



Consolidated Earnings Report for Fiscal 2016 [Japanese GAAP]

April 26, 2016

Company Name:	KOITO MANUFACTURING CO., LTD.
Stock Listing:	First Section, Tokyo Stock Exchange
Code Number:	7276
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Planned Date of the General Meeting of Shareholders:	June 29, 2016
Planned Date of Dividends Payment:	June 30, 2016
Planned Date of Filing of Annual Securities Report:	June 30, 2016
Supplementary explanatory materials prepared:	Yes
Explanatory meeting:	Yes

(¥ millions are rounded down)

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

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

	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent	
Fiscal 2016	813,477	15.1%	82,218	28.2%	84,296	26.0%	46,303	28.4%
Fiscal 2015	706,470	18.2%	64,155	29.6%	66,880	28.9%	36,060	68.7%

Note: Comprehensive income: Fiscal 2016: ¥25,127 million (Δ 63.3%), Fiscal 2015: ¥68,553 million (69.9%)

	Net income per share (¥)	Net income per share (diluted) (¥)	Return on equity (%)	Recurring profit to total assets ratio (%)	Operating income to net sales ratio (%)
Fiscal 2016	288.15	288.07	16.7	14.5	10.1
Fiscal 2015	224.41	—	14.7	12.6	9.1

Note: Equity in earnings of affiliated companies: Fiscal 2016: ¥12 million, Fiscal 2015: ¥11 million

(2) Consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
March 31, 2016	588,683	329,671	48.6	1,780.94
March 31, 2015	575,268	316,826	46.8	1,674.91

Note: Equity: March 31, 2016: ¥286,185 million, March 31, 2015: ¥269,148 million

(3) Consolidated Cash Flows

(¥ millions)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
Fiscal 2016	73,828	Δ 62,777	Δ 10,062	31,886
Fiscal 2015	73,289	Δ 55,526	Δ 14,376	33,082

2. Dividends

	Dividend per share (¥)					Dividend paid (annual) (¥ millions)	Payout ratio (Consolidated) (%)	Ratio of dividends to net assets (Consolidated) (%)
	First Quarter	Second Quarter	Third Quarter	Year end	Full year			
Fiscal 2015	—	14.00	—	26.00	40.00	6,427	17.8	2.6
Fiscal 2016	—	16.00	—	20.00	36.00	5,784	12.5	2.1
Fiscal 2017 (forecast)	—	—	—	—	—		—	

Notes: 1. Breakdown of fiscal 2015 year-end dividend: Ordinary dividend: ¥16.00; Commemorative dividend: ¥10.00

2. Forecasts of dividends for fiscal 2017 are currently undecided.

3. Forecast of Consolidated Results for Fiscal 2017 (April 1, 2016 to March 31, 2017)

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

	Net sales	Operating income	Recurring profit	Profit attributable to owners of parent	Net income per share (¥)
First half	375,000 \triangle 2.2%	33,000 1.9%	34,000 3.4%	19,000 34.0%	118.24
Full year	790,000 \triangle 2.9%	77,000 \triangle 6.3%	79,000 \triangle 6.3%	47,000 1.5%	292.48

*Notes

(1) Changes to important subsidiaries during fiscal 2016 (changes in specified subsidiaries resulting in revised scope of consolidation): None

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

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

② Other changes: None

③ Changes in accounting estimates: None

④ Restatements: None

(Note) For details, please refer to "Changes in Accounting Principles" on page 15 of the supplementary materials.

(3) Number of shares issued (common stock)

① Number of shares issued
(including treasury stock):

March 31, 2016	160,789,436	March 31, 2015	160,789,436
March 31, 2016	95,649	March 31, 2015	95,419
Fiscal 2016	160,693,916	Fiscal 2015	160,694,194

② Number of treasury shares:

③ Average number of shares during the year:

《 For Reference Only 》

Non-consolidated Earnings Report for Fiscal 2016

1. Non-consolidated Results for Fiscal 2016 (April 1, 2015 to March 31, 2016)

(1) Non-consolidated Business Results (¥ millions; percentage figures represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2016	270,857	7.7%	21,546	10.1%	36,979	11.8%	21,802	△6.7%
Fiscal 2015	251,563	2.5%	19,574	8.2%	33,071	10.8%	23,360	74.8%

	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2016	135.68	135.64
Fiscal 2015	145.37	—

(2) Non-consolidated Financial Position (¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
March 31, 2016	311,289	199,298	63.9	1,238.42
March 31, 2015	302,385	192,600	63.7	1,198.55

Note: Equity: March 31, 2016: ¥199,007 million, March 31, 2015: ¥192,600 million

2. Forecast of Non-consolidated Results for Fiscal 2017 (April 1, 2016 to March 31, 2017)

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

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
First half	130,000	3.4%	8,000	△6.9%	18,000	△4.9%	13,000	△4.9%	80.90
Full year	280,000	3.4%	21,000	△2.5%	35,000	△5.4%	25,000	14.7%	155.58

*Explanations concerning status of auditing procedures

This consolidated earnings report is not subject to the auditing procedures for reports based on the Financial Instruments and Exchange Act. At the time of issue of this report, we are carrying out auditing procedures for reports based on the Financial Instruments and Exchange Act.

