

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

May 12, 2017

### SHINKAWA LTD.

(URL <http://www.shinkawa.com>)

Listing	First Section of Tokyo Stock Exchange
Security code	6274
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Scheduled date of general shareholders' meeting	June 29, 2017
Scheduled date to commence dividend payments	—
Scheduled date to file financial statements	June 29, 2017
Consolidated Financial Results Supplemental Materials	Yes
Consolidated Financial Results Presentation Meeting	Yes

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

(from April 1, 2016 to March 31, 2017)

(Amounts are rounded off to nearest million yen.)

#### (1) Consolidated Operating Results

(% changes as compared with the corresponding period of the previous fiscal year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Profit (loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Fiscal year ended March 31, 2017</b>	<b>16,438</b>	<b>29.8</b>	<b>294</b>	<b>-</b>	<b>432</b>	<b>-</b>	<b>243</b>	<b>-</b>
Fiscal year ended March 31, 2016	12,662	11.5	(1,035)	-	(1,444)	-	(1,849)	-

(Note) Comprehensive income March 31, 2017: 1,009 million yen March 31, 2016: (2,766) million yen

	Profit (loss) per share	Diluted profit per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
<b>Fiscal year ended March 31, 2017</b>	<b>13.37</b>	<b>-</b>	<b>1.2</b>	<b>1.8</b>	<b>1.8</b>
Fiscal year ended March 31, 2016	(101.75)	-	(8.4)	(5.8)	(8.2)

(Reference) Equity in earnings of affiliates: Fiscal year ended March 31, 2017: — million yen Fiscal year ended March 31, 2016: — million yen

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>As of March 31, 2017</b>	<b>25,201</b>	<b>21,579</b>	<b>85.6</b>	<b>1,187.36</b>
As of March 31, 2016	23,340	20,570	88.1	1,131.83

(Reference) Equity: As of March 31, 2017: 21,579 million yen As of March 31, 2016: 20,570 million yen

#### (3) Consolidated Situation of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
<b>Fiscal year ended March 31, 2017</b>	<b>(1,252)</b>	<b>(417)</b>	<b>(0)</b>	<b>4,572</b>
Fiscal year ended March 31, 2016	(306)	368	(1)	6,254

## 2. Dividends

	Cash dividends per share					Total amount of cash dividends (annual)	Dividends payout ratio (consolidated)	Ratio of total amount of dividends to shareholders' equity (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2016	-	0.00	-	0.00	0.00	-	-	-
<b>Fiscal year ended March 31, 2017</b>	<b>-</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fiscal year ending March 31, 2018 (Forecast)	-	0.00	-	-	-		-	

(Note) The dividend forecast for the fiscal year ending March 31, 2018 is undecided.

## 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2018

(from April 1, 2017 to March 31, 2018)

(% changes as compared with the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
<b>Six months ending September 30, 2017</b>	<b>9,600</b>	<b>58.8</b>	<b>120</b>	<b>-</b>	<b>110</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>2.75</b>
<b>Fiscal year ending March 31, 2018</b>	<b>19,500</b>	<b>18.6</b>	<b>280</b>	<b>(4.9)</b>	<b>320</b>	<b>(25.9)</b>	<b>200</b>	<b>(17.7)</b>	<b>11.01</b>

**\* Notes**

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2017

(Changes in specified subsidiaries that caused change in scope of consolidation) : None

(2) Changes in accounting policies, accounting estimates and restatement of the consolidated financial statements

1) Changes in accounting policies due to revision of accounting standards: None

2) Changes in matters other than 1) above : None

3) Changes in accounting estimates : None

4) Restatement : None

(3) Number of common shares issued

1) Number of shares issued at the end of the periods (including treasury shares) :

As of March 31, 2017	20,047,500 shares
As of March 31, 2016	20,047,500 shares

2) Number of treasury shares at the end of the periods :

As of March 31, 2017	1,873,982 shares
As of March 31, 2016	1,873,627 shares

3) Average number of shares during the periods :

Fiscal year ended March 31, 2017	18,173,719 shares
Fiscal year ended March 31, 2016	18,173,930 shares

