



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

May 11, 2018

Name of listed company: SHIP HEALTHCARE HOLDINGS, INC.  
Shares listed on: Tokyo Stock Exchange  
Code: 3360 URL <http://www.shiphd.co.jp/>  
Representative: (Title) Chairman and CEO (Name) Kunihisa Furukawa  
Contact: (Title) Managing Director (Name) Hiroshi Yokoyama  
Tel.: +81-6-6369-0130

Scheduled date for regular general meeting of shareholders: June 28, 2018

Scheduled start date for dividend payments: June 29, 2018

Scheduled date for filing securities report: June 28, 2018

Supplementary briefing materials on results: Y

Briefing on results: Y (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ending March 31, 2018 (April 1, 2017–March 31, 2018)

(1) Consolidated operating results (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)	%
FY ended March 2018	425,566	4.2	18,259	13.7	18,935	14.9	10,350	10.0
FY ended March 2017	408,487	33.1	16,055	14.3	16,478	11.8	9,410	6.4

Note: Comprehensive income: FY ended March 2018: ¥11,304 million (15.6%);

FY ended March 2017: ¥9,782 million (14.4%)

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating margin
	(Yen)	(Yen)	%	%	%
FY ended March 2018	204.57	–	10.8	6.9	4.3
FY ended March 2017	186.32	–	10.9	6.8	3.9

Reference: Share of profit (loss) of entities accounted for using equity method: FY ended March 31, 2018: ¥34 million;  
FY ended March 31, 2017: ¥0

(2) Consolidated financial condition

	Total assets	Net assets	Equity capital ratio	Net assets per share
	(Millions yen)	(Millions yen)	%	(Yen)
FY ended March 2018	285,438	102,354	35.0	1,973.95
FY ended March 2017	263,540	93,632	34.7	1,806.05

Reference: Equity: FY ended March 2018: ¥99,880 million; FY ended March 2017: ¥91,384 million

(3) Consolidated cash flows

	Net cash from operating activities	Net cash from investing activities	Net cash from financing activities	Cash and cash equivalents at end of period
	(Millions yen)	(Millions yen)	(Millions yen)	(Millions yen)
FY ended March 2018	20,204	–6,640	–3,347	58,787
FY ended March 2017	15,311	–5,709	3,543	48,661

2. Dividends

	Annual dividends					Total annual dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End Q1	End Q2	End Q3	Year-end	Total			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions yen)	%	%
FY ended March 2017	–	0.00	–	60.00	60.00	3,035	32.2	3.5
FY ended March 2018	–	0.00	–	64.00	64.00	3,238	31.3	3.4
FY ending March 2019 (forecast)	–	0.00	–	64.00	64.00		30.8	

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

### 3. Forecast of consolidated financial results for fiscal year ending March 31, 2019 (April 1, 2018–March 31, 2019)

(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		Net income per share
	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%	(Yen)
Cumulative through second quarter	190,000	1.4	4,400	-27.1	4,600	-27.1	2,600	-28.3	51.38
Full-year	440,000	3.4	17,500	-4.2	17,800	-6.0	10,500	1.4	207.51

#### Notes

(1) Changes affecting significant subsidiaries during period under review (changes affecting specific subsidiaries accompanied by changes affecting the scope of consolidation): None

(2) Changes made in accounting policies, accounting estimates, and/or restatements

(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

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

(i) Number of shares issued and outstanding at the end of the period (including treasury shares)

FY ended March 2018	50,834,700 shares	FY ended March 2017	50,834,700 shares
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(ii) Number of treasury shares at the end of the period

FY ended March 2018	235,568 shares	FY ended March 2017	235,568 shares
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(iii) Average number of shares during the period

FY ended March 2018	50,599,132 shares	FY ended March 2017	50,507,285 shares
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#### Reference: Overview of non-consolidated financial results

1. Non-consolidated financial results for fiscal year ended March 31, 2018 (April 1, 2017–March 31, 2018)

(1) Non-consolidated operating results (Percentages represent year-on-year changes.)

	Operating revenues		Operating profit		Ordinary profit		Net income	
	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%
FY ended March 2018	6,504	5.5	5,367	4.8	5,319	5.4	5,188	5.1
FY ended March 2017	6,162	16.3	5,123	16.8	5,044	15.9	4,937	14.5

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
FY ended March 2018	102.55	—
FY ended March 2017	97.76	—

(2) Non-consolidated financial condition

	Total assets	Net assets	Equity capital ratio	Net assets per share
	(Millions yen)	(Millions yen)	%	(Yen)
FY ended March 2018	71,921	55,192	76.7	1,090.79
FY ended March 2017	65,617	53,009	80.8	1,047.64

Reference: Equity: FY ended March 31, 2018: ¥55,192 million; FY ended March 31, 2017: ¥53,009 million

\* This summary of financial statements is not subject to audits by a certified public accountant or audit firm.