*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. Analysis of Operations and Financial Position.....	2
(1) Analysis of Operations.....	2
(2) Analysis of Financial Position.....	3
(3) Basic Earnings Distribution Policies and Dividend Payments for Fiscal 2016 and Fiscal 2017.....	3
2. Koito Group.....	5
3. Management Policies.....	6
(1) Basic Management Policies.....	6
(2) Management Targets.....	6
(3) Medium- and Long-Term Management Strategies.....	6
(4) Key Issues.....	6
4. Basic Approach in Selection of Accounting Standard.....	7
5. Consolidated Financial Statements.....	7
(1) Consolidated Balance Sheets.....	7
(2) Consolidated Statements of Income and Comprehensive Income.....	9
(3) Consolidated Statements of Changes in Shareholders' Equity.....	11
(4) Consolidated Statements of Cash Flows.....	13
(5) Notes to Consolidated Financial Statements.....	15
(Going Concern Assumption).....	15
(Changes in Accounting Principles).....	15
(Segment Information).....	16
(Per Share Information).....	18
(Significant Subsequent Events).....	18
6. Non-consolidated Financial Statements.....	19
(1) Non-consolidated Balance Sheets.....	19
(2) Non-consolidated Statements of Income.....	21
(3) Non-consolidated Statements of Changes in Shareholders' Equity.....	22
7. Other Information.....	24

1. Analysis of Operations and Financial Position

(1) Analysis of Operations

During fiscal 2016, the period under review, the Japanese economy continued to stagnate due to sluggish personal consumption and exports, despite improvements in corporate earnings and capital expenditure. Meanwhile, in spite of a firm trend in the US economy, the global economy continued to decelerate as a whole, primarily due to deceleration in economy of China and other emerging countries, decrease in exports from resource-rich countries, fluctuation in stock prices and exchange rates, and geopolitical risks in the Middle East and other areas.

In the Japanese auto industry, production volume decreased year on year due to stalled demand caused by an increase in the excise on light vehicles, among other factors. Overseas, production volume increased in North America, Western Europe and China, but it declined in other places such as the ASEAN countries, Russia and South America. As a result, global automobile production volume as a whole was almost as same as the previous fiscal year.

In this climate, the Koito Group reported consolidated net sales of ¥813.4 billion, up 15.1% year on year. This was due to sales growth in the mainstay automotive lighting equipment segment, driven by a shift in the lamps to LED and an increase in orders for automobile lamps.

Results by geographical segment are outlined as follows:

[Japan]

Sales in Japan increased 7.4% year on year to ¥300.7 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 33.8% year on year to ¥183.1 billion. Factors contributing to the sales increase included expanded production volume and newly gained orders, accompanied by growth in automobile demand and a shift in automobile lamps to LED, as well as a KOITO subsidiary in Mexico commencing full operation.

[China]

Sales in China increased 17.4% year on year to ¥217.4 billion. This was mainly due to an increase in the automobile production volume with a tax reduction on compact cars, as well as an increase in new orders and a shift in automobile lamps to LED.

[Asia]

Sales in Asia increased 8.4% year on year to ¥77.8 billion. Sales growth was mainly driven by an increase in new orders in Thailand and Indonesia and a shift in motorcycle lamps to LED, which more than offset the decrease in the production volume of automobiles in the ASEAN region.

[Europe]

Sales in Europe increased 5.7% year on year to ¥34.1 billion. Amid a robust trend in automobile production in the region, KOITO's sales in Europe were mainly driven by an increase in new orders and a shift in automobile lamps to LED.

On the earnings front, operating income was ¥82.2 billion, up 28.2% year on year. The increase was mainly attributable to revenues rising in Japan, as well as other segments of North America, China, Asia, and Europe, and contribution from the full operation at our subsidiary in Mexico. Recurring profit increased 26.0% to ¥84.2 billion. Profit attributable to owners of parent increased 28.4% year on year to ¥46.3 billion, marking the fourth consecutive fiscal year of record business performance, even though consolidated subsidiary KI HOLDINGS CO., LTD. recorded a loss on compensation for damages related to aircraft seats.

(2) Analysis of Financial Position

-1. Analysis of assets, liabilities and net assets

Total assets as of March 31, 2016 increased ¥13.4 billion to ¥588.6 billion. This was mainly due to an increase in current assets such as cash and time deposits.

Total liabilities as of March 31, 2016 increased ¥0.5 billion to ¥259.0 billion mainly due to an increase in trade notes and accounts payable.

Net assets as of March 31, 2016 increased ¥12.8 billion to ¥329.6 billion. This increase was mainly due to an increase in retained earnings.

-2. Analysis of cash flows

Operating activities provided net cash of ¥73.8 billion after payment of taxes, mainly reflecting income before income taxes of ¥74.7 billion and depreciation of ¥31.7 billion.

Investing activities used net cash of ¥62.7 billion, mainly reflecting acquisition of property and equipment of ¥42.2 billion and payments into time deposits.

Financing activities provided net cash of ¥10.0 billion, the result mainly of ¥11.2 billion in dividends paid.

As a result, cash and cash equivalents as of March 31, 2016 were ¥31.8 billion, ¥1.1 billion lower than on March 31, 2015.

(3) Basic Earnings Distribution Policies and Dividend Payments for Fiscal 2016 and Fiscal 2017

As regards KOITO's business forecasts for fiscal 2017, the fiscal year ending March 31, 2017, net sales are projected to increase in Japan due to the expansion of new orders and the market transition to LED automotive lamps. For overseas business, while new orders are expected to grow and the market to shift to LED automotive lamps mainly in North America, consolidated net sales are expected to fall from the previous fiscal year due to the exchange rate conversion.

On the earnings front, operating income and recurring profit are likely expected to decrease compared to the previous fiscal year due to the exchange rate conversion in overseas as well as increased depreciation for new molds in Japan. However, profit attributable to owners of parent is expected to rise. This is due to rebound from a loss on the settlement of damages related to aircraft seats at consolidated subsidiary KI HOLDINGS CO., LTD. that KOITO recorded in fiscal 2015.

KOITO's basic policy is to pay steady and sustainable dividends in comprehensive consideration of factors such as its earnings performance and business climate in any given fiscal year. Based on this policy, KOITO plans to propose a year-end dividend of ¥20 per share.

Including the interim dividend, this would result in a full year dividend of ¥36 per share applicable to fiscal 2016.

The full year dividend for fiscal 2017 is currently undecided because the future business environment remains unclear.

