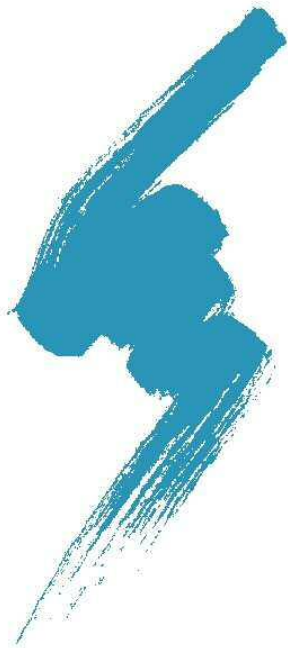


# ***FY2017 CONSOLIDATED RESULTS***

## ***FOR THE THIRD QUARTER***



**February 9, 2018**

# Consolidated Results Summary

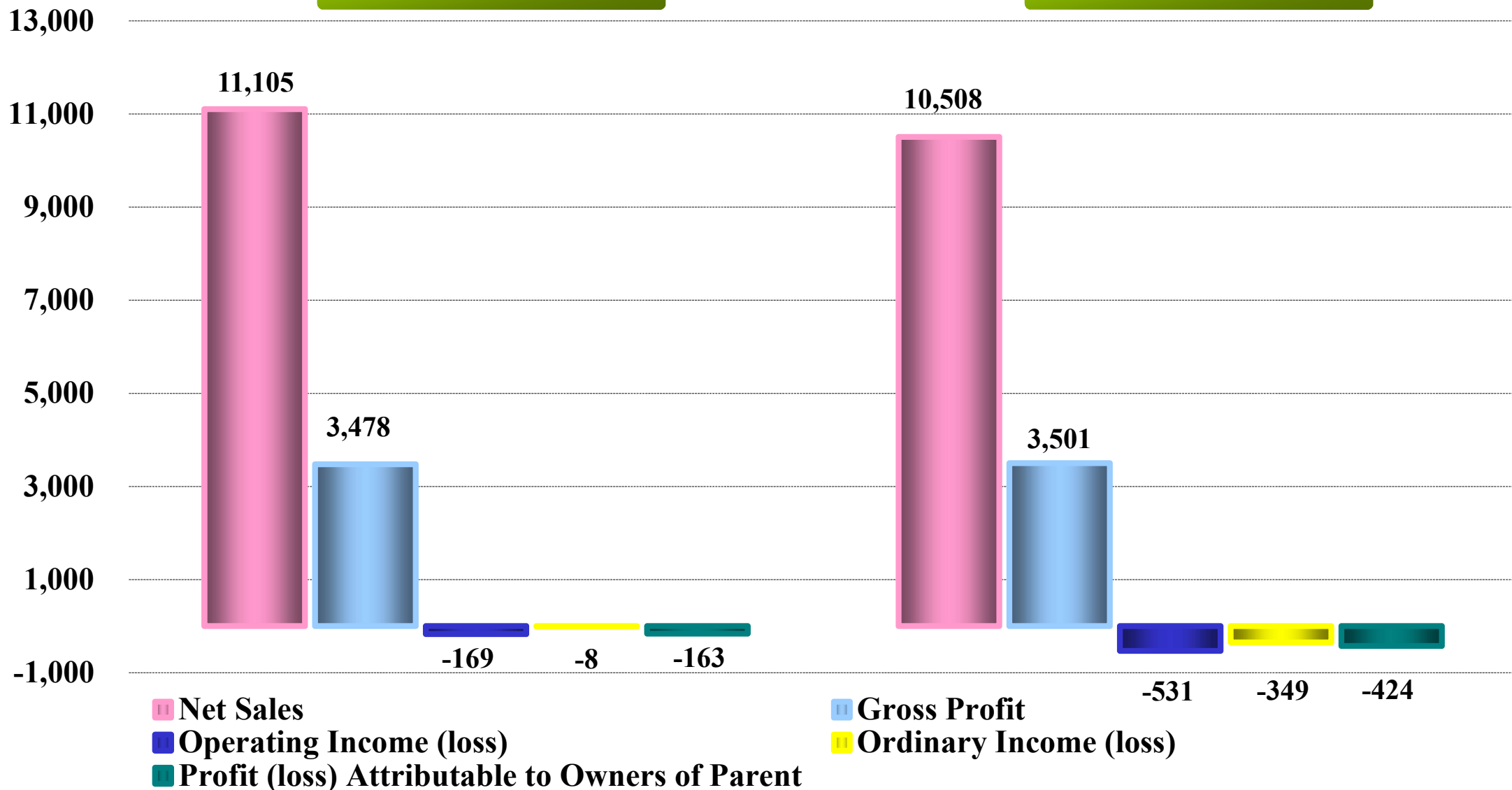
| (¥ million)   | FY2016<br>3Q<br>(Profit Ratio) | FY 2016<br>(Profit Ratio )     | FY2017<br>3Q<br>(Profit Ratio) | Year-Over-Year<br>Rate |
|---|--------------------------------|--------------------------------|--------------------------------|------------------------|
| <b>Net Sales</b>  | <b>11,105</b>                  | <b>16,438</b>                  | <b>10,508</b>                  | <b>-5.4%</b>           |
| <b>Gross Profit</b>   | <b>3,478</b><br><b>(31.3%)</b> | <b>5,370</b><br><b>(32.7%)</b> | <b>3,501</b><br><b>(33.3%)</b> | <b>0.7%</b>            |
| <b>Operating<br/>Income (loss)</b>                            | <b>-169</b><br><b>(-1.5%)</b>  | <b>294</b><br><b>(1.8%)</b>    | <b>-531</b><br><b>(-5.1%)</b>  | <b>-</b>               |
| <b>Ordinary<br/>Income (loss)</b>                             | <b>-8</b><br><b>(-0.1%)</b>    | <b>432</b><br><b>(2.6%)</b>    | <b>-349</b><br><b>(-3.3%)</b>  | <b>-</b>               |
| <b>Profit (loss)<br/>Attributable to<br/>Owners of Parent</b> | <b>-163</b><br><b>(-1.5%)</b>  | <b>243</b><br><b>(1.5%)</b>    | <b>-424</b><br><b>(-4.0%)</b>  | <b>-</b>               |
| <b>Orders<br/>Received</b>                                    | <b>14,232</b>                  | <b>18,786</b>                  | <b>9,584</b>                   | <b>32.7%</b>           |

