

## Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 2016 [Japan GAAP]

Name of Company: SHIROKI CORPORATION  
 Stock Code: 7243  
 Stock Exchange Listing: Tokyo Stock Exchange, First Section,  
 Nagoya Stock Exchange, First Section  
 URL: <http://www.shiroki.co.jp/english/index.html>  
 Representative: Title: Representative Director and President Name: Takuo Matsui  
 Contact Person: Title: Manager, Accounting Division Name: Masutaka Kaede  
 Tel: +81-(533) 93-1269  
 Date of filing of quarterly securities report: November 11, 2015 (tentative)  
 Date of commencement of dividend payment: November 26, 2015 (tentative)  
 Supplementary materials for quarterly financial report: Yes  
 Information meeting for quarterly financial report: None

(Yen in millions, rounded down)

1. Financial results for the first six months of the fiscal year ending March 2016 (April 1, 2015 – September 30, 2015)  
 (1) Results of operations (Consolidated, year-to-date)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2016 2Q	67,204	10.6	880	(12.4)	675	(40.5)	441	(49.7)
FY2015 2Q	60,784	6.1	1,005	(22.8)	1,134	(15.5)	879	8.9

Note: Comprehensive income: First half of FY2016: 159 million yen (-51.7%), First half of FY2015: 331 million yen (-86.0%)

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
FY2016 2Q	4.99	-
FY2015 2Q	9.92	-

- (2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2015	88,407	44,158	49.5	494.30
As of March 31, 2015	85,147	44,311	51.4	494.33

Reference: Shareholders' equity As of September 30, 2015: 43,793 million yen As of March 31, 2015: 43,800 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY2015	-	2.00	-	3.00	5.00
FY2016	-	2.00			
FY2016 (est.)			-	3.00	5.00

Note: Change in the estimation of dividend from the latest announcement: None

3. Forecast for the fiscal year ending March 2016 (Consolidated, April 1, 2015 – March 31, 2016)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	131,600	5.1	3,000	35.7	2,800	(4.5)	3,300	91.7	37.23

Note: Change in the forecast from the latest announcement: No

\* Notes

- (1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Use of of accounting methods specifically for the preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting principles and estimates, and retrospective restatement
- (a) Changes due to revision of accounting standards: None
  - (b) Changes other than in (a): None
  - (c) Changes in accounting estimates: None
  - (d) Retrospective restatement: None

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)			
As of September 30, 2015:	89,003,624	As of March 31, 2015:	89,003,624
(b) Treasury shares			
As of September 30, 2015:	404,821	As of March 31, 2015:	396,637
(c) Average number of shares (quarterly consolidated cumulative period)			
Period ended September 30, 2015:	88,602,422	Period ended September 30, 2014:	88,623,222

\*Information concerning quarterly review procedure

The rule mandating a review of quarterly financial statements (under the Financial Instruments and Exchange Act) does not apply to this Summary of Financial Results.

The financial statements for the period were under review at the time this Summary of Financial Results was released.

\*Cautionary statement regarding forecasts of operating results and special notes

The forward-looking statements contained in this report are based on information currently available to the Company and certain assumptions which are regarded as legitimate. These statements are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts due to various factors. For information about the forecasts, please see "(3) Forecast for fiscal year ending March 2016" on page 2.

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## 1. Business Results

### (1) Analysis of Results of Operations

In the first half of the current consolidated fiscal year, the Japanese economy continued its gentle recovery thanks to government economic stimulus measures and the weak yen. However, the domestic economy faced uncertainty due to such factors as the impact of the decelerating Chinese economy. Overseas, the U.S. economy remained robust, but uncertainty lingered due to such factors as economic crisis in Europe and economic deceleration in China.

Against this backdrop, the automobile industry in Japan saw a major downturn in production of light passenger cars in response to the increased taxes on sales of those vehicles, and overall domestic production was lackluster. Overseas, the U.S. market remained favorable but production declined in emerging markets, with the exception of India.

Consequently, in the first half of the current consolidated fiscal year the SHIROKI Group's net sales climbed 10.6% year on year, to 67,204 million yen. Operating income fell 12.4%, to 880 million yen; ordinary income fell 40.5%, to 675 million yen; and quarterly profit attributable to owners of parent dropped 49.7%, to 441 million yen.