\* 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 at the time this document was prepared and certain assumptions considered reasonable. Actual results may differ significantly from forecasts due to various factors. For assumptions underlying forecasts of financial results, notes on use of forecasts of financial results, and other related information, see “Future outlook” on page 5 of the Annexed Materials.
- The Company is a holding company and the bulk of its revenue consists of dividends received from subsidiaries and revenues from their operating costs. Detailed information on non-consolidated financial forecasts is omitted since information is not important for investment information and business indicators.

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## 1. Qualitative information on business results

### (1) Description of business results

During this consolidated fiscal year, despite concerns about the negative effects of both international instability and political developments under the new administration in the United States, the Japanese economy maintained a course of gently recovery, buoyed by positive corporate earnings..

In the healthcare industry in which the Group operates, the Basic Policies for Economic and Fiscal Management and Reform 2017 (the so-called Big-Boned Policy 2017) decided on by the Cabinet in June 2017, identified a course of action to restrain growth in medical and nursing care costs in excess of the effects of the aging of Japanese society, with the objective of maintaining the nation's world-leading universal health insurance and pension programs and passing these on to future generations. The concurrent revision of remuneration for healthcare and nursing care compensation in April 2018 was based on this government course of action.

Amid these economic conditions, in the Total Pack Produce business, the Group proceeded according to plan on several projects. Demand for equipment upgrades began to recover in the second half. Continual kaizen activities produced results across Group member companies, and improved occupancy rates in the Life Care business and increased earnings potential in the Dispensing Pharmacy business contributed to results that met targets set at the start of the fiscal year. The Group also made progress according to plan on building the foundations for continuing growth, including launching a private finance initiative (PFI) business under the management of the International Legal Affairs Center, launching outpatient examination services at the heavy ion radiotherapy facility (where treatment services are set to begin in October), and progress on construction of a hospital in Bangladesh.

During this consolidated fiscal year, the various factors noted above resulted in net sales of 425,566 million yen (up 4.2% YoY), operating profits of 18,259 million yen (up 13.7% YoY), ordinary profits of 18,935 million yen (up 14.9% YoY), and profits attributable to owners of the parent of 10,350 million yen (up 10.0% YoY).

Business results by segment are summarized below.

#### (i) Total Pack Produce business

The Total Pack Produce business made progress according to plan on several projects and reaped the benefits of strong demand to upgrade equipment at existing facilities.

As a result, this segment recorded net sales of 98,064 million yen (up 3.0% YoY) and segment profit (operating profit) of 10,150 million yen (up 2.6% YoY).

#### (ii) Medical Supply business

Driven by various factors, including progress according to plan on startup of new SPD facilities and recovery in demand to upgrade devices in the second half of the fiscal year, the Medical Supply business recorded strong performance.

As a result, this segment recorded net sales of 274,058 million yen (up 4.0% YoY) and segment profit (operating profit) of 4,161 million yen (up 25.4% YoY).

#### (iii) Life Care business

Various factors significantly boosted earnings in the Life Care business, including improved performance at newly opened facilities thanks to improved occupancy rates and continuing progress on the integrated management of facilities nationwide.

As a result, this segment recorded net sales of 22,724 million yen (up 7.4% YoY) and segment profit (operating profit) of 955 million yen (up 50.5% YoY).

#### (iv) Dispensing Pharmacy business

In the Dispensing Pharmacy business, improved management efficiency thanks to sustained business improvements and mergers and acquisitions (M&A) bore fruit and led to steady progress in business performance.

As a result, this segment recorded net sales of 25,789 million yen (up 6.9% YoY) and segment profit (operating profit) of 2,826 million yen (up 23.7% YoY).

#### (v) Other businesses

Results were positive for other sectors thanks to progress according to plans in the veterinary hospital business and the strong performance of the security support company.

As a result, this segment recorded net sales of 4,929 million yen (up 11.7% YoY) and segment profit (operating profit) of 303 million yen (up 292.3% YoY).