# Sales, Revenue and Profit

**FY2016 3Q**

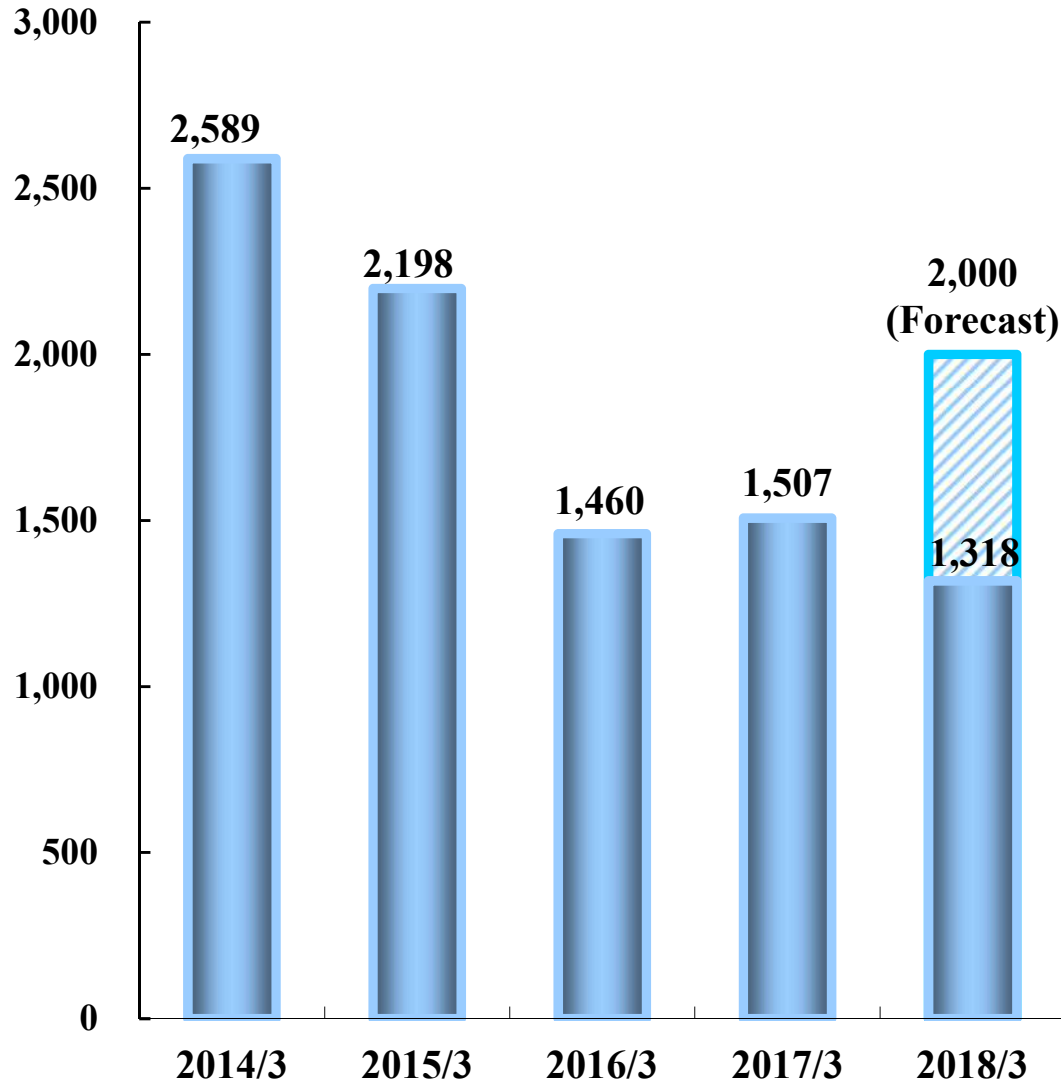
**FY2017 3Q**

(¥ million)



