

February 10, 2017

To All Persons Concerned

Name of Public Listed Company: SHINKAWA LTD.
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(Company Code of Tokyo Stock Exchange 1st Section: 6274)
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Notice of Posting of Non-operating Income, Forecast of Consolidated Financial Results
and Forecast Dividend for the Fiscal Year Ending March 31, 2017

SHINKAWA LTD. (the Company) announces posting of non-operating income for the first nine months of the fiscal year ending March 31, 2017.

Also, the Company announces that the forecast of consolidated results and forecast dividend for the fiscal year ending March 31, 2017, have been revised as detailed below.

1. Posting of Non-operating Income

The Company posted a foreign exchange loss of 451 million yen as a non-operating expense in the first six months of the fiscal year ending March 31, 2017 (April 1, 2016 to September 30, 2016). Meanwhile, due to the subsequent fluctuations of exchange rate, a foreign exchange gains of 527 million yen was occurred in the third quarter of the fiscal year ending March 31, 2017 (October 1, 2016 to December 31, 2016). Therefore, a foreign exchange gains of 76 million yen was recorded as a non-operating income in the consolidated financial results for the first nine months of the fiscal year ending March 31, 2017 (April 1, 2016 to December 31, 2016).

The above number was mainly a valuation gain by the rate of exchange in the end of the third quarter of the fiscal year ending March 31, 2017, and is subject to change in accordance with future exchange rate fluctuations.

2. Revision to Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2017
(from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Net sales	Operating income (loss)	Ordinary income (loss)	Profit (loss) attributable to owners of parent	Net income (loss) per share (yen)
Previous forecasts (A) (Announced on November 7, 2016)	17,300	410	220	100	5.50
Actual results (B)	16,400	240	370	160	8.80
Change (B-A)	-900	-170	150	60	—
Change (%)	-5.2	-41.5	68.2	60.0	—
(Reference) Results of the corresponding period of the previous fiscal year (FY2015)	12,662	-1,035	-1,444	-1,849	-101.75

Reasons for Revisions

As part of customers' capital investment plans was postponed, was postponed, net sales and operating income are expected to decrease from the previous forecasts. Meanwhile, since the foreign exchange gains was recorded due to the recent exchange rate fluctuations as mentioned above, the ordinary income and profit attributable to owners of parent are expected to increase.

The assumed exchange rate is 110 yen to the dollar.

3. Revisions to dividends forecasts

(Yen)

	Cash dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
Previous forecast (Announced on May 13, 2016)	—	—	—	—	—
Revised forecasts	—	—	—	0.00	0.00
Dividend paid for the current fiscal year ending March 31, 2017	—	0.00	—		
Dividend paid for the previous fiscal year ended March 31, 2016	—	0.00	—	0.00	0.00

Reason for Revisions

The Group regards the redistribution of the profit to shareholders as one of the most important corporate responsibilities, and continuous and stable dividend payments as a fundamental policy. At the same time, the Group would like to redistribute the profit according to its business performance.

However, we regrettably determined that we will not distribute dividends for the fiscal year ending March 31, 2017 to make it a priority to increase internal reserves upon comprehensive consideration of the business performance, financial situation and efforts to reform the earnings structure in the future.

(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.