## (2) Analysis of financial position

### (i) Current assets

The balance of current assets at the end of this consolidated fiscal year stood at 193,488 million yen (vs. a balance of 174,430 million yen at the end of the previous consolidated fiscal year), an increase of 19,058 million yen since the end of the previous consolidated fiscal year.

Major reasons included increases of 10,200 million yen in cash and deposits and 3,432 million yen in notes and accounts receivable - trade.

### (ii) Non-current assets

The balance of non-current assets at the end of this consolidated fiscal year stood at 91,949 million yen (vs. a balance of 89,093 million yen at the end of the previous consolidated fiscal year), an increase of 2,855 million yen since the end of the previous consolidated fiscal year.

Major reasons included increases of 4,675 million yen in buildings and structures and 1,080 million yen in investment securities, while construction in progress fell by 1,288 million yen.

### (iii) Current liabilities

The balance of current liabilities at the end of this consolidated fiscal year stood at 137,928 million yen (vs. a balance of 126,377 million yen at the end of the previous consolidated fiscal year), an increase of 11,550 million yen since the end of the previous consolidated fiscal year.

Major reasons included increases of 5,593 million yen in electronically recorded obligations - operating and 2,409 million yen in notes and accounts payable - trade.

### (iv) Non-current liabilities

The balance of non-current liabilities at the end of this consolidated fiscal year stood at 45,154 million yen (vs. a balance of 43,530 million yen at the end of the previous consolidated fiscal year), an increase of 1,624 million yen since the end of the previous consolidated fiscal year.

Major reasons included increases of 618 million yen in long-term loans payable and 490 million yen in deferred tax liabilities.

### (v) Net assets

The balance of net assets at the end of this consolidated fiscal year stood at 102,354 million yen (vs. a balance of 93,632 million yen at the end of the previous consolidated fiscal year), an increase of 8,722 million yen since the end of the previous consolidated fiscal year.

Major reasons included increases of 10,350 million yen in retained earnings resulting from profit attributable to owners of parent and 1,137 million yen in valuation difference on available-for-sale securities, despite a decrease of 3,035 million yen in retained earnings resulting from dividend payments.

### (3) Analysis of cash flows

The balance of cash and cash equivalents at the end of this consolidated fiscal year stood at 58,787 million yen, up 10,126 million yen from the balance of 48,661 million yen at the end of the previous consolidated fiscal year.

#### (i) Cash flow from operating activities

Cash flow from operating activities was 20,204 million yen (up 4,893 million yen compared to the previous consolidated fiscal year). Major contributing factors included the recording of 17,413 million yen in profit before income taxes, an increase of 7,466 million in notes and accounts payable - trade, and recording of 1,671 in amortization of goodwill, despite payment of 6,971 million yen in income taxes and an increase of 3,927 million yen in notes and accounts receivable - trade.

#### (ii) Cash flow used in investing activities

Cash flow used in investing activities was 6,640 million yen (up 930 million yen compared to the previous consolidated fiscal year). Major contributing factors included expenditures of 5,706 million yen on purchase of property, plant and equipment and 1,914 million yen on purchase of shares of subsidiaries resulting in change in scope of consolidation, despite gains of 442 million yen from liquidation of subsidiaries and associates.

#### (iii) Cash flow used in financing activities

Cash flow used in financing activities was 3,347 million yen (for an increase in expenditures of 6,890 million yen compared to the previous consolidated fiscal year). Major contributing factors included expenditures of 9,925 million yen on repayment of long-term loans payable, 3,035 million yen on dividend payments, and 2,050 million yen on redemption of corporate bonds, despite gains of 10,521 million yen from long-term loans payable.

#### Reference: Trends in cash flow indices

	FY ended March 2014	FY ended March 2015	FY ended March 2016	FY ended March 2017	FY ended March 2018
Equity capital ratio (%)	27.2	37.2	37.1	34.7	35.0
Mark-to-market equity capital ratio (%)	91.8	66.9	64.1	56.9	66.5
Years of debt redemption (years)	2.6	22.8	2.3	3.1	2.3
Interest coverage ratio (times)	38.0	4.8	57.3	53.3	80.6

\* Equity capital ratio = equity capital/total assets

Mark-to-market equity capital ratio = total market capitalization/total assets

Years of debt redemption = interest-bearing debt/operating cash flows

Interest coverage ratio = operating cash flows/interest paid

#### Notes:

- All indices are calculated from consolidated-basis financial data.
- Total market capitalization is calculated by multiplying the closing stock price at the end of the fiscal year by total number of shares issued and outstanding (after subtracting treasury stock) as of the end of the fiscal year.
- Calculations of operating cash flows are based on cash flows from operating activities on the Consolidated Cash Flow Statement. Interest-bearing debt consists of all debt on the Consolidated Balance Sheet for which interest is paid. The amount of interest paid is based on interest paid as shown on the Consolidated Cash Flow Statement.

