

**Summary of Financial Statements**  
for First Quarter of Fiscal Year Ending March 31, 2018 [Japanese GAAP]  
(Consolidated)

August 8, 2017

Name of listed company: SHIP HEALTHCARE HOLDINGS, INC.  
Shares listed on: Tokyo Stock Exchange  
Code: 3360 URL <http://www.shiphd.co.jp/>  
Representative: Kunihisa Furukawa, Chairman and CEO  
Contact: Hiroshi Yokoyama, Managing Director Tel.: +81-6-6369-0130  
Scheduled date for filing quarterly report: August 10, 2017 Scheduled start date of dividend payments: –  
Supplementary briefing materials on results: None  
Briefing on quarterly results: None

(All figures are rounded down to the nearest million yen.)

1. Consolidated financial results for the first quarter of the fiscal year ending March 31, 2018 (April 1 – June 30, 2017)

(1) Consolidated operating results (cumulative) (Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%
Q1 FY ending March 2018	89,724	0.3	2,532	45.5	2,769	47.5	1,519	77.0
Q1 FY ended March 2017	89,440	37.2	1,740	-13.8	1,878	-19.7	858	-25.5

Note: Comprehensive income: Q1 FY ending March 2018: 2,069 million yen (162.7%)  
Q1 FY ended March 2017: 787 million yen (-37.1%)

	Basic earnings per share	Diluted earnings per share
	(Yen)	(Yen)
Q1 FY ending March 2018	30.04	–
Q1 FY ended March 2017	17.07	–

(2) Consolidated financial condition

	Total assets	Net assets	Equity capital ratio
	(Millions yen)	(Millions yen)	%
Q1 FY ending March 2018	244,683	92,619	36.9
FY ended March 2017	263,540	93,632	34.7

Reference: Equity: Q1 FY ending March 2018: 90,392 million yen; FY ended March 2017: 91,384 million yen

2. Dividends

	Annual dividends				
	End Q1	End Q2	End Q3	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY ended March 2017	–	0.00	–	60.00	60.00
FY ending March 2018	–				
FY ending March 2018 (forecast)		0.00	–	61.00	61.00

Notes: Revisions made in most recently announced dividend forecasts: None

Breakdown of year-end dividends paid in FY ended March 2017: ordinary dividends: 56.00 yen; commemorative dividends: 4.00 yen

3. Forecast of consolidated financial results for fiscal year ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages represent changes from previous year for full-year figures and year-on-year changes for quarterly figures.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%	(Yen)
Cumulative through second quarter	179,000	-4.6	4,100	-27.6	4,200	-28.4	2,200	-30.3	43.48
Full-year	425,000	4.0	16,900	5.3	17,100	3.8	10,000	6.3	197.63

Note: Revisions made in most recently announced forecasts of business performance: None

## Notes

- (1) Changes made in significant subsidiaries during consolidated cumulative quarter under review: None
- (2) Special account processing applied in preparation of quarterly consolidated financial statements: None
- (3) Changes made in accounting policies, accounting estimates, and/or restatements: None
- (i) Changes in accounting policies associated with changes in accounting standards, etc.: None
- (ii) Any changes in accounting policies other than those under (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Restatements: None

(4) Number of shares issued and outstanding (common shares)

(i) Number of shares issued and outstanding at the end of the period (including treasury shares)	Q1 FY ending March 2018	50,834,700 shares	FY ended March 2017	50,834,700 shares
(ii) Number of treasury shares at the end of the period	Q1 FY ending March 2018	235,568 shares	FY ended March 2017	235,568 shares
(iii) Average number of shares during the period (quarterly cumulative total)	Q1 FY ending March 2018	50,599,132 shares	Q1 FY ended March 2017	50,300,632 shares

\* This quarterly summary of financial results is not subject to quarterly review.

\* Information on appropriate use of financial forecasts and other special notes:

The forecasts of financial results and other forward-looking statements provided herein are based on information available to the Company and assumptions considered reasonable at the time this document was prepared. They are not guarantees that the Company will achieve such forecasts. Actual results may differ significantly from the forecasts for various reasons. For the assumptions on which financial forecasts are based, notes on using financial forecasts, and other information, please refer to "Information on consolidated financial forecasts and other forward-looking statements" on page 3 of the attached materials.

