

Consolidated Financial Results for The Fiscal Year Ended September 30, 2016

Name of Registrant	SHOEI CO., LTD.
Code No:	7839
Securities Traded	Tokyo Stock Exchange, 1st Section
Headquarters (URL http://www.shoei.com)	Tokyo, Japan
Representative:	Kenichiro Ishida, President and Representative Director
Contact:	Akihito Hirano, Director
Date of the Ordinary General Meeting of Shareholders:	Dec. 21, 2016
Payment Date of Dividends:	Dec. 22, 2016
Filing Date of Financial Statements:	Dec. 22, 2016

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I . Financial Summary

1) Operating Performance

	Millions of Yen		
	Oct.14-Sept.15	Oct.15-Sept.16	% Changes
Net Sales	14,244	14,138	-0.7
Operating Income	3,210	3,145	-2.0
Ordinary Income	3,092	3,244	4.9
Net Income	1,996	2,192	9.8

	Yen	
	Oct.14-Sept.15	Oct.15-Sept.16
<i>Per Share Amounts</i>		
Net Income	145.00	159.22
Net Income, Diluted	—	—

Notes:

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

Millions of Yen	
Oct.14-Sept.15	Oct.15-Sept.16
—	—

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

Shares	
Oct.14-Sept.15	Oct.15-Sept.16
13,771,952	13,771,896

3.Number of Treasury Shares as of September 30,2016: 550

4.Change of Accounting Method: (Application of Revised Accounting Standard for Business Combinations etc.)

Effective from the beginning of the first quarter of FY2016, The Company adopted the “Revised Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No.21 of September 13, 2013), “Revised Accounting Standard for Consolidated Financial Statements”(ASBJ Statement No.22 of September 13, 2013) and “Revised Accounting Standard for Business Divestures” (ASBJ Statement No.7 of September 13, 2013). In applying these revised accounting standards, the method of presentation for net income was amended and the reference to “minority interests” was changed to “non-controlling interests”. To reflect these changes in presentation, Consolidated Financial Statements in the previous fiscal year have been reclassified.

(Adoption of practical solution on a change in depreciation method due to Tax Reform 2016)

The Company adopted the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (ASBJ Practical Issue Task Force (PITF) No.32, issued on June 17, 2016) from the third quarter of FY2016, and changed the method for the depreciation of facilities attached buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method. There is no effect of this change on the consolidated financial statements for the fiscal year.

5.Percentages of net sales, operating income, ordinary income and net income show changes from those in 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	
	<u>Sept. 30, 15</u>	<u>Sept. 30, 16</u>
Total Assets	12,867	13,453
Net Assets	10,101	10,489
	Percent	
Net Assets to Total Assets	78.5%	78.0%
	Yen	
Net Assets per Share	733.47	761.63

Notes:

1. Number of Shares Outstanding on September 30, 2015 and September 30, 2016 (Consolidated):

Shares	
<u>Sept. 30, 15</u>	<u>Sept. 30, 16</u>
13,772,400	13,772,400

3) Cash Flow

	Millions of Yen	
	<u>Oct. 14–Sept. 15</u>	<u>Oct. 15–Sept. 16</u>
Net Cash Flow from Operating Activities	2,005	3,174
Net Cash Flow from Investment Activities	(916)	(859)
Net Cash Flow from Financial Activities	(825)	(991)
Cash and Cash Equivalents at the End of the Period	6,474	7,196

4) Scope of Consolidation

Number of Consolidated Subsidiaries	5
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, 2017

	Millions of Yen
	<u>Oct. 16–Sept. 17</u>
Net Sales	14,400
Operating Income	2,420
Ordinary Income	2,420
Profit attributable to owners of parent	1,660
	Yen
Net Income Per Share	120.53