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

The differences between the actual results for fiscal 2016 herein and the previous forecasts (consolidated and non-consolidated) issued in the Consolidated Earnings Report for the First Three Quarters of Fiscal 2016 dated January 28, 2016, are as follows:

(¥ millions are rounded down)

Consolidated Results for Fiscal 2016

(¥ millions)

	Net sales	Operating income	Recurring profit	Profit attributable to owners of parent	Net income per share (¥)
Previously announced forecast (A)	806,000	77,000	79,000	41,000	255.14
Actual results for fiscal 2016 (B)	813,477	82,218	84,296	46,303	288.15
Difference (B-A)	7,477	5,218	5,296	5,303	—
Change (%)	0.9	6.8	6.7	12.9	—
(Reference) Actual results for previous year (fiscal 2015)	706,470	64,155	66,880	36,060	224.41

(Reference) Non-Consolidated Results for Fiscal 2016

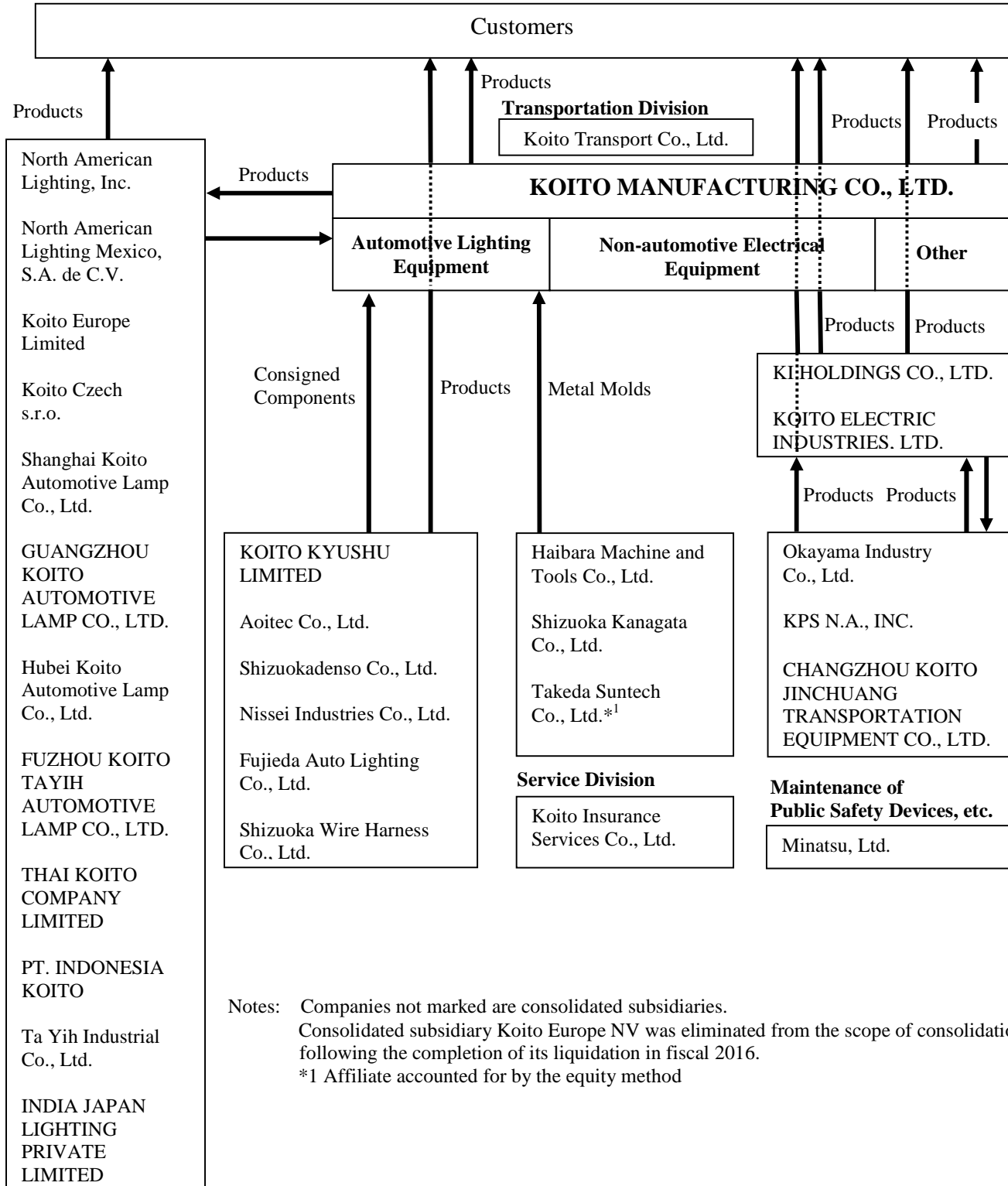
(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously announced forecast (A)	273,000	21,000	36,000	24,000	149.35
Actual results for fiscal 2016 (B)	270,857	21,546	36,979	21,802	135.68
Difference (B-A)	△2,142	546	979	△2,197	—
Change (%)	△0.8	2.6	2.7	△9.2	—
Actual results for previous year (fiscal 2015)	251,563	19,574	33,071	23,360	145.37

2. Koito Group

The Koito Group comprises KOITO MANUFACTURING CO., LTD., its 28 subsidiaries and 2 affiliates. The Group manufactures and sells automobile lights, components for airplanes, trains and railways, and a variety of electrical devices and measuring equipment. The Koito Group is also involved in related financial and distribution operations.

The following chart provides an overview of the structure of the Koito Group.



Notes: Companies not marked are consolidated subsidiaries.
Consolidated subsidiary Koito Europe NV was eliminated from the scope of consolidation following the completion of its liquidation in fiscal 2016.
*1 Affiliate accounted for by the equity method

3. Management Policies

(1) Basic Management Policies

The Koito Group's basic management policy is to create customers' needs and contribute to the progress of society, while fostering mutually beneficial relationships with all stakeholders, including shareholders, customers, employees and business partners, under the theme of "lighting". Furthermore, on the basis of corporate social responsibility (CSR), the Koito Group engages in environmental preservation and social contribution activities under the policy of "Eco-Friendly Manufacturing for people and the Earth".

