

April 28, 2010
SHOEI CO., LTD.

Consolidated Financial Results

for the Second Quarter of the Fiscal Year Ending September 30, 2010

Name of Registrant	SHOEI CO., LTD.
Code No:	7839
Securities Traded	Tokyo Stock Exchange, 2nd Section
Headquarters	Tokyo, Japan
(URL http://www.shoei.com)	
Representative:	Hironori Yasukochi, President and Representative Director
Contact:	Akihito Hirano, Director and General Manager
	of Administration Division

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I . Financial Summary

1) Operating Performance

	Millions of Yen			
	Oct.08–Mar.09	Oct.09–Mar.10	% Changes	Oct.08–Sept.09
Net Sales	5,834	5,281	-9.5	10,300
Operating Income	895	508	-43.2	1,047
Ordinary Income	1,181	559	-52.7	1,335
Net Income	736	378	-48.6	837
	Yen			
<i>Per Share Amounts</i>				
Net Income	50.73	27.48		58.11
Net Income, Diluted	—	—		—

Notes:

1. *Earnings (Losses) of Affiliates in Equity Method:*

	Millions of Yen		
	Oct.08–Mar.09	Oct.09–Mar.10	Oct.08–Sept.09
	—	—	—

2. *Average Number of Shares During The Period (Consolidated):*

	Shares		
	Oct.08–Mar.09	Oct.09–Mar.10	Oct.08–Sept.09
	14,522,381	13,772,336	14,405,243

3. *Number of Treasury Stocks as of 31, March: 750,064*

4. *Change of Accounting Method: Not Applicable*

5. *Percentages of net sales, operating income, ordinary income and net income show changes from those in the corresponding period of the previous year.*

6. *Amounts Less than ¥1 million are omitted.*

7. *The net income per share is calculated using the weighted average number of shares (excluding treasury stock) during the period.*

2) Financial Position

	Millions of Yen		
	Mar. 31, 09	Mar. 31, 10	Sept. 30, 09
Total Assets	9,459	8,941	8,431
Net Assets	7,159	6,592	6,710
	Percentage		
Net Assets to Total Assets	75.7%	73.7%	79.6%
	Yen		
Net Assets per Share	493.00	478.67	487.24

Notes:

1. *Number of Shares Outstanding on March 31, 2009, March 31, 2010 and September 30, 2009 (Consolidated):*

	Shares		
	Mar. 31, 09	Mar. 31, 10	Sept.30,09
	14,522,400	14,522,400	14,522,400

3) Cash Flow

	<u>Millions of Yen</u>		
	<u>Oct.08-Mar.09</u>	<u>Oct.09-Mar.10</u>	<u>Oct.08-Sept.09</u>
Net Cash Flow from Operating Activities	272	857	364
Net Cash Flow from Investment Activities	(265)	(241)	107
Net Cash Flow from Financial Activities	(1,098)	(412)	(1,780)
Cash and Cash Equivalents at the End of the Period	2,294	2,327	2,168

4) Scope of Consolidation

Number of Consolidated Subsidiaries	4
Number of Non-Consolidated Subsidiaries in Equity Method	0
Number of Affiliates in Equity Method	0

5) Change in Consolidation During the Period

Number of Newly Consolidated Subsidiaries	0
Number of Companies Excluded from Consolidation	0
Number of Subsidiaries and Affiliates Newly Consolidated in Equity Method	0
Number of Companies Excluded from Consolidation in Equity Method	0

II . Consolidated Forecasts

for The Fiscal Year Ending September 30, 2010

	<u>Millions of Yen</u>
	<u>Oct.09-Sept.10</u>
Net Sales	11,280
Operating Income	1,470
Ordinary Income	1,460
Net Income	940
	<u>Yen</u>
Net Income Per Share	68.25