#### (4) Future outlook

As the baby boom generation ages and low birth rates continue, projections indicate Japan will continue to see restraints on remuneration for medical and nursing care costs, and reductions in their price. In addition, since the enactment of the Act for Securing Comprehensive Medical and Long-term Care in the Community, progress is being made to develop comprehensive community care systems through continuing reforms in the structure of providing medical care, with completion envisioned for 2025.

Given these conditions and drawing on advanced capabilities in delivering integrated and optimal solutions in medicine, healthcare, welfare, nursing care, and services, the Group will seek to contribute to society by meeting a wide range of needs based on the SHIP philosophy and Group mission to create environments for those seeking to save lives.

To mark the 25th anniversary of its founding and the 10th anniversary of its listing on the First Section of the Tokyo Stock Exchange, the Group has formulated “SHIP Vision 2020,” its medium-term management plan for the fiscal years 2018–2020 ending in March 2021, the final year of the plan.

In the FY ending March 2019, the Group’s heavy ion radiotherapy facility and its hospital in Bangladesh will commence full-fledged operations. The Group’s medium-term plan calls for record highs in both net sales and operating profit in FY ending March 2021, the plan’s final year. The specific targets are 500 billion yen and 21 billion yen, respectively.

The business performance projected for the next fiscal year (FY ending March 2019) is summarized below.

<Projected consolidated results>

(Unit: Millions yen, %)

	FY ending March 2019 (projected)			FY ended March 2018 (actual)	
		Profit margin	YoY change		Profit margin
Net sales	440,000	–	3.4	425,566	–
Operating profit	17,500	4.0	–4.2	18,259	4.3
Ordinary profit	17,800	4.0	–6.0	18,935	4.4
Profit attributable to owners of patent	10,500	2.4	1.4	10,350	2.4

The projected amount of (year-end) dividends per share in FY ending March 2019 is 64 yen.

## 2. Basic approach in selecting accounting standards

To facilitate comparisons from period to period and between entities, the Group for the time being will continue to prepare its consolidated financial statements based on J-GAAP.

The Group will duly address the application of International Financial Reporting Standards (IFRS) after taking into account various circumstances both in Japan and abroad.

## 3. Consolidated financial statements and notes thereto

## (1) Consolidated balance sheet

(Unit: Millions yen)

	Previous consolidated fiscal year (March 31, 2017)	Consolidated fiscal year under review (March 31, 2018)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	49,444	59,644
Notes and accounts receivable - trade	95,657	99,090
Electronically recorded monetary claims - operating	1,920	3,427
Lease investment assets	4,057	3,873
Merchandise and finished goods	11,669	13,076
Semi-finished goods	1,328	1,269
Raw materials and supplies	840	605
Deferred tax assets	1,623	2,039
Short-term loans receivable	1,684	1,788
Other	6,282	8,759
Allowance for doubtful accounts	-78	-86
<b>Total current assets</b>	<b>174,430</b>	<b>193,488</b>
<b>Non-current assets</b>		
<b>Property, plant, and equipment</b>		
Buildings and structures	25,900	31,502
Accumulated depreciation	-10,928	-11,854
Buildings and structures, net	14,972	19,647
Machinery, equipment and vehicles	1,351	1,386
Accumulated depreciation	-1,078	-919
Machinery, equipment and vehicles, net	272	467
Land	15,222	15,556
Assets for rent	623	640
Accumulated depreciation	-543	-570
Assets for rent, net	80	70
Real estate for rent	17,181	16,524
Accumulated depreciation	-2,994	-3,129
Real estate for rent, net	14,186	13,395
Construction in progress	5,716	4,428
Other	9,298	8,926
Accumulated depreciation	-6,265	-6,721
Other, net	3,032	2,204
<b>Total property, plant, and equipment</b>	<b>53,483</b>	<b>55,770</b>
<b>Intangible assets</b>		
Goodwill	10,912	10,650
Other	1,296	1,129
<b>Total intangible assets</b>	<b>12,208</b>	<b>11,780</b>
<b>Investments and other assets</b>		
Investment securities	6,782	7,862
Long-term loans receivable	10,172	9,870
Net defined benefit assets	996	983
Deferred tax assets	1,429	1,691
Claims provable in bankruptcy, claims provable in rehabilitation and other	138	79
Guarantee deposits	5,492	5,544
Other	954	902
Total allowance for doubtful accounts	-2,563	-2,536
<b>Total investments and other assets</b>	<b>23,402</b>	<b>24,398</b>
<b>Total non-current assets</b>	<b>89,093</b>	<b>91,949</b>
<b>Deferred assets</b>		
Share issuance cost	16	-
Deferred assets	16	-
<b>Total assets</b>	<b>263,540</b>	<b>285,438</b>