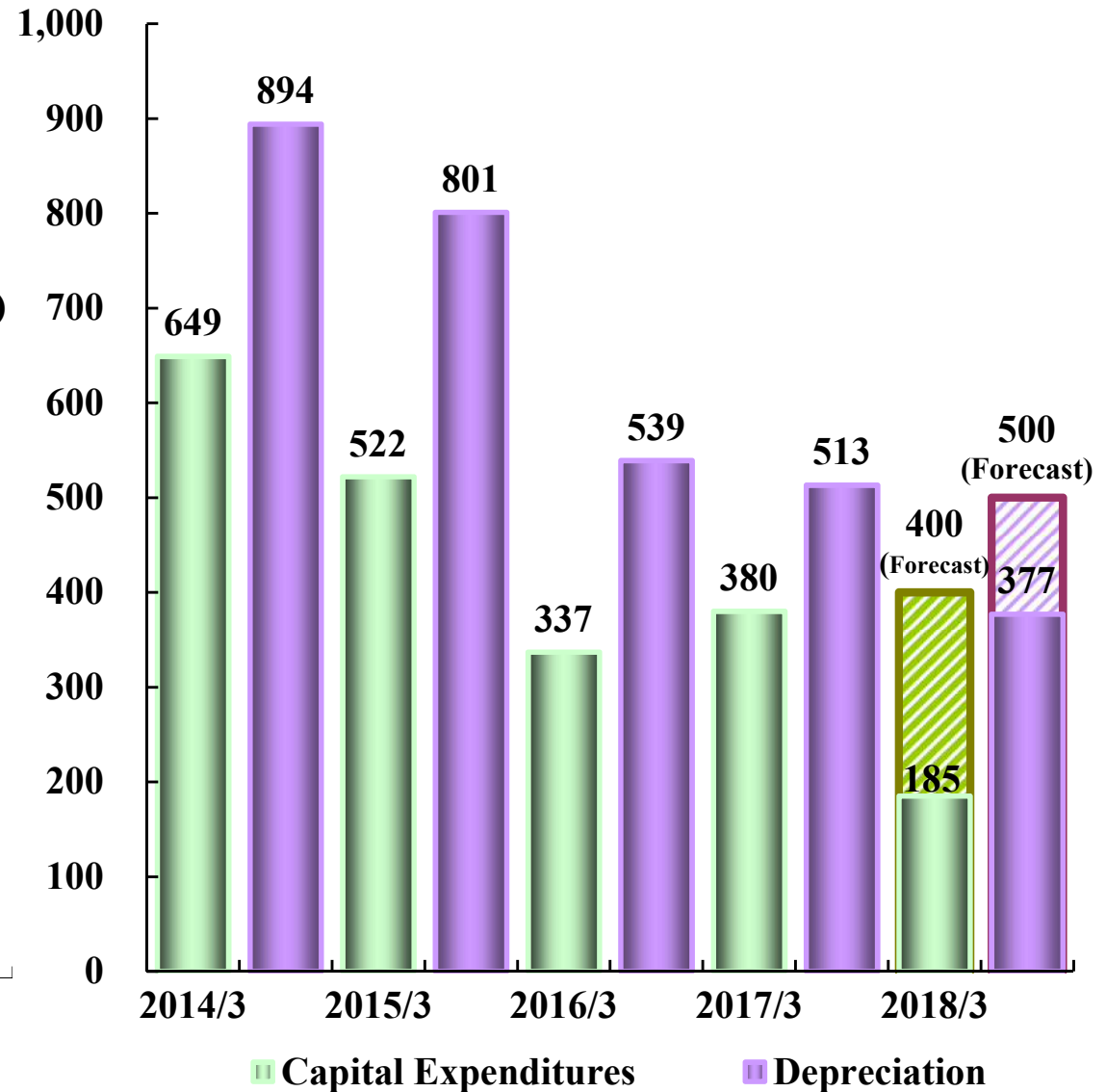
## R&D Expenses

(¥ million)



## Capital Expenditures and Depreciation

(¥ million)



# Consolidated Balance Sheets

|   | (¥ million) | FY2015        | FY2016 3Q     | Increase   |
|---|-------------|---------------|---------------|------------|
| <b>Total Current Assets</b>                               |             | 16,124        | 16,036        | -88        |
| Cash and deposits   |             | 4,849         | 5,913         | 1,064      |
| Notes and accounts receivable - trade                     |             | 6,363         | 3,924         | -2,439     |
| Work in process   |             | 1,061         | 2,118         | 1,057      |
| <b>Total Non-current assets</b>                           |             | 9,077         | 9,714         | 637        |
| Investment securities                                     |             | 3,365         | 4,171         | 806        |
| <b>Total Assets</b>                                       |             | <b>25,201</b> | <b>25,750</b> | <b>549</b> |
| <b>Total Current Liabilities</b>                          |             | 2,226         | 2,306         | 80         |
| Accounts payable - trade                                  |             | 1,163         | 1,417         | 254        |
| <b>Total Noncurrent Liabilities</b>                       |             | 1,697         | 1,638         | 242        |
| <b>Total Liabilities</b>                                  |             | <b>3,622</b>  | <b>3,944</b>  | <b>322</b> |
| <b>Total shareholders' equity</b>                         |             | 19,843        | 19,418        | -424       |
| Retained earnings   |             | 5,726         | 5,302         | -424       |
| <b>Total accumulated other comprehensive income</b>       |             | 1,736         | 2,387         | 651        |
| Valuation difference on available - for - sale securities |             | 1,535         | 2,092         | 557        |
| Foreign currency translation adjustment                   |             | 177           | 281           | 104        |
| <b>Total Net Assets</b>                                   |             | <b>21,579</b> | <b>21,806</b> | <b>227</b> |
| <b>Total Liabilities and Net Assets</b>                   |             | <b>25,201</b> | <b>25,750</b> | <b>549</b> |