III. Consolidated Financial Statements

Consolidated Statements of Income

	Thousands of Yen			
	Oct.08–Mar.09	Oct.09–Mar.10	% Changes	Oct.08–Sept.09
Net Sales	5,834,016	5,281,950	-9.5	10,300,007
Cost of Sales	<u>3,656,158</u>	<u>3,606,522</u>	-1.4	<u>6,526,712</u>
Gross Profit	2,177,857	1,675,428	-23.1	3,773,294
Selling and Administrative Expenses	1,282,720	1,167,018	-9.0	2,725,730
Sales Commission	6,411	6,773	+5.6	15,594
Transportation	93,495	75,760	-19.0	202,258
Advertisement	261,155	269,928	+3.4	609,601
Provision for Bad Debt	1,314	(104)	-108.0	—
Directors' Benefits	60,369	65,081	+7.8	117,263
Salary and Bonus	253,641	231,220	-8.8	578,483
Provision for Bonus	29,100	26,100	-10.3	29,300
Retirement Benefit Cost	7,832	6,756	-13.7	15,396
Provision for Director' Accrued Severance Indemnities	11,968	11,949	-0.2	22,487
Insurance	64,654	63,086	-2.4	140,890
Depreciation	32,632	30,332	-7.0	68,442
Fees and Charges	134,780	122,237	-9.3	304,975
Other Expenses	<u>325,366</u>	<u>257,895</u>	-20.7	<u>621,037</u>
Operating Income	895,137	508,409	-43.2	1,047,564
Non-Operating Income	306,191	60,424	-80.3	347,045
Interest Income	12,982	1,087	-91.6	18,309
Foreign Exchange Gains	252,777	51,654	-79.6	282,361
Insurance Premiums Refunded Cancellation	28,558	—	—	28,558
Other Non-Operating Income	11,872	7,682	-35.3	17,815
Non-Operating Expenses	20,006	9,787	-51.1	58,629
Sales Discount	11,786	5,085	-56.9	15,890
Loss on Transfer of Receivable	7,159	2,008	-71.9	7,702
Other Non-Operating Expenses	1,060	2,693	+154.0	35,037
Ordinary Income	<u>1,181,322</u>	<u>559,047</u>	-52.7	<u>1,335,980</u>
Extraordinary Income	3,743	6,284	+67.9	20,485
Extraordinary loss	<u>6,050</u>	<u>6,365</u>	+5.2	<u>13,174</u>
Net Income before Income Taxes	1,179,014	558,966	-52.6	1,343,291
Current Income Taxes	382,809	237,268	-38.0	414,475
Refund of Income Taxes	—	(15,569)	—	414,475
Deferred Income Taxes	<u>59,458</u>	<u>(41,256)</u>	-169.4	<u>91,640</u>
Net Income	<u>736,746</u>	<u>378,524</u>	-48.6	<u>837,176</u>

Consolidated Balance Sheets

	Thousands of Yen			
	Mar. 31, 09	Mar. 31, 10	Changes	Sept.30,09
Assets				
Current Assets:				
Cash and Cash Equivalent	2,794,019	2,327,397	-466,621	2,168,682
Accounts Receivable	1,642,546	1,594,000	-48,545	1,142,365
Merchandise and Finished Goods	966,453	1,441,726	+475,272	1,363,741
Work in Process	250,872	369,562	+118,690	336,543
Raw Materials and Supplies	486,914	350,747	-136,167	379,841
Deferred Tax Asset	238,676	241,554	+2,878	201,027
Others	379,146	379,672	+526	511,772
Provision for Bad Debts	(17,888)	(7,256)	+10,631	(7,555)
Total Current Assets	<u>6,740,740</u>	<u>6,697,405</u>	<u>-43,335</u>	<u>6,096,420</u>
Fixed Assets:				
Tangible Fixed Assets:				
Buildings and Structures	916,334	936,977	+20,642	928,737
Tools, Furnitures and Fixtures	367,845	439,393	+71,548	421,776
Others	<u>923,199</u>	<u>670,433</u>	<u>-252,765</u>	<u>786,255</u>
Total Tangible Fixed Assets	<u>2,207,379</u>	<u>2,046,804</u>	<u>-160,574</u>	<u>2,136,769</u>
Intangible Fixed Assets:				
Total Intangible Fixed Assets	77,296	54,323	-22,973	66,984
Investments and Other Assets:				
Total Investments and Other Assets	<u>433,821</u>	<u>143,374</u>	<u>-290,447</u>	<u>131,693</u>
Total Fixed Assets	<u>2,718,497</u>	<u>2,244,501</u>	<u>-473,995</u>	<u>2,335,447</u>
Total Assets	<u>9,459,238</u>	<u>8,941,907</u>	<u>-517,331</u>	<u>8,431,868</u>