**(Reference) Summary of Non-consolidated Financial Results**

(Amounts are rounded off to nearest million yen)

**1. Non-consolidated Financial Results for the Fiscal Year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)**

(1) Non-consolidated Operating Results

(% change compared with the corresponding period of the previous fiscal year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Profit (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Fiscal year ended March 31, 2017</b>	<b>14,991</b>	<b>30.3</b>	<b>(604)</b>	—	<b>(442)</b>	—	<b>(87)</b>	—
Fiscal year ended March 31, 2016	11,504	8.4	(1,441)	—	(1,740)	—	(2,135)	—
	Profit (loss) per share		Diluted profit per share					
	Yen		Yen					
<b>Fiscal year ended March 31, 2017</b>	<b>(4.76)</b>		—					
Fiscal year ended March 31, 2016	(117.50)		—					

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>As of March 31, 2017</b>	<b>23,435</b>	<b>19,323</b>	<b>82.5</b>	<b>1,063.27</b>
As of March 31, 2016	21,464	18,741	87.3	1,031.23

(Reference) Equity: As of March 31, 2017: 19,323 million yen As of March 31, 2016: 18,741 million yen

**\*This report is not subject to audit procedures****\*Explanation regarding the appropriate use of projections and other special notes**

(Notes for the forward-looking statements)

The forward looking statements, including business results forecast, contained in this document are based on information available to the SHINKAWA Group and certain assumptions deemed reasonable as of the date of this document and the Company does not guarantee that such forecast will be achieved. Actual business results may differ substantially due to a number of factors.

(Method to obtain supplemental materials for financial documents)

Supplemental materials for the financial documents is scheduled to be released on the Company's web site.

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## 1. Operating Results and Financial Position

### (1) Analysis of Operating Results

During the fiscal year ended March 31, 2017, the global economy maintained a recovery trend supported by the United States and Europe with their robust domestic demand. Meanwhile, uncertainty continued due to increased concern about policies of Western countries as well as economic slowdown of China and other emerging countries. In the electronics industry, along with the spread of IoT, investments in high-speed wireless communications continued, and capital investment for automotive devices and discrete devices also grew favorably. On the other hand, despite vigorous demand for NAND flash supported by larger volume smartphone and SSD servers, capital investment by memory makers was limited due to wafer shortages. Under these circumstances, the SHINKAWA group has established a production system based on three factories: the Thai factory, Japanese factory, and outsourced manufacturers, to respond promptly to changes in the market. The Group has also carried out a sales plan targeting specific markets, and focused on expanding the sales of the wide-area-handling high-speed wafer bump bonder SBB-5200 which was introduced to the market in February. As a result of these efforts, the sales of the Wire Bonder UTC-5000 series and the Die Bonder SPA-1000 for memory devices as well as the STC-800 for small dies contributed greatly to the net sales and surplus for the first time in nine fiscal years.

As for the consolidated performance of the Group for the fiscal year ended March 31, 2017, net sales increased 29.8% from the corresponding period of the previous fiscal year to 16,438 million yen. An operating income of 294 million yen was recorded compared with an operating loss of 1,035 million yen for the previous fiscal year and an ordinary income of 432 million yen was posted compared with an ordinary loss of 1,444 million yen a year earlier. As a result, profit attributable to owners of parent of 243 million yen was recorded for the fiscal year ended March 31, 2017 compared with loss attributable to owners of parent of 1,849 million yen a year earlier.

### (2) Analysis of Financial Position

Total assets at the end of the fiscal year ended March 31, 2017 increased 1,861 million yen from the end of the previous fiscal year to 25,201 million yen. Major increases were 3,284 million yen in notes and accounts receivable-trade, and major decreases were 1,591 million yen in cash and deposits.

Total liabilities at the end of the fiscal year under review increased 853 million yen from the end of the previous fiscal year to 3,622 million yen. Major increases were 519 million yen in accounts payable-trade. Total net assets at the end of the fiscal year under review increased 1,009 million yen from the end of the previous fiscal year to 21,579 million yen. The major increase was 669 million yen in valuation difference on available-for-sale securities.