In terms of the outlook for the future, with the pace of the global development of automakers continuing to accelerate, we anticipate that cost competition, particularly in emerging nations, will continue to become fiercer. We also expect the drive to reduce vehicle weights and improve safety to result in further expansion in the scale of technological development, and so we recognize that we have to take steps to ensure our continued growth in the face of the all the challenges in the business environment in which we operate. Consequently, the decision has been taken to reinforce our competitiveness by entering into a merger with the Aisin Seiki Co. Ltd. We have concluded a memorandum of basic agreement relating to this merger, by means of a share exchange, on December 19, 2014 and agreed on May 13, 2015 on the share exchange ratio.

Furthermore, we plan to convene a general meeting of shareholders in February 2016 and initiate the merger on April 1, 2016, on the assumptions that we have received the approval of the general meeting of shareholders for this merger, that we have also received the approval of the relevant authorities in each of the countries involved on the basis of the stipulations of the countries' legislation on competition as shall be applicable to the merger, and that we have obtained the approval of the relevant authorities required for the merger.

Please refer to the "Notice of an agreement between Aisin Seiki Co. Ltd. and Shiroki Industries Co. Ltd. relating to a Management Merger by Means of an Exchange of Shares" issued on May 13, 2015.

Geographical segment performance was as follows.

- 1) Japan  
Net sales increased 2.0% to 42,123 million yen, operating income for the segment increased 27.3% to 509 million yen.
- 2) United States  
Net sales increased 25.0% to 16,407 million yen and operating income decreased 88.0% to 34 million yen.
- 3) China  
Net sales increased 9.0% to 3,883 million yen but there was an operating income of 90 million yen (from a loss of 16 million yen in the previous year.)
- 4) Other Asia  
Net sales increased 46.6% to 6,431 million yen and operating income decreased 33.1% to 228 million yen.

### (2) Analysis of Financial Position

Total assets were 88,407 million yen at the end of the first half, 3,259 million yen more than at the end of the previous fiscal year. Cash and deposits increased 2,525 million yen, and net defined benefit asset increased 436 million yen.

Total liabilities increased 3,412 million yen, to 44,248 million yen, mainly due to the increases of 6,598 million yen in the current portion of long-term loans payable and 865 million yen in short-term loans payable, while long-term loans payable decreased 4,737 million yen.

Net assets decreased 152 million yen, to 44,158 million yen.

### (3) Forecast for Fiscal Year Ending March 2016

There is no change in the forecast for consolidated results of operations in the current fiscal year that was announced on May 13, 2015.

2. Other Information

(1) Changes in significant subsidiaries:

None

(2) Use of accounting methods specific to preparation of the quarterly consolidated financial statements:

None

(3) Changes in accounting principles and estimates, and retrospective restatement:

None

(4) Additional information

(Reclassifications)

The Company has adopted the 'Accounting Standards for Financial Statements' (Company Accounting Standard No. 22 of September 13, 2013) Article 39. The method of presentation of net income for the quarter, etc. and presentation of minority interest is changed to that of non-controlling interests to comply with the aforementioned standards.

In order to reflect these changes appropriately in the relevant disclosures, the consolidated quarterly financial statements for the first half of the previous fiscal year and the consolidated financial statements for the previous consolidate fiscal year are restated.

3. Quarterly Consolidated Financial Statements  
(1) Quarterly consolidated balance sheets

(Million yen)

	As of March 31, 2015	As of September 30, 2015
<b>ASSETS</b>		
Current assets		
Cash and deposits	12,584	15,109
Notes and accounts receivable-trade	21,528	21,728
Merchandise and finished goods	1,062	1,252
Work in process	821	856
Raw materials and supplies	2,287	2,453
Other	4,016	4,521
Allowance for doubtful accounts	(1)	(0)
Total current assets	42,299	45,922
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	6,526	7,229
Machinery, equipment and vehicles, net	13,994	14,456
Land	3,980	4,188
Construction in progress	3,702	1,916
Other, net	3,161	3,002
Total property, plant and equipment	31,366	30,794
Intangible assets		
Goodwill	1,163	1,044
Other	365	331
Total intangible assets	1,528	1,375
Investments and other assets		
Investment securities	1,669	1,697
Net defined benefit asset	7,431	7,868
Other	881	776
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	9,953	10,314
Total noncurrent assets	42,848	42,484
Total assets	85,147	88,407

