

Summary

30-October-2018

Consolidated Financial Results for the Second Quarter of Fiscal Year 2018 (April 1, 2018- September 30, 2018)

Name of registrant: ShinMaywa Industries, Ltd.

Stock Exchange Listed: Tokyo

Code number: 7224

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

Representative: Tatsuyuki Isogawa, President and Chief Executive Officer

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1. Financial Results for the Second Quarter of FY 2018 (April 1, 2018– September 30, 2018)

(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 FY2018 | 98,557 | 2.7 | 4,048 | (27.3) | 4,290 | (24.8) | 3,242 | (13.3) |
| Second Quarter of FY2017 | 95,981 | 3.9 | 5,570 | 13.6 | 5,702 | 22.0 | 3,741 | 27.2 |

| | Net income per share for this quarter | Net income per share after adjustment of latent shares for this quarter |
|--------------------------|---------------------------------------|---|
| | yen | yen |
| Second Quarter of FY2018 | 34.14 | — |
| Second Quarter of FY2017 | 39.19 | — |

(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 FY2018 | 186,852 | 123,723 | 66.1 |
| FY2017 | 190,001 | 125,004 | 65.7 |

2. Dividends

| | Dividends per share | | | | |
|-------------------|---------------------|----------------|---------------|----------|-----------|
| | First Quarter | Second Quarter | Third Quarter | Year-end | Full-year |
| | yen | yen | yen | yen | yen |
| FY2017 | — | 7 | — | 16 | 23 |
| FY2018 | — | 18 | — | — | — |
| FY2018 (Forecast) | — | — | — | 18 | 36 |

3. Financial Results Forecast for FY 2018 (April 1, 2018 – March 31, 2019)

| | 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 | 215,000 | 3.7 | 11,000 | 3.8 | 11,500 | 7.0 | 7,900 | 11.5 | 84.53 |

Consolidated Balance Sheets

| | Millions of Yen | | Millions of Yen | |
|---------------------------------------|-----------------------------|---------|---|---------|
| | Second Quarter of FY2018 | FY2017 | Second Quarter of FY2018 | FY2017 |
| Assets | | | Liabilities | |
| Current assets | | | Current liabilities | |
| Cash and deposits | 21,528 | 18,750 | Notes and accounts payable – trade | 24,642 |
| Notes and accounts receivable – trade | 62,940 | 74,795 | Short-term loans payable | – |
| Merchandise and finished goods | 3,710 | 3,327 | Income taxes payable | 1,182 |
| Work in process | 19,792 | 19,594 | Provision for product warranties | 6 |
| Raw materials and supplies | 16,711 | 14,796 | Provision for loss on construction contracts | 3,799 |
| Other | 4,568 | 2,486 | Other | 19,052 |
| Allowance for doubtful accounts | (29) | (33) | Total current liabilities | 48,684 |
| Total current assets | 129,222 | 133,717 | Non-current liabilities | |
| Non-current assets | | | Net defined benefit liability | 12,155 |
| Property, plant and equipment | | | Other | 2,288 |
| Buildings and structures, net | 13,190 | 12,798 | Total non-current liabilities | 14,444 |
| Other, net | 19,354 | 18,480 | Total liabilities | 63,128 |
| Total property, plant and equipment | 32,544 | 31,279 | Net assets | |
| Intangible assets | 2,518 | 2,587 | Shareholders' equity | |
| Investments and other assets | | | Capital stock | 15,981 |
| Other | 22,599 | 22,459 | Capital surplus | 15,738 |
| Allowance for doubtful accounts | (33) | (42) | Retained earnings | 96,576 |
| Total investments and other assets | 22,565 | 22,417 | Treasury shares | (5,920) |
| Total non-current assets | 57,629 | 56,284 | Total shareholders' equity | 122,376 |
| Total assets | 186,852 | 190,001 | Accumulated other comprehensive income | |
| | | | Valuation difference on available-for-sale securities | 2,594 |
| | | | Revaluation reserve for land | (376) |
| | | | Foreign currency translation adjustment | 297 |
| | | | Remeasurements of defined benefit plans | (1,302) |
| | | | Total accumulated other comprehensive income | 1,214 |
| | | | Non-controlling interests | 132 |
| | | | Total net assets | 123,723 |
| | | | Total liabilities and net assets | 186,852 |

ShinMaywa Industries, Ltd.

