

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

Name of Company: SHIROKI CORPORATION
 Stock Exchange Listing: Tokyo Stock Exchange, First Section, Nagoya Stock Exchange, First section
 Stock Code: 7243 URL: <http://www.shiroki.co.jp/>
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 Date of filing of quarterly securities report: February 12, 2016 (tentative)
 Date of commencement of dividend payment: -
 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 three quarters of the fiscal year ending March 2015 (April 1, 2015 – December 31, 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	%
First three quarters of FY2016	100,643	10.3	1,452	6.3	1,160	(43.6)	1,868	24.9
First three quarters of FY2015	91,273	6.5	1,366	(4.1)	2,059	(3.6)	1,496	19.0

Note: Comprehensive income: First three quarters of FY3/2016: 978 million yen [-46.9%]
 First three quarters of FY3/2015: 1,843 million yen [-20.0%]

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
First three quarters of FY2016	21.09	-
First three quarters of FY2015	16.89	-

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2015	88,813	44,792	50.0	501.64
As of March 31, 2015	85,147	44,311	51.4	494.33

Reference: Shareholders' equity As of December 31, 2015: 44,440 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: None

* 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 December 31, 2015: 89,003,624 As of March 31, 2015: 89,003,624
 - (b) Treasury shares
As of December 31, 2015: 412,344 As of March 31, 2015: 396,637
 - (c) Average number of shares (first three quarters)
Period ended December 31, 2015: 88,600,484 Period ended December 31, 2014: 88,620,979

* 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 three quarters of the current consolidated fiscal year, the Japanese economy continued its gradual recovery thanks to BOJ's monetary policies and the government's economic measures.

However, there are concerns over the domestic economy due to factors such 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.

Consequently, in the first three quarters of the current consolidated fiscal year the SHIROKI Group's net sales climbed 10.3% year on year, to 100,643 million yen. Operating income increased 6.3%, to 1,452 million yen; ordinary income fell 43.6%, to 1,160 million yen.

Period profit attributable to owners of parent increased 24.9%, to 1,868 million yen as the company sold its seat recliners and seat adjusters business to Toyota Boshoku Corp. for 1.5 billion yen in November 2015. The principal clients of these products were Toyota Motor Co., Ltd. and Toyota Boshoku Corp.

In terms of the outlook for the future, with the pace of the global expansion 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 basic agreement relating to this merger, by means of a share exchange, on December 23, 2015.

Furthermore, we plan to convene a general meeting of shareholders on February 24, 2016 and initiate the merger with April 1, 2016 as the effective date of share exchange, on the assumptions that we have received the approval of the general meeting of shareholders for this merger.

Geographic segment performance was as follows.

1) Japan

Net sales increased 2.8% to 63,635 million yen and operating income increased 29.6% to 826 million yen.

2) United States

Net sales increased 22.9% to 24,147 million yen but operating income decreased 65.9% to 80 million yen.

3) China

Net sales increased 7.9% to 5,926 million yen and operating income was 152 million yen compared with operating loss of 18 million yen one year earlier.

4) Other Asia

Net sales increased 49.7% to 9,830 million yen but operating income decreased 23.5% to 398 million yen.

(2) Analysis of Financial Condition

Total assets were 88,813 million yen at the end of the first nine months, 3,665 million yen more than at the end of the previous fiscal year. Cash and deposits increased 4,353 million yen, and net defined benefit asset increased 659 million yen.

Total liabilities increased 3,183 million yen, to 44,020 million yen, mainly due to the increases of 6,669 million yen in the current portion of long-term loans payable and 1,175 million yen in short-term loans payable, while long-term loans payable decreased 4,854 million yen.

Net assets increased 481 million yen, to 44,792 million yen.

(3) Forecast for Fiscal Year Ending March 2015

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

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 December 31, 2015
ASSETS		
Current assets		
Cash and deposits	12,584	16,938
Notes and accounts receivable-trade	21,528	20,959
Merchandise and finished goods	1,062	1,318
Work in process	821	879
Raw materials and supplies	2,287	2,677
Other	4,016	4,161
Allowance for doubtful accounts	(1)	(0)
Total current assets	42,299	46,933
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	6,526	7,242
Machinery, equipment and vehicles, net	13,994	14,029
Land	3,980	4,074
Construction in progress	3,702	1,710
Other, net	3,161	2,746
Total property, plant and equipment	31,366	29,803
Intangible assets		
Goodwill	1,163	1,011
Other	365	336
Total intangible assets	1,528	1,348
Investments and other assets		
Investment securities	1,669	1,824
Net defined benefit asset	7,431	8,090
Other	881	840
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	9,953	10,727
Total noncurrent assets	42,848	41,879
Total assets	85,147	88,813