	As of March 31, 2015	As of September 30, 2015
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	20,666	21,051
Short-term loans payable	1,583	2,449
Current portion of long-term loans payable	108	6,706
Income taxes payable	180	314
Provision for bonuses	1,063	1,110
Provision for directors' bonuses	47	25
Other	5,668	5,786
Total current liabilities	29,317	37,444
Noncurrent liabilities		
Long-term loans payable	7,983	3,245
Provision for directors' retirement benefits	10	5
Net defined benefit liability	2,842	2,883
Asset retirement obligations	286	289
Other	396	379
Total Noncurrent liabilities	11,519	6,804
Total liabilities	40,836	44,248
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	7,460	7,460
Capital surplus	9,699	9,699
Retained earnings	20,817	20,993
Treasury shares	(102)	(104)
Total shareholders' equity	37,874	38,047
Accumulated other comprehensive income		
Valuation differences on available-for-sale securities	705	725
Foreign currency translation adjustment	1,825	1,739
Remeasurements of defined benefit plans	3,395	3,280
Total accumulated other comprehensive income	5,926	5,746
Non-controlling interests	510	364
Total net assets	44,311	44,158
Total liabilities and net assets	85,147	88,407

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive Income  
(First six months)

(Million yen)

	First six months ended September 2014 (Apr. 1, 2014 – September 30, 2014)	First six months ended September 2015 (Apr. 1, 2015 – September 30, 2015)
Net sales	60,784	67,204
Cost of sales	53,816	59,846
Gross profit	6,968	7,358
Selling, general and administrative expenses	5,963	6,477
Operating income (loss)	1,005	880
Non-operating income		
Interest income	45	53
Dividend income	14	18
Foreign exchange gains	235	-
Gain on sales of molds, etc.	21	101
Other	34	47
Total non-operating income	351	220
Non-operating expenses		
Interest expenses	75	118
Foreign exchange losses	-	275
Loss on sales of molds, etc.	124	0
Other	22	31
Total non-operating expenses	222	425
Ordinary income (loss)	1,134	675
Extraordinary income		
Gain on sales of non-current assets	-	0
Total extraordinary income	-	0
Extraordinary losses		
Loss on retirement of non-current assets	-	3
Impairment loss	24	48
Other	2	0
Total extraordinary loss	26	52
Income before income taxes and minority interests	1,108	623
Income taxes - current	287	231
Income taxes - deferred	(58)	65
Total income taxes	228	296
Profit	879	326
Profit attributable to owners of parent	879	441
Profit (loss) attributable to non-controlling interests	0	(115)
Other comprehensive income		
Valuation difference on available-for-sale securities	135	20
Foreign currency translation adjustment	(683)	(71)
Remeasurements of defined benefit plans, net of tax	0	(114)
Total other comprehensive income	(548)	(166)
Comprehensive income	331	159
Comprehensive income attributable to owners of the parent	345	306
Comprehensive income attributable to non-controlling interests	(14)	(146)



(3) Notes to consolidated financial statements

(Going concern assumptions)

None

(Significant change in shareholders' equity)

None

(Segment information)

I. For the first six month ended September 2014 (Apr. 1, 2014 – September 30, 2014)

1. Information about sales and income (loss) by reportable segments

(Million yen)

	Japan	U.S.A.	China	Other Asia	Total
Net sales					
of which to outside customers	39,894	13,085	3,539	4,265	60,784
of which inter-segment and transfers	1,404	40	24	123	1,593
Total	41,298	13,126	3,564	4,388	62,377
Operating income (loss)	400	283	(16)	341	1,008

2. Reconciliation of difference between total income (loss) for reportable segments and in quarterly consolidated statements of income and consolidated statements of comprehensive income  
(Item concerning adjustment for difference)

(Million yen)

Income	Amount
Total for reportable segments	1,008
Intersegment eliminations	(3)
Operating income on quarterly consolidated statement of income and statement of comprehensive income	1,005

3. Reportable segment information concerning impairment losses or goodwill amortization:  
There was no significant impairment loss or goodwill amortization.

II. For the first six month ended September 2015 (Apr. 1, 2015 – September 30, 2015)

1. Information about sales and income (loss) by reportable segments

(Million yen)

	Japan	U.S.A.	China	Other Asia	Total
Net sales					
of which to outside customers	40,653	16,402	3,881	6,267	67,204
of which inter-segment and transfers	1,470	5	2	164	1,642
Total	42,123	16,407	3,883	6,431	68,847
Operating income (loss)	509	34	90	228	861

2. Reconciliation of difference between total income (loss) for reportable segments and in quarterly consolidated statements of income and consolidated statements of comprehensive income  
(Item concerning adjustment for difference)

(Million yen)

Income	Amount
Total for reportable segments	861
Intersegment eliminations	18
Operating income on quarterly consolidated statement of income	880

3. Reportable segment information concerning impairment losses or goodwill amortization:  
There was no significant impairment loss or goodwill amortization.