As a result, the equity ratio fell from 88.1% in the previous fiscal year to 85.6%.

### (3) Cash Flows

Cash and cash equivalents at the end of the period decreased 1,682 million yen from the end of the previous fiscal year to 4,572 million yen.

The cash flow situation for the fiscal year ended March 31, 2017, was as follows.

Net cash used in operating activities totaled 1,252 million yen for the fiscal year under review compared with net cash used in operating activities of 306 million yen for the previous fiscal year. Major components included increase in notes and accounts receivable-trade of 3,274 million yen despite posting a decrease of 555 million yen in inventories, an increase of 521 million yen in notes and accounts payable-trade, depreciation of 513 million yen and profit before income taxes of 478 million yen.

Net cash used in investing activities totaled 417 million yen compared with net cash provided by investing activities of 368 million yen for the previous fiscal year. This was mainly due to purchase of property, plant and equipment of 394 million yen.

Net cash used in financing activities totaled 0 million yen compared with net cash used in financing activities of 1 million yen for the previous fiscal year.

### (4) Prospects

Regarding the future economic environment, the momentum of economic growth can be seen globally such as in the strong and continuous growth of the United States and the stable growth of Europe, despite their geopolitical risks. In the semiconductor industry, the rapid recovery of the memory market continuing from the second half of 2016 is expected to continue. Moreover, based on the expected growth of the automotive semiconductor market, capital investment by semiconductor makers is expected to grow steadily with the challenges to technological innovation.

The Group will actively make investments in its growth such as developing new products that align with the IoT innovation adopted in customers' production sites, and will achieve stable profit in the medium to long term, aiming for a return to the top of the industry.

Regarding projected consolidated performance for the fiscal year ending March 31, 2018, the group expects net sales to increase by 18.6% from the previous fiscal year to 19,500 million yen, an operating income of 280 million yen which is a 4.9% decrease from the previous fiscal year, an ordinary income of 320 million yen, which is a 25.9% decrease from the previous fiscal year, and profit attributable to owners of parent of 200 million yen which is a 17.7% decrease from the previous fiscal year. The expected foreign exchange rate is 110 yen per U.S. dollar. The above business projections are based on currently available information.

Therefore, the actual results may differ materially depending on various factors.

(5) Notes on Important Events Related to the Going Concern Assumption

The Group reported an operating loss, ordinary loss and loss attributable to owners of parent in the past consecutive fiscal years, mostly due to prolonged periods of product development and evaluation and a relatively high ratio of fixed cost to net sales. Despite the fact that profit attributable to owners of parent was recorded for the group's consolidated performance this fiscal year, net loss is recorded in individual performance. Under such circumstances, the Company experienced important events relating to the going concern assumption.

In an attempt to resolve this situation, the Group established medium-term management plan namely "Challenge Shinkawa 2020" and will be involved in the following initiatives.

① Growth in existing business

With the arrival of the IoT age, there are various changes in demand for semiconductor packages. The Group promotes the functional enhancement of wire bonders and die bonders to handle the use of SSD data storages and high-speed memories. The Group also promotes the development and sales expansion of flip chip bonders to handle advanced bonding processes such as thermal compression bonding for 3 and 2.5-dimensional bonding applications that are used for memory cubes and the latest CPUs. Furthermore, along with higher functionality of communication devices such as smartphones, the Group enhances the function of flip chip bonders for high-performance packages such as PoP (Package-on-package) and FO-WLP (Fan-out Wafer Level Package).

② Creating new business value

The Group, under the concept of "Shinkawa Smart Bonding Solution," continues the development of solution technologies that incorporate the IoT function into the semiconductor assembly process. The Group will increase customer satisfaction and its associated value by promoting intelligent machines (with enhanced sensing function), intelligent networks (with enhanced data collection and analysis functions), and intelligent processes (with know-how embedded in software), as well as proposing solutions ahead of challenges triggered by progress of the IoT society.