## ○ Index of attached materials

1. Qualitative information on quarterly results .....	2
(1) Description of business results .....	2
(2) Analysis of Financial Position .....	3
(3) Information on consolidated financial forecasts and other forward-looking statements .....	3
2. Quarterly consolidated financial statements and notes thereto .....	4
(1) Quarterly consolidated balance sheet.....	4
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income .....	6
(3) Notes on quarterly consolidated financial statements .....	8
(Notes on the going concern assumption) .....	8
(Notes on marked changes to shareholders' equity) .....	8
(Segment information, etc.) .....	8

## 1. Qualitative information on quarterly results

### (1) Description of business results

During this consolidated cumulative first quarter, the Japanese economy continued to trend toward gentle recovery. Corporate earnings and employment conditions improved, backed by the monetary policies of the Japanese government and the Bank of Japan. Nevertheless, due to political developments and rising geopolitical tensions in the Middle East and Asia, overseas prospects remained unclear.

In the healthcare industry in which the Group operates, there is growing need for investment and reforms based on a medium- to long-term perspective in light of plans for the future of medical institutions under community healthcare plans, the impending simultaneous revision of medical service and long-term care fees planned for next year, and other factors.

Amid such economic conditions, performance in the Total Pack Produce business proved slow, largely because major projects in this business were weighted toward the second half of the fiscal year. However, thanks to steady business performance in the Life Care business and Dispensing Pharmacy business, the Group was able to strengthen both revenue and income.

During this consolidated cumulative first quarter, the various factors noted above resulted in net sales of 89,724 million yen (up 0.3% YoY), operating profit of 2,532 million yen (up 45.5% YoY), ordinary profit of 2,769 million yen (up 47.5% YoY), and profit attributable to owners of the parent of 1,519 million yen (up 77.0% YoY).

Business results by segment are summarized below.

#### (i) Total Pack Produce business

In the Total Pack Produce business, because hospital completion projects were weighted toward the second half of the fiscal year overall, performance related to major projects was slow during the first quarter. In contrast, sales from the manufacture of rehabilitation equipment were strong.

As a result, this segment recorded segment net sales of 13,394 million yen (down 11.7% YoY) and segment profit (operating profit) of 1,016 million yen (up 6.0% YoY).

#### (ii) Medical Supply business

Earnings grew in the Medical Supply business, driven by various factors, including the elimination of the effects of advisory costs associated with the business integration with Konishi Kyowa Holding Corporation, recorded in the last fiscal year, and steady progress on SPD facilities for which awarded contracts concentrated in the previous year.

As a result, this segment recorded segment net sales of 63,335 million yen (up 0.8% YoY) and segment profit (operating profit) of 684 million yen (up 134.0% YoY).

#### (iii) Life Care business

Various factors boosted earnings in the Life Care business, including success in achieving occupancy growth targets and improvements at loss-generating facilities.

As a result, this segment recorded segment net sales of 5,515 million yen (up 6.3% YoY) and segment profit (operating profit) of 181 million yen (up 40.7% YoY).

#### (iv) Dispensing Pharmacy business

Efforts such as mergers and acquisitions (M&A) and new-store openings bore fruit in the Dispensing Pharmacy business, resulting in positive business performance.

As a result, this segment recorded segment net sales of 6,283 million yen (up 7.6% YoY) and segment profit (operating profit) of 615 million yen (up 45.1% YoY).

#### (v) Other businesses

Results for other sectors such as veterinary clinics and sales of physical and chemical apparatus were largely as planned. Results from the security company added to the Group last year also contributed to business performance from the start of this period.

As a result, this segment recorded segment net sales of 1,195 million yen (up 194.1% YoY) and segment profit (operating profit) of 76 million yen (up 201.5% YoY).

## (2) Analysis of Financial Position

Assets at the end of the consolidated first quarter under review stood at 244,683 million yen, down 18,856 million yen from the end of the previous consolidated fiscal year. The primary reasons for this decline included an increase of 3,264 million yen in the construction in progress account, 1,617 million yen in electronically recorded monetary claims – operating, and 1,333 million yen in merchandise and finished goods; notes and accounts receivable – trade decreased by 27,793 million yen.

Liabilities stood at 152,064 million yen, down 17,843 million yen from the end of the previous consolidated fiscal year. The primary reasons for this decline included an increase of 2,384 million yen in electronically recorded obligations – operating and 1,919 million yen in long-term loans payable; notes and accounts payable - trade and income taxes payable decreased by 21,858 million yen and 2,984 million yen, respectively.

Net assets were 92,619 million yen, down 1,012 million yen from the end of the previous consolidated fiscal year. Primary reasons for this decrease included an increase of 1,519 million yen in retained earnings from profit attributable to owners of parent and 538 million yen in valuation difference on available-for-sale securities; payment of dividends led to a decrease of 3,035 million yen in retained earnings.

