000	7,000	43.56
Difference (B-A)	△3,000	△500	△500	△2,000	—
Change (%)	△1.3	△2.7	△2.9	△22.2	—
(Reference) Actual results for the second quarter of fiscal 2012	189,833	8,812	8,751	2,888	17.97

(Reference)

Forecast of Non-Consolidated Results for the Second Quarter of Fiscal 2013 (April 1, 2012 to September 30, 2012)

(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously announced forecast (A)	118,000	9,500	14,000	8,000	49.78
Revised forecast (B)	120,000	11,000	15,500	8,000	49.78
Difference (B-A)	2,000	1,500	1,500	—	—
Change (%)	1.7	15.8	10.7	—	—
(Reference) Actual results for the second quarter of fiscal 2012	95,200	4,831	9,751	6,564	40.85

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

(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously announced forecast (A)	478,000	40,000	38,000	20,000	124.46
Revised forecast (B)	475,000	39,500	37,500	18,000	112.01
Difference (B-A)	△3,000	△500	△500	△2,000	—
Change (%)	△0.6	△1.2	△1.3	△10.0	—
(Reference) Actual results for fiscal 2012	430,929	31,725	31,496	13,391	83.33

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

(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously announced forecast (A)	232,000	17,000	23,500	14,000	87.12
Revised forecast (B)	234,000	18,500	25,000	14,000	87.12
Difference (B-A)	2,000	1,500	1,500	—	—
Change (%)	0.9	8.8	6.4	—	—
(Reference) Actual results for fiscal 2012	218,295	15,682	23,429	6,906	42.97

2. Summary Information (Other Matters)

(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 2012 As of March 31, 2012	First Quarter of Fiscal 2013 As of June 30, 2012
Assets		
Current assets:		
Cash and time deposits	59,620	66,325
Trade notes and accounts receivable	93,916	80,548
Marketable securities	891	1,417
Inventories	37,817	36,938
Deferred income tax assets	3,029	3,091
Accrued income	14,468	14,796
Other current assets	6,056	10,225
Less: Allowance for doubtful accounts	△12,804	△13,035
Total current assets	202,995	200,307
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	29,917	30,449
Machinery and transportation equipment (net)	26,091	25,864
Fixtures, equipment and tools (net)	10,783	8,087
Land	13,497	13,351
Construction in progress	4,778	3,049
Total property, plant and equipment	85,068	80,802
Intangible fixed assets	1,186	1,117
Investments and other assets:		
Investment securities	61,722	58,241
Loans	99	95
Deferred income tax assets	10,400	11,651
Other investments	1,973	2,031
Less: Allowance for doubtful accounts	△174	△170
Total investments and other assets	74,022	71,849
Total fixed assets	160,278	153,769
Total assets	363,273	354,077

(¥ millions)

	Fiscal 2012 As of March 31, 2012	First Quarter of Fiscal 2013 As of June 30, 2012
Liabilities		
Current liabilities:		
Trade notes and accounts payable	78,443	72,498
Short-term loans	22,854	17,503
Accrued expenses	17,207	21,708
Income taxes payable	5,175	4,125
Allowance for employees' bonuses	4,453	4,607
Allowance for directors' and corporate auditors' bonuses	317	—
Reserve for product warranties	1,700	1,700
Other current liabilities	7,289	8,019
Total current liabilities	137,441	130,162
Non-current liabilities:		
Long-term debt	2,883	2,790
Allowance for employees' retirement benefits	29,313	29,839
Allowance for directors' and corporate auditors' retirement benefits	1,339	269
Allowance for loss on litigation	8,564	7,960
Allowance for environmental strategies	248	248
Other non-current liabilities	564	1,804
Total non-current liabilities	42,915	42,911
Total liabilities	180,356	173,074
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital	17,108	17,108
Retained earnings	127,638	128,960
Treasury common stock, at cost	△76	△77
Total shareholders' equity	158,940	160,261
Accumulated other comprehensive income:		
Valuation adjustment on investment securities	4,014	3,521
Translation adjustments	△2,676	△4,516
Total accumulated other comprehensive income	1,338	△995
Non-controlling interests	22,638	21,735
Total net assets	182,916	181,002
Total liabilities and net assets	363,273	354,077

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

(¥ millions)