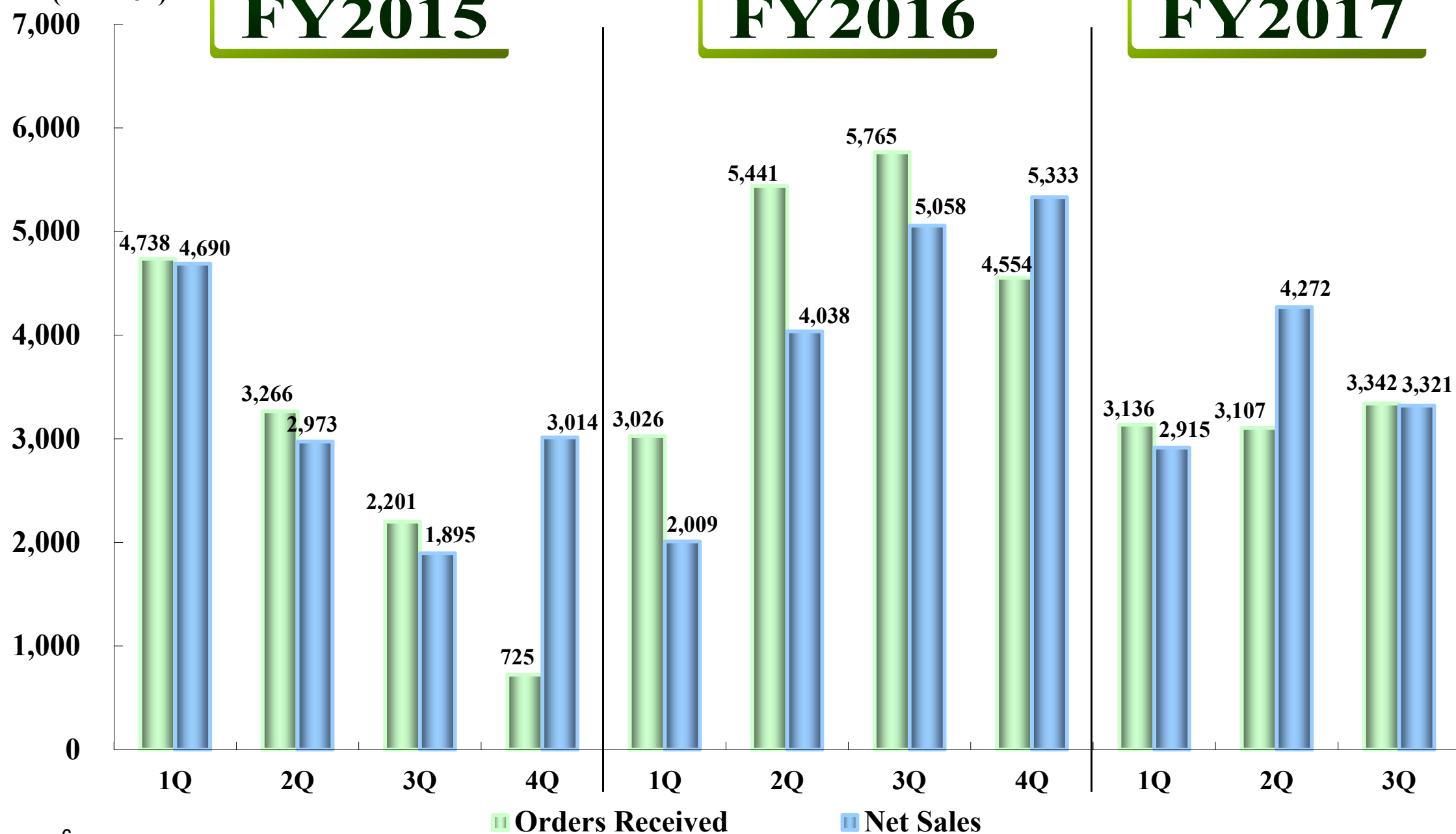
# Quarterly Orders Received and Net Sales

(¥ million)