③ Activating organization and fostering human resources

In order to transform the Group into an organization that demonstrates creativity, it is necessary to secure various talents. In addition to providing a stage where excellent talents from all over the world play an active role, the Group focuses on human resource development including raising employees' awareness.

## **2. Basic Policy on the Selection of Accounting Standards**

The Group's consolidated financial statements are prepared on the basis of Japanese accounting standards taking account of the comparability of financial statements between periods and between companies.

Regarding the application of the International Financial Reporting Standards, the Group will appropriately respond upon consideration of the circumstances at home and abroad.

**3. Consolidated Financial Statements****(1) Consolidated Balance Sheets**

	Millions of yen	
	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	6,440	<b>4,849</b>
Notes and accounts receivable - trade	3,079	<b>6,363</b>
Merchandise and finished goods	2,901	<b>2,568</b>
Work in process	1,402	<b>1,061</b>
Raw materials and supplies	436	<b>595</b>
Deferred tax assets	77	<b>49</b>
Other	635	<b>641</b>
Allowance for doubtful accounts	(1)	<b>(2)</b>
Total current assets	14,969	<b>16,124</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	12,178	<b>12,220</b>
Accumulated depreciation	(10,421)	<b>(10,620)</b>
Buildings and structures, net	1,757	<b>1,600</b>
Machinery, equipment and vehicles	2,047	<b>1,866</b>
Accumulated depreciation	(1,728)	<b>(1,630)</b>
Machinery, equipment and vehicles, net	319	<b>236</b>
Land	3,189	<b>3,198</b>
Construction in progress	—	<b>73</b>
Other	1,562	<b>1,556</b>
Accumulated depreciation	(1,473)	<b>(1,459)</b>
Other, net	89	<b>97</b>
Total property, plant and equipment	5,355	<b>5,204</b>
Intangible assets		
Other	53	<b>52</b>
Total intangible assets	53	<b>52</b>
Investments and other assets		
Investment securities	2,464	<b>3,365</b>
Long-term loans receivable	24	<b>21</b>
Deferred tax assets	37	<b>25</b>
Other	437	<b>409</b>
Total investments and other assets	2,963	<b>3,821</b>
Total non-current assets	8,370	<b>9,077</b>
<b>Total assets</b>	23,340	<b>25,201</b>



	Millions of yen	
	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	644	1,163
Income taxes payable	169	172
Deferred tax liabilities	4	9
Provision for product warranties	191	284
Provision for bonuses	203	227
Other	397	370
Total current liabilities	1,608	2,226
Non-current liabilities		
Net defined benefit liability	880	862
Deferred tax liabilities	267	528
Other	15	6
Total non-current liabilities	1,162	1,397
Total liabilities	2,770	3,622
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,360	8,360
Capital surplus	8,907	8,907
Retained earnings	5,483	5,726
Treasury shares	(3,150)	(3,150)
Total shareholders' equity	19,600	19,843
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	866	1,535
Foreign currency translation adjustment	166	177
Remeasurements of defined benefit plans	(63)	24
Total accumulated other comprehensive income	970	1,736
Total net assets	20,570	21,579
<b>Total liabilities and net assets</b>	23,340	25,201

(2) Consolidated Statements of Income and Comprehensive Income  
 Consolidated Statements of Income  
 Fiscal Years Ended March 31, 2016 and 2017