	Thousands of Yen			
	Mar. 31, 09	Mar. 31, 10	Changes	Sept.30,09
Liabilities				
Current Liabilities:				
Accounts Payable	1,026,971	1,287,675	+260,703	762,393
Accounts Payable–Others	185,252	126,630	-58,621	192,183
Accrued Income Taxes and Other Taxes	344,012	246,932	-97,080	64,539
Provision for Bonuses	238,200	237,000	-1,200	238,200
Others	268,046	178,378	-89,668	215,636
Total Current Liabilities	2,062,483	2,076,616	+14,133	1,472,953
Fixed Liabilities:				
Allowance for Retirement Benefits of Directors	151,961	174,429	+22,468	162,480
Provision for Retirements	79,447	95,226	+15,778	81,251
Others	5,822	3,202	-2,619	4,661
Total Fixed Liabilities	237,232	272,858	+35,626	248,393
Total Liabilities	2,299,715	2,349,475	+49,759	1,721,347
Net Assets				
Shareholders' Equity				
Common Stock	1,394,778	1,394,778	—	1,394,778
Capital Surplus	391,621	391,621	—	391,621
Retained Earnings	5,762,921	5,828,705	+65,784	5,863,351
Treasury Stock at Cost	(40)	(677,308)	-677,267	(677)
Total Shareholders' Equity	7,549,280	6,937,797	-611,483	6,972,442
Valuation and Translation Adjustments				
Deferred Income or Loss on Hedge	1,669	(4,579)	-6,248	10,028
Foreign Exchange Adjustment	(391,427)	(340,785)	+50,641	(271,950)
Total Valuation and Translation Adjustments	(389,757)	(345,365)	+44,392	(261,922)
Total Net Assets	7,159,523	6,592,432	-567,090	6,710,520
Total Liabilities, and Net Assets	9,459,238	8,941,907	-517,331	8,431,868

Consolidated Statements of Cash Flow

	Thousands of Yen		
	<u>Oct.08–Mar.09</u>	<u>Oct.09–Mar.10</u>	<u>Oct.08–Sept.09</u>
Cash Flow from Operating Activities:			
Net Income before Incom Taxes	1,179,014	558,966	1,343,291
Depreciation	278,860	317,178	730,598
Loss on Cancellation of Insurance Contract	(28,558)	—	(28,558)
Increase/Decrease of Provision for Bad Debts	(1,638)	(104)	(13,127)
Increase/Decrease of Provision for Bonuses	3,700	(1,200)	3,700
Increase/Decrease of Allowance for Retirement Benefits of Directors	(39,988)	11,949	(29,469)
Increase/Decrease of Provision for Retirements	22,314	13,974	24,117
Interest and Dividends Earned	(12,982)	(1,087)	(18,309)
Interest Expense	608	942	541
Profit/Loss on Foreign Exchange	(26,524)	(2,494)	(31,247)
Loss on Disposal of Tangible Fixed Assets	2,650	6,365	7,988
Profit/Loss on Sales of Tangible Fixed Assets	(1,612)	(925)	(2,381)
Loss on Valuation of Golfclub Memberships	3,400	—	3,400
Increase/Decrease of Accounts Receivable	(500)	(463,571)	544,280
Increase/Decrease of Inventories	(202,182)	(101,250)	(539,997)
Increase/Decrease of Accounts Payable	16,768	538,913	(284,765)
Increase/Decrease of Other Current Assets	(53,701)	30,429	(86,882)
Increase/Decrease of Other Current Liabilities	(32,398)	(89,171)	(26,653)
Increase/Decrease of Other Fixed Liabilities	(2,743)	(1,458)	(3,904)
Others	(2,321)	3,012	(6,970)
Subtotal	<u>1,102,170</u>	<u>820,467</u>	<u>1,587,435</u>
Interest and Dividends Received	10,117	1,087	18,309
Interest Paid	(608)	(942)	(541)
Corporate Tax Paid	(838,759)	(56,880)	(1,241,038)
Income Taxes Refund	—	93,903	—
Net Cash Flow from Operating Activities	<u>272,919</u>	<u>857,636</u>	<u>364,164</u>
Cash Flow from Investment Activities:			
Increase of Time Deposits	(500,000)	—	(500,000)
Decrease of Time Deposits	500,000	—	1,300,000
Expenses on Acquisition of Tangible Fixed Assets	(306,749)	(237,015)	(730,006)
Proceeds from Sales of Tangible Fixed Assets	1,646	1,142	2,507
Expenses on Acquisitions of Intangible Fixed Assets	(5,621)	(2,439)	(11,861)
Proceeds from Cancellation of Insurance Funds	56,936	—	56,936
Others	(11,480)	(2,700)	(9,970)
Net Cash Flow from Investment	<u>(265,268)</u>	<u>(241,011)</u>	<u>107,606</u>
Cash Flow from Financial Activities:			
Increase in Short-term Loans Payable	—	500,000	—
Decrease in Short-term Loans Payable	—	(500,000)	—
Repayments of Treasury Stock's Cost	(40)	—	(678,520)
Dividends Paid	(1,098,805)	(412,422)	(1,101,858)
Net Cash Flow from Financial Activities	<u>(1,098,845)</u>	<u>(412,422)</u>	<u>(1,780,378)</u>
Exchange Differences on Cash and Cash Equivalents	<u>(423,107)</u>	<u>(45,486)</u>	<u>(331,032)</u>
Net increase/Decrease of Cash and Cash Equivalents	<u>(1,514,302)</u>	<u>158,714</u>	<u>(1,639,638)</u>
Cash and Cash Equivalents at the Beginning of the Period	<u>3,808,321</u>	<u>2,168,682</u>	<u>3,808,321</u>
Cash and Cash Equivalents at the End of the Period	<u>2,294,019</u>	<u>2,327,397</u>	<u>2,168,682</u>

