

## Summary

27-Oct-2011

### Consolidated Financial Results for the Second Quarter of Fiscal Year 2011 (April 1, 2011- September 30, 2011)

Name of registrant: ShinMaywa Industries, Ltd.

Stock Exchange Listed: Tokyo, Osaka

Code number: 7224

(URL: <http://www.shinmaywa.co.jp>)

Representative: Yoshihiro Onishi, President and Chief Executive Officer

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#### 1. Financial Results for the Second Quarter of FY 2011 (April 1, 2011– September 30, 2011)

##### (1) Consolidated Results of Operations

|                           | Net sales   |       | Operating income |   | Ordinary income |   | Net income  |   |
|---------------------------|-------------|-------|------------------|---|-----------------|---|-------------|---|
|                           | million yen | %     | million yen      | % | million yen     | % | million yen | % |
| Second Quarter of FY 2011 | 46,193      | (4.0) | (747)            | - | (1,319)         | - | (1,657)     | - |
| Second Quarter of FY 2010 | 48,143      | 4.8   | 293              | - | (299)           | - | (343)       | - |

|                           | Net income per share for this quarter | Net income per share after adjustment of latent shares for this quarter |
|---------------------------|---------------------------------------|---|
| Second Quarter of FY 2011 | yen<br>(16.61)                        | yen<br>—  |
| Second Quarter of FY 2010 | (3.44)                                | —   |

##### (2) Consolidated Financial Position

|                           | Total assets           | Net assets            | Shareholders' equity ratio (Ratio of net assets to total assets) |
|---------------------------|------------------------|-----------------------|--|
| Second Quarter of FY 2010 | million yen<br>124,637 | million yen<br>78,480 | %<br>61.7  |
| FY2010                    | 130,273                | 80,833                | 60.8   |

#### 2. Dividends

|                   | Dividends per share |                |               |          |           |
|-------------------|---------------------|----------------|---------------|----------|-----------|
|                   | First Quarter       | Second Quarter | Third Quarter | Year-end | Full-year |
| FY2010            | —                   | yen<br>5       | —             | yen<br>5 | yen<br>10 |
| FY2011            | —                   | 5              | —             | —        | —         |
| FY2011 (Forecast) | —                   | —              | —             | 5        | 10        |

#### 3. Financial Results Forecast for FY 2011 (April 1, 2011 – March 31, 2012)

|           | Net sales   |     | Operating income |        | Ordinary income |        | Net income  |   | Net income per share for this quarter |
|-----------|-------------|-----|------------------|--------|-----------------|--------|-------------|---|---------------------------------------|
|           | million yen | %   | million yen      | %      | million yen     | %      | million yen | % | yen                                   |
| Full Year | 109,000     | 1.7 | 1,000            | (39.3) | 800             | (41.7) | 500         | — | 5.01                                  |

