KITO

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Revisions to Consolidated Business Forecast

Kito Corporation announced revisions to its business forecast of consolidated sales and income figures for the fiscal year ended March 2015 which was made on November 6, 2014 basing on the examination of latest trends in its performance.

1. ***Revisions to consolidated business forecast for year ended March 2015***
   (a) Period from April 1, 2014 to March 31, 2015

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	50,000	4,800	4,600	3,100	118.67
Revised Forecast (B)	50,000	3,350	3,380	1,900	72.67
Increase/Decrease (B - A)	0	(1,450)	(1,220)	(1,200)	
Percentage change (%)	0.0	(30.2)	(26.5)	(38.7)	
(Ref) Results for year ended March 2014	41,855	4,006	4,094	2,361	91.25

Note: On October 1, 2014 Kito conducted a two-for-one split of its common stock. Accordingly, net income per share is calculated on the assumption that the stock split was completed at the beginning of the previous fiscal year.

2. Reasons for revisions

For the year ended March 2015 we project a major year-on-year increase in net sales, with no change in our previous forecast, with positive performance for the group led by the US market, where demand remains strong in a positive economy overall, and the Japanese market, with stable orders related mainly to private-sector capital investment, while consolidated results improved in the third quarter with the group acquisition of Peerless Industrial Group, Inc. (Peerless) of the US on August 21, 2014.

However, a larger-than-expected dip in capital investment in Asia, along with slowing in the Chinese market, reduced income, particularly among Japanese customer firms in Thailand, where political instability has remained a chronic factor, impairing the profitability of some large projects.

Additionally the company has seen expenses larger than projected in the previous forecast, due mainly to accounting processing of the Peerless inventory assessment at the time of acquisition and the cancellation of deferred tax assets with the corporation-tax cut. As a result, we project operating income, ordinary income, and net income will be below previous forecasts.

To maintain stable returns to our shareholders, we make no change in our dividend forecast for the fiscal year.

Note: This forecast is based on currently available information. Actual results may differ from this forecast due to variable factors.