

Financial Review

Review of Operations

Consolidated net sales for fiscal 2011 amounted to ¥186,711 million, up 4.7% year-on-year. We faced parts supply shortages in Japan caused by the Great East Japan Earthquake in the first half of the fiscal year and had to deal in the second half with problems in the supply of imported parts due to flood damage in Thailand. Meanwhile, the yen continued to appreciate throughout the fiscal year. As a result, the situation remained uncertain. Nonetheless, the rapid recovery in the parts supply chain, upward momentum in production and sales volume of new cars by Japanese car manufacturers and strong growth in the automobile market in the Americas were positive factors during the fiscal year.

With regard to income, we pursued ongoing activities to reduce variable expenses throughout the Clarion Group and worked to improve earnings, in particular, by curbing non-essential, non-urgent fixed costs. As a result, consolidated operating income amounted to ¥7,873 million, an increase of 59.5% year-on-year. Consolidated net income stood at ¥7,532 million, a significant increase of 444.6% from the previous fiscal year as well as a record high, due to an improvement in the balance of non-operating income and expenses.

With the aim of standardizing accounting periods, the results of certain consolidated subsidiaries in the Americas and China using the calendar year for account settlement are stated for the 15-month period of January 2011 to March 2012.

Results by geographic segment (excluding intra-Group transactions) are as follows.

Japan

In the automobile industry, production and sales in the first half of the fiscal year were down significantly year-on-year due to the impact of earthquake damage on parts manufacturers. Nevertheless, the recovery in the supply chain and reintroduction of an incentive to buy eco-cars had a positive effect and domestic new car sales rose approximately 3% for the full year compared with the previous fiscal year.

Consolidated segment sales amounted to ¥96,917 million, up 4.1% year-on-year. One favorable factor that led to this result was the increase in new car sales volume in the second half of the fiscal year (up 37% year-on-year). Segment income stood at ¥6,327 million, a rise of 113.2% due to a reduction in the cost of sales ratio, reflecting an improvement in the proportion of variable expenses as well as lower fixed costs.

Americas

New car sales in the United States increased 9%, with year-on-year gains posted for 10 consecutive months, due in part to a respite in gasoline price hikes. Although net sales declined owing to a change in product composition that included a shift to lower-priced products as a result of parts supply issues, sales increased on the whole. This was due primarily to a rise in orders in electronics manufacturing service (EMS) business at subsidiaries in Latin America and to the standardization of accounting periods.

Segment sales amounted to ¥62,024 million, up 4.0% year-on-year.

Segment income decreased 29.9% to ¥1,331 million due mainly to a decrease in gross profit resulting from a change in product composition.

Europe

Segment sales decreased 7.0% year-on-year to ¥10,840 million due mainly to a reduction in sales for the original equipment manufacturer (OEM) market.

Segment income amounted to ¥2 million (compared with a segment loss of ¥106 million in the previous fiscal year) as a result of efforts to reduce fixed costs.

Asia and Australia

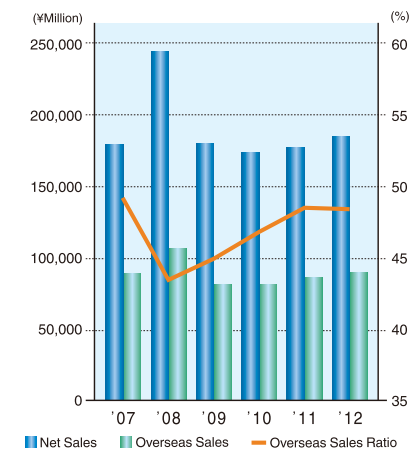
China maintained its annual economic growth rate at a high level of 9.2% during the previous fiscal year, but the speed of expansion has decelerated for the past five consecutive quarters, clearly denoting a slowdown in the Chinese economy. In other emerging nations in Asia, growth is weakening overall.

Segment sales increased 21.2% year-on-year to ¥16,928 million primarily as a result of making an affiliate in Thailand into a consolidated subsidiary and standardizing accounting periods for subsidiaries in China.

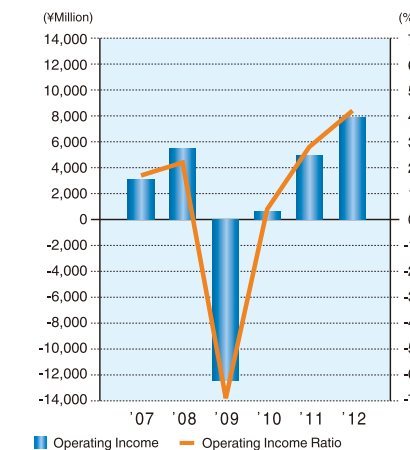
Segment income increased 242.3% to ¥400 million due to the gain in sales despite rising airfreight and other costs caused by tighter parts supply and a sharp increase in customer demands.

Segment income/loss refers to operating income/loss.

