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## Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2019 [Japanese GAAP]



July 31, 2018

Company name: Sanoyas Holdings Corporation  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 7022  
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 Scheduled date of filing quarterly securities report: August 10, 2018  
 Scheduled date of commencing dividend payments: –  
 Availability of supplementary briefing material on annual financial results: Not available  
 Schedule of quarterly financial results briefing session: No

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

### 1. Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2019 (April 1, 2018 to June 30, 2018)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
June 30, 2018	11,727	(2.1)	850	148.6	955	177.8	973	116.0
June 30, 2017	11,974	(1.3)	342	–	343	–	450	–

(Note) Comprehensive income: First quarter of fiscal year ending March 31, 2019: ¥1,200 million [96.8%]  
 First quarter of fiscal year ended March 31, 2018: ¥609 million [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2018	29.89	29.69
June 30, 2017	13.84	13.80

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
June 30, 2018	66,162	14,489	21.8
March 31, 2018	67,635	13,446	19.8

(Reference) Equity: As of June 30, 2018: ¥14,441 million As of March 31, 2018: ¥13,403 million

(Note) “Partial Amendments to the Accounting Standard for Tax Effect Accounting” (ASBJ No.28; February 16, 2018), etc. have been applied from the beginning of the first quarter of the fiscal year ending March 31, 2019, and results for the fiscal year ended March 31, 2018 are those after retrospective application.

## 2. Cash Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Year ended March 31, 2018	Yen —	Yen 0.00	Yen —	Yen 5.00	Yen 5.00
Year ending March 31, 2019	—				
Year ending March 31, 2019 (Forecast)		0.00	—	5.00	5.00

(Note) Revision to recently disclosed projected cash dividends: No

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit (loss) attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	46,000	(3.1)	(800)	—	(800)	—	(800)	—	(24.56)

(Note) Revision to recently disclosed projected consolidated financial results: No

### \* Notes:

- (1) Changes in significant subsidiaries during the current quarter (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to revision of accounting standards: No
  - 2) Changes in accounting policies other than 1): No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Number of issued shares (common shares)
  - 1) Number of issued shares at the end of the period (including treasury shares):
    - As of June 30, 2018: 32,600,600 shares
    - As of March 31, 2018: 32,600,600 shares
  - 2) Number of treasury shares at the end of the period:
    - As of June 30, 2018: 20,715 shares
    - As of March 31, 2018: 20,715 shares
  - 3) Average number of outstanding shares during the period:
    - Three months ended June 30, 2018: 32,579,885 shares
    - Three months ended June 30, 2017: 32,578,386 shares

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

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

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

- 2) Quarterly results may not necessarily be linked to annual results because these are significantly affected by the followings; 1.the nature of order-receiving industry in which Sanoyas group are engaged, especially trends in shipping price that are strongly affected by shipping market and presence of new orders, 2.individual profitability of shipbuilding on the basis of percentage of completion method, and 3.exchange rates at the end of each quarter.
- 3) We have not updated the consolidated financial results forecast announced in May 2018 at this point as we took into consideration the nature of the shipbuilding business, amounts of sales and provision for loss on construction contracts are strongly linked to the individual profitability of shipbuilding affected by exchange rates and shipbuilding market.

Quarterly Consolidated Financial Statements [Japanese GAAP]

(1) Quarterly Consolidated Balance Sheets [Japanese GAAP]

(Million yen)

	As of March 31, 2018	As of June 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	23,019	20,143
Notes and accounts receivable - trade	14,235	15,319
Securities	-	500
Merchandise and finished goods	222	238
Work in process	1,330	1,465
Raw materials and supplies	654	794
Other	3,040	1,736
Allowance for doubtful accounts	(23)	(28)
Total current assets	42,479	40,169
Non-current assets		
Property, plant and equipment		
Machinery and equipment, net	2,784	3,246
Land	4,980	5,004
Other, net	8,228	8,224
Total property, plant and equipment	15,993	16,475
Intangible assets		
Software	409	390
Goodwill	426	409
Other	31	31
Total intangible assets	868	831
Investments and other assets		
Investment securities	6,715	7,169
Long-term loans receivable	538	473
Deferred tax assets	203	198
Net defined benefit asset	273	281
Other	662	660
Allowance for doubtful accounts	(98)	(98)
Total investments and other assets	8,295	8,685
Total non-current assets	25,156	25,992
Total assets	67,635	66,162

(Million yen)

	As of March 31, 2018	As of June 30, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,278	10,546
Notes payable - facilities	765	738
Short-term loans payable	4,630	4,180
Current portion of long-term loans payable	4,231	4,139
Income taxes payable	72	65
Advances received	3,757	3,801
Provision for bonuses	464	235
Provision for construction warranties	253	258
Provision for loss on construction contracts	5,210	4,158
Provision for noncurrent assets removal cost	–	59
Lease obligations	95	158
Other	1,497	1,453
Total current liabilities	32,258	29,795
Non-current liabilities		
Long-term loans payable	13,689	13,285
Lease obligations	1,009	1,287
Deferred tax liabilities	2,373	2,441
Provision for noncurrent assets removal cost	59	–
Net defined benefit liability	4,309	4,381
Asset retirement obligations	445	451
Other	44	30
Total non-current liabilities	21,931	21,877
Total liabilities	54,189	51,673
Net assets		
Shareholders' equity		
Capital stock	2,538	2,538
Capital surplus	564	401
Retained earnings	7,356	8,329
Treasury shares	(5)	(5)
Total shareholders' equity	10,453	11,264
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,274	3,566
Deferred gains or losses on hedges	(1)	(1)
Foreign currency translation adjustment	(31)	(123)
Remeasurements of defined benefit plans	(290)	(265)
Total accumulated other comprehensive income	2,950	3,176
Subscription rights to shares	42	48
Total net assets	13,446	14,489
Total liabilities and net assets	67,635	66,162