	As of March 31, 2015	As of December 31, 2015
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	20,666	20,286
Short-term loans payable	1,583	2,759
Current portion of long-term loans payable	108	6,778
Income taxes payable	180	189
Provision for bonuses	1,063	518
Provision for directors' bonuses	47	36
Other	5,668	6,679
Total current liabilities	<u>29,317</u>	<u>37,246</u>
Noncurrent liabilities		
Long-term loans payable	7,983	3,128
Provision for directors' retirement benefits	10	5
Net defined benefit liability	2,842	2,894
Asset retirement obligations	286	290
Other	396	454
Total Noncurrent liabilities	<u>11,519</u>	<u>6,773</u>
Total liabilities	<u>40,836</u>	<u>44,020</u>
NET ASSETS		
Shareholders' equity		
Capital stock	7,460	7,460
Capital surplus	9,699	9,699
Retained earnings	20,817	22,242
Treasury shares	(102)	(107)
Total shareholders' equity	<u>37,874</u>	<u>39,294</u>
Accumulated other comprehensive income		
Valuation differences on available-for-sale securities	705	811
Foreign currency translation adjustment	1,825	1,131
Remeasurements of defined benefit plans	3,395	3,203
Total accumulated other comprehensive income	<u>5,926</u>	<u>5,146</u>
Non-controlling interests	<u>510</u>	<u>351</u>
Total net assets	<u>44,311</u>	<u>44,792</u>
Total liabilities and net assets	<u>85,147</u>	<u>88,813</u>

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
(First three quarters)

(Million yen)

	First three quarters ended December 2014 (Apr. 1, 2014 – December 31, 2014)	First three quarters ended December 2015 (Apr. 1, 2015 – December 31, 2015)
Net sales	91,273	100,643
Cost of sales	80,954	89,958
Gross profit	10,319	10,684
Selling, general and administrative expenses	8,953	9,232
Operating income (loss)	1,366	1,452
Non-operating income		
Interest income	70	83
Dividend income	21	26
Foreign exchange gains	704	-
Gain on sales of molds, etc.	23	71
Other	48	43
Total non-operating income	869	224
Non-operating expenses		
Interest expenses	118	186
Foreign exchange losses	-	226
Loss on sales of molds, etc.	38	7
Other	19	95
Total non-operating expenses	176	516
Ordinary income (loss)	2,059	1,160
Extraordinary income		
Gain on sales of non-current assets	-	0
Gain on transfer of business	-	1,500
Total extraordinary income	-	1,500
Extraordinary losses		
Loss on sales of non-current assets	-	40
Loss on retirement of non-current assets	1	3
Impairment loss	36	62
Other	5	0
Total extraordinary loss	43	107
Income before income taxes and minority interests	2,015	2,553
Income taxes - current	1,040	318
Income taxes - deferred	(523)	478
Total income taxes	517	796
Profit	1,498	1,756
Profit attributable to owners of parent	1,496	1,868
Profit (loss) attributable to non-controlling interests	1	(111)
Other comprehensive income		
Valuation difference on available-for-sale securities	217	106
Foreign currency translation adjustment	125	(692)
Remeasurements of defined benefit plans, net of tax	1	(191)
Total other comprehensive income	345	(778)
Comprehensive income	1,843	978
Comprehensive income attributable to owners of the parent	1,836	1,137
Comprehensive income attributable to non-controlling interests	7	(158)

(3) Notes to consolidated financial statements

(Going concern assumptions)

None

(Notes on significant change in shareholders' equity)

None

(Segment information)

I. For the first three quarters ended December 2014 (Apr. 1, 2014 – December 31, 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	59,854	19,592	5,453	6,372	91,273
of which inter-segment and transfers	2,035	56	36	192	2,321
Total	61,890	19,648	5,490	6,565	93,595
Operating income (loss)	637	235	(18)	520	1,374

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	1,374
Intersegment eliminations	(8)
Operating income on consolidated statements of income and consolidated statements of comprehensive income	1,366

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

II. For the first three quarters ended December 2015 (Apr. 1, 2015 – December 31, 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	61,251	23,874	5,924	9,593	100,643
of which inter-segment and transfers	2,383	273	2	237	2,896
Total	63,635	24,147	5,926	9,830	103,539
Operating income	826	80	152	398	1,458

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	1,458
Intersegment eliminations	(5)
Operating income on consolidated statements of income and consolidated statements of comprehensive income	1,452

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 three quarters of the previous fiscal year presented for the purpose of year-on-year comparison is restated to comply with the revised segment names.

