

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended February 28, 2018 (Based on Japanese GAAP)

April 12, 2018

Company name: SHIMACHU CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8184 URL <http://shimachu.co.jp/>
 Representative: President and Representative Director Takaaki Okano
 Director, General Manager of Corporate Planning Kazuya Orimoto TEL 048(623)7711
 Scheduled date to file Quarterly Securities Report: April 13, 2018
 Scheduled date to commence dividend payments: May 25, 2018
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended February 28, 2018 (from September 1, 2017 to February 28, 2018)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended February 28, 2018	71,455	(1.7)	4,885	9.5	5,158	(0.4)	3,497	(3.9)
Six months ended February 28, 2017	72,669	(7.1)	4,462	(25.1)	5,180	(15.2)	3,638	(11.8)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended February 28, 2018	75.81	—
Six months ended February 28, 2017	76.34	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of February 28, 2018	239,887	195,292	81.4
As of August 31, 2017	243,353	199,860	82.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2017	—	40.00	—	40.00	80.00
Year ending August 31, 2018	—	40.00			
Year ending August 31, 2018 (Forecast)			—	40.00	80.00

3. Forecast of non-consolidated financial results for the year ending August 31, 2018 (from September 1, 2017 to August 31, 2018)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	147,338	0.3	10,319	4.7	10,852	0.8	7,522	19.8	158.75

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: Yes

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2018	47,889,104 shares	As of August 31, 2017	51,389,104 shares
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Number of treasury shares at the end of the period

As of February 28, 2018	2,680,020 shares	As of August 31, 2017	4,336,257 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended February 28, 2018	46,126,906 shares	Six months ended February 28, 2017	47,660,439 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Millions of yen)

	As of August 31, 2017	As of February 28, 2018
Assets		
Current assets		
Cash and deposits	18,781	18,552
Notes and accounts receivable - trade	5,517	4,747
Securities	12,226	11,812
Merchandise and finished goods	20,671	20,489
Other	4,766	4,811
Allowance for doubtful accounts	(1)	(1)
Total current assets	61,961	60,411
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	71,154	69,417
Land	95,793	95,793
Other, net	1,892	1,898
Total property, plant and equipment	168,840	167,108
Intangible assets	285	337
Investments and other assets		
Other	12,471	12,235
Allowance for doubtful accounts	(206)	(206)
Total investments and other assets	12,265	12,029
Total non-current assets	181,391	179,475
Total assets	243,353	239,887
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,812	21,973
Income taxes payable	1,443	1,882
Provision for bonuses	634	779
Other	5,503	5,598
Total current liabilities	29,394	30,232
Non-current liabilities		
Provision for retirement benefits	3,932	4,081
Asset retirement obligations	7,023	6,990
Other	3,141	3,289
Total non-current liabilities	14,098	14,361
Total liabilities	43,492	44,594

	(Millions of yen)	
	As of August 31, 2017	As of February 28, 2018
Net assets		
Shareholders' equity		
Capital stock	16,533	16,533
Capital surplus	19,344	19,344
Retained earnings	177,484	168,553
Treasury shares	(13,046)	(8,503)
Total shareholders' equity	200,315	195,928
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(454)	(635)
Total valuation and translation adjustments	(454)	(635)
Total net assets	199,860	195,292
Total liabilities and net assets	243,353	239,887

Non-consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended February 28, 2017	Six months ended February 28, 2018
Net sales	69,879	68,466
Cost of sales	46,901	45,649
Gross profit	22,977	22,817
Operating revenue		
Rent income of real estate	2,790	2,988
Operating gross profit	25,768	25,805
Selling, general and administrative expenses	21,305	20,919
Operating profit	4,462	4,885
Non-operating income		
Interest income	21	76
Dividend income	7	7
Foreign exchange gains	370	—
Commission fee	113	109
Other	241	230
Total non-operating income	754	423
Non-operating expenses		
Foreign exchange losses	—	122
Rental payments	15	0
Other	21	27
Total non-operating expenses	36	150
Ordinary profit	5,180	5,158
Extraordinary income		
Gain on sales of non-current assets	168	—
Asset retirement obligations reversal of gains	—	5
Total extraordinary income	168	5
Extraordinary losses		
Loss on sales and retirement of non-current assets	4	8
Total extraordinary losses	4	8
Profit before income taxes	5,343	5,155
Income taxes	1,705	1,658
Profit	3,638	3,497

Non-consolidated statements of cash flows

(Millions of yen)

	Six months ended February 28, 2017	Six months ended February 28, 2018
Cash flows from operating activities		
Profit before income taxes	5,343	5,155
Depreciation	2,306	2,232
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Interest and dividend income	(29)	(83)
Foreign exchange losses (gains)	(370)	122
Loss (gain) on sales of property, plant and equipment	(168)	–
Decrease (increase) in notes and accounts receivable - trade	494	770
Decrease (increase) in inventories	(358)	181
Decrease (increase) in long-term prepaid expenses	(1,005)	76
Increase (decrease) in notes and accounts payable - trade	529	161
Increase (decrease) in accounts payable - other	(1,472)	55
Other, net	888	437
Subtotal	6,158	9,109
Interest and dividend income received	29	83
Income taxes paid	(1,885)	(1,136)
Net cash provided by (used in) operating activities	4,302	8,057
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,560)	(396)
Proceeds from sales of property, plant and equipment	1,940	–
Proceeds from sales of investment securities	406	–
Payments for guarantee deposits	(201)	(5)
Proceeds from collection of guarantee deposits	294	122
Other, net	(29)	(111)
Net cash provided by (used in) investing activities	(150)	(389)
Cash flows from financing activities		
Purchase of treasury shares	(4,001)	(6,002)
Cash dividends paid	(2,177)	(1,880)
Other, net	–	(4)
Net cash provided by (used in) financing activities	(6,179)	(7,886)
Effect of exchange rate change on cash and cash equivalents	370	(122)
Net increase (decrease) in cash and cash equivalents	(1,657)	(341)
Cash and cash equivalents at beginning of period	23,802	25,281
Cash and cash equivalents at end of period	22,145	24,939