

## Summary

31-October-2016

### Consolidated Financial Results for the Second Quarter of Fiscal Year 2016 (April 1, 2016- September 30, 2016)

Name of registrant: ShinMaywa Industries, Ltd.

Stock Exchange Listed: Tokyo

Code number: 7224

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

Representative: Yoshihiro Onishi, President and Chief Executive Officer

Contact: Taku Takeuchi, Manager, Corporate Communications Section (Phone: 0798-56-5002)

#### 1. Financial Results for the Second Quarter of FY 2016 (April 1, 2016– September 30, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Second Quarter of FY2016	92,415	(2.6)	4,903	(48.0)	4,675	(50.4)	2,941	(52.1)
Second Quarter of FY2015	94,851	13.2	9,437	72.7	9,425	64.1	6,135	69.7

	Net income per share for this quarter	Net income per share after adjustment of latent shares for this quarter
	yen	yen
Second Quarter of FY2016	30.43	—
Second Quarter of FY2015	61.56	—

##### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio (Ratio of net assets to total assets)
	million yen	million yen	%
Second Quarter of FY2016	177,376	111,753	63.0
FY2015	186,780	113,079	60.5

#### 2. Dividends

	Dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Full-year
	yen	yen	yen	yen	yen
FY2015	—	7	—	7	14
FY2016	—	7	—	—	—
FY2016 (Forecast)	—	—	—	7	14

#### 3. Financial Results Forecast for FY 2016 (April 1, 2016 – March 31, 2017)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full Year	200,000	(1.9)	11,000	(27.9)	11,100	(28.8)	7,600	(26.1)	79.61

## Consolidated Balance Sheets

	Millions of Yen			Millions of Yen	
	Second Quarter of FY2016	FY2015		Second Quarter of FY2016	FY2015
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and deposits	18,500	17,085	Notes and accounts payable – trade	26,696	31,472
Notes and accounts receivable – trade	64,459	76,642	Current portion of long-term loans payable	1,000	2,000
Merchandise and finished goods	3,410	2,865	Income taxes payable	997	3,070
Work in process	22,086	20,702	Provision for product warranties	20	27
Raw materials and supplies	15,154	15,066	Provision for loss on construction contracts	3,859	3,200
Other	6,822	8,022	Other	18,992	19,833
Allowance for doubtful accounts	(12)	(19)	Total current liabilities	51,567	59,603
Total current assets	130,422	140,366	<b>Non-current liabilities</b>		
<b>Non-current assets</b>			Net defined benefit liability	11,238	11,063
Property, plant and equipment			Other	2,817	3,034
Buildings and structures, net	11,935	11,883	Total non-current liabilities	14,056	14,097
Other, net	17,975	17,247	<b>Total liabilities</b>	<b>65,623</b>	<b>73,700</b>
Total property, plant and equipment	29,910	29,131	<b>Net assets</b>		
Intangible assets	2,486	2,402	<b>Shareholders' equity</b>		
Investments and other assets			Capital stock	15,981	15,981
Other	14,615	14,938	Capital surplus	15,737	15,737
Allowance for doubtful accounts	(58)	(58)	Retained earnings	83,766	81,522
Total investments and other assets	14,557	14,879	Treasury shares	(3,249)	(154)
Total non-current assets	46,954	46,413	Total shareholders' equity	112,237	113,088
<b>Total assets</b>	<b>177,376</b>	<b>186,780</b>	<b>Accumulated other comprehensive income</b>		
			Valuation difference on available-for-sale securities	1,742	1,717
			Revaluation reserve for land	(376)	(376)
			Foreign currency translation adjustment	(125)	420
			Remeasurements of defined benefit plans	(1,799)	(1,856)
			Total accumulated other comprehensive income	(558)	(94)
			<b>Non-controlling interests</b>	74	85
			<b>Total net assets</b>	<b>111,753</b>	<b>113,079</b>
			<b>Total liabilities and net assets</b>	<b>177,376</b>	<b>186,780</b>

ShinMaywa Industries, Ltd.

## Consolidated Statements of Income

	Millions of Yen	
	Second Quarter of FY2016	Second Quarter of FY2015
Net sales	92,415	94,851
Cost of sales	77,665	75,694
Gross profit	14,750	19,156
Selling, general and administrative expenses	9,846	9,719
Operating income	4,903	9,437
Non-operating income		
Interest income	7	8
Dividend income	75	64
Share of profit of entities accounted for using equity method	—	47
Other	37	43
Total non-operating income	120	164
Non-operating expenses		
Interest expenses	7	15
Share of loss of entities accounted for using equity method	34	—
Foreign exchange losses	251	126
Cost of inactive noncurrent assets	11	11
Other	43	21
Total non-operating expenses	348	175
Ordinary income	4,675	9,425
Extraordinary income		
Gain on sales of non-current assets	79	—
Gain on sales of investment securities	—	24
Total extraordinary income	79	24
Extraordinary losses		
Loss on disposal of non-current assets	134	91
Total extraordinary losses	134	91
Profit before income taxes	4,620	9,359
Income taxes – current	1,045	2,436
Income taxes – deferred	636	785
Total income taxes	1,681	3,222
Profit	2,939	6,136
Profit (loss) attributable to non-controlling interests	(2)	1
Profit attributable to owners of parent	2,941	6,135

**ShinMaywa Industries, Ltd.**

## Consolidated Statements of Comprehensive Income

Millions of Yen

	Second Quarter of FY2016	Second Quarter of FY2015
Profit	2,939	6,136
Other comprehensive income		
Valuation difference on available-for-sale securities	24	(361)
Foreign currency translation adjustment	(347)	(95)
Remeasurements of defined benefit plans, net of tax	56	92
Share of other comprehensive income of entities accounted for using equity method	(207)	23
Total other comprehensive income	(472)	(340)
Comprehensive income	2,466	5,796
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,477	5,795
Comprehensive income attributable to non-controlling interests	(11)	0

**ShinMaywa Industries, Ltd.**

## Consolidated Statements of Cash Flows

	Millions of Yen	
	Second Quarter of FY2016	Second Quarter of FY2015
Cash flows from operating activities		
Profit before income taxes	4,620	9,359
Depreciation	2,248	2,044
Decrease (increase) in notes and accounts receivable – trade	11,873	12,352
Decrease (increase) in inventories	(2,164)	(2,906)
Increase (decrease) in notes and accounts payable – trade	(4,605)	(2,287)
Other, net	777	(4,021)
Subtotal	12,750	14,541
Interest and dividend income received	208	206
Interest expenses paid	(6)	(15)
Income taxes paid	(3,171)	(4,358)
Net cash provided by (used in) operating activities	9,781	10,373
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,834)	(2,576)
Purchase of intangible assets	(381)	(399)
Other, net	9	90
Net cash provided by (used in) investing activities	(3,207)	(2,886)
Cash flows from financing activities		
Increase in short-term loans payable	—	187
Decrease in short-term loans payable	—	(355)
Repayments of long-term loans payable	(1,000)	(1,000)
Purchase of treasury shares	(3,095)	(3)
Cash dividends paid	(697)	(797)
Other, net	(167)	(180)
Net cash provided by (used in) financing activities	(4,960)	(2,149)
Effect of exchange rate change on cash and cash equivalents	(198)	(65)
Net increase (decrease) in cash and cash equivalents	1,414	5,271
Cash and cash equivalents at beginning of period	17,085	12,920
Cash and cash equivalents at end of period	18,500	18,192

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