



Consolidated Earnings Report for the First Quarter of Fiscal 2012 [Japanese GAAP]

July 26, 2011

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 for the First Quarter of Fiscal 2012 (April 1, 2011 to June 30, 2011)

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

First Quarter,	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2012	84,370	△19.9%	△164	—	11	△99.8%	△790	—
Fiscal 2011	105,296	34.3%	9,263	—	7,729	—	2,900	—

Note: Comprehensive income: June 30, 2011: ¥△1,657 million (—%); June 30, 2010: ¥△717 million (—%)

First Quarter,	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2012	△4.92	—
Fiscal 2011	18.05	—

(2) Consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
First Quarter of Fiscal 2012	321,574	164,225	44.7	893.78
Fiscal 2011	338,760	168,414	43.3	912.55

Reference: Equity: June 30, 2011: ¥143,631 million; March 31, 2011: ¥146,647 million

2. Dividends

	Dividend per share (¥)				
	First Quarter	Second Quarter	Third Quarter	Year End	Full Year
Fiscal 2011	—	10.00	—	9.00	19.00
Fiscal 2012	—				
Fiscal 2012 (forecast)		—	—	—	—

Notes: 1. Revisions to recent dividend forecast: None

2. The dividend record dates are September 30 and March 31, as prescribed by Koito's Articles of Incorporation; the dividend forecast for the March 31, 2012 record date is currently undecided.

3. Forecast of Consolidated Results for Fiscal 2012 (April 1, 2011 to March 31, 2012)

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

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
First half	188,500	△10.6%	8,000	△58.6%	8,000	△53.0%	2,500	△32.3%	15.56
Full year	430,000	0.2%	33,000	△11.8%	32,500	△5.3%	15,500	54.8%	96.45

Note: Revisions to recent forecast of consolidated results: Yes

For revisions to forecast of consolidated results, please refer to the press release "Revision of the Business Results Forecast" (July 26, 2011).

4. Others

(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

Note: Indicates whether there has been any application of simplified accounting methods, and of special accounting methods in the preparation of quarterly consolidated financial statements.

(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

Note: Indicates whether there have been any changes in accounting principles, accounting estimates and restatements associated with preparation of quarterly consolidated financial statements during the consolidated accounting period under review.

(4) Number of shares issued (common stock)

① Number of shares issued (including treasury stock)

Fiscal2012, 1Q	160,789,436	Fiscal2011	160,789,436
Fiscal2012, 1Q	88,803	Fiscal2011	89,084
Fiscal2012, 1Q	160,700,621	Fiscal2011, 1Q	160,703,415

② Number of treasury shares

③ Average number of shares during the first quarter

*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 forecast of operating results and other noteworthy matters

1. For revisions to recent forecast of consolidated results, please refer to the press release "Revision of the Business Results Forecast" (July 26, 2011).
2. The above forecasts are based on information available at the time of release of this report. Actual results could differ from forecasts due to a variety of factors.
3. The dividend forecast for the fiscal year ending March 31, 2012 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 2012 (April 1, 2011 to March 31, 2012)

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

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
First half	93,000 Δ 17.5%	3,500 Δ 61.8%	8,000 Δ 39.7%	5,000 Δ 1.1%	31.11
Full year	211,000 Δ 2.2%	13,000 Δ 17.9%	20,000 Δ 9.4%	12,000 136.4%	74.67

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

For revisions to forecast of non-consolidated results, please refer to the press release “Revision of the Business Results Forecast” (July 26, 2011).

*Explanations concerning proper use of forecast of operating results and other noteworthy matters

1. For revisions to recent forecast of non-consolidated results, please refer to the press release “Revision of the Business Results Forecast” (July 26, 2011).
2. The above forecasts are based on information available at the time of release of this report. 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 2012, the period under review, activity in Japan's economy, including the auto industry, slowed markedly as a result of the Great East Japan Earthquake that occurred on March 11, 2011. Growth in the world economy weakened despite the continued expansion in emerging markets such as China and India as the economies of Europe and North America failed to make a complete recovery from recession.

In the Japanese auto industry, production volume plunged year on year as the Great East Japan Earthquake led to stoppages in production and supply chain disruptions. Overseas, meanwhile, demand rose in China, India, and other emerging markets. However, production cuts by Japanese automakers in the wake of the earthquake saw automobile production worldwide remain unchanged from the same period a year earlier.