4. Changes in reportable segments

From the fourth quarter of the previous fiscal year, in response to Shiroki Technico India became a consolidated subsidiary of the Group. To reflect this change, the name of the 'Southeast Asia' segment within the reportable segments is changed to 'Other Asia'.

Moreover, segment information for the first half of the previous fiscal year presented for the purpose of year-on-year comparison is restated to comply with the revised segment names.

(Supplementary Information)

**Supplementary data for the first half of the fiscal year ending March 2016**

## 1. Consolidated performance in the first half and fiscal year outlook

(Million yen, %)

	FY3/15 (First half)		FY3/16 (First half)		Change		Full year FY3/16 (Forecast)		Change vs. FY3/15	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	60,784	100.0	<b>67,204</b>	<b>100.0</b>	6,419	10.6	<b>131,600</b>	<b>100.0</b>	6,326	5.1
Operating income (loss)	1,005	1.7	<b>880</b>	<b>1.3</b>	(124)	(12.4)	<b>3,000</b>	<b>2.3</b>	789	35.7
Ordinary income (loss)	1,134	1.9	<b>675</b>	<b>1.0</b>	(459)	(40.5)	<b>2,800</b>	<b>2.1</b>	(132)	(4.5)
Profit (loss) attributable to owners of parent	879	1.4	<b>441</b>	<b>0.7</b>	(437)	(49.7)	<b>3,300</b>	<b>2.5</b>	1,578	91.7
Comprehensive income	331	0.5	<b>159</b>	<b>0.2</b>	(171)	(51.7)	-	-	-	-
Profit (loss) per share (yen)	9.92		<b>4.99</b>		(4.93)		<b>37.23</b>		17.81	
Shares outstanding (1,000 shs)	89,003		<b>89,003</b>		-		<b>89,003</b>		-	
No. of consolidated subsidiaries	14		<b>15</b>		1		<b>15</b>		-	
No. of equity-method affiliates	0		<b>0</b>		-		<b>0</b>		-	
Employees at end of period (except temporary workers)	3,533		<b>3,770</b>		237		-		-	

## 2. Sales by product category

(Million yen, %)

	FY3/15 (First half)		FY3/16 (First half)		Change	
	Amount	%	Amount	%	Amount	%
Wind regulator	23,091	38.0	<b>24,847</b>	<b>37.0</b>	1,755	7.6
Seat recliner, seat adjuster	15,411	25.3	<b>17,625</b>	<b>26.2</b>	2,214	14.4
Door sashes	14,058	23.1	<b>16,089</b>	<b>23.9</b>	2,030	14.4
Locks and hinges	3,739	6.2	<b>3,388</b>	<b>5.1</b>	(351)	(9.4)
Moldings	2,596	4.3	<b>3,275</b>	<b>4.9</b>	679	26.2
Others	1,888	3.1	<b>1,978</b>	<b>2.9</b>	90	4.8
<b>Total</b>	<b>60,784</b>	<b>100.0</b>	<b>67,204</b>	<b>100.0</b>	<b>6,419</b>	<b>10.6</b>

## 3. Sales by customer

(Million yen, %)

	FY3/15 (First half)		FY3/16 (First half)		Change	
	Amount	%	Amount	%	Amount	%
TOYOTA MOTOR CORP.	28,385	46.7	<b>31,509</b>	<b>46.9</b>	3,123	11.0
TOYOTA BOSHOKU CORP	7,747	12.8	<b>9,335</b>	<b>13.9</b>	1,588	20.5
TOYOTA AUTO BODY CO., LTD	1,702	2.8	<b>1,977</b>	<b>2.9</b>	275	16.2
DAIHATSU MOTOR CO., LTD	1,616	2.7	<b>1,179</b>	<b>1.8</b>	(437)	(27.1)
FUJI HEAVY INDUSTRIES LTD.	136	0.2	<b>1,144</b>	<b>1.7</b>	1,008	739.5
Others	2,631	4.3	<b>3,050</b>	<b>4.5</b>	419	16.0
<b>Total Toyota Group</b>	<b>42,219</b>	<b>69.5</b>	<b>48,197</b>	<b>71.7</b>	<b>5,978</b>	<b>14.2</b>
NISSAN MOTOR CO., LTD.	4,796	7.9	<b>4,932</b>	<b>7.3</b>	135	2.8
SUZUKI MOTOR CORP.	4,238	7.0	<b>4,550</b>	<b>6.8</b>	312	7.4
MITSUBISHI MOTORS CORP.	1,967	3.2	<b>2,064</b>	<b>3.1</b>	96	4.9
NHK SPRING CO., LTD	2,390	3.9	<b>1,529</b>	<b>2.3</b>	(861)	(36.0)
Others	5,172	8.5	<b>5,930</b>	<b>8.8</b>	758	14.7
<b>Total</b>	<b>60,784</b>	<b>100.0</b>	<b>67,204</b>	<b>100.0</b>	<b>6,419</b>	<b>10.6</b>

