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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 [Japanese GAAP]



May 14, 2019

Company name: Sanoyas Holdings Corporation  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 7022  
 URL: <http://www.sanoyas.co.jp/>  
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 Scheduled date of Annual General Meeting of Shareholders: June 21, 2019  
 Scheduled date of filing annual securities report: June 21, 2019  
 Scheduled date of commencing dividend payments: June 24, 2019  
 Availability of supplementary briefing material on annual financial results: Not available

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit (loss)		Ordinary profit (loss)		Profit (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2019	48,144	1.5	1,272	—	1,326	—	1,383	—
March 31, 2018	47,455	(10.6)	(3,160)	—	(3,145)	—	(4,260)	—

(Note) Comprehensive income: Fiscal year ended March 31, 2019: ¥1,347 million [—%]

Fiscal year ended March 31, 2018: ¥(3,764)million [—%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Rate of ordinary profit (loss) to total assets	Rate of operating profit (loss) to net sales
	Yen	Yen	%	%	%
March 31, 2019	42.45	42.06	9.9	2.0	2.6
March 31, 2018	(130.77)	—	(27.7)	(4.6)	(6.7)

(Reference) Profit (loss) on equity method investments: Fiscal year ended March 31, 2019: ¥197 million

Fiscal year ended March 31, 2018: ¥114 million

(Note) Diluted earnings per share for the Fiscal Year Ended March 31, 2018 are not shown in above table as a net loss per share was posted.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	67,110	14,654	21.7	447.74
As of March 31, 2018	67,635	13,446	19.8	411.42

(Reference) Equity: As of March 31, 2019: ¥14,590 million

As of March 31, 2018: ¥13,403 million

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2019	298	(3,154)	(135)	19,323
March 31, 2018	8,800	(2,105)	(1,769)	22,224

### 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2018	—	0.00	—	5.00	5.00	162	—	1.1
March 31, 2019	—	0.00	—	5.00	5.00	162	11.8	1.2
Fiscal year ending March 31, 2020 (Forecast)	—	0.00	—	5.00	5.00		—	

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Profit (loss) attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	48,000	(0.3)	(400)	—	(400)	—	(400)	—	(12.28)

(Note 1) The exchange rate used for unfixed foreign currency items in assuming the Company's earnings forecast is 108 yen to the U.S dollar.

(Note 2) The statement for the consolidated financial results forecast for the first half of the fiscal year ending March 31, 2019 is omitted, as the Company sets its earnings goals at an annual base.

#### \* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

March 31, 2019: 32,606,800 shares

March 31, 2018: 32,600,600 shares

2) Total number of treasury shares at the end of the period:

March 31, 2019: 20,715 shares

March 31, 2018: 20,715 shares

3) Average number of shares during the period:

Fiscal Year Ended March 31, 2019: 32,580,838 shares

Fiscal Year Ended March 31, 2018: 32,579,423 shares

\* These consolidated financial results are outside the scope of audit

\* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available and certain assumptions deemed reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors.

## 1. Summary of Business Results

In the business environment surrounding the Sanoyas Group, “twin surpluses” of shipping tonnage and shipbuilding capacity continues structurally and the situation is still tough in the Shipbuilding & Engineering business. Although the market of bulk carriers showed a moderate recovery trend during 2018, the market has been weakening since the beginning of 2019.