In this climate, the Koito Group reported first-quarter consolidated net sales of ¥84.3 billion, down 19.9% year on year, due to a fall in sales in the mainstay automotive lighting equipment segment as a result of the impact of the earthquake.

Results by geographical segment are outlined as follows:

[Japan]

Sales in Japan decreased 25.5% to ¥45.7 billion. This reflected the significant fall in automobile production due to the production line stoppages and inactivity that followed the earthquake.

[North America]

Sales in North America dropped 34.0% to ¥7.9 billion, due to cutbacks in Japanese automobile production after the earthquake and the impact of the strong yen.

[China]

Sales in China declined 1.5% to ¥20.9 billion. This was due to weak growth in production volumes at Japanese automakers as a result of the earthquake, and despite stronger order-winning activities and efforts to expand sales.

[Asia]

Sales in Asia decreased 9.3% to ¥6.5 billion as Japanese auto production decreased significantly in the wake of the earthquake.

[Europe]

Sales in Europe declined 3.5% to ¥3.0 billion due to declines in production of Japanese automobiles, despite efforts to expand sales of automotive lighting equipment, mainly to local automobile manufacturers.

On the earnings front, the Company reported an operating loss of ¥0.1 billion and a net loss of ¥0.7 billion. These major losses, as compared to the gains made in the corresponding period of the previous fiscal year, reflected decreased sales due to markedly lower production of Japanese automobiles both domestically and overseas. This was despite efforts with Group companies to streamline operations by enacting quality improvement programs, curtailing capital investments, and promoting robust measures to cut unit costs.

(2) Qualitative Information Concerning Consolidated Financial Position

- 1. Analysis of assets, liabilities and net assets

Total assets decreased ¥17.1 billion from March 31, 2011 to ¥321.5 billion, the result mainly of a decrease in cash and time deposits and trade notes and accounts receivable.

Total liabilities decreased ¥12.9 billion from March 31, 2011 to ¥157.3 billion, reflecting a decrease in trade notes and accounts payable and income taxes payable, which outweighed an increase in accrued expenses.

Total net assets decreased ¥4.1 billion from March 31, 2011 to ¥164.2 billion, the result mainly of a decrease in retained earnings due to the recording of a net loss and payment of dividends as well as an increase in translation adjustments.

- 2. Analysis of cash flows

Operating activities used net cash of ¥0.5 billion after payment of taxes, mainly reflecting depreciation of ¥4.6 billion and a decrease in trade notes and accounts receivable of ¥7.6 billion.

Investing activities used net cash of ¥1.4 billion, mainly reflecting proceeds from time deposits of ¥3.5 billion and acquisition of property and equipment of ¥5.1 billion.

Financing activities used net cash of ¥0.1 billion, the result mainly of a ¥1.4 billion increase in long-term debt and ¥1.5 billion in dividends paid.

As a result, cash and cash equivalents as of June 30, 2011 were ¥20.5 billion, ¥2.3 billion lower than on March 31, 2011.

(3) Qualitative Information Concerning Forecast of Consolidated Results for Fiscal 2012

In fiscal 2012, ending March 31, 2012, although both the public and private sectors are promoting recovery efforts in the regions affected by the Great East Japan Earthquake, economic conditions in and outside of Japan are expected to remain extremely harsh and unstable. This reflects fiscal problems (sovereign risk) in the Euro zone and the delayed recovery of the US economy, as well as the negative impact on corporate earnings in Japan of power supply problems, fluctuations in stock prices and foreign currency rates, and harsh employment conditions.

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 pursue further restructuring to properly align operations with changes in production volume, and assertively develop measures to reduce costs, as it strives to improve operating performance going forward.

For fiscal 2012, the Koito Group is projecting increased sales on higher orders, mainly for hybrid cars and other environmentally friendly vehicles in the second half of the fiscal year, as well as expanded sales of new products and increases in automobile production in China, India, and other emerging markets.

In terms of earnings, the Group will continue to strengthen measures in Japan and overseas to further bolster productivity, reduce costs, curb capital expenditures and implement other activities to reduce expenses. Nevertheless, due to the significant economic impact of the Great East Japan Earthquake in the first quarter, operating income and recurring profit are expected to decline year on year. Net income, however, is projected to increase, due in part to a decrease in extraordinary losses.

