

February 9, 2018

To All Persons Concerned

Name of Public Listed Company: SHINKAWA LTD.
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(Company Code of Tokyo Stock Exchange 1st Section: 6274)
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Notice of Posting of Non-operating Income, Forecast of Consolidated Financial Results
and Forecast Dividend for the Fiscal Year Ending March 31, 2018

SHINKAWA LTD. (the Company) announces posting of non-operating income for the first nine months of the fiscal year ending March 31, 2018.

Also, the Company announces that the forecast of consolidated results and forecast dividend for the fiscal year ending March 31, 2018, have been revised as detailed below.

1. Posting of Non-operating Income

The Company posted a foreign exchange gains of 94 million yen as a non-operating income in the first six months of the fiscal year ending March 31, 2018 (April 1, 2017 to September 30, 2017). Meanwhile, due to the subsequent fluctuations of exchange rate, a foreign exchange gains of 23 million yen was occurred in the third quarter of the fiscal year ending March 31, 2018 (October 1, 2017 to December 31, 2017). Therefore, a foreign exchange gains of 116 million yen was recorded as a non-operating income in the consolidated financial results for the first nine months of the fiscal year ending March 31, 2018 (April 1, 2017 to December 31, 2017).

The above number was mainly a valuation gain by the rate of exchange in the end of the third quarter of the fiscal year ending March 31, 2018, and is subject to change in accordance with future exchange rate fluctuations.

2. Revision to Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2018
(from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Net sales	Operating profit (loss)	Ordinary profit (loss)	Profit (loss) attributable to owners of parent	Profit (loss) per share (yen)
Previous forecasts (A) (Announced on August 7, 2017)	18,900	310	360	210	11.56
Actual results (B)	15,900	-510	-370	210	11.56
Change (B-A)	-3,000	-820	-730	—	—
Change (%)	-15.9	—	—	—	—
(Reference) Results of the corresponding period of the previous fiscal year (FY2016)	16,438	294	432	243	13.37

Reasons for Revisions

In addition to lower-than-expected capital investments of wire bonders in the memory market, prolonged procurement lead time of key parts used in die bonders and flip chip bonders has begun to negatively affect production targets. Therefore, net sales, operating profit and ordinary profit are expected to decrease from the previous forecast.

The assumed exchange rate is 110 yen to the dollar.

3. Revisions to dividends forecasts

(Yen)

	Cash dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
Previous forecast (Announced on May 12, 2017)	—	—	—	—	—
Revised forecasts	—	—	—	0.00	0.00
Dividend paid for the current fiscal year ending March 31, 2018	—	0.00	—		
Dividend paid for the previous fiscal year ended March 31, 2017	—	0.00	—	0.00	0.00

Reason for Revisions

The Group regards the redistribution of the profit to shareholders as one of the most important corporate responsibilities, and continuous and stable dividend payments as a fundamental policy. At the same time, the Group would like to redistribute the profit according to its business performance.

However, we regrettably determined that we will not distribute dividends for the fiscal year ending March 31, 2018 to make it a priority to increase internal reserves upon comprehensive consideration of the business performance, financial situation and efforts to reform the earnings structure in the future.

(Note) The above forecasts are based on information currently available to SHINKAWA LTD. and certain assumptions determined as rational. Actual performance may significantly differ from these forecasts due to various factors in the future.