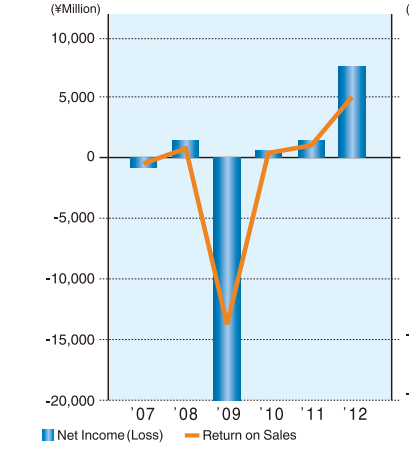
■ Net Sales, Overseas Sales and Overseas Sales Ratio



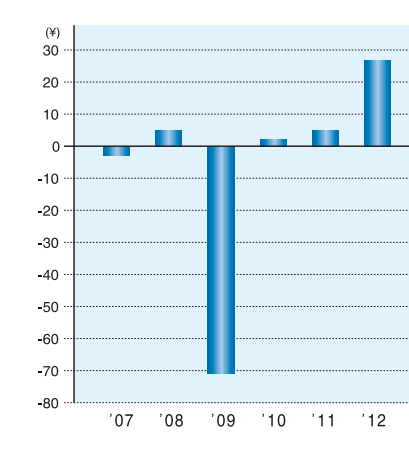
■ Operating Income (Loss) and Operating Income (Loss) Ratio



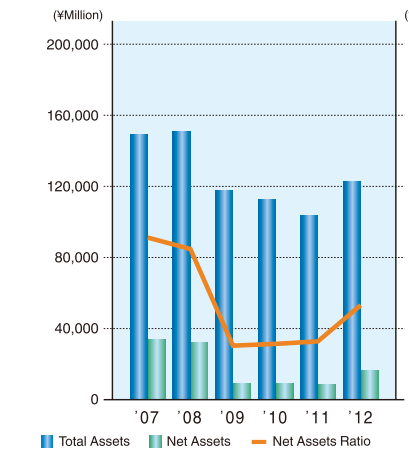
■ Net Income (Loss) and Return on Sales



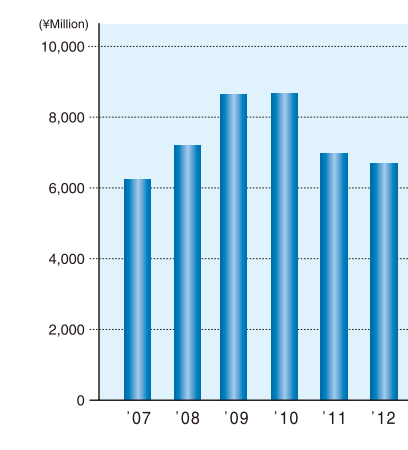
■ Net Income (Loss) per Share



■ Total Assets, Net Assets and Net Assets Ratio



■ Depreciation and Amortization



Financial Review

Corporate Data

Financial Position

Current assets at fiscal year-end increased ¥16,152 million, or 26.6%, compared with the previous fiscal year-end to ¥76,832 million. This result was due to an increase in cash on hand and in banks because the end of the fiscal year fell on a holiday; an increase in trade notes and accounts receivable owing to the sales gain; and an increase in short-term loans.

Property, plant and equipment, net, increased ¥1,123 million, or 5.1%, from the previous fiscal year-end to ¥23,110 million. This was attributable mainly to the construction of a new factory in Thailand. Intangible assets increased ¥1,444 million, or 9.1%, from the previous fiscal year-end to ¥17,345 million. Investments and other assets increased ¥331 million, or 6.4%, from the previous fiscal year-end to ¥5,532 million. As a result, total assets at year-end increased ¥19,051 million, or 18.4%, compared with the previous fiscal year-end to ¥122,821 million.

Total liabilities increased ¥11,201 million, or 11.8%, from the previous fiscal year-end to ¥106,242 million. This was primarily the result of an increase in trade notes and accounts payable since the fiscal year-end fell on a holiday. Total net assets increased ¥7,850 million, or 89.9%, from the previous fiscal year-end to ¥16,579 million due to the recording of net income. As a result, the net assets ratio was 13.3%, an improvement of 5.1 percentage points from the previous fiscal year-end.

Cash Flows

Net cash provided by operating activities was ¥16,304 million. This was due mainly to the recording of income before income taxes and minority interests and an increase in notes and accounts payable, despite an increase in notes and accounts receivable. Net cash provided by operating activities at the end of the previous fiscal year was ¥8,559 million.

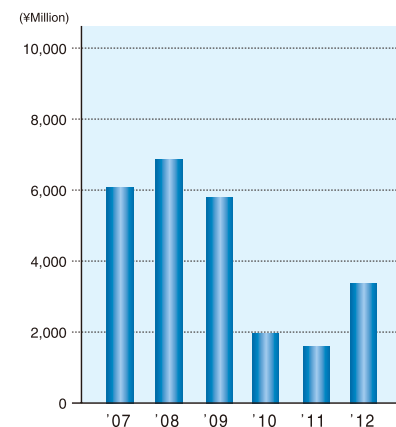
Net cash used in investing activities was ¥11,587 million. This was due mainly to payment for purchases of property, plant and equipment as well as payment for purchases of intangible assets. Net cash used in investing activities at the end of the previous fiscal year was ¥5,768 million.