**FY2015**

**FY2016**

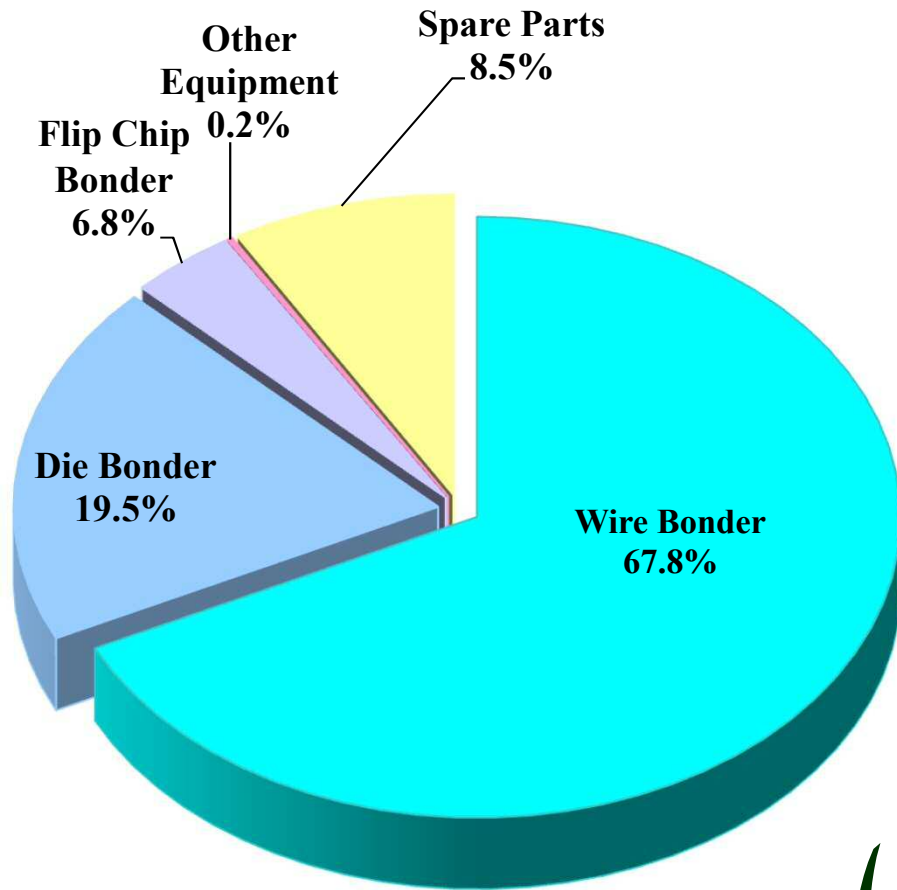
**FY2017**



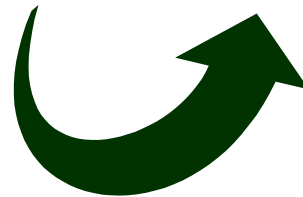
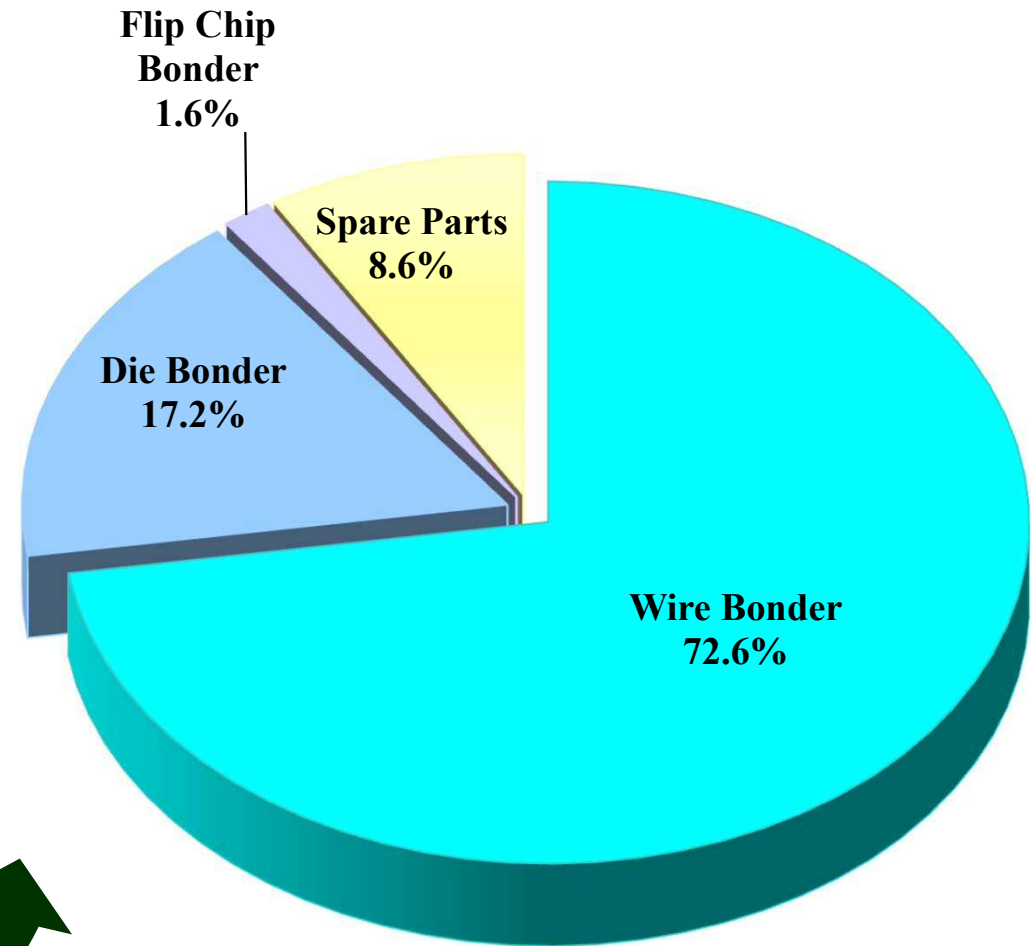