In the Shipbuilding business, new 82,000 DWT type PANAMAX bulk carriers and new 64,000 DWT type SUPRAMAX bulk carriers have been developed. These vessels are applied IMO NOx Tier III regulation and IACS Harmonized Common Structural Rules and further improved fuel consumption. In addition, 41,000 DWT type HANDY SIZE bulk carriers have been developed newly. This type of vessel with wide beam and shallow draft has larger cargo hold capacity and applies new regulations. We carry out sales promotion. On the other hand, under the severe shipbuilding market situation, we are also working on adding new item on our menu and receive building orders of special vessels and working ships following the order of ferries. As to the Marine and Ship Repair business that we have been working on to complement the Shipbuilding business, we are promoting sales of the marine LNG fuel supply systems that are jointly developed with Sumitomo Seika Chemicals Company, Limited. (merger with SEIKA ENGINEERING CO., LTD.) and the orders are increased gradually. Regarding LPG tank business, we decided to manufacture in the Mizushima Shipyard (Kurashiki City, Okayama Prefecture) in addition to the Osaka Shipyard (Osaka City, Osaka Prefecture), and we are preparing to enhance the business.

We had regarded the Industrial Machinery & Service business and Leisure business as “second core business” and promoted various business portfolios. We recognize it is important and urgent issue to make our group business stable and sustainable. Therefore, we restructured the Industrial Machinery & Service business and Leisure business as M & T Group (Machinery & Technology Group) on April 2, 2018, and established Sanoyas MTG Corporation as a management company for M & T group. Subsequently, we received an approval for the "absorption-type split agreement" to transfer shares of M & T group companies to Sanoyas MTG Corporation at the annual shareholders' meeting in June. The transaction came into effect on July 2. Regarding the business structure of M & T Group, on October 31, 2018, we decided that Sanoyas Engineering Corporation, DAICHU CO., LTD. and Sanoyas Construction Machinery Corporation, which are mainly engaged in manufacturing and maintenance service of industrial machinery, will be consolidated into one company. Sanoyas Engineering Corporation and DAICHU CO., LTD. merged on April 1, 2019. Sanoyas Construction Machinery Corporation is scheduled to merge on April 1, 2020. By reorganizing these three companies into each functional activity in the new company, we intended to strengthen and expand our business structure through improving efficiency of management, the best allocation of human resources and pursuit of synergies on sharing their factories. Furthermore, on November 29, 2018, for the aim of promoting IT development in our businesses activities, we decided that SANOTEC Corporation and Sanoyas Business Partner Corporation will be consolidated. At the same time, we are going to assign smoothly and effectively their system engineers to our group companies from SANOTEC Corporation. SANOTEC is engaged in software development and calculation/information processing business and Sanoyas Business Partner is engaged in general trading business and service business in our group.

Regarding the M & T business, being based on strong domestic and overseas demand, steady results were seen in such sectors as construction-use elevators, works related to air-conditioning, drainage and sanitation facilities,

vacuum emulsifying equipment and stirrers for cosmetic manufacturing, and amusement park machinery. To improve productivity, Sanoyas Precision Industry Corporation, mainly engaged in precision machining, has been consolidating its three factories in the Kansai area into new built one in Sanda City, Hyogo Prefecture, with its head office. The second phase construction was completed in March 2019 and the relocation was finished.

Consolidated net sales for the fiscal year ended March 31, 2019 increased by ¥688 million (1.5%) over the previous fiscal year, to ¥48,144 million. Operating profit was ¥1,272 million (operating loss of the previous fiscal year was ¥3,160 million), ordinary profit was ¥1,326 million (ordinary loss of the previous fiscal year was ¥3,145 million), and profit attributable to owners of parent was ¥1,383 million (loss attributable to owners of parent of the previous fiscal year was ¥4,260 million).

## 2. About Financing

One of our management tasks is to secure and maintain stable long-term working capital. Regarding the existing syndicated loan agreement (expiry date: December 30, 2019), Sanoyas Shipbuilding Corporation (wholly-owned by Sanoyas Holdings Corporation) concluded a new syndicated loan agreement (borrowing amount ¥9,200 million) and refinanced on October 31, 2018. Consequently, the expiry date is extended to December 30, 2021, and the annual repayment amount is decreased due to setting up an alternative tranche of bullet repayment. The covenants (Sanoyas Shipbuilding Corporation and our covenant provision) are also taken into consideration about high volatility of our business condition in future.

