

April 26, 2017
SHOEI CO., LTD.

Consolidated Financial Results

for the Second Quarter of the Fiscal Year Ending September 30, 2017

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:	Kenichiro Ishida, President and Representative Director
Contact:	Atsuyuki Miyakawa, General Manager of Corporate Planning Department

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I . Financial Summary

1) Operating Performance

	Millions of Yen		
	<u>Oct.15-Mar.16</u>	<u>Oct.16-Mar.17</u>	<u>% Changes</u>
Net Sales	6,386	6,632	3.9
Operating Income	1,487	1,522	2.4
Ordinary Income	1,547	1,460	-5.6
Profit attributable to owners of parent	1,024	998	-2.6
	<hr/>		
	Yen		
<i>Per Share Amounts</i>			
Net Income	74.40	72.51	
Net Income, Diluted	—	—	

Notes:

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

Millions of Yen	
<u>Oct.15-Mar.16</u>	<u>Oct.16-Mar.17</u>
—	—

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

Shares	
<u>Oct.15-Mar.16</u>	<u>Oct.16-Mar.17</u>
13,771,907	13,771,850

3.Number of Treasury Stocks as of March 31, 2017: 550

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 ¥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.30,16</u>	<u>Mar.31,17</u>
Total Assets	13,453	13,316
Net Assets	10,489	10,740
	<hr/>	
	Percentage	
Net Assets to Total Assets	78.0%	80.7%
	<hr/>	
	Yen	
Net Assets per Share	761.63	779.92

Notes:

1.Number of Shares Outstanding on September 30, 2016 and Mar 31, 2017 (Consolidated):

Shares	
<u>Sep.30,16</u>	<u>Mar.31,17</u>
13,772,400	13,772,400

3) Cash Flow

	<u>Millions of Yen</u>	
	<u>Oct.15-Mar.16</u>	<u>Oct.16-Mar.17</u>
Net Cash Flow from Operating Activities	1,218	678
Net Cash Flow from Investment Activities	(395)	(355)
Net Cash Flow from Financial Activities	(990)	(1,086)
Cash and Cash Equivalents at the End of	6,186	6,703

4) Scope of Consolidation

Number of Consolidated Subsidiaries	5
Number of Non-Consolidated Subsidiaries	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	0
Number of Subsidiaries and Affiliates	0
Number of Companies Excluded from	0

II. Consolidated Forecasts

	<u>Millions of Yen</u>
	<u>Oct.16-Sep.17</u>
Net Sales	14,400
Operating Income	2,600
Ordinary Income	2,590
Net Income	1,780
	<u>Yen</u>
Net Income Per Share	129.24

III. Consolidated Financial Statements

Consolidated Statements of Income

(Thousands of yen)

	Six months ended March 31, 2016	Six months ended March 31, 2017
Net sales	6,386,375	6,632,542
Cost of sales	3,543,683	3,704,062
Gross profit	2,842,692	2,928,479
Selling, general and administrative expenses	※ ₁ 1,355,595	※ ₁ 1,406,047
Operating income	1,487,096	1,522,432
Non-operating income		
Interest income	2,314	375
Insurance income	—	729
Foreign exchange gains	53,424	—
Subsidy income	—	3,001
Other	9,310	2,825
Total non-operating income	65,050	6,933
Non-operating expenses		
Foreign exchange losses	—	54,472
Loss on transfer of receivables	4,260	4,382
Other	429	10,320
Total non-operating expenses	4,689	69,175
Ordinary income	1,547,457	1,460,189
Extraordinary income		
Gain on sales of non-current assets	736	946
Total extraordinary income	736	946
Extraordinary losses		
Loss on retirement of non-current assets	5,182	2,293
Total extraordinary losses	5,182	2,293
Profit before income taxes	1,543,011	1,458,843
Income taxes - current	539,150	465,212
Income taxes - deferred	△20,881	△4,968
Total income taxes	518,268	460,244
Profit	1,024,742	998,598
Profit attributable to owners of parent	1,024,742	998,598

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Six months ended March 31, 2016	Six months ended March 31, 2017
Profit	1,024,742	998,598
Other comprehensive income		
Deferred gains or losses on hedges	△9,358	△570
Foreign currency translation adjustment	△169,507	329,518
Remeasurements of defined benefit plans, net of tax	3,009	12,310
Total other comprehensive income	△175,856	341,257
Comprehensive income	848,886	1,339,856
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	848,886	1,339,856

Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	7,196,827	6,703,984
Notes and accounts receivable - trade	1,226,441	970,355
Merchandise and finished goods	948,771	1,319,255
Work in process	387,795	418,762
Raw materials and supplies	482,528	632,434
Deferred tax assets	181,071	241,444
Forward exchange contracts	22,626	—
Other	577,483	535,745
Allowance for doubtful accounts	△5,121	△5,578
Total current assets	11,018,422	10,816,403
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,828,189	2,844,727
Accumulated depreciation	△2,037,575	△2,060,532
Buildings and structures, net	790,614	784,194
Machinery, equipment and vehicles	2,322,350	2,338,841
Accumulated depreciation	△1,530,570	△1,620,622
Machinery, equipment and vehicles, net	791,779	718,218
Tools, furniture and fixtures	4,012,188	4,160,309
Accumulated depreciation	△3,827,111	△3,917,014
Tools, furniture and fixtures, net	185,077	243,295
Land	211,544	211,544
Leased assets	—	6,090
Accumulated depreciation	—	△1,015
Leased assets, net	—	5,075
Construction in progress	102,027	239,352
Total property, plant and equipment	2,081,041	2,201,679
Intangible assets	62,092	67,061
Investments and other assets		
Deferred tax assets	260,686	200,128
Other	31,365	31,574
Total investments and other assets	292,051	231,702
Total non-current assets	2,435,185	2,500,444
Total assets	13,453,608	13,316,848

(Thousands of yen)

	As of September 30, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	581,543	591,353
Accounts payable - other	247,741	245,254
Income taxes payable	608,579	501,816
Provision for bonuses	196,400	205,100
Forward exchange contracts	—	6,460
Other	430,930	321,469
Total current liabilities	2,065,196	1,871,455
Non-current liabilities		
Provision for directors' retirement benefits	292,677	83,679
Net defined benefit liability	574,556	585,522
Asset retirement obligations	32,070	32,070
Other	—	3,132
Total non-current liabilities	899,304	704,404
Total liabilities	2,964,500	2,575,859
Net assets		
Shareholders' equity		
Capital stock	1,394,778	1,394,778
Capital surplus	391,621	391,621
Retained earnings	9,648,043	9,558,666
Treasury shares	△585	△585
Total shareholders' equity	11,433,858	11,344,481
Accumulated other comprehensive income		
Deferred gains or losses on hedges	570	—
Foreign currency translation adjustment	△761,520	△432,002
Remeasurements of defined benefit plans	△183,800	△171,490
Total accumulated other comprehensive income	△944,750	△603,492
Total net assets	10,489,108	10,740,988
Total liabilities and net assets	13,453,608	13,316,848

Consolidated Statements of Cash Flow

(Thousands of yen)

	Six months ended March 31, 2016	Six months ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	1,543,011	1,458,843
Depreciation	264,336	250,384
Increase (decrease) in allowance for doubtful accounts	2,769	85
Increase (decrease) in provision for bonuses	6,900	8,700
Increase (decrease) in provision for directors' retirement benefits	19,085	△208,998
Increase (decrease) in net defined benefit liability	16,771	28,411
Interest and dividend income	△2,314	△375
Interest expenses	11	361
Foreign exchange losses (gains)	△13,999	8,521
Loss on retirement of non-current assets	5,182	2,293
Loss (gain) on sales of non-current assets	△736	△946
Decrease (increase) in notes and accounts receivable - trade	188,203	310,422
Decrease (increase) in inventories	△600,943	△497,077
Increase (decrease) in notes and accounts payable - trade	183,841	△38,299
Decrease (increase) in other current assets	110,148	94,628
Increase (decrease) in other current liabilities	348	△140,118
Other, net	9,614	10,091
Subtotal	1,732,230	1,286,926
Interest and dividend income received	2,314	375
Interest expenses paid	△11	△361
Income taxes paid	△518,578	△622,137
Income taxes refund	2,561	13,495
Net cash provided by (used in) operating activities	1,218,517	678,299
Cash flows from investing activities		
Purchase of property, plant and equipment	△371,664	△341,767
Proceeds from sales of property, plant and equipment	761	464
Purchase of intangible assets	△20,599	△14,926
Proceeds from sales of intangible assets	—	1,274
Other, net	△4,259	△1,020
Net cash provided by (used in) investing activities	△395,762	△355,975
Cash flows from financing activities		
Purchase of treasury shares	△27	—
Cash dividends paid	△990,784	△1,086,797
Net cash provided by (used in) financing activities	△990,812	△1,086,797
Effect of exchange rate change on cash and cash equivalents	△120,117	271,629

Net increase (decrease) in cash and cash equivalents	△288,174	△492,843
Cash and cash equivalents at beginning of period	6,474,459	7,196,827
Cash and cash equivalents at end of period	※ ₁ 6,186,284	※ ₁ 6,703,984

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.2015-Mar.2016</u>		<u>Oct.2016-Mar.2017</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	2,854,711	44.7	3,053,503	46.0
North America	1,092,549	17.1	708,121	10.7
Other Areas	538,708	8.4	890,432	13.4
Overseas Sales Total	<u>4,485,969</u>	<u>70.2</u>	<u>4,652,057</u>	<u>70.1</u>
Total including Japan	6,386,375	100.0	6,632,542	100.0