## Consolidated Balance Sheets

|                                     | Millions of Yen             |         | Millions of Yen                                       |         |
|-------------------------------------|-----------------------------|---------|---|---------|
|                                     | Second Quarter<br>of FY2011 | FY2010  | Second Quarter<br>of FY2011                           | FY2010  |
| <b>Assets</b>                       |                             |         | <b>Liabilities</b>                                    |         |
| Current assets                      |                             |         | Current liabilities                                   |         |
| Cash and deposits                   | 19,211                      | 17,150  | Notes and accounts payable-trade                      | 14,449  |
| Notes and accounts receivable-trade | 35,297                      | 46,370  | Short-term loans payable                              | 6,000   |
| Merchandise and finished goods      | 2,262                       | 1,884   | Current portion of long-term loans payable            | 1,000   |
| Work in process                     | 22,146                      | 19,960  | Income taxes payable                                  | 380     |
| Raw materials and supplies          | 9,526                       | 9,298   | Provision for product warranties                      | 15      |
| Real estate for sale                | 93                          | 93      | Provision for loss on construction contracts          | 2,168   |
| Other                               | 4,587                       | 3,894   | Other   | 7,861   |
| Allowance for doubtful accounts     | (32)                        | (45)    | Total current liabilities                             | 31,875  |
| Total current assets                | 93,093                      | 98,606  | Noncurrent liabilities                                |         |
| Noncurrent assets                   |                             |         | Long-term loans payable                               | 12      |
| Property, plant and equipment       |                             |         | Provision for retirement benefits                     | 8,115   |
| Buildings and structures, net       | 9,886                       | 10,280  | Provision for directors' retirement benefits          | 414     |
| Other, net                          | 11,005                      | 10,687  | Deferred tax liabilities for land revaluation         | 62      |
| Total property, plant and equipment | 20,891                      | 20,968  | Negative goodwill                                     | 166     |
| Intangible assets                   | 908                         | 980     | Other   | 5,510   |
| Investments and other assets        |                             |         | Total noncurrent liabilities                          | 14,281  |
| Other                               | 9,812                       | 9,792   | Total liabilities                                     | 46,156  |
| Allowance for doubtful accounts     | (68)                        | (74)    | <b>Net assets</b>                                     |         |
| Total investments and other assets  | 9,744                       | 9,718   | Shareholders' equity                                  |         |
| Total noncurrent assets             | 31,543                      | 31,667  | Capital stock   | 15,981  |
| Total assets                        | 124,637                     | 130,273 | Capital surplus                                       | 15,737  |
|                                     |                             |         | Retained earnings                                     | 53,741  |
|                                     |                             |         | Treasury stock  | (8,203) |
|                                     |                             |         | Total shareholders' equity                            | 77,257  |
|                                     |                             |         | Accumulated other comprehensive income                |         |
|                                     |                             |         | Valuation difference on available-for-sale securities | 341     |
|                                     |                             |         | Revaluation reserve for land                          | (389)   |
|                                     |                             |         | Foreign currency translation adjustment               | (360)   |
|                                     |                             |         | Total accumulated other comprehensive income          | (407)   |
|                                     |                             |         | Minority interests                                    | 1,630   |
|                                     |                             |         | Total net assets                                      | 78,480  |
|                                     |                             |         | <b>Total liabilities and net assets</b>               | 124,637 |

ShinMaywa Industries, Ltd.

## Consolidated Statements of Income

|  | Millions of Yen             |                             |
|--|-----------------------------|-----------------------------|
|  | Second Quarter of<br>FY2011 | Second Quarter of<br>FY2010 |
| Net sales  | 46,193                      | 48,143                      |
| Cost of sales  | 40,047                      | 40,974                      |
| Gross profit   | 6,146                       | 7,168                       |
| Selling, general and administrative expenses   | 6,894                       | 6,874                       |
| Operating income (loss)  | (747)                       | 293                         |
| Non-operating income   |                             |                             |
| Interest income  | 16                          | 9                           |
| Dividends income   | 25                          | 22                          |
| Amortization of negative goodwill  | 73                          | 73                          |
| Rent income  | 10                          | 28                          |
| Other  | 38                          | 33                          |
| Total non-operating income   | 163                         | 166                         |
| Non-operating expenses   |                             |                             |
| Interest expenses  | 34                          | 46                          |
| Equity in losses of affiliates   | 8                           | 17                          |
| Foreign exchange losses  | 633                         | 619                         |
| Other  | 57                          | 77                          |
| Total non-operating expenses   | 735                         | 759                         |
| Ordinary loss  | (1,319)                     | (299)                       |
| Extraordinary income   |                             |                             |
| Reversal of allowance for doubtful accounts  | —                           | 18                          |
| Gain on sales of noncurrent assets   | 65                          | —                           |
| Gain on sales of investment securities   | —                           | 12                          |
| Gain on sales of golf memberships  | 5                           | —                           |
| Total extraordinary income   | 71                          | 30                          |
| Extraordinary loss   |                             |                             |
| Loss on sales of noncurrent assets   | 1                           | —                           |
| Loss on disposal of noncurrent assets  | 9                           | 43                          |
| Loss on disaster   | 69                          | —                           |
| Equipment relocation expenses  | —                           | 34                          |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | —                           | 76                          |
| Total extraordinary losses   | 80                          | 154                         |
| Loss before income taxes and minority interests  | (1,328)                     | (422)                       |
| Income taxes—current   | 456                         | 240                         |
| Income taxes—deferred  | (87)                        | (313)                       |
| Total income taxes   | 368                         | (73)                        |
| Loss before minority interests   | (1,696)                     | (349)                       |
| Minority interests in loss   | (39)                        | (6)                         |
| Net loss   | (1,657)                     | (343)                       |