## 3. Segment Results

### ①Shipbuilding & Engineering business

As a result of the business activities, the segment backlog of orders was ¥ 40,820 million on a percentage of completion method. The segment net sales for the fiscal year ended March 31, 2019 decreased by ¥859 million (2.9%) over the previous fiscal year, to ¥28,411 million. Steel prices increased during the fiscal year. Under the circumstances, we improved the operation in our indirect departments. In addition, the evaluated net sales of the backlog of shipbuilding orders on a US dollar basis increased because the yen weakened against the US dollar compared to the end of the previous fiscal year. The allowance for future loss on construction contracts decreased. As a result, the operating profit was ¥203 million (operating loss of the previous fiscal year was ¥3,463 million).

### ②M & T business

As a result of the business activities, the segment backlog of orders was ¥6,796 million. The segment net sales were ¥19,732 million. Operating profit was ¥1,363 million.

Consolidated Financial Statements [Japanese GAAP]

(1) Consolidated Balance Sheets [Japanese GAAP]

(Million yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	23,019	20,108
Notes and accounts receivable - trade	13,498	15,305
Electronically recorded monetary claims - operating	736	465
Securities	—	500
Merchandise and finished goods	222	251
Work in process	1,330	1,117
Raw materials and supplies	654	659
Other	3,040	2,725
Allowance for doubtful accounts	(23)	(21)
Total current assets	42,479	41,112
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,687	19,152
Accumulated depreciation	(12,821)	(12,976)
Buildings and structures, net	5,866	6,175
Docks and building berths	5,033	5,033
Accumulated depreciation	(3,559)	(3,612)
Docks and building berths, net	1,474	1,421
Machinery, vehicles, tools, furniture and fixtures	35,069	34,910
Accumulated depreciation	(31,711)	(30,924)
Machinery, vehicles, tools, furniture and fixtures, net	3,358	3,985
Land	4,980	4,980
Construction in progress	313	196
Total property, plant and equipment	15,993	16,760
Intangible assets		
Software	409	362
Goodwill	426	357
Other	31	31
Total intangible assets	868	752
Investments and other assets		
Investment securities	6,715	6,997
Long-term loans receivable	538	475
Deferred tax assets	203	247
Net defined benefit asset	273	277
Other	662	591
Allowance for doubtful accounts	(98)	(103)
Total investments and other assets	8,295	8,485
Total non-current assets	25,156	25,997
<b>Total assets</b>	<b>67,635</b>	<b>67,110</b>

(Million yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,278	11,489
Notes payable - facilities	765	460
Short-term loans payable	4,630	4,830
Current portion of long-term loans payable	4,231	3,853
Income taxes payable	72	273
Advances received	3,757	4,505
Provision for bonuses	464	495
Provision for construction warranties	253	167
Provision for loss on construction contracts	5,210	3,109
Provision for removal cost of property and equipment	—	34
Lease obligations	95	165
Other	1,497	1,844
Total current liabilities	32,258	31,229
Non-current liabilities		
Long-term loans payable	13,689	12,699
Lease obligations	1,009	1,222
Deferred tax liabilities	2,373	2,322
Provision for removal cost of property and equipment	59	—
Net defined benefit liability	4,309	4,501
Asset retirement obligations	445	451
Other	44	28
Total non-current liabilities	21,931	21,226
Total liabilities	54,189	52,456
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,538	2,538
Capital surplus	564	402
Retained earnings	7,356	8,739
Treasury shares	(5)	(5)
Total shareholders' equity	10,453	11,675
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,274	3,308
Deferred gain (loss) on hedges	(1)	(2)
Foreign currency translation adjustment	(31)	(169)
Remeasurements of defined benefit plans	(290)	(221)
Total accumulated other comprehensive income	2,950	2,915
Share acquisition right	42	63
Total net assets	13,446	14,654
<b>Total liabilities and net assets</b>	<b>67,635</b>	<b>67,110</b>