	Millions of yen	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
<b>Net sales</b>	12,662	<b>16,438</b>
Cost of sales	8,808	<b>11,068</b>
Gross profit	3,854	<b>5,370</b>
Selling, general and administrative expenses	4,889	<b>5,075</b>
Operating income (loss)	(1,035)	<b>294</b>
<b>Non-operating income</b>		
Interest income	8	<b>9</b>
Dividend income	64	<b>66</b>
Rent income	20	<b>8</b>
Foreign exchange gains	—	<b>41</b>
Other	37	<b>16</b>
Total non-operating income	130	<b>140</b>
<b>Non-operating expenses</b>		
Sales discounts	—	<b>1</b>
Foreign exchange losses	535	—
Cost of lease revenue	1	<b>1</b>
Other	3	<b>0</b>
Total non-operating expenses	539	<b>2</b>
Ordinary income (loss)	(1,444)	<b>432</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	—	<b>12</b>
Gain on sales of investment securities	—	<b>35</b>
Total extraordinary income	—	<b>47</b>
<b>Extraordinary losses</b>		
Loss on sales of non-current assets	3	<b>1</b>
Special retirement expenses	72	—
Temporarily expense on revision of personnel system	225	—
Total extraordinary losses	300	<b>1</b>
Profit (loss) before income taxes	(1,744)	<b>478</b>
Income taxes - current	158	<b>194</b>
Income taxes - deferred	(53)	<b>41</b>
Total income taxes	105	<b>235</b>
Profit (loss)	(1,849)	<b>243</b>
<b>Profit (loss) attributable to owners of parent</b>	(1,849)	<b>243</b>

Consolidated Statements of Comprehensive Income  
Fiscal Years Ended March 31, 2016 and 2017

	Millions of yen	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit (loss)	(1,849)	<b>243</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	(587)	<b>669</b>
Foreign currency translation adjustment	(205)	<b>11</b>
Remeasurements of defined benefit plans, net of tax	(124)	<b>87</b>
Total other comprehensive income	(917)	<b>766</b>
Comprehensive income	(2,766)	<b>1,009</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,766)	<b>1,009</b>
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets  
Fiscal Year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	8,360	8,907	7,332	(3,150)	21,450
Changes of items during period					
Profit (loss) attributable to owners of parent			(1,849)		(1,849)
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	(1,849)	(0)	(1,849)
Balance at the end of current period	8,360	8,907	5,483	(3,150)	19,600

  

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of current period	1,454	371	61	1,886	23,336
Changes of items during period					
Profit (loss) attributable to owners of parent					(1,849)
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	(587)	(205)	(124)	(917)	(917)
Total changes of items during period	(587)	(205)	(124)	(917)	(2,766)
Balance at the end of current period	866	166	(63)	970	20,570

## Fiscal Year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	8,360	8,907	5,483	(3,150)	19,600
Changes of items during period					
Profit (loss) attributable to owners of parent			243		243
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	243	(0)	243
Balance at the end of current period	8,360	8,907	5,726	(3,150)	19,843

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of current period	866	166	(63)	970	20,570
Changes of items during period					
Profit (loss) attributable to owners of parent					243
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	669	11	87	766	766
Total changes of items during period	669	11	87	766	1,009
Balance at the end of current period	1,535	177	24	1,736	21,579

(4) Consolidated Statements of Cash Flows  
Fiscal Years Ended March 31, 2016 and 2017

	Millions of yen	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
<b>Cash flows from operating activities</b>		
Income (loss) before income taxes	(1,744)	478
Depreciation	539	513
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for bonuses	203	24
Increase (decrease) in net defined benefit liability	(30)	65
Increase (decrease) in other provision	58	93
Interest and dividend income	(72)	(75)
Foreign exchange losses (gains)	276	(15)
Loss (gain) on sales of property, plant and equipment	3	(11)
Loss (gain) on sales of investment securities	—	(35)
Decrease (increase) in notes and accounts receivable - trade	1,560	(3,274)
Decrease (increase) in inventories	(829)	555
Increase (decrease) in notes and accounts payable - trade	(336)	521
Extra retirement payment	72	—
Temporarily expense on revision of personnel system	225	—
Other, net	33	43
Subtotal	(43)	(1,118)
Interest and dividend income received	74	75
Income taxes (paid) refund	(53)	(209)
Proceeds from Tokyo labor bureau grant	12	—
Extra retirement payments	(72)	—
Temporarily expense on revision of personnel system paid	(225)	—
Net cash provided by (used in) operating activities	(306)	(1,252)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(334)	(417)
Proceeds from withdrawal of time deposits	813	397
Purchase of property, plant and equipment	(269)	(394)
Proceeds from sales of property, plant and equipment	261	14
Purchase of intangible assets	(24)	(45)
Proceeds from sales of investment securities	—	64
Payments of loans receivable	(30)	(13)
Collection of loans receivable	33	15
Other payments	(151)	(187)
Other proceeds	70	148
Net cash provided by (used in) investing activities	368	(417)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1)	(0)
Net cash provided by (used in) financing activities	(1)	(0)
Effect of exchange rate change on cash and cash equivalents	(155)	(13)
Net increase (decrease) in cash and cash equivalents	(95)	(1,682)
Cash and cash equivalents at beginning of period	6,349	6,254
<b>Cash and cash equivalents at end of period</b>	<b>6,254</b>	<b>4,572</b>