IV. Segment Information

(1) Business Segment Information

This section is not applicable because business of our group is limited to manufacture and sale of helmets.

(2) Geographic Segment Information

	Thousands of Yen		
	<u>Oct.08-Mar.09</u>	<u>Oct.09-Mar.10</u>	<u>Oct.08-Sept.09</u>
Net Sales:			
Japan	5,413,073	4,805,303	8,969,593
Customers	4,401,878	3,526,085	6,689,745
Internal Sales	1,011,195	1,279,217	2,279,847
Europe	1,453,480	1,810,878	3,653,306
Customers	1,359,043	1,723,789	3,489,495
Internal Sales	94,437	87,088	163,811
North America	159,226	105,719	301,626
Customers	73,094	32,075	120,766
Internal Sales	86,131	73,644	180,860
Subtotal	<u>7,025,781</u>	<u>6,721,900</u>	<u>12,924,526</u>
Customers	5,834,016	5,281,950	10,300,007
Internal Sales	1,191,764	1,439,950	2,624,519
Subtraction for Consolidation	<u>(1,191,764)</u>	<u>(1,439,950)</u>	<u>(2,624,519)</u>
Consolidated	<u>5,834,016</u>	<u>5,281,950</u>	<u>10,300,007</u>
Operating Expenses :			
Japan	4,650,103	4,316,640	8,157,637
Europe	1,189,532	1,507,213	3,077,492
North America	137,020	96,537	267,349
Subtotal	<u>5,976,656</u>	<u>5,920,392</u>	<u>11,502,479</u>
Subtraction for Consolidation	<u>(1,037,777)</u>	<u>(1,146,851)</u>	<u>(2,250,037)</u>
Consolidated	<u>4,938,878</u>	<u>4,773,540</u>	<u>9,252,442</u>
Operating Income:			
Japan	762,970	488,662	811,955
Europe	263,948	303,664	575,813
North America	22,206	9,181	34,277
Subtotal	<u>1,049,124</u>	<u>801,508</u>	<u>1,422,046</u>
Subtraction for Consolidation	<u>(153,987)</u>	<u>(293,099)</u>	<u>(374,482)</u>
Consolidated	<u>895,137</u>	<u>508,409</u>	<u>1,047,564</u>

(3) Overseas Sales

	<u>Oct.08-Mar.09</u>		<u>Oct.09-Mar.10</u>		<u>Oct.08-Sept.09</u>	
	<u>Sales</u>	<u>Percentage</u>	<u>Sales</u>	<u>Percentage</u>	<u>Sales</u>	<u>Percentage</u>
	<u>Thousands</u>	<u>Overseas</u>	<u>Thousands</u>	<u>Overseas</u>	<u>Thousands</u>	<u>Overseas</u>
	<u>of Yen</u>	<u>Sales to</u>	<u>of Yen</u>	<u>Sales to</u>	<u>of Yen</u>	<u>Sales to</u>
		<u>Net Sales</u>		<u>Net Sales</u>		<u>Net Sales</u>
Europe	2,650,604	45.4	2,823,062	53.4	5,385,010	52.3
North America	1,700,190	29.1	1,146,404	21.7	2,204,172	21.4
Other Areas	339,533	5.8	298,868	5.7	583,125	5.7
Overseas Sales Total	<u>4,690,328</u>	<u>80.4</u>	<u>4,268,334</u>	<u>80.8</u>	<u>8,172,308</u>	<u>79.3</u>
Total including Japan	5,834,016	100.0	5,281,950	100.0	10,300,007	100.0