III. Consolidated Financial Statements

Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended September 30, 2015	Fiscal year ended September 30, 2016
Net sales	14,244,062	14,138,052
Cost of sales	8,194,801	8,263,266
Gross profit	6,049,261	5,874,785
Selling, general and administrative expenses		
Sales commission	55,363	54,631
Packing and transportation expenses	175,978	182,807
Advertising expenses	653,084	597,899
Provision of allowance for doubtful accounts	314	2,440
Directors' compensations	152,257	159,228
Salaries and bonuses	658,009	639,420
Provision for bonuses	12,400	13,800
Retirement benefit expenses	20,435	21,678
Provision for directors' retirement benefits	25,130	30,317
Insurance expenses	98,142	84,861
Depreciation	36,398	43,294
Commission fee	303,055	265,953
Other	648,366	632,876
Total selling, general and administrative expenses	2,838,935	2,729,209
Operating income	3,210,325	3,145,575
Non-operating income		
Interest income	2,510	3,374
Foreign exchange gains	—	89,291
Insurance income	2,101	—
Miscellaneous income	5,543	16,403
Total non-operating income	10,155	109,070
Non-operating expenses		
Foreign exchange losses	117,192	—
Loss on transfer of receivables	8,991	8,892
Miscellaneous loss	1,813	1,603
Total non-operating expenses	127,997	10,495
Ordinary income	3,092,483	3,244,150
Extraordinary income		
Gain on sales of non-current assets	790	759
Total extraordinary income	790	759
Extraordinary losses		
Loss on retirement of non-current assets	21,872	12,401
Litigation settlement	49,521	—
Total extraordinary losses	71,393	12,401
Profit before income taxes	3,021,880	3,232,507
Income taxes - current	963,763	1,032,406
Income taxes - deferred	61,127	7,210
Total income taxes	1,024,891	1,039,617
Profit	1,996,988	2,192,889
Profit attributable to owners of parent	1,996,988	2,192,889

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended September 30, 2015	Fiscal year ended September 30, 2016
Profit	1,996,988	2,192,889
Other comprehensive income		
Deferred gains or losses on hedges	30,085	△16,456
Foreign currency translation adjustment	46,964	△739,602
Remeasurements of defined benefit plans, net of tax	△45,420	△57,337
Total other comprehensive income	31,629	△813,395
Comprehensive income	2,028,618	1,379,494
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,028,618	1,379,494

Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2015	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	6,474,459	7,196,827
Notes and accounts receivable - trade	1,426,918	1,226,441
Merchandise and finished goods	1,067,408	948,771
Work in process	424,827	387,795
Raw materials and supplies	441,310	482,528
Deferred tax assets	189,714	181,071
Forward exchange contracts	56,371	22,626
Other	610,902	577,483
Allowance for doubtful accounts	△4,559	△5,121
Total current assets	10,687,353	11,018,422
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,738,304	2,828,189
Accumulated depreciation	△2,006,706	△2,037,575
Buildings and structures, net	731,598	790,614
Machinery, equipment and vehicles	2,006,163	2,322,350
Accumulated depreciation	△1,455,802	△1,530,570
Machinery, equipment and vehicles, net	550,360	791,779
Tools, furniture and fixtures	3,856,721	4,012,188
Accumulated depreciation	△3,693,715	△3,827,111
Tools, furniture and fixtures, net	163,006	185,077
Land	211,544	211,544
Construction in progress	193,849	102,027
Total property, plant and equipment	1,850,358	2,081,041
Intangible assets	67,438	62,092
Investments and other assets		
Deferred tax assets	230,948	260,686
Other	31,688	31,365
Total investments and other assets	262,637	292,051
Total non-current assets	2,180,434	2,435,185
Total assets	12,867,788	13,453,608

(Thousands of yen)

	As of September 30, 2015	As of September 30, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	767,348	581,543
Accounts payable - other	245,108	247,741
Income taxes payable	550,709	608,579
Provision for bonuses	191,400	196,400
Other	248,861	430,930
Total current liabilities	2,003,427	2,065,196
Non-current liabilities		
Provision for directors' retirement benefits	262,359	292,677
Net defined benefit liability	468,631	574,556
Asset retirement obligations	32,070	32,070
Total non-current liabilities	763,061	899,304
Total liabilities	2,766,488	2,964,500
Net assets		
Shareholders' equity		
Capital stock	1,394,778	1,394,778
Capital surplus	391,621	391,621
Retained earnings	8,446,731	9,648,043
Treasury shares	△477	△585
Total shareholders' equity	10,232,653	11,433,858
Accumulated other comprehensive income		
Deferred gains or losses on hedges	17,027	570
Foreign currency translation adjustment	△21,918	△761,520
Remeasurements of defined benefit plans	△126,463	△183,800
Total accumulated other comprehensive income	△131,354	△944,750
Total net assets	10,101,299	10,489,108
Total liabilities and net assets	12,867,788	13,453,608

Consolidated Statements of Changes in Net Assets

Fiscal year ended September 30, 2015

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,394,778	391,621	7,310,218	△324	9,096,294
Cumulative effects of changes in accounting policies			△34,156		△34,156
Restated balance	1,394,778	391,621	7,276,062	△324	9,062,137
Changes of items during period					
Dividends of surplus			△826,319		△826,319
Profit attributable to owners of parent			1,996,988		1,996,988
Purchase of treasury shares				△152	△152
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,170,669	△152	1,170,516
Balance at end of current period	1,394,778	391,621	8,446,731	△477	10,232,653