(2) Management Targets

In addition to sales and profits, KOITO emphasizes capital efficiency, and is strengthening its financial position, from the standpoint of maintaining highly profitable and financially sound management. KOITO will continue working to strengthen and refine its corporate structure to enable it to respond with agility to future changes in the business climate, develop new technologies and products, and streamline operations. In doing so, KOITO will strive to raise its corporate value in the medium- and long-term.

(3) Medium- and Long-Term Management Strategies

Under its corporate slogan of "Lighting for Your Safety," the Koito Group, as a manufacturer of automotive lighting and electrical equipment, is committed to playing a part in creating a better society through the creation of new value sought by customers.

Strategies for taking KOITO forward are as follows:

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

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

(4) Key Issues

In order to deal with worldwide trends in the automobile industry, as a global supplier, the Koito Group is working to restructure and reinforce its management framework, establish development, production and sales systems. In addition, the Group is working to enhance internal control over corporate activities.

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

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

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

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

4. Basic Approach in Selection of Accounting Standard

KOITO applies generally accepted account principles (GAAP) of Japan as its accounting standard, mainly to ensure its financial statements are comparable with past years. (The financial statements are prepared based on “Rules Concerning the Taxonomy, Format and Preparation Method of Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28 of 1976))

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(¥ millions)	
	Fiscal 2015	Fiscal 2016
	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets:		
Cash and time deposits	125,691	161,762
Trade notes and accounts receivable	120,467	126,393
Electronically recorded monetary claims-operating	7,941	9,361
Marketable securities	1,356	182
Inventories	60,790	64,180
Deferred income tax assets	4,816	4,081
Other current assets	35,710	29,477
Less: Allowance for doubtful accounts	△1,974	△876
Total current assets	354,800	394,562
Fixed assets:		
Property, plant and equipment:		
Buildings and structures (net)	41,831	40,346
Machinery and transportation equipment (net)	55,041	56,804
Fixtures, equipment and tools (net)	18,413	17,959
Land	14,291	13,749
Construction in progress	11,281	10,439
Total property, plant and equipment	140,859	139,300
Intangible fixed assets		
Goodwill	1,026	—
Other intangible fixed assets	1,728	1,997
Total intangible fixed assets	2,754	1,997
Investments and other assets:		
Investment securities	74,907	45,988
Claims provable in bankruptcy, claims provable in rehabilitation and other	—	60
Deferred income tax assets	95	5,221
Other investments	2,003	1,741
Less: Allowance for doubtful accounts	△152	△188
Total investments and other assets	76,854	52,822
Total fixed assets	220,468	194,121
Total assets	575,268	588,683

(¥ millions)

	Fiscal 2015 As of March 31, 2015	Fiscal 2016 As of March 31, 2016
Liabilities		
Current liabilities:		
Trade notes and accounts payable	122,929	128,357
Short-term loans	37,702	28,073
Accrued expenses	22,664	20,138
Income taxes payable	9,161	9,398
Allowance for employees' bonuses	4,833	4,820
Reserve for product warranties	2,657	2,824
Other current liabilities	10,057	11,180
Total current liabilities	210,005	204,793
Non-current liabilities:		
Long-term debt	3,798	13,176
Deferred income tax liabilities	6,601	6,410
Allowance for directors' and corporate auditors' retirement benefits	383	414
Allowance for expenses for damages	5,655	—
Reserve for product warranties	4,844	4,726
Allowance for environmental strategies	230	198
Net defined liability for retirement benefits	24,862	27,621
Other non-current liabilities	2,060	1,672
Total non-current liabilities	48,436	54,219
Total liabilities	258,442	259,012
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital	17,108	17,108
Retained earnings	188,935	228,490
Treasury common stock, at cost	△85	△86
Total shareholders' equity	220,229	259,782
Accumulated other comprehensive income:		
Valuation adjustment on marketable securities	27,922	19,123
Translation adjustments	18,435	7,712
Adjustments in defined benefit plans	2,561	△432
Total accumulated other comprehensive income	48,919	26,403
Subscription rights to shares	—	291
Non-controlling interests	47,677	43,193
Total net assets	316,826	329,671
Total liabilities and net assets	575,268	588,683

(2) Consolidated Statements of Income and Comprehensive Income

(¥ millions)

	Fiscal 2015 April 1, 2014 to March 31, 2015	Fiscal 2016 April 1, 2015 to March 31, 2016
Net sales	706,470	813,477
Cost of sales	596,460	676,553
Gross profit	110,010	136,924
Selling, general and administrative expenses:		
Selling expenses	15,003	17,388
General and administrative expenses	30,851	37,317
Total selling, general and administrative expenses	45,855	54,705
Operating income	64,155	82,218
Non-operating income:		
Interest income	1,716	1,478
Dividends	1,106	1,366
Equity in earnings of affiliates	11	12
Other non-operating income	1,699	2,857
Total non-operating income	4,534	5,715
Non-operating expenses:		
Interest expenses	858	726
Provision of allowance for doubtful accounts	—	60
Foreign exchange losses	109	2,008
Aircraft business safety measure expenses	476	264
Other non-operating expenses	365	578
Total non-operating expenses	1,809	3,637
Recurring profit	66,880	84,296
Extraordinary gains:		
Gain on sales of property and equipment	14	1,561
Reversal of allowance for expenses for damages	—	1,068
Gain on sales of investment securities	747	1,008
Gain on abolishment of retirement benefit plan	936	—
Other extraordinary gains	1	1
Total extraordinary gains	1,699	3,640
Extraordinary losses:		
Loss on sale and disposal of property and equipment	554	590
Provision for expenses for damages	4,123	9,968
Loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade	—	933
Compensation for damage	—	924
Amortization of goodwill	—	810
Loss on abandonment of inventories	0	—
Other extraordinary losses	6	1
Total extraordinary losses	4,684	13,228
Income before income taxes	63,895	74,708
Income taxes	18,728	20,186
Income tax adjustment	289	2,235
Total income taxes	19,017	22,422
Net income	44,877	52,285
(Breakdown)		
Profit attributable to owners of parent	36,060	46,303
Profit attributable to non-controlling interests	8,816	5,981