**ShinMaywa Industries, Ltd.**

## Consolidated Statements of Comprehensive Income

Millions of Yen

|   | Second Quarter of<br>FY2011 | Second Quarter of<br>FY2010 |
|---|-----------------------------|-----------------------------|
| Loss before minority interests  | (1,696)                     | (349)                       |
| Other comprehensive income  |                             |                             |
| Valuation difference on available-for-sale securities                               | (110)                       | (85)                        |
| Foreign currency translation adjustment   | (42)                        | (42)                        |
| Share of other comprehensive income of associates accounted for using equity method | 6                           | (11)                        |
| Total other comprehensive income  | (146)                       | (139)                       |
| Comprehensive income  | (1,842)                     | (489)                       |
| Comprehensive income attributable to  |                             |                             |
| Comprehensive income attributable to owners of the parent                           | (1,803)                     | (479)                       |
| Comprehensive income attributable to minority interests                             | (39)                        | (9)                         |

**ShinMaywa Industries, Ltd.**

## Consolidated Statements of Cash Flows

|   | Millions of Yen             |                             |
|---|-----------------------------|-----------------------------|
|   | Second Quarter of<br>FY2011 | Second Quarter of<br>FY2010 |
| Net cash provided by (used in) operating activities         |                             |                             |
| Loss before income taxes and minority interests             | (1,328)                     | (422)                       |
| Depreciation and amortization                               | 1,484                       | 1,561                       |
| Decrease (increase) in notes and accounts receivable-trade  | 11,073                      | 6,783                       |
| Decrease (increase) in inventories                          | (2,767)                     | 1,705                       |
| Increase (decrease) in notes and accounts payable-trade     | (2,331)                     | (2,057)                     |
| Other, net  | (548)                       | (2,091)                     |
| Subtotal  | 5,583                       | 5,478                       |
| Interest and dividends income received                      | 41                          | 31                          |
| Interest expenses paid                                      | (34)                        | (44)                        |
| Income taxes paid   | (465)                       | (559)                       |
| Net cash provided by (used in) operating activities         | 5,123                       | 4,906                       |
| Net cash provided by (used in) investing activities         |                             |                             |
| Proceeds from withdrawal of time deposits                   | —                           | 100                         |
| Purchase of property, plant and equipment                   | (1,337)                     | (839)                       |
| Purchase of intangible assets                               | (114)                       | (53)                        |
| Other, net  | (21)                        | (81)                        |
| Net cash provided by (used in) investing activities         | (1,473)                     | (873)                       |
| Net cash provided by (used in) financing activities         |                             |                             |
| Repayment of long-term loans payable                        | (1,000)                     | (1,000)                     |
| Proceeds from stock issuance to minority shareholders       | —                           | 134                         |
| Cash dividends paid   | (498)                       | (498)                       |
| Cash dividends paid to minority shareholders                | (10)                        | (10)                        |
| Other, net  | (86)                        | (71)                        |
| Net cash provided by (used in) financing activities         | (1,595)                     | (1,445)                     |
| Effect of exchange rate change on cash and cash equivalents | 5                           | (44)                        |
| Net increase (decrease) in cash and cash equivalents        | 2,060                       | 2,542                       |
| Cash and cash equivalents at beginning of period            | 17,150                      | 17,448                      |
| Cash and cash equivalents at end of period                  | 19,211                      | 19,991                      |

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