## (5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

## (Segment Information)

(Business segment information)

Previous fiscal year (from April 1, 2015 to March 31, 2016) and the current fiscal year (from April 1, 2016 to March 31, 2017)

The major business of the SHINKAWA Group consists of the development, manufacturing and sales of industrial precision robots (bonders), which are used for the assembly process called “bonding” to automatically fix and wire IC chips into semiconductor products as part of semiconductor manufacturing (packaging), as well as the after-sales maintenance service for such bonding-related products. Therefore, the Group develops its business activities in one type of business.

Consequently, the decision making of the Group on the distribution of management resources is determined by paying due attention to overall circumstances relative to orders received, sales and production of all products used in the bonding process without depending on the market conditions of only some specific items. This approach requires us to formulate comprehensive strategies in Japan and overseas in response to the market globalization of the semiconductor industry.

As described above, the decision making of the SHINKAWA Group on the distribution of management resources is carried out by taking into account a comprehensive review of our current businesses. Accordingly, segment information of the SHINKAWA Group is omitted because the Group operates in only one business segment being subject to periodical review for evaluation, thereby making such segmentation unnecessary.

(Related Information)

Previous fiscal year (from April 1, 2015 to March 31, 2016)

## 1. Information by product and service

(Millions of yen)

	Wire bonders	Die bonders	Flip chip bonders	Other equipment	Spare parts	Total
Net sales to external customers	9,478	1,107	860	—	1,217	12,662

## 2. Information by geographical area

## (1) Net sales

(Millions of yen)

Japan	South Korea	Taiwan	China	Malaysia	Other in Asian	Others	Total
1,983	3,233	296	4,992	1,524	574	59	12,662

(Note) Net sales are calculated based on the destinations for deliveries, and areas are segmented by country or region.

## (2) Property, plant and equipment

(Millions of yen)

Japan	Thailand	Others	Total
3,944	1,382	29	5,355

## 3. Information by major customer

(Millions of yen)

Customer name	Net sales
SK Hynix Group	1,942
Samsung Group	1,814

Current fiscal year (from April 1, 2016 to March 31, 2017)

## 1. Information by product and service

(Millions of yen)

	Wire bonders	Die bonders	Flip chip bonders	Other equipment	Spare parts	Total
Net sales to external customers	11,148	3,209	658	27	1,395	16,438

## 2. Information by geographical area

## (1) Net sales

(Millions of yen)

Japan	South Korea	Taiwan	China	Malaysia	Other in Asian	Others	Total
2,806	3,689	694	5,778	1,788	1,652	31	16,438

(Note) Net sales are calculated based on the destinations for deliveries, and areas are segmented by country or region.



## (2) Property, plant and equipment

(Millions of yen)

Japan	Thailand	Others	Total
3,886	1,283	35	5,204

## 3. Information by major customer

(Millions of yen)

Customer name	Net sales
Renesas Electronics Group	2,698
SK Hynix Group	2,247
Samsung Group	1,811

## (Per Share Information)

	Previous fiscal year (from April 1, 2015 to March 31, 2016)	Current fiscal year (from April 1, 2016 to March 31, 2017)
Net assets per share	1,131.83 yen	1,187.36 yen
Profit (loss) per share	(101.75) yen	13.37 yen

(Notes)1. Information on diluted profit per share is not presented because there are no dilutive potential of shares.