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income [Japanese GAAP]

Consolidated Statements of Income [Japanese GAAP]

(Million yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Net sales	47,455	48,144
Cost of sales	45,736	42,071
Gross profit	1,719	6,073
Selling, general and administrative expenses	4,880	4,800
Operating profit (loss)	(3,160)	1,272
Non-operating income		
Interest income	19	17
Dividend income	113	115
Share of profit of entities accounted for using equity method	114	197
Foreign exchange gain	–	131
Other	109	96
Total non-operating income	356	558
Non-operating expenses		
Interest expenses	294	265
Commission for syndicate loan	–	102
Other	47	137
Total non-operating expenses	341	504
Ordinary profit (loss)	(3,145)	1,326
Extraordinary income		
Gain on insurance adjustment	111	149
Gain on sale of businesses	–	110
Gain on reversal of allowance for loss on business withdrawal	87	–
Gain on sales of investment securities	75	38
Total extraordinary income	274	297
Extraordinary loss		
Impairment loss	1,247	62
Provision for assets removal	59	–
Loss on retirement of non-current assets	53	–
Total extraordinary loss	1,361	62
Profit (loss) before income taxes	(4,232)	1,562
Income taxes – current	140	301
Income taxes – deferred	(113)	(122)
Total income taxes	27	178
Profit (loss)	(4,260)	1,383
Profit (loss) attributable to owners of parent	(4,260)	1,383



Consolidated Statements of Comprehensive Income [Japanese GAAP]

(Million yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Profit (loss)	(4,260)	1,383
Other comprehensive loss (income)		
Valuation difference on available-for-sale securities	377	34
Deferred gain (loss) on hedges	(34)	(2)
Foreign currency translation adjustment	40	(136)
Remeasurements of defined benefit plans, net of tax	114	69
Comprehensive loss (income) of affiliates accounted for by the equity method attributable to the Company	(2)	0
Total other comprehensive loss (income)	495	(35)
Comprehensive income	(3,764)	1,347
Comprehensive income (loss) attributable to		
Owners of the parent	(3,764)	1,347
Non-controlling interests	—	—

## (3) Consolidated Statements of Cash Flows [Japanese GAAP]

(Million yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(4,232)	1,562
Depreciation	1,614	1,690
Impairment loss	1,247	62
Amortization of goodwill	69	69
Increase (decrease) in net defined benefit liability	246	192
Increase (decrease) in allowance for doubtful accounts	78	2
Increase (decrease) in provision for bonuses	5	30
Increase (decrease) in provision for construction warranties	126	(86)
Increase (decrease) in provision for loss on construction contracts	2,396	(2,101)
Increase (decrease) in provision for removal cost of property and equipment	59	25
Increase (decrease) in provision for loss on business withdrawal	(341)	–
Interest and dividend income	(132)	(132)
Interest expenses	294	265
Foreign exchange loss (gain)	(2)	(115)
Gain on insurance income	(111)	(149)
Loss(gain) on sale of businesses	–	(110)
Loss on retirement of non-current assets	53	36
Loss (gain) on sales of investment securities	(75)	(38)
Decrease (increase) in notes and accounts receivable – trade	7,336	(1,544)
Decrease (increase) in inventories	(154)	169
Increase (decrease) in notes and accounts payable - trade	983	244
Increase (decrease) in advances received	19	666
Decrease (increase) in consumption taxes refund receivable	92	(94)
Other, net	10	(177)
Subtotal	9,584	464
Interest and dividend income received	132	128
Interest expenses paid	(292)	(264)
Proceeds from insurance income	111	232
Income taxes paid	(735)	(262)
Net cash provided by (used in) operating activities	8,800	298
<b>Cash flows from investing activities</b>		
Payments into time deposits	(490)	(483)
Proceeds from withdrawal of time deposits	654	493
Net decrease (increase) in short-term investment securities	–	(500)
Purchase of property, plant and equipment	(2,051)	(2,787)
Proceeds from sales of property, plant and equipment	2	50
Purchase of investment securities	(18)	(16)
Proceeds from sales of investment securities	121	13
Payments of loans receivable	(3)	(1)
Collection of loans receivable	4	74
Proceeds from sale of businesses	–	110
Other, net	(326)	(107)
Net cash provided by (used in) investing activities	(2,105)	(3,154)