	First Quarter of Fiscal 2012 April 1, 2011 to June 30, 2011	First Quarter Fiscal 2013 April 1, 2012 to June 30, 2012
Net sales	84,370	112,911
Cost of sales	76,131	95,409
Gross profit	8,238	17,501
Selling, general and administrative expenses	8,403	9,411
Operating income or loss	△164	8,089
Non-operating income:		
Interest income and dividends	388	305
Equity in earnings of affiliates	0	△0
Other non-operating income	637	343
Total non-operating income	1,025	648
Non-operating expenses:		
Interest expenses	162	153
Foreign exchange losses	174	475
Aircraft business safety measure expenses	394	190
Other non-operating expenses	117	102
Total non-operating expenses	848	921
Recurring profit	11	7,816
Extraordinary gains:		
Gain on sales of property and equipment	10	0
Total extraordinary gains	10	0
Extraordinary losses:		
Loss on sales and disposal of property and equipment	—	26
Loss on revaluation of investment securities	—	2,631
Loss on abandonment of inventories	57	2
Total extraordinary losses	57	2,660
Income before income taxes	△34	5,156
Income taxes	589	2,827
Income tax adjustment	△57	△913
Total income taxes	532	1,913
Income or loss before non-controlling interests	△566	3,242
Non-controlling interests in consolidated subsidiaries	223	312
Net income	△790	2,929
Non-controlling interests in consolidated subsidiaries	223	312
Income or loss before non-controlling interests	△566	3,242
Other comprehensive income		
Valuation adjustment on investment securities	43	△603
Translation adjustments	△1,135	△2,686
Total other comprehensive income	△1,091	△3,290
Comprehensive income	△1,657	△48
(Break down)		
Shareholders of the parent company	△1,569	595
Non-controlling interests	△87	△644

(3) Quarterly Consolidated Statements of Cash Flows

(¥ millions)

	First Quarter of Fiscal 2012 April 1, 2011 to June 30, 2011	First Quarter of Fiscal 2013 April 1, 2012 to June 30, 2012
Cash flows from operating activities		
Income or loss before income taxes	△34	5,156
Depreciation	4,676	4,326
Equity in losses or earnings of affiliated companies	△0	0
Provision for allowance for doubtful accounts	△94	243
Provision for accrued retirement benefits	0	688
Provision for reserve for bonuses	205	154
Interest and dividends received	△388	△305
Interest payments	162	153
Loss on revaluation of marketable and investment securities	—	2,631
Loss or gain on sale of property and equipment	△10	26
Decrease in trade notes and accounts receivable	7,605	11,553
Decrease or increase in inventories	2,404	△159
Increase in other current assets	△977	△2,431
Decrease in trade notes and accounts payable	△11,454	△4,233
Increase in accrued expenses and other current liabilities	2,828	4,716
Directors' and corporate auditors' bonuses paid	△329	△317
Others	908	1,053
Sub total	5,502	23,254
Interest and dividends received	388	305
Interest paid	△162	△153
Damages paid	—	△604
Income taxes paid	△6,279	△3,803
Net cash provided by operating activities	△551	18,999
Cash flows from investing activities		
Payments into time deposits	△2,080	△15,615
Proceeds from time deposits	5,669	9,409
Payments for purchase of marketable and investment securities	△295	△4
Proceeds from sale of marketable and investment securities	364	1
Acquisition of property and equipment	△5,145	△4,963
Proceeds from sale of property and equipment	41	26
Payments for new loans	△1	△6
Proceeds from loan repayments	18	11
Others	△27	△195
Net cash used in investing activities	△1,456	△11,336
Cash flows from financing activities		
Increase or decrease in short-term loans	1,705	△4,381
Increase in long-term debt	146	215
Repayment of long-term debt	△404	△195
Payments for repurchase of treasury stock	△0	△0
Proceeds from sale of treasury stock	0	—
Dividends paid by parent company	△1,324	△1,478
Dividends paid to non-controlling interests	△254	△269
Net cash provided by or used in financing activities	△132	△6,108
Effect of exchange rate changes on cash and cash equivalents	△249	△493
Increase or decrease in cash and cash equivalents	△2,388	1,062
Cash and cash equivalents at beginning of quarter	22,902	23,217
Cash and cash equivalents at end of quarter	20,514	24,279

(4) Going Concern Assumption

None

(5) Note Regarding Significant Changes in Shareholders' Equity

None

(6) Segment Information

(Segment Information)

I. Information Concerning Net Sales and Operating Income or Loss for Each Segment
(First quarter of fiscal 2012, April 1, 2011 to June 30, 2011)

								(¥ millions)	
	Japan	North America	China	Asia	Europe	Total	Adjustment (Note 1)	Amount recorded on quarterly consolidated financial statements	
Net sales									
Sales to outside customers	45,769	7,992	20,965	6,556	3,087	84,370	—	84,370	
Inter-segment sales and transfers	19,765	6	555	673	3,019	24,021	(24,021)	—	
Total	65,534	7,998	21,520	7,230	6,106	108,391	(24,021)	84,370	
Segment operating income or loss	504	△679	1,624	381	△558	1,272	(1,437)	△164	

Notes: 1. The ¥△1,437 million adjustment in segment income (operating income) includes ¥△590 million in intersegment eliminations and ¥△846 million in unallocated expenses. Unallocated expenses comprise expenses related to management divisions such as administrative and accounting divisions of the head office of the parent company.

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

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

II. Information Concerning Net Sales and Operating Income or Loss for Each Segment
(First quarter of fiscal 2013, April 1, 2012 to June 30, 2012)

								(¥ 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 income (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