At this time, Koito has not yet decided the full year dividend for fiscal 2012, as the business environment remains uncertain. The Company will announce interim and full year dividend projections at a later date following close consideration of business trends going forward.

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

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 2011 As of March 31, 2011	First Quarter of Fiscal 2012 As of June 30, 2011
Assets		
Current assets:		
Cash and time deposits	54,618	47,342
Trade notes and accounts receivable	73,405	64,221
Marketable securities	2,064	3,244
Inventories	41,121	38,390
Deferred income tax assets	3,317	3,314
Accrued income	14,209	14,154
Other current assets	6,352	7,193
Less: Allowance for doubtful accounts	△13,040	△12,923
Total current assets	182,048	164,938
Fixed assets:		
Property, plant and equipment		
Buildings and structures (net)	30,811	30,153
Machinery and transportation equipment (net)	24,061	23,649
Fixtures, equipment and tools (net)	10,138	10,415
Land	13,533	13,495
Construction in progress	2,944	3,491
Total property, plant and equipment	81,490	81,204
Intangible fixed assets	1,471	1,405
Investments and other assets		
Investment securities	60,107	60,148
Loans	145	133
Deferred income tax assets	11,617	11,878
Other investments	2,095	2,080
Less: Allowance for doubtful accounts	△215	△215
Total investments and other assets	73,749	74,026
Total fixed assets	156,711	156,635
Total assets	338,760	321,574

(¥ millions)

	Fiscal 2011 As of March 31, 2011	First Quarter of Fiscal 2012 As of June 30, 2011
Liabilities		
Current liabilities:		
Trade notes and accounts payable	69,303	57,246
Short-term loans	20,265	21,883
Accrued expenses	15,132	17,840
Income taxes payable	6,103	365
Allowance for employees' bonuses	4,557	4,683
Allowance for directors' and corporate auditors' bonuses	329	79
Reserve for product warranties	1,400	1,400
Other current liabilities	6,941	7,870
Total current liabilities	124,033	111,368
Non-current liabilities:		
Long-term debt	5,964	5,633
Allowance for employees' retirement benefits	28,549	28,811
Allowance for directors' and corporate auditors' retirement benefits	1,558	1,296
Allowance for loss on litigation	9,486	9,485
Allowance for environmental strategies	234	234
Other non-current liabilities	519	518
Total non-current liabilities	46,311	45,980
Total liabilities	170,345	157,348
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital	17,107	17,107
Retained earnings	117,139	114,902
Treasury common stock, at cost	△74	△74
Total shareholders' equity	148,443	146,207
Accumulated other comprehensive income:		
Valuation adjustment on investment securities	1,614	1,633
Translation adjustments	△3,410	△4,209
Total other accumulated comprehensive income	△1,796	△2,575
Minority interests	21,767	20,594
Total net assets	168,414	164,225
Total liabilities and net assets	338,760	321,574

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(First quarter, for the three months ended June 30)

(¥ millions)

	First Quarter of Fiscal 2011 April 1, 2010 to June 30, 2010	First Quarter of Fiscal 2012 April 1, 2011 to June 30, 2011
Net sales	105,296	84,370
Cost of sales	87,500	76,131
Gross profit	17,795	8,238
Selling, general and administrative expenses	8,532	8,403
Operating income or loss	9,263	△164
Non-operating income:		
Interest income and dividends	490	388
Equity in earnings or losses of affiliates	△3	0
Other non-operating income	446	637
Total non-operating income	932	1,025
Non-operating expenses:		
Interest expenses	162	162
Foreign exchange loss	516	174
Aircraft business safety measure expenses	1,733	394
Other non-operating expenses	55	117
Total non-operating expenses	2,467	848
Recurring profit	7,729	11
Extraordinary gains:		
Gain on sales of fixed assets	—	10
Total extraordinary gains	—	10
Extraordinary losses:		
Loss on sales and disposal of fixed assets	46	—
Loss on revaluation of investment securities	1,133	—
Provision for allowance for doubtful accounts	300	—
Provision for environmental strategies	234	—
Loss on abandonment of inventories	—	57
Total extraordinary losses	1,714	57
Income or loss before income taxes	6,014	△34
Income taxes	3,374	589
Income tax adjustment	48	△57
Total income taxes	3,422	532
Income or loss before minority interests	2,591	△566
Minority interests in consolidated subsidiaries	△308	223
Net income or loss	2,900	△790
Minority interests in consolidated subsidiaries	△308	223
Income or loss before minority interests	2,591	△566
Accumulated other comprehensive income		
Valuation adjustment on investment securities	△1,328	43
Translation adjustments	△1,981	△1,135
Total other comprehensive income	△3,309	△1,091
Comprehensive income	△717	△1,657
(Breakdown)		
Comprehensive income attributable to owners of the parent	405	△1,569
Comprehensive income attributable to minority interests	△1,123	△87