(Unit: Millions yen)

	Previous consolidated fiscal year (March 31, 2017)	Consolidated fiscal year under review (March 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	86,307	88,716
Electronically recorded obligations - operating	16,192	21,786
Short-term loans payable	2,020	2,970
Current portion of long-term loans payable	4,750	4,676
Income taxes payable	4,120	4,745
Deferred tax liabilities	2	2
Provision for bonuses	1,905	1,966
Other	11,078	13,064
<b>Total current liabilities</b>	<b>126,377</b>	<b>137,928</b>
Non-current liabilities		
Long-term loans payable	36,146	36,765
Net defined benefit liability	2,548	2,706
Deferred tax liabilities	491	982
Asset retirement obligations	362	619
Other	3,981	4,081
<b>Total non-current liabilities</b>	<b>43,530</b>	<b>45,154</b>
<b>Total liabilities</b>	<b>169,908</b>	<b>183,083</b>
Net assets		
Shareholders' equity		
Capital stock	15,553	15,553
Capital surplus	23,716	23,948
Retained earnings	51,059	58,374
Treasury shares	-448	-448
<b>Total shareholders' equity</b>	<b>89,881</b>	<b>97,428</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,459	2,596
Foreign currency translation adjustment	47	-92
Remeasurements of defined benefit plans	-3	-52
<b>Total accumulated other comprehensive income</b>	<b>1,503</b>	<b>2,451</b>
Non-controlling interests	2,247	2,474
<b>Total net assets</b>	<b>93,632</b>	<b>102,354</b>
<b>Total liabilities and net assets</b>	<b>263,540</b>	<b>285,438</b>

## (2) Consolidated statement of income and consolidated statement of comprehensive income

## Consolidated statement of income

(Unit: Millions yen)

	Previous consolidated fiscal year (April 1, 2016 – March 31, 2017)	Consolidated fiscal year under review (April 1, 2017 – March 31, 2018)
Net sales	408,487	425,566
Cost of sales	363,992	378,484
Gross profit	44,494	47,082
Sales, general, and administrative expenses		
Directors' compensation	1,447	1,473
Salaries and allowances	8,873	9,161
Bonuses	1,312	1,439
Retirement benefit expenses	445	423
Provision for bonuses	880	875
Other	15,479	15,448
Total sales, general, and administrative expenses	28,438	28,822
Operating profit	16,055	18,259
Non-operating profit		
Interest income	336	301
Dividend income	105	124
Amortization of negative goodwill	240	232
Share of profit of entities accounted for using equity method	0	34
Reversal of allowance for doubtful accounts	6	9
Other	426	395
Total non-operating profit	1,115	1,098
Non-operating expenses		
Interest expenses	287	254
Foreign exchange losses	39	13
Provision of allowance for doubtful accounts	143	–
Losses on sales of accounts receivable	–	72
Other	223	81
Non-operating expenses	692	422
Total ordinary profit	16,478	18,935

(Unit: Millions yen)

	Previous consolidated fiscal year (April 1, 2016 – March 31, 2017)	Consolidated fiscal year under review (April 1, 2017 – March 31, 2018)
<b>Extraordinary profit</b>		
Gain on sales of property, plant, and equipment	15	61
Gain on sales of investment securities	88	–
Gain on transfer of business	461	20
Reversal of long-term accounts payable - other	229	–
Other	0	0
<b>Total extraordinary profit</b>	<b>794</b>	<b>82</b>
<b>Extraordinary losses</b>		
Loss on sales of property, plant, and equipment	105	35
Loss on retirement of property, plant, and equipment	124	30
Loss on valuation of investment securities	37	113
Impairment loss	670	851
Loss on withdrawal from employees' pension fund	212	–
Loss on litigation	–	568
Other	43	3
<b>Total extraordinary losses</b>	<b>1,193</b>	<b>1,604</b>
<b>Total income before income taxes</b>	<b>16,078</b>	<b>17,413</b>
Income taxes - current	6,808	7,466
Income taxes - deferred	–272	–542
<b>Total income taxes</b>	<b>6,535</b>	<b>6,924</b>
<b>Profit</b>	<b>9,543</b>	<b>10,489</b>
Profit attributable to non-controlling interests	132	138
<b>Profit attributable to owners of parent</b>	<b>9,410</b>	<b>10,350</b>