	(¥ millions)	
	Fiscal 2015 April 1, 2014 to March 31, 2015	Fiscal 2016 April 1, 2015 to March 31, 2016
Other comprehensive income or loss		
Valuation adjustment on marketable securities	9,980	△8,942
Translation adjustments	14,565	△15,226
Adjustments in defined benefit plans	△869	△2,989
Total other comprehensive income	<u>23,676</u>	<u>△27,157</u>
Comprehensive income	<u>68,553</u>	<u>25,127</u>
(Breakdown)		
Attributable to shareholders of the parent company	54,438	23,787
Attributable to non-controlling interests	14,115	1,340

(3) Consolidated Statements of Changes in Shareholders' Equity
Fiscal 2015 (April 1, 2014 to March 31, 2015)

(¥ millions)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury common stock, at cost	Total shareholders' equity
Balance at beginning of year	14,270	17,108	158,109	△84	189,404
Cumulative effects of changes in accounting policies	—	—	△735	—	△735
Restated balance	14,270	17,108	157,374	△84	188,668
Changes during fiscal year					
Dividends from retained earnings	—	—	△4,499	—	△4,499
Profit attributable to owners of parent	—	—	36,060	—	36,060
Purchases of treasury stock	—	—	—	△1	△1
Changes in items other than shareholders' equity during fiscal year (net)	—	—	—	—	—
Total changes during fiscal year	—	—	31,561	△1	31,560
Balance at fiscal year-end	14,270	17,108	188,935	△85	220,229

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation adjustment on marketable securities	Translation adjustments	Adjustments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of year	18,532	8,665	3,343	30,541	36,127	256,072
Cumulative effects of changes in accounting policies	—	—	—	—	△156	△891
Restated balance	18,532	8,665	3,343	30,541	35,970	255,180
Changes during fiscal year						
Dividends from retained earnings	—	—	—	—	—	△4,499
Profit attributable to owners of parent	—	—	—	—	—	36,060
Purchases of treasury stock	—	—	—	—	—	△1
Changes in items other than shareholders' equity during fiscal year (net)	9,389	9,769	△781	18,378	11,707	30,085
Total changes during fiscal year	9,389	9,769	△781	18,378	11,707	61,645
Balance at fiscal year-end	27,922	18,435	2,561	48,919	47,677	316,826

Fiscal 2016 (April 1, 2015 to March 31, 2016)

(¥ millions)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury common stock, at cost	Total shareholders' equity
Balance at beginning of year	14,270	17,108	188,935	△85	220,229
Cumulative effects of changes in accounting policies	—	—	—	—	—
Restated balance	14,270	17,108	188,935	△85	220,229
Changes during fiscal year					
Dividends from retained earnings	—	—	△6,749	—	△6,749
Profit attributable to owners of parent	—	—	46,303	—	46,303
Purchases of treasury stock	—	—	—	△1	△1
Changes in items other than shareholders' equity during fiscal year (net)		—	—	—	—
Total changes during fiscal year	—	—	39,554	△1	39,553
Balance at fiscal year-end	14,270	17,108	228,490	△86	259,782

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation adjustment on marketable securities	Translation adjustments	Adjustments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	27,922	18,435	2,561	48,919	—	47,677	316,826
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—
Restated balance	27,922	18,435	2,561	48,919	—	47,677	316,826
Changes during fiscal year							
Dividends from retained earnings	—	—	—	—	—	—	△6,749
Profit attributable to owners of parent	—	—	—	—	—	—	46,303
Purchases of treasury stock	—	—	—	—	—	—	△1
Changes in items other than shareholders' equity during fiscal year (net)	△8,798	△10,723	△2,993	△22,516	291	△4,484	△26,708
Total changes during fiscal year	△8,798	△10,723	△2,993	△22,516	291	△4,484	12,844
Balance at fiscal year-end	19,123	7,712	△432	26,403	291	43,193	329,671

(4) Consolidated Statements of Cash Flows

(¥ millions)

	Fiscal 2015 April 1, 2014 to March 31, 2015	Fiscal 2016 April 1, 2015 to March 31, 2016
Cash flows from operating activities		
Income before income taxes	63,895	74,708
Depreciation	25,919	31,719
Amortization of goodwill	54	1,026
Stock-based compensation	—	291
Equity in earnings of affiliated companies	△11	△12
Provision for allowance for doubtful accounts	△11,370	△929
Net defined liability for retirement benefits	△2,568	△1,523
Provision for reserve for bonuses	285	△16
Reserve for product warranties	507	49
Interest and dividends received	△2,822	△2,844
Interest payments	858	726
Gain on abolishment of retirement benefits plan	△936	—
Gain on sale of marketable and investment securities	△752	△1,008
Loss or gain on sale of property and equipment	540	△970
Reversal of allowance for expenses for damages	—	△1,068
Provision for expenses for damages	4,123	9,968
Loss related to the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade Compensation for damage	—	924
Decrease in trade notes and accounts receivable	△5,365	△14,301
Increase in inventories	△4,411	△7,801
Increase in other current assets	10,145	3,992
Increase in trade notes and accounts payable	9,139	12,619
Increase or decrease in accrued expenses and other current liabilities	3,130	△849
Others	392	2,193
Subtotal	90,752	107,827
Interest and dividend received	2,822	2,844
Interest paid	△858	△726
Loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade paid	—	△933
Damages paid	△1,056	△15,479
Income taxes paid	△18,371	△19,705
Net cash provided by operating activities	73,289	73,828
Cash flows from investing activities		
Payments into time deposits	△77,740	△106,936
Proceeds from the redemption of time deposits	53,363	69,375
Payments for purchase of marketable and investment securities	△17	△127
Proceeds from sale of marketable and investment securities	11,615	16,428
Acquisition of property and equipment	△42,831	△42,224
Proceeds from sale and disposal of property and equipment	225	2,571
Payments for new loans	△14	△14
Proceeds from loan repayments	26	18
Others	△153	△1,868
Net cash used in investing activities	△55,526	△62,777