Consolidated Statements of Income

| | Millions of Yen | |
|---|-----------------------------|-----------------------------|
| | Second Quarter of FY2018 | Second Quarter of FY2017 |
| Net sales | 98,557 | 95,981 |
| Cost of sales | 84,156 | 80,134 |
| Gross profit | 14,401 | 15,847 |
| Selling, general and administrative expenses | 10,352 | 10,276 |
| Operating profit | 4,048 | 5,570 |
| Non-operating income | | |
| Interest income | 8 | 8 |
| Dividend income | 98 | 81 |
| Share of profit of entities accounted for using equity method | 81 | 114 |
| Foreign exchange gains | 129 | — |
| Other | 68 | 55 |
| Total non-operating income | 387 | 260 |
| Non-operating expenses | | |
| Interest expenses | 5 | 5 |
| Foreign exchange losses | — | 49 |
| Cost of inactive noncurrent assets | 10 | 11 |
| Loss on securitization of receivables | 99 | 33 |
| Other | 30 | 28 |
| Total non-operating expenses | 145 | 128 |
| Ordinary profit | 4,290 | 5,702 |
| Extraordinary income | | |
| Gain on sales of investment securities | 695 | 23 |
| Gain on transfer of retirement benefit plan | 278 | — |
| Total extraordinary income | 974 | 23 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 192 | 83 |
| Loss on disaster | 206 | — |
| Total extraordinary losses | 399 | 83 |
| Profit before income taxes | 4,864 | 5,642 |
| Income taxes – current | 1,201 | 1,488 |
| Income taxes – deferred | 395 | 402 |
| Total income taxes | 1,597 | 1,890 |
| Profit | 3,267 | 3,751 |
| Profit attributable to non-controlling interests | 24 | 10 |
| Profit attributable to owners of parent | 3,242 | 3,741 |

ShinMaywa Industries, Ltd.

Consolidated Statements of Comprehensive Income

Millions of Yen

| | Second Quarter of FY2018 | Second Quarter of FY2017 |
|---|-----------------------------|-----------------------------|
| Profit | 3,267 | 3,751 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (424) | 785 |
| Foreign currency translation adjustment | (19) | 16 |
| Remeasurements of defined benefit plans, net of tax | 128 | 80 |
| Share of other comprehensive income of entities accounted for using equity method | (38) | (16) |
| Total other comprehensive income | (353) | 866 |
| Comprehensive income | 2,913 | 4,618 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,892 | 4,607 |
| Comprehensive income attributable to non-controlling interests | 21 | 10 |

ShinMaywa Industries, Ltd.

Consolidated Statements of Cash Flows

| | Millions of Yen | |
|--|-----------------------------|-----------------------------|
| | Second Quarter of FY2018 | Second Quarter of FY2017 |
| Cash flows from operating activities | | |
| Profit before income taxes | 4,864 | 5,642 |
| Depreciation | 2,421 | 2,377 |
| Decrease (increase) in notes and accounts receivable – trade | 12,099 | 13,385 |
| Decrease (increase) in inventories | (2,108) | (2,305) |
| Increase (decrease) in notes and accounts payable – trade | (244) | (2,820) |
| Other, net | (3,928) | (3,792) |
| Subtotal | 13,104 | 12,485 |
| Interest and dividend income received | 216 | 178 |
| Interest expenses paid | (4) | (5) |
| Income taxes paid | (2,296) | (2,575) |
| Net cash provided by (used in) operating activities | 11,019 | 10,084 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (3,010) | (2,306) |
| Purchase of intangible assets | (374) | (340) |
| Other, net | (426) | (58) |
| Net cash provided by (used in) investing activities | (3,811) | (2,704) |
| Cash flows from financing activities | | |
| Increase in short-term loans payable | — | 200 |
| Decrease in short-term loans payable | (90) | (150) |
| Purchase of treasury shares | (2,667) | (2) |
| Cash dividends paid | (1,527) | (668) |
| Other, net | (117) | (138) |
| Net cash provided by (used in) financing activities | (4,401) | (759) |
| Effect of exchange rate change on cash and cash equivalents | (28) | 0 |
| Net increase (decrease) in cash and cash equivalents | 2,778 | 6,620 |
| Cash and cash equivalents at beginning of period | 18,750 | 18,772 |
| Cash and cash equivalents at end of period | 21,528 | 25,392 |

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