(3) Quarterly Consolidated Statements of Cash Flows

(¥ millions)

	First Quarter of Fiscal 2011 April 1, 2010 to June 30, 2010	First Quarter of Fiscal 2012 April 1, 2011 to June 30, 2011
Cash flows from operating activities		
Income or loss before income taxes	6,014	△34
Depreciation	5,112	4,676
Equity in loss or earnings of affiliated companies	3	△0
Provision for allowance for doubtful accounts	263	△94
Provision for accrued retirement benefits	171	0
Provision for reserve for bonuses	160	205
Interest and dividends received	△490	△388
Interest payments	162	162
Loss or gain on revaluation of marketable and investment securities	1,133	—
Loss or gain on sale of property and equipment	46	△10
Increase in trade notes and accounts receivable	14,229	7,605
Decrease or increase in inventories	△2,271	2,404
Increase in other current assets	△566	△977
Increase or decrease in trade notes and accounts payable	△2,406	△11,454
Decrease in accrued expenses and other current liabilities	2,827	2,828
Directors' and corporate auditors' bonuses paid	△322	△329
Others	545	908
Sub total	24,610	5,502
Interest and dividends received	490	388
Interest paid	△162	△162
Income taxes paid	△2,699	△6,279
Net cash provided by operating activities	22,239	△551
Cash flows from investing activities		
Payments into time deposits	△16,240	△2,080
Proceeds from time deposits	1,152	5,669
Payments for purchase of marketable and investment securities	△698	△295
Proceeds from sale of marketable and investment securities	2,111	364
Payments for purchase of property and equipment	△3,909	△5,145
Proceeds from sale of property and equipment	90	41
Payments for new loans	△26	△1
Proceeds from loan repayments	56	18
Others	△164	△27
Net cash used in investing activities	△17,628	△1,456
Cash flows from financing activities		
Increase or decrease in short-term loans	△2,640	1,705
Increase in long-term debt	3	146
Repayment of long-term debt	△156	△404
Payments for repurchase of treasury stock	△0	△0
Proceeds from sale of treasury stock	—	0
Dividends paid by parent company	△1,450	△1,324
Dividends paid to minority shareholders	△807	△254
Net cash provided by or used in financing activities	△5,050	△132
Effect of exchange rate changes on cash and cash equivalents	△490	△249
Increase or decrease in cash and cash equivalents	△929	△2,388
Cash and cash equivalents at beginning of quarter	30,189	22,902
Cash and cash equivalents at end of quarter	29,260	20,514

(4) Going Concern Assumption

None

(5) Segment Information

(Segment Information)

I. First quarter of fiscal 2011, April 1, 2010 to June 30, 2010

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	61,464	12,112	21,294	7,226	3,198	105,296	—	105,296
Inter-segment sales or transfers	25,938	10	725	674	3,033	30,383	(30,383)	—
Total	87,403	12,122	22,020	7,901	6,231	135,679	(30,383)	105,296
Segment operating income or loss	6,283	1,352	2,009	801	△492	9,955	(691)	9,263

Notes: 1. The ¥△691 million adjustment in segment income (operating income) includes ¥112 million in inter-segment eliminations and ¥△804 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. First quarter of fiscal 2012, April 1, 2011 to June 30, 2011

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	45,769	7,992	20,965	6,556	3,087	84,370	—	84,370
Inter-segment sales or 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 inter-segment 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

(6) Note regarding significant changes in shareholders' equity

None