(¥ millions)

	Fiscal 2015 April 1, 2014 to March 31, 2015	Fiscal 2016 April 1, 2015 to March 31, 2016
Cash flows from financing activities		
Decrease in short-term loans	△4,928	△9,638
Increase in long-term debt	543	12,832
Repayment of long-term debt	△1,971	△2,023
Payments for repurchase of treasury stock	△1	△1
Dividends paid by parent company	△4,498	△6,748
Dividends paid to non-controlling shareholders	△3,522	△4,484
Net cash used in financing activities	△14,376	△10,062
Effect of exchange rate changes on cash and cash equivalents	1,945	△2,185
Increase or decrease in cash and cash equivalents	5,332	△1,196
Cash and cash equivalents at beginning of year	27,750	33,082
Cash and cash equivalents at end of year	33,082	31,886

**(5) Notes to Consolidated Financial Statements
(Going Concern Assumption)**

None

(Changes in Accounting Principles)

Effective April 1, 2016, 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 case 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, 2016, 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 net income, etc. was changed, and the presentation of minority interest was changed to the presentation of non-controlling interests. Consequently, the consolidated financial statements and consolidated financial statements were restated for the fiscal year ended March 31, 2015, and the fiscal year ended March 31, 2016 respectively.

In the consolidated statements of cash flows for the fiscal year ended March 31, 2016, 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 fiscal year ended March 31, 2016, 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.

(Segment Information)

[Segment Information]

1. Overview of Reporting Segments

The Koito Group produces primarily automotive lighting equipment in Japan and overseas, and supplies products to countries around the world as a global supplier. Each local subsidiary is an independent business entity, and the Group does business by establishing a comprehensive plan for each region. The Company's five reporting segments are therefore geographical segments based on production and sales structures, comprising Japan, North America, China, Asia and Europe.

Within each of these geographical segments are segments that produce and sell automotive lighting equipment, railroad car control equipment, aircraft components, and seats for railroad cars and aircraft.

2. Calculation for Net Sales, Segment Income or Loss, Assets, Liabilities and Others of Reporting Segments

Accounting treatment for reporting segments is the same for the most part as the treatment described in "Significant Accounting Policies Used in Preparation of Consolidated Financial Statements."

Income of reporting segments is based on operating income.

Inter-segment sales and transfers are based on general market prices.

3. Information Concerning Net Sales and Operating Income or Loss for Each Segment

I Fiscal 2015 (April 1, 2014 to March 31, 2015)

(¥ millions)

	Japan	North America	China	Asia	Europe	Total	Adjustment (Note 1)	Amount recorded on consolidated financial statements (Note 3)
Net sales								
Sales to outside customers	280,119	136,902	185,248	71,865	32,335	706,470	—	706,470
Inter-segment sales and transfers	130,837	169	4,212	6,118	31,115	172,453	(172,453)	—
Total	410,956	137,072	189,460	77,984	63,450	878,924	(172,453)	706,470
Segment operating income	31,933	7,106	13,719	7,617	2,735	63,112	1,042	64,155
Segment assets	217,892	78,446	124,229	59,348	18,604	498,522	76,746	575,268
Other items								
Depreciation	11,739	5,297	3,949	3,921	933	25,841	77	25,919
Amortization of goodwill	54	—	—	—	—	54	—	54
Increase in property, plant and equipment and intangible fixed assets	15,059	16,809	9,779	5,170	1,650	48,470	—	48,470

Notes: 1. Adjustments are as follows:

- (1) The ¥1,042 million adjustment in segment operating income includes ¥5,535 million in intersegment eliminations and ¥△4,493 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 ¥76,746 million adjustment in segment assets includes ¥△133,039 million in intersegment eliminations, ¥81,211 million in surplus operational funds at the parent company (cash and time deposits), ¥127,025 million in long-term investments (investment securities, etc.) and ¥1,548 million in the parent company's Head Office building, etc.
- (3) The ¥77 million adjustment of depreciation expenses are the fixed assets amortization expenses for the parent company's Head Office.

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, Republic of Indonesia, Taiwan and India
- (3) Europe: Belgium, United Kingdom and Czech Republic

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

II Fiscal 2016 (April 1, 2015 to March 31, 2016)

(¥ millions)

	Japan	North America	China	Asia	Europe	Total	Adjustment (Note 1)	Amount recorded on consolidated financial statements (Note 3)
Net sales								
Sales to outside customers	300,737	183,158	217,497	77,890	34,194	813,477	—	813,477
Inter-segment sales and transfers	152,582	20	5,566	6,987	2,351	167,507	(167,507)	—
Total	453,320	183,178	223,063	84,877	36,545	980,985	(167,507)	813,477
Segment operating income	33,146	17,505	17,591	7,846	4,540	80,631	1,586	82,218
Segment assets	218,387	80,083	125,935	56,835	15,161	496,402	92,281	588,683
Other items								
Depreciation	14,120	7,319	4,827	4,435	933	31,638	80	31,719
Amortization of goodwill	1,026	—	—	—	—	1,026	—	1,026
Increase in property, plant and equipment and intangible fixed assets	16,383	9,060	8,721	6,074	1,082	41,322	—	41,322

Notes: 1. Adjustments are as follows:

- (1) The ¥1,586 million adjustment in segment operating income includes ¥6,317 million in intersegment eliminations and ¥△4,730 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 ¥92,281 million adjustment in segment assets includes ¥△118,377 million in intersegment eliminations, ¥111,685 million in surplus operational funds at the parent company (cash and time deposits), ¥97,556 million in long-term investments (investment securities, etc.) and ¥1,417 million in the parent company's Head Office building, etc.
- (3) The ¥80 million adjustment of depreciation expenses are the fixed assets amortization expenses for the parent company's Head Office.