## Consolidated statement of comprehensive income

(Unit: Millions yen)

	Previous consolidated fiscal year (April 1, 2016 – March 31, 2017)	Consolidated fiscal year under review (April 1, 2017 – March 31, 2018)
Profit	9,543	10,489
Other comprehensive income		
Valuation difference on available-for-sale securities	376	1,137
Translation adjustments	-186	-272
Remeasurements of defined benefit plans	49	-48
Other comprehensive income	239	815
Comprehensive income	9,782	11,304
(Breakdown)		
Comprehensive income attributable to owners of parent	9,747	11,299
Comprehensive income attributable to non-controlling interests	35	5

## (3) Consolidated statement of changes in equity

Previous consolidated fiscal year (April 1, 2016–March 31, 2017)

(Unit: Millions yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	15,553	20,356	44,366	–448	79,828
Changes of items during period					
Dividends of surplus			–2,717		–2,717
Profit attributable to owners of parent			9,410		9,410
Increase by share exchanges		3,360			3,360
Capital increases by consolidated subsidiaries					–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	3,360	6,693	–	10,053
Balance at end of current period	15,553	23,716	51,059	–448	89,881

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,082	136	–52	1,166	528	81,522
Changes of items during period						
Dividends of surplus						–2,717
Profit attributable to owners of parent						9,410
Increase by share exchanges						3,360
Capital increases by consolidated subsidiaries						–
Net changes of items other than shareholders' equity	376	–88	49	336	1,719	2,056
Total changes of items during period	376	–88	49	336	1,719	12,109
Balance at end of current period	1,459	47	–3	1,503	2,247	93,632

This consolidated fiscal year (April 1, 2017–March 31, 2018)

(Unit: Millions yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	15,553	23,716	51,059	−448	89,881
Changes of items during period					
Dividends of surplus			−3,035		−3,035
Profit attributable to owners of parent			10,350		10,350
Increase by share exchanges					−
Capital increases by consolidated subsidiaries		232			232
Net changes of items other than shareholders' equity					
Total changes of items during period	−	232	7,314	−	7,547
Balance at end of current period	15,553	23,948	58,374	−448	97,428

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,459	47	−3	1,503	2,247	93,632
Changes of items during period						
Dividends of surplus						−3,035
Profit attributable to owners of parent						10,350
Increase by share exchanges						−
Capital increases by consolidated subsidiaries						232
Net changes of items other than shareholders' equity	1,137	−140	−48	948	227	1,175
Total changes of items during period	1,137	−140	−48	948	227	8,722
Balance at end of current period	2,596	−92	−52	2,451	2,474	102,354

## (4) Consolidated statement of cash flows

(Unit: Millions yen)

	Previous consolidated fiscal year (April 1, 2016 – March 31, 2017)	Consolidated fiscal year under review (April 1, 2017 – March 31, 2018)
<b>Cash flows from operating activities</b>		
Income before income taxes	16,078	17,413
Depreciation and amortization	2,648	2,514
Impairment loss	670	851
Amortization of goodwill	2,021	1,671
Amortization of negative goodwill	-240	-232
Equity in (earnings) loss of affiliates	-0	-34
Increase (decrease) in provision for bonuses	172	25
Increase (decrease) in allowance for doubtful accounts	103	-52
Net decrease (increase) in lease investment assets	113	184
Increase (decrease) in net defined benefit liability	156	99
Loss (gain) on sales of property, plant and equipment	97	-25
Loss on retirement of property, plant and equipment	124	29
Loss on retirement of intangible assets	0	1
Loss (gain) on sales of investment securities	-88	-
Loss (gain) on valuation of investment securities	37	113
Loss (gain) on transfer of business	-461	-20
Interest and dividend income	-442	-426
Interest expenses	287	254
Decrease (increase) in notes and accounts receivable – trade	598	-3,927
Decrease (increase) in inventories	1,359	-910
Increase (decrease) in notes and accounts payable – trade	-1,794	7,466
Other	192	2,008
Subtotal	21,635	27,003
Interest and dividend income received	437	423
Interest expenses paid	-287	-251
Income taxes paid	-6,474	-6,971
Cash flows from operating activities	15,311	20,204