As a result, Clarion posted free cash flow of ¥4,717 million compared with free cash flow of ¥2,791 million at the previous fiscal year-end.

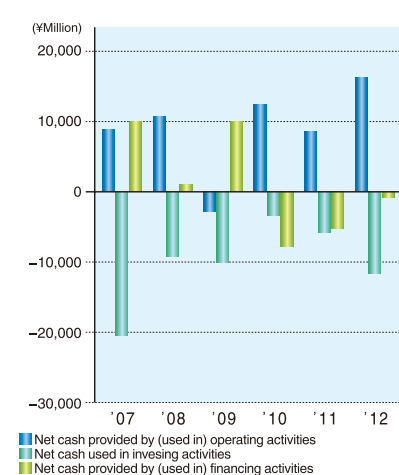
Net cash used in financing activities was ¥751 million due mainly to repayment of finance lease obligations. Net cash provided by financing activities at the end of the previous fiscal year was ¥5,242 million.

As a result of these factors, cash and cash equivalents at the end of the year amounted to ¥11,610 million compared with ¥7,421 million at the previous fiscal year-end.

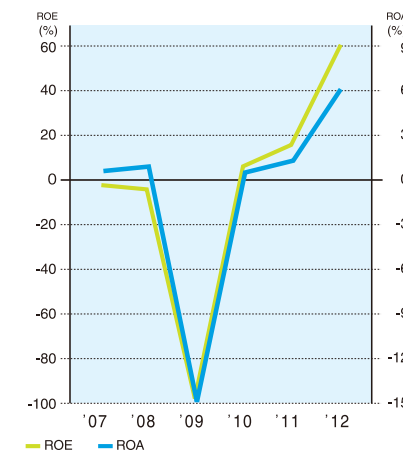
■ Capital Investment



■ Cash Flows



■ ROE and ROA



Company Profile (As of March 31, 2012)

Company Name:	Clarion Co., Ltd.
Registered Head Office / Technology Center:	7-2 Shintoshin, Chuo-ku, Saitama-shi, Saitama, 330-0081, Japan TEL: (81) 48-601-3700
Headquarters:	11-2 Shintoshin, Chuo-ku, Saitama-shi, Saitama, 330-6030, Japan TEL: (81) 48-601-3700
Established:	December 18, 1940
Paid-in Capital:	¥26,100 million
Number of Shares Outstanding:	282,744 thousand shares
Stock Exchange Listing:	Tokyo Stock Exchange, First Section and Osaka Securities Exchange, First Section (Ticker Code: 6796)
Number of Shareholders:	16,635
Number of Employees:	9,975 (consolidated) 1,547 (non-consolidated) (excl. employees on temporary assignments)
Main Products:	Automotive cloud information network service, car navigation systems, car audio systems, in-vehicle cameras, visual equipment, bus equipment, communication equipment

Board of Directors and Corporate Auditors

(As of June 22, 2012)

Representative Director, President	Tatsuhiko Izumi
Senior Executive Director	Tetsuro Yoshimine
Executive Directors	Toru Kaneko Hidetoshi Kawamoto
Directors	Satoshi Kawamoto Tadashi Wada Yasuhiko Honda * Masatsugu Shinozaki *
Full-time Corporate Auditor	Seishi Kasai
Corporate Auditors	Kazumichi Fujimura Yasuhiro Sasai ** Kazuo Kurihara **

* Outside directors
** Outside auditors

Corporate Officers

(As of June 22, 2012)

Senior Executive Corporate Officer	Tetsuro Yoshimine
Executive Corporate Officers	Toru Kaneko Hidetoshi Kawamoto Satoshi Kawamoto Toyoji Aida Hiroyasu Kan Nobuyuki Oyachi
Corporate Officers	Tadashi Wada Yoshihisa Matsuoka Koichi Murakami Hideyuki Tamura

Principal Subsidiaries (As of June 22, 2012)

Japan	Europe Region
<ul style="list-style-type: none"> Clarion Sales and Marketing Co., Ltd. (CSM) Clarion Manufacturing and Service Co., Ltd. (CMS) 	<ul style="list-style-type: none"> Clarion Europe S.A.S. Clarion Europa G.m.b.H. Clarion Hungary Electronics Kft. Clarion (G.B.) Ltd.
America Region	Asia Region
<ul style="list-style-type: none"> Clarion Corporation of America Electronica Clarion, S.A. de C.V. 	<ul style="list-style-type: none"> Clarion (H.K.) Industries Co., Ltd. Dongguan Clarion Orient Electronics Co., Ltd. Clarion Asia (Thailand) Co., Ltd. Clarion (Malaysia) Sdn., Bhd. Clarion (Taiwan) Manufacturing Co., Ltd.