

August 10, 2018

To All Persons Concerned

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Notice of Revisions to the First Half and Full Year Consolidated
 Financial Forecasts for the Fiscal Year ending March 31, 2019

SHINKAWA LTD. announces that the forecasts of consolidated results for the first half and full year for the fiscal year ending March 31, 2019 which were announced on June 1, 2018 have been revised as described below.

1. Revision to the first half consolidated financial results forecast (from April 1, 2018 to September 30, 2018)

(Millions of yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent	Basic Earnings per Share (yen)
Previous forecasts (A) (Announced on June 1, 2018)	8,000	-940	-860	-930	-51.17
Revised forecasts (B)	6,300	-1,350	-1,440	-1,530	-84.19
Change (B-A)	-1,700	-410	-580	-600	—
Change (%)	-21.3	—	—	—	—
(Reference) Results of the corresponding period of the previous fiscal year (First half of FY2017)	7,187	-322	-192	-256	-14.07

2. Revision to full year consolidated financial results forecast (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent	Basic Earnings per Share (yen)
Previous forecasts (A) (Announced on June 1, 2018)	23,000	420	530	360	19.81
Revised forecasts (B)	18,900	-1,270	-1,330	-1,500	-82.54
Change (B-A)	-4,100	-1,690	-1,860	-1,860	—
Change (%)	-17.8	—	—	—	—
(Reference) Results of the corresponding period of the previous fiscal year (FY2017)	15,214	-620	-488	563	31.00

3. Reasons for Revisions

For business performance during the first six months of the fiscal year ending March 31, 2019, there is no major change in the sales plan for die bonders. This is due to a strong demand for memory devices for servers and a stable demand for discrete devices. Sales of flip-chip bonders are expected to be almost as planned. Meanwhile, sales of wire bonders are expected to be lower than the previous forecast due to market adjustments. These adjustments include postponement of capital investments in mobile related devices because of the spread of smartphones, which have reached a high level in the market, and changes in customers' equipment investment plans in preference to outsourcing. Therefore, profitability is expected to be far below our original expectation because of a significant decrease in the sales of wire bonders in addition to a decline in profit rate due to the changes in sales composition.

In the second half, the current adjustment phase is predicted to be over and the market is expected to be lively again. Sales of die bonders and flip-chip bonders will be generally as predicted. However, sales of wire bonders are likely to be affected by weak investment in memory-related devices during the second half. Therefore, overall sales are expected to be lower than the initial plan. Overall profitability is also predicted to fall short of the previous forecast to a great extent due to the impact of lower sales and profit rate resulting from the changes in sales composition. The Group will strive to improve profitability by accelerating growth strategies of the medium-term management plan "Challenge Shinkawa 2020" and further promote cost structure reform.

The expected foreign exchange rate is 105 yen per U.S. dollar.

(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.