

**The Second Quarter Consolidated Financial Results for the Fiscal Year Ended March 31, 2013**  
(Japanese Accounting Standards)

November 2, 2012

Company name: SHOFU INC.  
 Listing: Tokyo Stock Exchange (First section)  
 Code number: 7979  
 URL: http://www.shofu.co.jp/  
 Representative: Noriyuki Negoro, President  
 Contact: Wataru Fujishima, Managing Director (Finance, Personnel, General Affairs and Corporate Planning)  
 Scheduled date for filing of quarterly securities report: November 14, 2012  
 Scheduled commencement date of dividend payment: November 30, 2012  
 Supplementary documents for quarterly financial results: Yes  
 Quarterly financial results briefing: Yes

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter of Fiscal 2012 (April 1, 2012 – September 30, 2012)

(1) Consolidated Operating Results

(% indicates changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six Months ended September 30, 2012	7,754	(0.1)	157	(64.0)	100	(75.1)	(137)	-
Six Months ended September 30, 2011	7,764	(0.1)	437	(15.7)	403	(13.9)	238	(16.5)

(Note) Comprehensive income: Six Months ended September 30, 2012 (314) million yen ( - %)   
 Six Months ended September 30, 2011 (51) million yen ( - %)

	Second Quarter Net income (loss) per share	Fully diluted Second Quarter net income (loss) per share
	Yen	Yen
Six Months ended September 30, 2012	(8.56)	-
Six Months ended September 30, 2011	14.81	14.80

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Six Months ended September 30, 2012	22,138	17,943	80.9	1,114.26
Year ended March 31, 2012	22,795	18,439	80.8	1,146.02

(Reference) Shareholder's equity: As of Six Months ended September 30, 2012 17,917 million yen   
 Fiscal Year ended March 31, 2012 18,420 million yen

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2012	-	8.00	-	12.00	20.00
Year ending March 31, 2013	-	8.00			
Year ending March 31, 2013 (Forecasts)			-	11.00	19.00

(Note) Revision to the dividend forecast during the current quarter: None

Year-end dividends for the fiscal year ended March 31, 2012 include commemorative dividends of 2.0 yen.

(1.0 yen for the 90th anniversary of company's founding, and 1.0 yen for the listing on the first section of TSE.)

Year-end dividends for the fiscal year ended March 31, 2013 include commemorative dividend of 1.0 yen.

(The 90th anniversary of company's founding)

3 . Consolidated Forecasts for the Fiscal Year Ending March 31, 2013.

(% indicates changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31,2013	16,058	0.5	791	(20.7)	690	(28.2)	195	(61.6)	12.19

(Note) Revision during the current quarter to the performance forecasts: None

4 . Others

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): None

(2) Adoption of accounting methods specific to the preparation of quarterly financial statements: Yes

(3) Changes in accounting principles, procedures and indication method

(a) Changes in accounting standards: Yes

(b) Changes other than (a) above: None

(c) Changes in accounting estimate: Yes

(d) Retrospective restatements: None

(4) Number of shares outstanding (Common stock)

(a) Number of shares outstanding at end of period (including treasury stock).

As of September 30, 2012: 16,114,089 shares

As of March 31, 2012: 16,114,089 shares

(b) Number of treasury stock at end of period

As of September 30, 2012: 34,305 shares

As of March 31, 2012: 40,702 shares

(c) Average number of shares during the period

As of September 30, 2012: 16,076,121 shares

As of September 30, 2011: 16,073,594 shares

\*Indication of quarterly review procedure implementation status

This earnings report is not subject to audit procedures under the Financial Instruments and Exchange Act. At the time of disclosing these consolidated financial statements, audit procedures specified in the Financial Instruments and Exchange Act have not been completed with respect to the financial statements.

\*Explanation concerning the appropriate use of business forecasts, and other special items.

The forecasts and other statements regarding the future included in this report are based on currently available information and certain assumptions. Actual results may differ from forecasts for a variety of reasons.

## Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

( Millions of yen )

	Previous fiscal year (as of March 31,2012)	End of Second Quarter of Fiscal 2012 (as of September 30,2012)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	7,286	6,904
Notes and accounts receivable-trade	2,526	2,275
Short term investment securities	79	416
Merchandises and finished goods	2,210	2,239
Work in process	605	656
Raw materials and supplies	512	588
Other	846	821
Allowance for doubtful accounts	(99)	(68)
<b>Total current assets</b>	<b>13,966</b>	<b>13,833</b>
<b>Noncurrent assets</b>		
Property,plant and equipment		
Buildings and structures	6,363	6,243
Accumulated depreciation	(4,019)	(3,936)
Buildings and structures, net	2,344	2,307
Other	6,567	6,582
Accumulated depreciation	(4,444)	(4,403)
Other, net	2,123	2,179
Total property,plant and equipment	4,467	4,486
Intangible assets		
Goodwill	356	311
Other	197	181
Total Intangible assets	553	493
Investments and other assets		
Investment securities	3,023	2,428
Other	792	906
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	3,807	3,325
<b>Total noncurrent assets</b>	<b>8,829</b>	<b>8,305</b>
<b>Total assets</b>	<b>22,795</b>	<b>22,138</b>

( Millions of yen )

	Previous fiscal year (as of March 31,2012)	End of Second Quarter of Fiscal 2012 (as of September 30,2012)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	628	591
Short-term loans payable	990	985
Income taxes payable	239	82
Provision for directors' bonuses	31	15
Other	1,354	1,421
<b>Total current liabilities</b>	<b>3,244</b>	<b>3,096</b>
<b>Noncurrent liabilities</b>		
Provision for retirement benefits	113	116
Other	997	981
<b>Total noncurrent liabilities</b>	<b>1,111</b>	<b>1,097</b>
<b>Total liabilities</b>	<b>4,355</b>	<b>4,194</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,474	4,474
Capital surplus	4,576	4,576
Retained earnings	9,774	9,439
Treasury stock	(55)	(47)
<b>Total shareholders' equity</b>	<b>18,769</b>	<b>18,443</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	298	182
Foreign currency translation adjustment	(647)	(709)
<b>Total accumulated other comprehensive income</b>	<b>(349)</b>	<b>(526)</b>
<b>Stock acquisition rights</b>	<b>19</b>	<b>26</b>
<b>Total net assets</b>	<b>18,439</b>	<b>17,943</b>
<b>Total liabilities and net assets</b>	<b>22,795</b>	<b>22,138</b>

## (2) Quarterly Consolidated Statements of Income

( Millions of yen )

	Second Quarter of Fiscal 2011(from April 1, 2011 to September 30, 2011)	Second Quarter of Fiscal 2012(from April 1, 2012 to September 30, 2012)
<b>Net Sales</b>	7,764	7,754
<b>Cost of sales</b>	3,515	3,487
<b>Gross profit</b>	4,249	4,266
<b>Selling, general &amp; administrative expenses</b>	3,811	4,109
<b>Operating income</b>	437	157
<b>Non-operating income</b>		
Interest income	6	8
Dividends income	29	29
Annual fee and seminar fee income	42	38
Reversal of allowance for doubtful accounts	54	29
Other	16	41
<b>Total non-operating income</b>	149	149
<b>Non-operating expenses</b>		
Interest expenses	5	4
Sales discounts	72	75
Seminar operating expense hosted by Company	56	44
Foreign exchange losses	27	67
Other	21	13
<b>Total non-operating expenses</b>	183	206
<b>Ordinary income</b>	403	100
<b>Extraordinary loss</b>		
Loss on valuation of investment securities	-	156
Loss on retirement of noncurrent assets	-	15
<b>Total extraordinary losses</b>	-	171
<b>Income (loss) before income taxes</b>	403	(71)
<b>Income taxes</b>	165	55
<b>Income (loss) before minority interests</b>	238	(137)
<b>Net income (loss)</b>	238	(137)

## (3) Quarterly Consolidated Statements of Comprehensive Income

( Millions of yen )

	Second Quarter of Fiscal 2011(from April 1, 2011 to September 30, 2011)	Second Quarter of Fiscal 2012(from April 1, 2012 to September 30, 2012)
<b>Income (loss) before minority interests</b>	238	(137)
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(168)	(115)
Foreign currency translation adjustment	(121)	(61)
Total other comprehensive income	(289)	(177)
<b>Comprehensive income</b>	(51)	(314)
Comprehensive income attributable to:		
Comprehensive income attributable to owner of the parent	(51)	(314)
Comprehensive income attributable to minority interests	-	-