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, Republic of Indonesia, Taiwan and India
- (3) Europe: Belgium, United Kingdom and Czech Republic

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

(Per Share Information)

Fiscal 2015 April 1, 2014 to March 31, 2015		Fiscal 2016 April 1, 2015 to March 31, 2016	
Net assets per share	¥1,674.91	Net assets per share	¥1,780.94
Net income per share	¥224.41	Net income per share	¥288.15
Profit per share after adjustment for dilution	—	Profit per share after adjustment for dilution	¥288.07

The following shows the basis for calculation of profit per share, and profit per share after adjustment for dilution.

	Fiscal 2015 April 1, 2014 to March 31, 2015	Fiscal 2016 April 1, 2015 to March 31, 2016
(1)Net income per share	¥224.41	¥288.15
(Basis for calculation)		
Adjustment to profit attributable to owners of parent	¥36,060 million	¥46,303 million
Amount not attributable to common stock	—	—
Profit attributable to shareholders of common stock of parent	¥36,060 million	¥46,303 million
Average number of shares outstanding during the period (thousand shares)	160,694	160,693
(2)Profit per share after adjustment for dilution	—	¥288.07
(Basis for calculation)		
Adjustment to profit attributable to owners of parent	—	—
Increase in the number of common stock (thousand shares)	—	42
Details of material change from the end of previous fiscal year for latent stocks without a dilution effect, which were not included in the calculation of profit per share after adjustment for dilution	—	—

Note: The amount of profit per share after adjustment for dilution for Fiscal 2015 was omitted from this report as there were no latent stocks in that fiscal year.

(Significant Subsequent Events)

None

6. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(¥ millions)

	Fiscal 2015 As of March 31, 2015	Fiscal 2016 As of March 31, 2016
Assets		
Current assets:		
Cash and time deposits	80,942	111,685
Notes receivable	310	360
Electronically recorded monetary claims-operating	7,389	8,237
Accounts receivable-trade	40,964	43,858
Finished products	5,041	4,635
Work in progress	972	1,232
Raw materials and supplies	5,994	6,077
Accrued income	3,376	4,898
Short-term loans receivable	633	—
Deferred income tax assets	3,830	3,033
Other current assets	235	234
Less: Allowance for doubtful receivables	△115	△142
Total current assets	149,575	184,110
Fixed assets:		
Property, plant and equipment:		
Buildings (net)	10,333	10,163
Structures (net)	575	531
Machinery (net)	3,127	4,647
Transportation equipment (net)	125	160
Fixtures, equipment and tools (net)	3,261	3,767
Land	6,846	6,751
Total property, plant and equipment	24,269	26,022
Intangible fixed assets:		
Telephone subscription rights	37	37
Other intangible fixed assets	579	761
Total intangible fixed assets	616	798
Investments and other assets:		
Investment securities	48,110	25,329
Shares of affiliated companies	62,387	53,699
Bonds of affiliated companies	1,650	1,650
Investments in affiliated companies	14,877	16,877
Long-term loans	11	5
Claims provable in bankruptcy, claims provable in rehabilitation and other	—	60
Deferred income tax assets	—	2,087
Guarantee deposits	497	466
Other investments	525	353
Less: Allowance for doubtful accounts	△136	△172
Total investments and other assets	127,924	100,357
Total fixed assets	152,810	127,178
Total assets	302,385	311,289

(¥ millions)

	Fiscal 2015 As of March 31, 2015	Fiscal 2016 As of March 31, 2016
Liabilities		
Current liabilities:		
Notes and accounts payable	50,370	57,437
Accrued amount payable	2,622	2,668
Accrued expenses	8,680	6,984
Income taxes payable	5,794	4,667
Allowance for employees' bonuses	3,761	3,714
Reserve for product warranties	2,657	2,824
Other current liabilities	1,632	1,141
Total current liabilities	75,518	79,437
Non-current liabilities:		
Deferred income tax liabilities	95	—
Allowance for retirement benefits	21,220	19,781
Allowance for losses on overseas investments	7,000	7,000
Reserve for product warranties	4,844	4,726
Allowance for environmental strategies	12	6
Other non-current liabilities	1,094	1,038
Total non-current liabilities	34,266	32,553
Total liabilities	109,785	111,990
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital		
Capital reserve	17,107	17,107
Other additional paid-in capital	0	0
Total additional paid-in capital	17,108	17,108
Retained earnings		
Profit reserve	3,567	3,567
Other retained earnings		
Reserve for reductions of asset costs	820	903
Other reserve	80,000	100,000
Retained earnings brought forward	50,204	45,175
Total retained earnings	134,593	149,646
Treasury common stock, at cost	△85	△86
Total shareholders' equity	165,886	180,938
Revaluations and translation adjustments:		
Valuation adjustment on marketable securities	26,713	18,068
Total revaluations and translation adjustments	26,713	18,068
Subscription rights to shares	—	291
Total net assets	192,600	199,298
Total liabilities and net assets	302,385	311,289

(2) Non-consolidated Statements of Income

(¥ millions)

	Fiscal 2015 April 1, 2014 to March 31, 2015	Fiscal 2016 April 1, 2015 to March 31, 2016
Net sales	251,563	270,857
Cost of sales	213,216	229,921
Gross profit	38,347	40,936
Selling, general and administrative expenses:		
Selling expenses	8,950	9,073
General and administrative expenses	9,822	10,316
Total selling, general and administrative expenses	18,772	19,389
Operating income	19,574	21,546
Non-operating income:		
Interest income	142	218
Marketable securities interest income	1,138	824
Dividend income	6,764	8,625
Royalty income, other	4,493	5,316
Rent income	570	569
Miscellaneous income	471	225
Total non-operating income	13,580	15,779
Non-operating expenses:		
Provision of allowance for doubtful accounts	—	60
Foreign exchange losses	—	215
Miscellaneous expenses	83	70
Total non-operating expenses	83	346
Recurring profit	33,071	36,979
Extraordinary gains:		
Gain on sale of fixed assets	11	197
Gain on sale of investment securities	747	866
Gain on liquidation of subsidiaries	—	309
Gain on abolishment of retirement benefit plan	936	—
Total extraordinary gains	1,695	1,373
Extraordinary losses:		
Loss on sale and disposal of fixed assets	295	353
Loss on valuation of shares of subsidiaries and affiliates	—	3,280
Loss related to the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade	—	933
Loss on sale of investment securities	0	—
Total extraordinary losses	295	4,567
Income before income taxes	34,471	33,786
Income taxes	10,041	8,704
Income tax adjustment	1,070	3,279
Total income taxes	11,111	11,983
Net income	23,360	21,802