As a result of the above factors, the equity capital ratio at the end of the consolidated first quarter under review stood at 36.9% (up 2.2 percentage points from the end of the previous consolidated fiscal year).

## (3) Information on consolidated financial forecasts and other forward-looking statements

In general, business performance matched financial forecasts made at the start of the period. The consolidated financial forecasts for the cumulative second quarter and the full fiscal year remain unchanged from the forecasts announced on May 12, 2017.

## 2. Quarterly consolidated financial statements and notes thereto

## (1) Quarterly consolidated balance sheet

(Unit: Millions yen)

	Previous consolidated fiscal year (March 31, 2017)	Consolidated first quarter under review (June 30, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	49,444	48,803
Notes and accounts receivable - trade	95,657	67,863
Electronically recorded monetary claims - operating	1,920	3,538
Lease investment assets	4,057	4,013
Merchandise and finished goods	11,669	13,003
Work in process	1,328	1,971
Raw materials and supplies	840	959
Other	9,590	10,959
Allowance for doubtful accounts	-78	-79
Total current assets	174,430	151,033
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	14,972	14,901
Land	15,222	15,416
Construction in progress	5,716	8,980
Real estate for rent, net	14,186	14,104
Other, net	3,385	3,347
Total property, plant, and equipment	53,483	56,752
Intangible assets		
Goodwill	10,912	11,516
Other	1,296	1,237
Total intangible assets	12,208	12,753
Investments and other assets		
Long-term loans receivable	10,172	10,127
Other	15,793	16,575
Allowance for doubtful accounts	-2,563	-2,568
Total investments and other assets	23,402	24,135
Total non-current assets	89,093	93,641
Deferred assets		
Share issuance cost	16	8
Total deferred assets	16	8
Total assets	263,540	244,683

(Unit: Millions yen)

	Previous consolidated fiscal year (March 31, 2017)	Consolidated first quarter under review (June 30, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	86,307	64,448
Electronically recorded obligations - operating	16,192	18,577
Short-term loans payable	2,020	1,320
Income taxes payable	4,120	1,136
Provision for bonuses	1,905	2,602
Other	15,831	18,081
<b>Total current liabilities</b>	<b>126,377</b>	<b>106,165</b>
Non-current liabilities		
Long-term loans payable	36,146	38,066
Net defined benefit liability	2,548	2,618
Asset retirement obligations	362	367
Other	4,472	4,846
<b>Total non-current liabilities</b>	<b>43,530</b>	<b>45,898</b>
<b>Total liabilities</b>	<b>169,908</b>	<b>152,064</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	15,553	15,553
Capital surplus	23,716	23,716
Retained earnings	51,059	49,543
Treasury shares	-448	-448
<b>Total shareholders' equity</b>	<b>89,881</b>	<b>88,365</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,459	1,998
Foreign currency translation adjustment	47	30
Remeasurements of defined benefit plans	-3	-1
<b>Total accumulated other comprehensive income</b>	<b>1,503</b>	<b>2,027</b>
<b>Non-controlling interests</b>	<b>2,247</b>	<b>2,227</b>
<b>Total net assets</b>	<b>93,632</b>	<b>92,619</b>
<b>Total liabilities and net assets</b>	<b>263,540</b>	<b>244,683</b>

## (2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

## Quarterly consolidated statement of income

## Consolidated cumulative first quarter

(Unit: Millions yen)

	Previous consolidated cumulative first quarter (April 1 – June 30, 2016)	Consolidated cumulative first quarter under review (April 1 – June 30, 2017)
Net sales	89,440	89,724
Cost of sales	80,246	79,959
Gross profit	9,194	9,764
Sales, general, and administrative expenses	7,453	7,232
Operating profit	1,740	2,532
Non-operating income		
Interest income	81	82
Dividend income	69	82
Amortization of negative goodwill	60	58
Share of profit of entities accounted for using equity method	12	14
Reversal of allowance for doubtful accounts	25	7
Other	132	94
Total non-operating income	381	338
Non-operating expenses		
Interest expenses	81	61
Foreign exchange losses	90	12
Other	72	27
Total non-operating expenses	244	101
Ordinary profit	1,878	2,769
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	88	–
Other	0	0
Total extraordinary income	88	1
Extraordinary losses		
Loss on sales of non-current assets	–	3
Loss on retirement of non-current assets	7	3
Loss on valuation of investment securities	28	11
Other	8	4
Total extraordinary losses	44	22
Profit before income taxes	1,921	2,748
Income taxes - current	1,296	1,174
Income taxes - deferred	-269	24
Total income taxes	1,026	1,198
Profit	895	1,550
Profit attributable to noncontrolling interests	36	30
Profit attributable to owners of parent	858	1,519