(Million yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(100)	200
Proceeds from long-term loans payable	4,100	12,100
Repayments of long-term loans payable	(4,327)	(13,467)
Proceeds from sales and leaseback transactions	–	1,343
Cash dividends paid	(162)	(162)
Repayments of lease obligations	(1,279)	(148)
Other, net	–	0
Net cash provided by (used in) financing activities	(1,769)	(135)
Effect of exchange rate change on cash and cash equivalents	(3)	90
Net increase (decrease) in cash and cash equivalents	4,922	(2,901)
Cash and cash equivalents at beginning of period	17,301	22,224
Cash and cash equivalents at end of period	22,224	19,323

(Segment Information)

1 Information concerning Net sales and Operating profit or loss by Reportable business segment  
Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Million yen)

	Reportable segment			Total	Adjustments (Note 1)	Amount recorded in consolidated statements of income (Note 2)
	Shipbuilding & Engineering Business	Industrial Machinery & Service Business	Leisure Business			
Net sales						
External sales	29,271	14,238	3,945	47,455	—	47,455
Internal sales or transfers	6	892	—	899	(899)	—
Total	29,277	15,131	3,945	48,354	(899)	47,455
Segment profit (loss)	(3,463)	(1,098)	(82)	(2,448)	(712)	(3,160)
Segment assets	41,809	18,526	6,290	66,626	1,009	67,635
Other items						
Depreciation and amortization	857	396	267	1,521	92	1,614
Amortization of goodwill	—	69	—	69	—	69
Increase in property, plant and equipment and intangible assets	575	1,177	222	1,975	142	2,117

(Note 1) Details of “Adjustments” are as follows:

Adjustments for the segment profit or loss of ¥712 million include corporate cost of ¥741 million not allocated to each reportable segment, allowance for doubtful accounts of ¥(9) million and elimination of inter-segment transaction of ¥(19) million.

Adjustments for segment assets of ¥1,009 million include corporate assets of ¥4,360 million and consolidation adjustments of ¥(3,350) million.

Adjustments for depreciation and amortization of ¥92 million include depreciation and amortization of corporate assets of ¥94million and the elimination of transaction between the segments of ¥(2) million.

Adjustment for the increase in property, plant and equipment and intangible assets of ¥142 million include investments in corporate assets of ¥52 million and software of ¥89 million.

Corporate cost consists of general and administrative expenses which do not belong to the reporting segment.

(Note 2) Segment profit or loss is adjusted with operating loss recorded in the consolidated statements of income.

Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Million yen)

	Reportable segment		Total	Adjustments (Note 1)	Amount recorded in consolidated statements of income (Note 2)
	Shipbuilding & Engineering Business	Machinery & Technology Business			
Net sales					
External sales	28,411	19,732	48,144	—	48,144
Internal sales or transfers	8	946	955	(955)	—
Total	28,420	20,679	49,099	(955)	48,144
Segment profit	203	1,363	1,567	(294)	1,272
Segment assets	40,632	26,920	67,552	(442)	67,110
Other items					
Depreciation and amortization	836	765	1,602	88	1,690
Amortization of goodwill	—	69	69	—	69
Increase in property, plant and equipment and intangible assets	644	1,912	2,556	39	2,595

(Note 1) Details of “Adjustments” are as follows:

Adjustments for the segment profit of ¥294 million include corporate cost of ¥322 million not allocated to each reportable segment, allowance for doubtful accounts of ¥(4) million and elimination of inter-segment transaction of ¥(23) million.

