

CONSOLIDATED FINANCIAL INFORMATION

January 13, 2017

Fiscal Year 2017 2Quarter (2016/6 - 2016/11)

Suminoe Textile Co., Ltd.

MILLIONS OF YEN	6 Months		
	RESULTS		RESULTS
	FY2017		FY2016
	2016/6-2016/11		2015/6-2015/11
NET SALES	47,335	-3.1%	48,863
Interior Fittings Segment	17,087	-2.7%	17,564
Automotive Textiles and Traffic Facilities Segment	27,256	-2.3%	27,900
Functional Materials Segment	2,907	-12.5%	3,322
Others	85	10.3%	77
OPERATING INCOME	81	-93.7%	1,290
Interior Fittings Segment	263	-7.6%	285
Automotive Textiles and Traffic Facilities Segment	1,510	12.7%	1,340
Functional Materials Segment	157	-25.4%	210
Others	56	11.8%	50
Elimination	-1,905	-	-595
NET INCOME ATTRIBUTABLE TO OWNERS OF PARENT	23	-96.9%	765
PROFIT PER SHARE ATTRIBUTABLE TO OWNERS OF PARENT (YEN)	0.31	-	10.14

MILLIONS OF YEN	RESULTS		RESULTS
	FY2017		FY2016
	As of November 30, 2016		As of May 31, 2016
TOTAL ASSETS	85,759	-1.3%	86,878
EQUITY	36,779	-1.1%	37,178
EQUITY RATIO(%)	38.4%	-	38.3%

MILLIONS OF YEN	12 Months		
	FORECAST		RESULTS
	FY2017		FY2015
	2016/6-2017/5		2015/6-2016/5
NET SALES	95,400	-2.2%	97,530
Interior Fittings Segment	36,600	0.4%	36,471
Automotive Textiles and Traffic Facilities Segment	54,000	-3.4%	55,926
Functional Materials Segment	4,600	-7.5%	4,972
Others	200	24.4%	161
OPERATING INCOME	1,540	-39.7%	2,554
Interior Fittings Segment	730	-25.7%	983
Automotive Textiles and Traffic Facilities Segment	3,100	25.5%	2,471
Functional Materials Segment	60	-55.7%	136
Others	100	-5.4%	105
Elimination	-2,450	-	-1,141
NET INCOME ATTRIBUTABLE TO OWNERS OF PARENT	740	201.6%	245
DIVIDEND PER SHARE (YEN)	7.0		7.0
MID	3.5		3.5
END	3.5		3.5

■ Overview of business results

In the first six-month period of the fiscal year ending May 31, 2016, the outlook for the Japanese economy remained uncertain, affected by sluggish corporate performance due to appreciation of the yen and low consumer spending, and also by overseas factors such as the UK's exit from the EU and low crude oil prices. After the US presidential election in November 2016, however, financial markets became active due to expectations for the financial policies of the new administration to boost the economy.

At the Company, the announcement of our financial results for the previous fiscal year and the first quarter of this fiscal year was substantially delayed due to the accounting trouble which originated at our US subsidiary Suminoe Textile of America Corporation (STA). We deeply apologize for the inconvenience and anxiety to all our shareholders and other parties concerned.

Sales decreased due to the yen's appreciation during the consolidated cumulative second quarter. Income also decreased due to costs for implementing measures to prevent recurrence of the accounting trouble and improving productivity at STA, as well as the costs for temporary transfer of offices for the anti-earthquake reinforcement of the Head Office building and for relocation of the distribution center. Other factors, such as lower investment gain accounted for using equity method and a decrease in revenue from real estate rents, also contributed to the lower income.

As a result, our consolidated sales for the second quarter under review were 47,335 million yen (down 3.1% from the same period the previous year), with operating income, ordinary income, and the net income attributable to parent company shareholders of 81 million yen (down 93.7%), 196 million yen (down 87.1%), and 23 million yen (down 96.9%), respectively.

Here is an overview of business results by segment.

Interior Fittings Segment

Sales of commercial-use carpets for office buildings, commercial facilities and hotels were lower than those of the previous year despite steady receipt of orders. This is because the number of large-volume orders was small. Sales of "ECOS®", the "horizontally recycled" carpet tile series, steadily increased for exports. Sales of carpets, rugs and mats for general households decreased from the same period the previous year due to a slowdown in personal spending and the warm weather. Sales of curtains were lower than those of the same period the previous year despite the steady performance of "U Life® Vol.8" and "Face", and the launch of "mode S® Vol.8" in July. Sales of wall

coverings were lower than those of the same period the previous year due to the sluggish performance of both “*Runon Home*” and the mass-production type “*Runon Mark II*”.

As a result of the above, the Interior Fittings Segment posted operating income of 263 million yen (down 7.6% from the same period the previous year) on net sales of 17,087 million yen (down 2.7%).

Automotive Textiles and Traffic Facilities Segment

In the area of automotive textiles, although orders steadily increased overseas for new vehicle models, as well as for new items and components, overall sales fell below those of the same period the previous year due to the impact of the yen’s appreciation. Operating income, however, increased from the same period the previous year, due to the efforts to stabilize the businesses and improve the balance of payments at STA, sales expansion and cost reduction in Thailand and India, and the start of full-scale operation of the production line for needle punch carpets in Mexico.

In the area of traffic facilities, railway vehicle-related sales increased, though without any new large-scale orders, thanks to the continuing orders related to new vehicle production and remodeling of public and private railway vehicles. Orders for new buses continued to grow steadily, along with a rise in demand for high value-added goods for optional accessories and an increase in orders for consumables, resulting in a substantial increase in both sales and operating income. Orders for seat covering materials for airplanes also marked steady growth. Consequently, in traffic facilities as a whole, both sales and operating income grew substantially from the same period the previous year.

As a result of the above, the Automotive Textiles and Traffic Facilities segment posted operating income of 1,510 million yen (up 12.7% from the same period the previous year) on net sales of 27,256 million yen (down 2.3%).

Functional Materials Segment

The number of orders received for electric carpets exceeded that of the same period the previous year while floor materials for bathrooms also showed steady performance. As a result, both marked an increase in sales and income. In the deodorizing/filter business, both sales and operating income decreased due to the stagnant performance of filters for air purifiers and heaters. In the solar battery-related business, both sales and income declined due to the impact of a reduction in production by our customers.

As a result of the above, the Functional Materials Segment posted operating income of 157 million yen (down 25.4% from the same period the previous year) on net sales of 2,907 million yen (down 12.5%).

■ Outlook for the current term

Our performance for the consolidated cumulative second quarter under review is mostly according to the plan. Therefore, there will be no change to the forecast for the full year announced on October 28, 2016.