Quarterly consolidated statement of comprehensive income

Consolidated cumulative first quarter

(Unit: Millions yen)

	Previous consolidated cumulative first quarter (April 1 – June 30, 2016)	Consolidated cumulative first quarter under review (April 1 – June 30, 2017)
Profit	895	1,550
Other comprehensive income		
Valuation difference on available-for-sale securities	-49	538
Foreign currency translation adjustments	-59	-20
Remeasurements of defined benefit plans	1	1
Total other comprehensive income	-107	519
Comprehensive income	787	2,069
(Breakdown)		
Comprehensive income attributable to owners of parent	750	2,043
Comprehensive income attributable to noncontrolling interests	36	25

## (3) Notes on quarterly consolidated financial statements

(Notes on the going concern assumption)

Not applicable

(Notes on marked changes to shareholders' equity)

Not applicable

(Segment information, etc.)

[Segment information]

## I Previous consolidated cumulative first quarter (April 1 – June 30, 2016)

## 1 Net sales and profit (loss) by reportable segment

(Unit: Millions yen)

	Reportable segment					Other*1	Total	Adjustments *2	Amount recorded on quarterly consolidated income statement*3
	Total Pack Produce business	Medical Supply business	Life Care business	Dispensing Pharmacy business	Subtotal				
Net sales									
(1) Sales to outside customers	15,172	62,834	5,187	5,838	89,034	406	89,440	–	89,440
(2) Intersegment sales or transfers	705	611	3	458	1,778	5	1,784	-1,784	–
Subtotal	15,878	63,446	5,190	6,297	90,812	412	91,224	-1,784	89,440
Segment profit	958	292	129	423	1,804	25	1,829	-88	1,740

Notes:

- The “Other” category includes businesses not included in reportable business segments, such as the veterinary clinic business and sales of physical and chemical apparatus.
- The figure of –88 million yen in adjustments to segment profit includes –7 million yen in cancellation of intersegment transactions and –82 million yen in companywide costs not allocated among reportable segments. These companywide costs consist mainly of parent company operating expenses and sales, general, and administrative expenses not attributable to individual reportable segments.
- Segment profit is adjusted against the operating profit reported on the quarterly consolidated statement of income.

## 2 Information on assets of individual reportable segments

During the consolidated cumulative first quarter under review, Konishi Kyowa Holding Corporation was acquired and added to the scope of consolidation.

As a result, assets in the Medical Supply business segment increased by 42,607 million yen from the end of the previous consolidated fiscal year.

## 3 Information on impairment losses on fixed assets or goodwill

(Important impairment losses on fixed assets)

Not applicable

(Important changes in amounts of goodwill)

During the consolidated cumulative first quarter under review, Konishi Kyowa Holding Corporation was acquired and added to the scope of consolidation.

As a result, goodwill in the Medical Supply business segment increased by 1,066 million yen during the consolidated cumulative first quarter under review.

(Important gains on bargain purchases)

Not applicable

## II Consolidated cumulative first quarter under review (April 1 – June 30, 2017)

## 1 Net sales and profit (loss) by reportable segment

(Unit: Millions yen)

	Reportable segment					Other*1	Total	Adjustments *2	Amount recorded on quarterly consolidated income statement*3
	Total Pack Produce business	Medical Supply business	Life Care business	Dispensing Pharmacy business	Subtotal				
Net sales									
(1) Sales to outside customers	13,394	63,335	5,515	6,283	88,528	1,195	89,724	–	89,724
(2) Intersegment sales or transfers	371	285	45	604	1,307	20	1,328	-1,328	–
Subtotal	13,765	63,621	5,560	6,888	89,835	1,216	91,052	-1,328	89,724
Segment profit	1,016	684	181	615	2,497	76	2,573	-41	2,532

## Notes:

1. The “Other” category includes businesses not included in reportable business segments, such as the veterinary clinic business, sales of physical and chemical apparatus, and the security business.
2. The figure of –41 million yen in adjustments to segment profit includes –2 million yen in cancellation of intersegment transactions and –42 million yen in companywide costs not allocated among reportable segments. These companywide costs consist mainly of parent company operating expenses and sales, general, and administrative expenses not attributable to individual reportable segments.
3. Segment profit is adjusted against the operating profit reported on the quarterly consolidated statement of income.

## 2 Information on impairment losses on fixed assets or goodwill

No important impairment losses on fixed assets, important changes in amounts of goodwill, or important gains on bargain purchases were recognized during the consolidated cumulative first quarter under review.