# Sales Breakdown by Product Type

**FY2016**



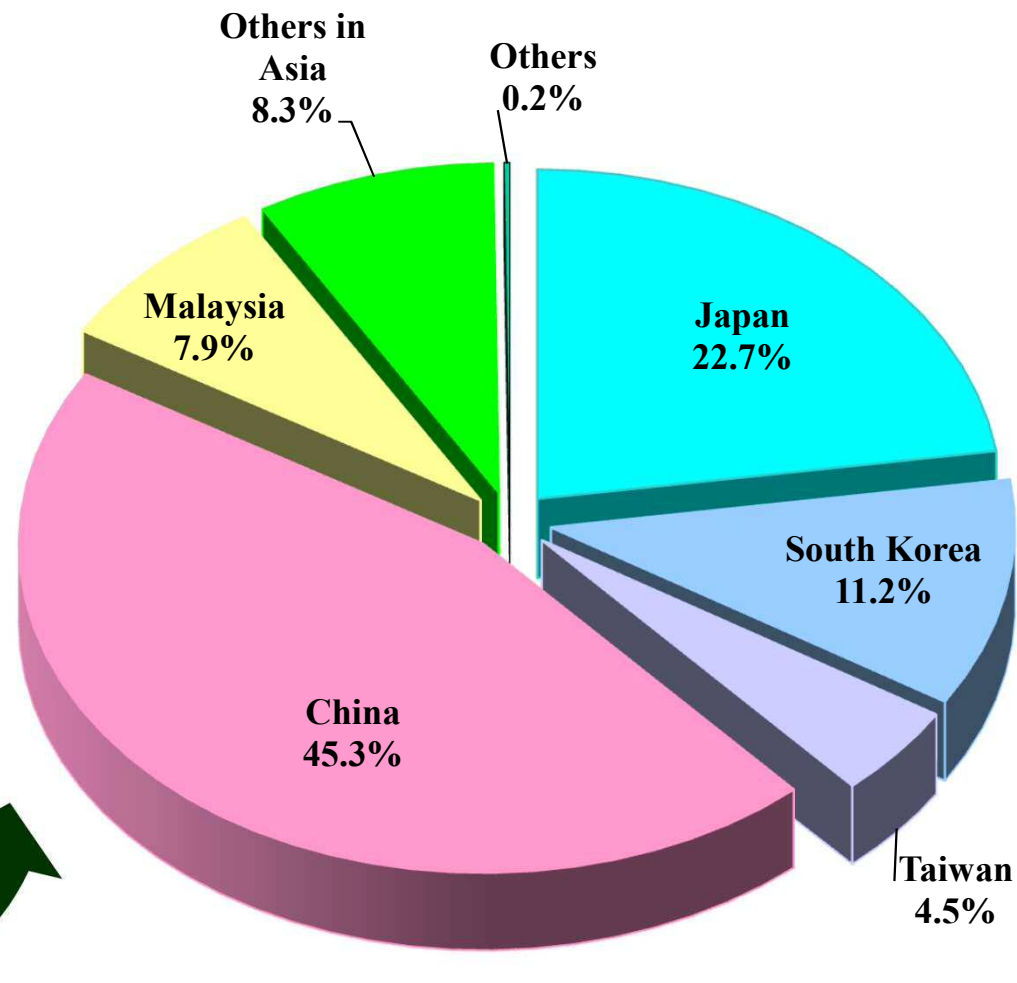
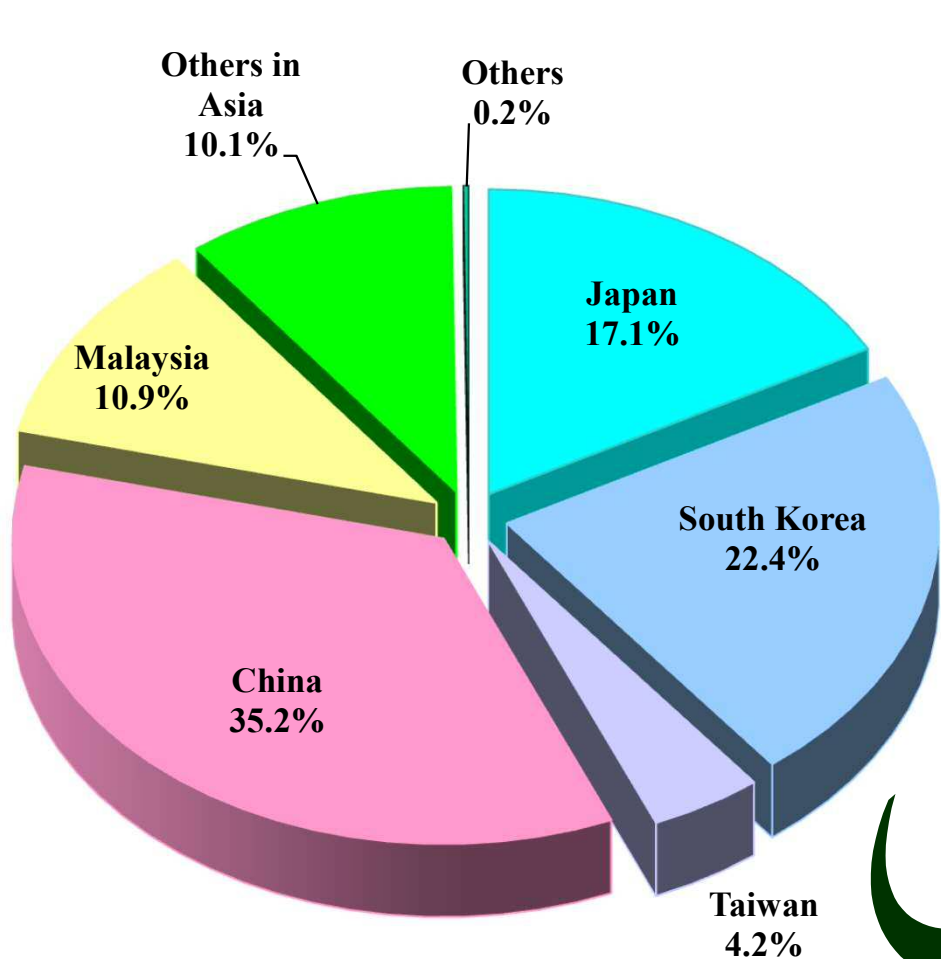
**FY2017 3Q**



# Sales Breakdown by Region

**FY2016**

**FY2017 3Q**





## Forecast for FY2017

| (¥ million)  | FY2017<br>Full Year | FY2016<br>Full Year | Year-over-Year<br>Rate |
|--|---------------------|---------------------|------------------------|
| Net Sales  | 15,900              | 16,438              | -3.3%                  |
| Operating Income<br>(loss)                           | -510                | 294                 | -                      |
| Ordinary Income<br>(loss)                            | -370                | 432                 | -                      |
| Profit (loss)<br>Attributable to<br>Owners of Parent | 210                 | 243                 | -                      |

\* Assumed Exchange Rate : 110 yen / U.S. dollar

# Cautionary Statement

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**This presentation sheets contain forward-looking statements that reflect management's views and assumptions based on the information currently available with respect to certain future events including earning forecast, business strategies and prospect. Actual results may differ materially from those statements due to changes in various factors, thus the events and results of such forward-looking assumptions cannot be assured. Any forward-looking statements speak only as of the date of this presentation sheets, and SHINKAWA assumes no duty to update such statements.**

**The factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for SHINKAWA's products owing to changes in the economic conditions in SHINKAWA's markets, changes in exchange rates, the impact of changes in regulations, accounting principles and practices.**

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