

Consolidated Financial Results

for the Third Quarter of the Fiscal Year Ending September 30, 2016

Name of Registrant	SHOEI CO., LTD.
Code No:	7839
Securities Traded	Tokyo Stock Exchange, 1st Section
Headquarters	Tokyo, Japan
(URL http://www.shoei.com)	
Representative:	Hironori Yasukochi, President and Representative Director
Contact:	Akihito Hirano, Director

INDEX

- I . Financial Summary
- II . Consolidated Forecasts
for The Fiscal Year Ending September 30, 2016
- III . Consolidated Financial Statements

I . Financial Summary

1) Operating Performance

	Millions of Yen		
	Oct.14-Jun.15	Oct.15-Jun.16	% Changes
Net Sales	10,068	10,646	5.7
Operating Income	2,384	2,503	5.0
Ordinary Income	2,273	2,570	13.0
Profit attributable to owners of parent	1,430	1,717	20.1

	Yen	
	Oct.14-Jun.15	Oct.15-Jun.16
<i>Per Share Amounts</i>		
Net Income	103.84	124.69
Net Income, Diluted	—	—

Notes:

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

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

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

Shares	
Oct.14-Jun.15	Oct.15-Jun.16
13,771,966	13,771,904

3.Number of Treasury Stocks as of June 30, 2016: 502

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 the said changes in presentation, the Company has reclassified the quarterly Consolidated Financial Statements of the third quarter of the previous fiscal year and the Consolidated Financial Statements in the previous fiscal year.

(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 quarterly consolidated financial statements for the nine months ended June 30, 2016.

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 ¥1million 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>Sep.30,15</u>	<u>Jun.30,16</u>
Total Assets	12,867	13,350
Net Assets	10,101	10,499
	Percentage	
Net Assets to Total Assets	78.5%	78.6%
	Yen	
Net Assets per Share	733.47	762.38

Notes:

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

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

II . Consolidated Forecasts for The Fiscal Year Ending September 30, 2016

	Millions of Yen
	<u>Oct.15-Sep.16</u>
Net Sales	14,100
Operating Income	2,860
Ordinary Income	2,970
Net Income	2,000
	Yen
Net Income Per Share	145.22

III. Consolidated Financial Statements

Consolidated Statements of Income

	Thousands of Yen	
	Oct.14-Jun.15	Oct.15-Jun.16
Net sales	10,068,889	10,646,241
Cost of sales	5,676,412	6,039,649
Gross profit	4,392,477	4,606,591
Selling, general and administrative expenses	2,008,157	2,103,087
Operating income	2,384,319	2,503,504
Non-operating income		
Interest income	1,026	3,218
Foreign exchange gains	—	61,111
Other	6,247	10,348
Total non-operating income	7,273	74,678
Non-operating expenses		
Foreign exchange losses	109,032	—
Loss on transfer of receivables	7,187	6,279
Other	1,422	1,439
Total non-operating expenses	117,642	7,718
Ordinary income	2,273,951	2,570,464
Extraordinary income		
Gain on sales of non-current assets	831	732
Total extraordinary income	831	732
Extraordinary losses		
Loss on retirement of non-current assets	17,347	9,671
Litigation settlement	49,521	—
Total extraordinary losses	66,869	9,671
Income before income taxes and minority interests	2,207,913	2,561,525
Income taxes – current	668,874	775,900
Income taxes – deferred	108,889	68,334
Total income taxes	777,764	844,234
Profit	1,430,149	1,717,291
Profit attributable to owners of parent	1,430,149	1,717,291

Consolidated Statements of Comprehensive Income

	Thousands of Yen	
	<u>Oct.14-Jun.15</u>	<u>Oct.15-Jun.16</u>
Profit	1,430,149	1,717,291
Other comprehensive income		
Deferred gains or losses hedges	3,455	(17,027)
Foreign currency translation adjustment	(133,690)	(316,251)
Remeasurements of defined benefit plans,net of tax	2,829	5,814
Total other comprehensive income	(127,405)	(327,464)
Comprehensive income	1,302,744	1,389,826
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,302,744	1,389,826

Consolidated Balance Sheets

	Thousands of Yen	
	Sept.30,15	Jun.30,16
Assets		
Current assets		
Cash and deposits	6,474,459	6,045,275
Notes and accounts receivable-trade	1,426,918	1,756,774
Merchandise and finished goods	1,067,408	1,397,186
Work in process	424,827	510,018
Raw materials and supplies	441,310	452,499
Deferred tax assets	189,714	120,675
Forward exchange contracts	56,371	138,810
Other	610,902	565,867
Allowance for doubtful accounts	(4,559)	(6,186)
Total current assets	10,687,353	10,980,920
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,738,304	2,807,552
Accumulated depreciation	(2,006,706)	(2,039,633)
Buildings and structures, net	731,598	767,919
Machinery, equipment and vehicles	2,006,163	2,258,120
Accumulated depreciation	(1,455,802)	(1,516,555)
Machinery, equipment and vehicles, net	550,360	741,565
Tools, furniture and fixtures	3,856,721	4,102,517
Accumulated depreciation	(3,693,715)	(3,852,252)
Tools, furniture and fixtures, net	163,006	250,265
Land	211,544	211,544
Construction in progress	193,849	70,354
Total property, plant and equipment	1,850,358	2,041,648
Intangible assets	67,438	63,146
Investments and other assets		
Deferred tax assets	230,948	233,095
Other	31,688	32,092
Total investments and other assets	262,637	265,188
Total non-current assets	2,180,434	2,369,983
Total assets	12,867,788	13,350,904

	Thousands of Yen	
	Sep.30,15	Jun.30,16
Liabilities		
Current liabilities		
Accounts payable-trade	767,348	932,611
Accounts payable-other	245,108	192,241
Income taxes payable	550,709	430,519
Provision for bonuses	191,400	79,400
Other	248,861	409,362
Total current liabilities	2,003,427	2,044,135
Non-current liabilities		
Provision for directors' retirement benefits	262,359	288,051
Net defined benefit liability	468,631	487,126
Asset retirement obligations	32,070	32,070
Total non-current liabilities	763,061	807,248
Total liabilities	2,766,488	2,851,383
Net assets		
Shareholders' equity		
Capital stock	1,394,778	1,394,778
Capital surplus	391,621	391,621
Retained earnings	8,446,731	9,172,445
Treasury shares	(477)	(505)
Total shareholders' equity	10,232,653	10,958,339
Accumulated other comprehensive income		
Deferred gains or losses on hedges	17,027	-
Foreign currency translation adjustment	(21,918)	(338,170)
Remeasurements of defined benefit plans	(126,463)	(120,648)
Total accumulated other comprehensive income	(131,354)	(458,818)
Total net assets	10,101,299	10,499,520
Total liabilities and net assets	12,867,788	13,350,904