Adjustments for segment assets of ¥(442) million include corporate assets of ¥5,176 million and consolidation adjustments of ¥(5,618) million.

Adjustments for depreciation and amortization of ¥88 million include depreciation and amortization of corporate assets of ¥92 million and the elimination of transaction between the segments of ¥(3) million.

Adjustment for the increase in property, plant and equipment and intangible assets of ¥39 million include investments in corporate assets of ¥4 million and software of ¥34 million.

Corporate cost consists of general and administrative expenses which do not belong to the reporting segment.

(Note 2) Segment profit is adjusted with operating profit recorded in the consolidated statements of income.

## 2 Changes in Reportable segments

During the three months ended June 30, 2018, “Industrial Machinery & Service Business” and “Leisure Business” were integrated into “Machinery & Technology Business” as a result of the review of the management unit.

Since Sanoyas MTG Corporation was established in April 2018 to supervise "Machinery & Technology Business", it is difficult to collect information to prepare segment information for the Fiscal Year Ended March 31, 2018 based on the segment classification for the Fiscal Year Ended March 31, 2019. Therefore, the Fiscal Year Ended March 31, 2019 is prepared based on the reportable segments for the Fiscal Year Ended March 31, 2018.

(Million yen)

	Reportable segment			Total	Adjustments (Note 1)	Amount recorded in consolidated statements of income (Note 2)
	Shipbuilding & Engineering Business	Industrial Machinery & Service Business	Leisure Business			
Net sales						
External sales	28,411	15,517	4,214	48,144	—	48,144
Internal sales or transfers	8	1,004	—	1,013	(1,013)	—
Total	28,420	16,522	4,214	49,157	(1,013)	48,144
Segment profit	203	1,719	158	2,081	(809)	1,272
Segment assets	40,632	19,954	6,432	67,020	90	67,110
Other items						
Depreciation and amortization	836	498	266	1,601	88	1,690
Amortization of goodwill	—	69	—	69	—	69
Increase in property, plant and equipment and intangible assets	644	1,285	625	2,556	39	2,595

(Note 1) Details of “Adjustments” are as follows:

Adjustments for the segment profit of ¥809 million include corporate cost of ¥836 million not allocated to each reportable segment, allowance for doubtful accounts of ¥(4) million and elimination of inter-segment transaction of ¥(23) million.

Adjustments for segment assets of ¥90 million include corporate assets of ¥5,797 million and consolidation adjustments of ¥(5,707) million.

Adjustments for depreciation and amortization of ¥88 million include depreciation and amortization of corporate assets of ¥92million and the elimination of transaction between the segments of ¥(3) million.

Adjustment for the increase in property, plant and equipment and intangible assets of ¥39 million include investments in corporate assets of ¥4 million and software of ¥35 million.

Corporate cost consists of general and administrative expenses which do not belong to the reporting segment.

(Note 2) Segment profit is adjusted with operating profit recorded in the consolidated statements of income.

### 3. Supplementary information

#### Status of sales and orders

##### Segmental sales

Segment	Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)		Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)	
	(Million yen)	Composition ratio (%)	(Million yen)	Composition ratio (%)
Shipbuilding & Engineering Business	29,271	61.7	28,411	59.0
Machinery & Technology Business	18,184	38.3	19,732	41.0
Total	47,455	100.0	48,144	100.0

##### Order status and backlog of orders

Segment	Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)		Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)	
	Orders (Million yen)	Backlog of orders (Million yen)	Orders (Million yen)	Backlog of orders (Million yen)
Shipbuilding & Engineering Business	9,870	39,006	29,866	40,820
Machinery & Technology Business	12,953	6,235	13,766	6,796
Total	22,824	45,241	43,632	47,616

(Note) The backlog of orders of the shipbuilding in the Shipbuilding & Engineering Business as of March 31, 2019 is stated on the percentage of completion method and the number of backlog of orders is 16 ships on a delivery basis.