(Unit: Millions yen)

	Previous consolidated fiscal year (April 1, 2016 – March 31, 2017)	Consolidated fiscal year under review (April 1, 2017 – March 31, 2018)
<b>Cash flows from investing activities</b>		
Payments into time deposits	-217	-239
Proceeds from withdrawal of time deposits	186	342
Purchase of property, plant, and equipment	-5,509	-5,706
Proceeds from sales of property, plant, and equipment	123	351
Purchase of intangible assets	-411	-179
Payments of short-term loans receivable	-32	-108
Collection of short-term loans receivable	32	4
Payments of long-term loans receivable	-509	-2
Collection of long-term loans receivable	438	335
Purchase of investment securities	-18	-9
Proceeds from sales and redemption of investment securities	738	114
Payments for transfer of business	-	-70
Proceeds from transfer of business	646	-
Payments for transfer of business	-	-6
Proceeds from liquidation of subsidiaries and associates	-	442
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-1,587	-1,914
Other	411	3
<b>Cash flows from investing activities</b>	<b>-5,709</b>	<b>-6,640</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	12,200	10,521
Proceeds from long-term loans payable	-5,859	-9,925
Repayments of long-term loans payable	-20	-2,050
Redemption of bonds	-2,717	-3,035
Cash dividends paid	-40	-46
Dividends paid to non-controlling interests	14	498
Proceeds from share issuance to non-controlling shareholders	-	-
Repayments of lease obligations	-227	-250
Other	-10	-9
<b>Cash flows from financing activities</b>	<b>3,543</b>	<b>-3,347</b>
Effect of exchange rate change on cash and cash equivalents	-2	-90
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>13,142</b>	<b>10,126</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>35,518</b>	<b>48,661</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>48,661</b>	<b>58,787</b>



(5) Notes on consolidated financial statements

(Notes on the going concern assumption)

Not applicable

(Segment information, etc.)

[Segment information]

1 Overview of reporting segments

The Company's reporting segments are Company components for which separate financial information is available and subject to periodic review by the Board of Directors in determining the allocation of management resources and evaluating business performance.

The Company classifies its business divisions by service. The Company formulates comprehensive strategies reflecting the nature of the activities of each business division and subsidiary and undertakes business activities based on these strategies.

Accordingly, the Company organizes its segments based on its business divisions. Its four reporting segments are the Total Pack Produce business, the Medical Supply business, the Life Care business, and the Dispensing Pharmacy business.

The Total Pack Produce segment engages in sales of medical devices and medical equipment based on bulk orders; consulting on topics including medicine, healthcare, welfare, and nursing care facilities; and leasing of real estate to medical facilities and other tenants. The Medical Supply segment engages in sales of medical examination and treatment materials and special treatment materials. The Life Care segment operates homes for senior citizens, group homes, and other facilities and nutritional services. The Dispensing Pharmacy segment operates dispensing pharmacies, among other business activities.

2 Methods for calculating net sales, profit (loss), assets, and other amounts by reporting segment

The accounting methods for reporting segments are same as those outlined under "Significant Matters that Serve as the Basis for Preparation of Consolidated Financial Statements."

Reporting segment profit figures are based on operating profit. Intersegment revenues and transfers are based on market prices.

## 3 Net sales, profit (loss), assets, and other amounts by reporting segment

Previous consolidated fiscal year (April 1, 2016–March 31, 2017)

(Unit: Millions yen)

	Reporting segment					Other*1	Total	Adjustments *2	Amount recorded on consolidated financial statements*3
	Total pack produce business	Medical supply business	Life care business	Dispensing pharmacy business	Subtotal				
Net sales									
(1) Sales to outside customers	95,245	263,528	21,167	24,134	404,074	4,412	408,487	–	408,487
(2) Intersegment sales or transfers	5,024	1,995	27	1,887	8,935	49	8,984	–8,984	–
Subtotal	100,269	265,523	21,195	26,021	413,009	4,462	417,471	–8,984	408,487
Segment profit	9,889	3,318	634	2,284	16,127	77	16,204	–148	16,055
Segment assets	95,604	106,349	25,331	15,741	243,026	3,120	246,146	17,393	263,540
Other items									
Depreciation	939	465	725	269	2,399	127	2,527	120	2,648
Amortization of goodwill	1	734	405	819	1,961	59	2,021	–	2,021
Amortization of negative goodwill	232	1	6	–	240	–	240	–	240
Impairment loss	7	229	361	–	598	71	670	–	670
Investment in entities accounted for using equity method	645	–	–	–	645	–	645	–	645
Increase in property, plant and equipment, and intangible fixed assets	3,727	749	820	251	5,549	83	5,632	441	6,073