Supplementary data for the first three quarters of the fiscal year ending March 2016
1. Consolidated performance for the first three quarters and fiscal year outlook

(Million yen, %)

	FY3/15 (First three quarters)		FY3/16 (First three quarters)		Change		Full year FY3/16 (forecast)		Change vs. FY3/15	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	91,273	100.0	100,643	100.0	9,370	10.3	131,600	100.0	6,326	5.1
Operating income (loss)	1,366	1.5	1,452	1.4	86	6.3	3,000	2.3	789	35.7
Ordinary income (loss)	2,059	2.3	1,160	1.2	(898)	(43.6)	2,800	2.1	(132)	(4.5)
Net income (loss) (for the period)	1,496	1.6	1,868	1.9	371	24.9	3,300	2.5	1,578	91.7
Comprehensive income	1,843	2.0	978	1.0	(864)	(46.9)	-	-	-	-
Net income (loss) per share (yen)	16.89		21.09		4.20		37.23		17.81	
Shares outstanding (1,000 shs)	89,003		89,003		-		89,003		-	
No. of consolidated subsidiaries	14		15		1		15		-	
No. of equity-method affiliates	0		0		-		0		-	
Employees at end of period (except temporary workers)	3,560		3,778		218		-		-	

2. Sales by product category

(Million yen, %)

	FY3/15 (First three quarters)		FY3/16 (First three quarters)		Change	
	Amount	%	Amount	%	Amount	%
Wind regulator	34,347	37.6	37,373	37.1	3,026	8.8
Seat recliner, seat adjuster	22,929	25.1	27,255	27.1	4,326	18.9
Door sashes	21,555	23.6	24,193	24.0	2,638	12.2
Locks and hinges	5,598	6.1	5,118	5.1	(480)	(8.6)
Moldings	3,993	4.4	4,831	4.8	838	21.0
Others	2,849	3.2	1,870	1.9	(978)	(34.3)
Total	91,273	100.0	100,643	100.0	9,370	10.3

3. Sales by client

(Million yen, %)

	FY3/15 (First three quarters)		FY3/16 (First three quarters)		Change	
	Amount	%	Amount	%	Amount	%
TOYOTA MOTOR CORP.	42,543	46.6	47,469	47.2	4,926	11.6
TOYOTA BOSHOKU CORP.	11,339	12.4	14,133	14.0	2,794	24.6
TOYOTA AUTO BODY CO., LTD	2,556	2.8	2,921	2.9	365	14.3
DAIHATSU MOTOR CO., LTD	2,351	2.6	1,832	1.8	(519)	(22.1)
FUJI HEAVY INDUSTRIES LTD.	608	0.7	1,720	1.7	1,112	183.0
Others	4,194	4.6	4,622	4.6	427	10.2
Total Toyota Group	63,593	69.7	72,701	72.2	9,107	14.3
NISSAN MOTOR CO., LTD.	7,180	7.9	7,730	7.7	550	7.7
SUZUKI MOTOR CORP.	6,487	7.1	6,648	6.6	160	2.5
MITSUBISHI MOTORS CORP.	2,858	3.1	3,105	3.1	247	8.7
NHK SPRING CO., LTD	3,523	3.9	2,231	2.2	(1,291)	(36.7)
Others	7,630	8.3	8,226	8.2	596	7.8
Total	91,273	100.0	100,643	100.0	9,370	10.3

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

(Million yen)

Factors	Amount	Factors	Amount
Positive factors		Negative factors	
· Changes in operating rates	1,027	· Changes in foreign exchange rate	(930)
· Reduction in cost of sales	265	· Changes in sales price	(572)
		· Increase in labor cost	(131)
		· Business commencement expenses	(122)
		· Others	(435)
Total	1,292	Total	(2,190)
		Net increase (decrease) in ordinary income	(898)

5. Geographical segment

(Million yen, %)

		FY3/15 (First three quarters)	FY3/16 (First three quarters)	Change	
				Amount	%
Net sales	Japan	61,890	63,635	1,744	2.8
	U.S.A.	19,648	24,147	4,498	22.9
	China	5,490	5,926	436	7.9
	Other Asia	6,565	9,830	3,265	49.7
	Eliminations	(2,321)	(2,896)	(574)	-
Total		91,273	100,643	9,370	10.3
Operating income (loss)	Japan	637	826	188	29.6
	U.S.A.	235	80	(155)	(65.9)
	China	(18)	152	171	-
	Other Asia	520	398	(122)	(23.5)
	Eliminations	(8)	(5)	2	-
Total		1,366	1,452	86	6.3

6. Financial condition

(Million yen)

	FY3/15	FY3/16 (End of 3Q)	Difference
Total assets	85,147	88,813	3,665
Net assets	44,311	44,792	481
Equity ratio (%)	51.4	50.0	(1.4)
Net assets per share (yen)	494.33	501.64	7.31

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	2,730	2.3	2,210	1.8	3,000	2.3
Ordinary income	3,251	2.8	2,932	2.3	2,800	2.1
Profit 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	4,571		5,181		5,844	
Dividend per share	5.00 yen		5.00 yen		5.00 yen	