(3) Non-consolidated Statements of Changes in Shareholders' Equity
Fiscal 2015 (April 1, 2014 to March 31, 2015)

(¥ millions)

	Shareholders' equity								
	Common stock	Additional paid-in capital			Retained earnings				
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital	Profit reserve	Other retained earnings			Total retained earnings
					Reserve for reductions of asset costs	Other reserve	Retained earnings brought forward		
Balance at beginning of year	14,270	17,107	0	17,108	3,567	799	80,000	31,944	116,311
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	△578	△578
Restated balance	14,270	17,107	0	17,108	3,567	799	80,000	31,365	115,732
Changes during fiscal year									
Reserve for reduction of asset costs	—	—	—	—	—	38	—	△38	—
Reversal of reserve for reduction of asset costs	—	—	—	—	—	△17	—	17	—
Dividends of retained earnings	—	—	—	—	—	—	—	△4,499	△4,499
Net income	—	—	—	—	—	—	—	23,360	23,360
Acquisition of treasury stock	—	—	—	—	—	—	—	—	—
Changes in items other than shareholders' equity during fiscal year (net)	—	—	—	—	—	—	—	—	—
Total changes during fiscal year	—	—	—	—	—	21	—	18,839	18,860
Balance at fiscal year-end	14,270	17,107	0	17,108	3,567	820	80,000	50,204	134,593

	Shareholders' equity		Revaluations and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation adjustment on marketable securities	Total revaluations and translation adjustments	
Balance at beginning of year	△84	147,605	17,929	17,929	165,535
Cumulative effects of changes in accounting policies	—	△578	—	—	△578
Restated balance	△84	147,027	17,929	17,929	164,956
Changes during fiscal year					
Reserve for reduction of asset costs	—	—	—	—	—
Reversal of reserve for reduction of asset costs	—	—	—	—	—
Dividends of retained earnings	—	△4,499	—	—	△4,499
Net income	—	23,360	—	—	23,360
Acquisition of treasury stock	△1	△1	—	—	△1
Changes in items other than shareholders' equity during fiscal year (net)	—	—	8,783	8,783	8,783
Total changes during fiscal year	△1	18,859	8,783	8,783	27,643
Balance at fiscal year-end	△85	165,886	26,713	26,713	192,600

Fiscal 2016 (April 1, 2015 to March 31, 2016)

(¥ millions)

	Shareholders' equity								
	Common stock	Additional paid-in capital			Retained earnings				
		Capital reserve	Other additional paid-in capital	Total additional paid-in capital	Profit reserve	Other retained earnings			Total retained earnings
					Reserve for reductions of asset costs	Other reserve	Retained earnings brought forward		
Balance at beginning of year	14,270	17,107	0	17,108	3,567	820	80,000	50,204	134,593
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	—
Restated balance	14,270	17,107	0	17,108	3,567	820	80,000	50,204	134,593
Changes during fiscal year									
Reserve for reduction of asset costs	—	—	—	—	—	94	—	△94	—
Reversal of reserve for reduction of asset costs	—	—	—	—	—	△11	—	11	—
Provision of general reserve	—	—	—	—	—	—	20,000	△20,000	—
Dividends of retained earnings	—	—	—	—	—	—	—	△6,749	△6,749
Net income	—	—	—	—	—	—	—	21,802	21,802
Acquisition of treasury stock	—	—	—	—	—	—	—	—	—
Changes in items other than shareholders' equity during fiscal year (net)	—	—	—	—	—	—	—	—	—
Total changes during fiscal year	—	—	—	—	—	82	20,000	△5,029	15,053
Balance at fiscal year-end	14,270	17,107	0	17,108	3,567	903	100,000	45,175	149,646

	Shareholders' equity		Revaluations and translation adjustments		Sub- scription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation adjustment on marketable securities	Total revaluations and translation adjustments		
Balance at beginning of year	△85	165,886	26,713	26,713	—	192,600
Cumulative effects of changes in accounting policies	—	—	—	—	—	—
Restated balance	△85	165,886	26,713	26,713	—	192,600
Changes during fiscal year						
Reserve for reduction of asset costs	—	—	—	—	—	—
Reversal of reserve for reduction of asset costs	—	—	—	—	—	—
Provision of general reserve	—	—	—	—	—	—
Dividends of retained earnings	—	△6,749	—	—	—	△6,749
Net income	—	21,802	—	—	—	21,802
Acquisition of treasury stock	△1	△1	—	—	—	△1
Changes in items other than shareholders' equity during fiscal year (net)	—	—	△8,645	△8,645	291	△8,353
Total changes during fiscal year	△1	15,052	△8,645	△8,645	291	6,698
Balance at fiscal year-end	△86	180,938	18,068	18,068	291	199,298

7. Other Information

(1) Changes in Directors and Corporate Auditors (Scheduled for June 29, 2016)

1. Changes in Representative Directors
None

2. Changes in Other Directors and Corporate Auditors

•New Audit and Supervisory Board Member Candidate
Outside Audit and Supervisory Board Member Yukinobu Suzuki (Tax Accountant)

•Retiring Corporate Auditor
Outside Audit and Supervisory Board Member Nobuyoshi Kawashima

3. Changes in Corporate Officers

•Newly Appointed Corporate Officers
Managing Corporate Officer Takayuki Katsuda (Current position: Advisor)