2. The basis for calculation of the profit (loss) per share is as follows.

	Previous fiscal year (from April 1, 2015 to March 31, 2016)	Current fiscal year (from April 1, 2016 to March 31, 2017)
Profit (loss) attributable to owners of parent (Millions of yen)	(1,849)	243
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit (loss) attributable to owners of parent in shares of common shares (Millions of yen)	(1,849)	243
Average number of shares during the period (Thousands)	18,174	18,174

## (Subsequent Events)

Not applicable

**4. Others****(1) Quarterly Consolidated Performance****Fiscal year ended March 31, 2016 (consolidated )**

(Millions of Yen, except "Profit (loss) per Share")

	1Q ended June 30, 2015	2Q ended September 30, 2015	3Q ended December 31, 2015	4Q ended March 31, 2016	FY ended March 31, 2016
Net sales	4,690	2,973	1,895	3,104	12,662
Gross profit	1,628	972	628	626	3,854
Operating income (loss)	400	(240)	(585)	(610)	(1,035)
Ordinary income (loss)	429	(485)	(534)	(853)	(1,444)
Profit (loss) before income taxes	357	(489)	(534)	(1,079)	(1,744)
Profit (loss) attributable to owners of parent	325	(532)	(563)	(1,080)	(1,849)
Profit (loss) per share (Yen)	17.89	(29.28)	(30.95)	(59.41)	(101.75)
Total assets	27,577	25,348	25,296	23,340	23,340
Net assets	23,912	22,571	22,256	20,570	20,570
Orders received	4,738	3,266	2,201	725	10,930

**Fiscal year ended March 31, 2017 (consolidated )**

(Millions of Yen, except "Profit (loss) per Share")

	1Q ended June 30, 2016	2Q ended September 30, 2016	3Q ended December 31, 2016	4Q ended March 31, 2017	FY ended March 31, 2017
Net sales	2,009	4,038	5,058	5,333	16,438
Gross profit	549	1,246	1,683	1,892	5,370
Operating income (loss)	(552)	46	338	463	294
Ordinary income (loss)	(920)	7	904	440	432
Profit (loss) before income taxes	(921)	7	908	484	478
Profit (loss) attributable to owners of parent	(971)	(24)	831	406	243
Profit (loss) per share (Yen)	(53.43)	(1.29)	45.74	22.36	13.37
Total assets	21,620	22,901	24,847	25,201	25,201
Net assets	19,164	19,451	21,009	21,579	21,579
Orders received	3,026	5,441	5,765	4,554	18,786

## (2) Production, Orders Received and Sales

## 1) Actual production

Actual production by production item for the fiscal year ended March 31, 2017 was as follows:

Production item	Amount (Millions of yen)	Year-on-year comparison (%)
Wire bonders	11,181	123.5
Die bonders	3,197	302.7
Flip chip bonders	599	62.8
Other equipment	27	—
Spare parts	1,395	114.6
Total	16,399	133.6

(Note 1) The amounts above are calculated for selling prices.

(Note 2) The amounts above do not include consumption taxes.

## 2) Orders received

Orders received by production item for the fiscal year ended March 31, 2017 were as follows:

	Amount of orders received (Millions of yen)	Year-on-year comparison (%)	Backlog of orders (Millions of yen)	Year-on-year comparison (%)
Wire bonders	12,570	160.6	3,253	177.7
Die bonders	4,185	423.5	1,036	1,722.1
Flip chip bonders	578	65.5	140	63.7
Other equipment	34	—	7	—
Spare parts	1,419	115.4	93	134.3
Total	18,786	171.9	4,529	207.7

(Note 1) The amounts above are calculated for selling prices.

(Note 2) The amounts above do not include consumption taxes.

## 3) Actual sales

Actual sales for the fiscal year ended March 31, 2017 was as follows:

Production item	Amount (Millions of yen)	Year-on-year comparison (%)
Wire bonders	11,148	117.6
Die bonders	3,209	290.0
Flip chip bonders	658	76.5
Other equipment	27	—
Spare parts	1,395	114.6
Total	16,438	129.8

(Note) The amounts above do not include consumption taxes.