4. Reasons for increase/decrease in ordinary income (year-on-year comparison)

(Million yen)

Factors	Amount	Factors	Amount
<b>Positive factors</b>		<b>Negative factors</b>	
· Changes in operating rates	610	· Changes in foreign exchange rates	(510)
· Reduction in cost of sales	197	· Changes in selling price	(399)
		· Increases in personnel expenses	(92)
		· Business commencement expenses	(92)
		· Other	(173)
<b>Total</b>	<b>807</b>	<b>Total</b>	<b>(1,266)</b>
		Net increase (decrease) in ordinary income	(459)

5. Geographical segment

(Million yen, %)

		FY3/15 (First half)	FY3/16 (First half)	Change	
				Amount	%
Net sales	Japan	41,298	<b>42,123</b>	824	2.0
	U.S.A.	13,126	<b>16,407</b>	3,281	25.0
	China	3,564	<b>3,883</b>	319	9.0
	Other Asia	4,388	<b>6,431</b>	2,043	46.6
	Eliminations	(1,593)	<b>(1,642)</b>	(49)	-
Total		60,784	<b>67,204</b>	6,419	10.6
Operating income (loss)	Japan	400	<b>509</b>	109	27.3
	U.S.A.	283	<b>34</b>	(249)	(88.0)
	China	(16)	<b>90</b>	106	-
	Other Asia	341	<b>228</b>	(113)	(33.1)
	Eliminations	(3)	<b>18</b>	21	-
Total		1,005	<b>880</b>	(124)	(12.4)

6. Consolidated financial condition

(Million yen, %)

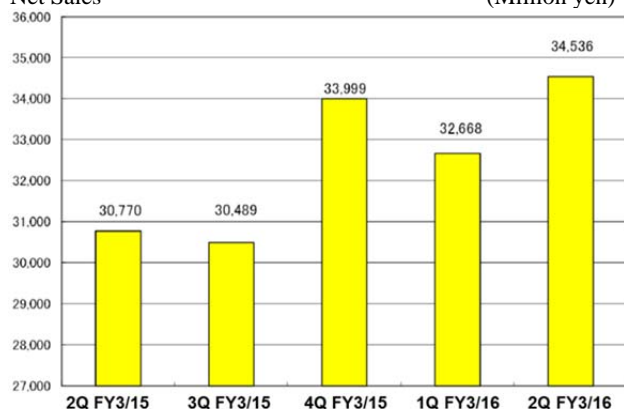
	FY3/15	FY3/16 (First half)	Change
Total assets	85,147	<b>88,407</b>	3,259
Net assets	44,311	<b>44,158</b>	(152)
Equity ratio (%)	51.4	<b>49.5</b>	(1.9)
Net assets per share (yen)	494.33	<b>494.30</b>	(0.03)

## 7. Historical financial summary

(Million yen, %)

	FY3/14		FY3/15		FY3/16 (Forecast)	
Net sales	117,937	100.0	125,273	100.0	131,600	100.0
Operating income (loss)	2,730	2.3	2,210	1.8	3,000	2.3
Ordinary income (loss)	3,251	2.8	2,932	2.3	2,800	2.1
Profit (loss) attributable to owners of parent	2,036	1.7	1,721	1.4	3,300	2.5
Capital expenditures	5,285		5,341		6,125	
Depreciation and amortization	4,571		5,181		5,844	
Dividend per share (yen)	5.00		5.00		5.00	

Net Sales (Million yen)



Operating income and operating margin (Million yen, %)