	Accumulated other comprehensive income				Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	△13,058	△68,883	△81,042	△162,984	8,933,309
Cumulative effects of changes in accounting policies					△34,156
Restated balance	△13,058	△68,883	△81,042	△162,984	8,899,152
Changes of items during period					
Dividends of surplus					△826,319
Profit attributable to owners of parent					1,996,988
Purchase of treasury shares					△152
Net changes of items other than shareholders' equity	30,085	46,964	△45,420	31,629	31,629
Total changes of items during period	30,085	46,964	△45,420	31,629	1,202,146
Balance at end of current period	17,027	△21,918	△126,463	△131,354	10,101,299

Fiscal year ended September 30, 2016

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,394,778	391,621	8,446,731	△477	10,232,653
Cumulative effects of changes in accounting policies					—
Restated balance	1,394,778	391,621	8,446,731	△477	10,232,653
Changes of items during period					
Dividends of surplus			△991,577		△991,577
Profit attributable to owners of parent			2,192,889		2,192,889
Purchase of treasury shares				△107	△107
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,201,312	△107	1,201,204
Balance at end of current period	1,394,778	391,621	9,648,043	△585	11,433,858

	Accumulated other comprehensive income				Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	17,027	△21,918	△126,463	△131,354	10,101,299
Cumulative effects of changes in accounting policies					—
Restated balance	17,027	△21,918	△126,463	△131,354	10,101,299
Changes of items during period					
Dividends of surplus					△991,577
Profit attributable to owners of parent					2,192,889
Purchase of treasury shares					△107
Net changes of items other than shareholders' equity	△16,456	△739,602	△57,337	△813,395	△813,395
Total changes of items during period	△16,456	△739,602	△57,337	△813,395	387,808
Balance at end of current period	570	△761,520	△183,800	△944,750	10,489,108

Consolidated Statements of Cash Flow

(Thousands of yen)

	Fiscal year ended September 30, 2015	Fiscal year ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	3,021,880	3,232,507
Depreciation	509,361	614,820
Increase (decrease) in allowance for doubtful accounts	322	1,320
Increase (decrease) in provision for bonuses	10,700	5,000
Increase (decrease) in provision for directors' retirement benefits	25,130	30,317
Increase (decrease) in net defined benefit liability	24,424	28,998
Interest and dividend income	△2,510	△3,374
Interest expenses	75	37
Foreign exchange losses (gains)	△2,282	8,413
Loss on retirement of non-current assets	21,872	12,401
Loss (gain) on sales of non-current assets	△790	△759
Litigation settlement	49,521	—
Decrease (increase) in notes and accounts receivable - trade	△352,692	85,916
Decrease (increase) in inventories	△208,278	△71,298
Increase (decrease) in notes and accounts payable - trade	237,908	△60,555
Decrease (increase) in other current assets	△131,748	18,017
Increase (decrease) in other current liabilities	△71,037	212,153
Other, net	△3,673	17,655
Subtotal	3,128,182	4,131,572
Interest and dividend income received	2,510	3,374
Interest expenses paid	△75	△37
Litigation settlement paid	△49,521	—
Income taxes paid	△1,076,505	△968,259
Income taxes refund	1,372	8,240
Net cash provided by (used in) operating activities	2,005,962	3,174,890
Cash flows from investing activities		
Purchase of property, plant and equipment	△875,259	△826,168
Proceeds from sales of property, plant and equipment	853	784
Purchase of intangible assets	△28,844	△26,493
Other, net	△13,020	△7,593
Net cash provided by (used in) investing activities	△916,270	△859,471
Cash flows from financing activities		
Purchase of treasury shares	△152	△107
Cash dividends paid	△825,403	△991,240
Net cash provided by (used in) financing activities	△825,556	△991,348
Effect of exchange rate change on cash and cash equivalents	36,639	△601,701
Net increase (decrease) in cash and cash equivalents	300,775	722,368
Cash and cash equivalents at beginning of	6,173,684	6,474,459

period		
Cash and cash equivalents at end of period	6,474,459	7,196,827

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) Overseas Sales

	<u>Oct.2014-Sept.2015</u>		<u>Oct.2015-Sept.2016</u>	
	<u>Sales</u>	<u>Percentage</u>	<u>Sales</u>	<u>Percentage</u>
	Thousands	Overseas	Thousands	Overseas
	of Yen	Sales to	of Yen	Sales to
		Net Sales		Net Sales
Europe	6,494,074	45.6	6,107,646	43.2
North America	3,270,678	23.0	2,484,505	17.6
Other Areas	<u>890,979</u>	<u>6.3</u>	<u>1,448,082</u>	<u>10.2</u>
Overseas Sales Total	<u>10,655,731</u>	<u>74.8</u>	<u>10,040,233</u>	<u>71.0</u>
Total including Japan	14,244,062	100.0	14,138,052	100.0