## (2) Quarterly Consolidated Statements of Income [Japanese GAAP]

(Million yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	11,974	11,727
Cost of sales	10,382	9,591
Gross profit	1,592	2,135
Selling, general and administrative expenses	1,250	1,284
Operating profit	342	850
Non-operating income		
Interest income	4	3
Dividend income	54	60
Share of profit of entities accounted for using equity method	24	16
Foreign exchange profit	1	87
Other	25	19
Total non-operating income	111	187
Non-operating expenses		
Interest expenses	80	66
Other	29	15
Total non-operating expenses	109	82
Ordinary profit	343	955
Profit before income taxes	343	955
Income taxes - current	46	38
Income taxes - deferred	(153)	(56)
Total income taxes	(106)	(18)
Profit	450	973
Profit attributable to owners of parent	450	973

(Segment Information)

I Three months ended June 30, 2017 (April 1, 2017 to June 30, 2017)

Information concerning Net sales and Operating profit or loss by Reportable business segment

(Million yen)

	Reportable segment			Total	Adjustments (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Shipbuilding & Engineering Business	Industrial Machinery & Service Business	Leisure Business			
Net sales						
External sales	8,067	2,925	981	11,974	—	11,974
Internal sales or transfers	3	210	—	213	(213)	—
Total	8,070	3,135	981	12,188	(213)	11,974
Segment profit (loss)	384	155	(11)	527	(185)	342

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

Adjustments for the segment profit or loss of ¥185 million include corporate cost of ¥191 million not allocated to each reportable segment, allowance for doubtful accounts of ¥0 million and elimination of inter-segment transaction of ¥(6) 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 profit recorded in the quarterly consolidated statements of income.

II Three months ended June 30, 2018 (April 1, 2018 to June 30, 2018)

1 Information concerning Net sales and Operating profit or loss by Reportable business segment

(Million yen)

	Reportable segment		Total	Adjustments (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Shipbuilding & Engineering Business	Machinery & Technology Business			
Net sales					
External sales	7,269	4,457	11,727	—	11,727
Internal sales or transfers	5	251	256	(256)	—
Total	7,274	4,709	11,983	(256)	11,727
Segment profit	787	159	947	(96)	850

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

Adjustments for the segment profit of ¥96 million include corporate cost of ¥103 million not allocated to each reportable segment, allowance for doubtful accounts of ¥(1) million and elimination of inter-segment transaction of ¥(5) 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 quarterly 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 first quarter ended June 30, 2017 based on the segment classification for the first quarter ended June 30, 2018. Therefore, the first quarter ended June 30, 2018 is prepared based on the reportable segments for the first quarter ended June 30, 2017.

(Million yen)

	Reportable segment			Total	Adjustments (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Shipbuilding & Engineering Business	Industrial Machinery & Service Business	Leisure Business			
Net sales						
External sales	7,269	3,414	1,042	11,727	—	11,727
Internal sales or transfers	5	267	—	272	(272)	—
Total	7,274	3,682	1,042	11,999	(272)	11,727
Segment profit	787	170	120	1,077	(227)	850

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

Adjustments for the segment profit of ¥227 million include corporate cost of ¥234 million not allocated to each reportable segment, allowance for doubtful accounts of ¥(1) million and elimination of inter-segment transaction of ¥(5) 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 quarterly consolidated statements of income.

Supplementary information

Status of sales and orders

Segmental sales

Segment	Three months ended June 30, 2017 (April 1, 2017 to June 30, 2017)		Three months ended June 30, 2018 (April 1, 2018 to June 30, 2018)	
	(Million yen)	Composition ratio (%)	(Million yen)	Composition ratio (%)
Shipbuilding & Engineering Business	8,067	67.4	7,269	62.0
Machinery & Technology Business	3,907	32.6	4,457	38.0
Total	11,974	100.0	11,727	100.0

Order status and backlog of orders

Segment	Three months ended June 30, 2017 (April 1, 2017 to June 30, 2017)		Three months ended June 30, 2018 (April 1, 2018 to June 30, 2018)	
	Orders (Million yen)	Backlog of orders (Million yen)	Orders (Million yen)	Backlog of orders (Million yen)
Shipbuilding & Engineering Business	765	50,809	9,998	41,815
Machinery & Technology Business	3,011	4,220	3,180	6,784
Total	3,777	55,030	13,179	48,600

(Note) The backlog of orders of the shipbuilding in the Shipbuilding & Engineering Business as of June 30, 2018 is stated on the percentage of completion method and the number of backlog of orders is 17 ships on a delivery basis.