## Notes:

- The “Other” category includes businesses not included in reporting business segments, such as the veterinary hospital business, sales of physical and chemical apparatus, and security business.
- The amounts of the various adjustments are described below.
  - The figure of –148 million yen in adjustments to segment profit includes –18 million yen in cancellation of intersegment transactions and –128 million yen in companywide costs not allocated to an individual reporting segment. These companywide costs consist mainly of parent company operating expenses and sales, general, and administrative expenses not attributable to individual reporting segments.
  - The figure of 17,393 million yen in adjustments to segment assets includes –8,762 million yen for cancellation of intersegment transactions, –581 million yen for offsetting of negative goodwill, and 26,707 million yen for companywide assets not allocated to an individual reporting segment. These companywide assets consist mainly of assets related to administrative sections not attributable to individual reporting segments.
  - The figure of 441 million yen in adjustments to increase in property, plant and equipment, and intangible fixed assets consists mainly of capital investment related to administrative sections not attributable to individual reporting segments.
- Segment profit is adjusted against the operating profit reported on the consolidated statement of income.

Consolidated fiscal year under review (April 1, 2017–March 31, 2018)

(Unit: Millions yen)

	Reporting segment					Other*1	Total	Adjustments *2	Amount recorded on consolidated financial statements*3
	Total pack produce business	Medical supply business	Life care business	Dispensing pharmacy business	Subtotal				
Net sales									
(1) Sales to outside customers	98,064	274,058	22,724	25,789	420,636	4,929	425,566	–	425,566
(2) Intersegment sales or transfers	1,783	1,551	234	2,451	6,020	110	6,130	–6,130	–
Subtotal	99,847	275,610	22,958	28,240	426,657	5,039	431,696	–6,130	425,566
Segment profit	10,150	4,161	955	2,826	18,093	303	18,396	–137	18,259
Segment assets	104,419	114,496	25,568	16,362	260,847	2,603	263,450	21,987	285,438
Other items									
Depreciation	926	457	679	261	2,324	64	2,389	125	2,514
Amortization of goodwill	72	619	405	515	1,611	59	1,671	–	1,671
Amortization of negative goodwill	232	0	0	–	232	–	232	–	232
Impairment loss	208	–	–	643	851	–	851	–	851
Investment in entities accounted for using equity method	236	–	–	–	236	–	236	–	236
Increase in property, plant and equipment, and intangible fixed assets	4,983	212	155	592	5,945	94	6,039	331	6,371

## Notes:

- The “Other” category includes businesses not included in reporting business segments, such as the veterinary hospital business, sales of physical and chemical apparatus, and security business.
- The amounts of the various adjustments are described below.
  - The figure of –137 million yen in adjustments to segment profit includes –6 million yen for the cancellation of intersegment transactions, –136 million yen for companywide costs not allocated to an individual reporting segment. These companywide costs consist mainly of parent company operating expenses and sales, general, and administrative expenses not attributable to individual reporting segments.
  - The figure of 21,987 million yen in adjustments to segment assets includes –8,919 million yen for cancellation of intersegment transactions, –348 million yen for offsetting of negative goodwill, and 31,203 million yen for companywide assets not allocated to an individual reporting segment. These companywide assets consist mainly of assets related to administrative sections not attributable to individual reporting segments.
  - The figure of 331 million yen in adjustments to increase in property, plant and equipment, and intangible fixed assets consists mainly of capital investment related to administrative sections not attributable to individual reporting segments.
- Segment profit is adjusted against the operating profit reported on the consolidated statement of income.

[Related information]

Previous consolidated fiscal year (April 1, 2016–March 31, 2017)

1 Product- and service-specific information

This information is reported under segment information and is therefore omitted here.

2 Region-specific information

(1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales on the Consolidated Statement of Income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment located in Japan account for more than 90% of property, plant and equipment on the Consolidated Balance Sheet.

3 Information concerning key individual customers

Not applicable because sales to no single external customer account for 10% or more of net sales on the Consolidated Statement of Income.

This consolidated fiscal year (April 1, 2017–March 31, 2018)

1 Product- and service-specific information

This information is reported under segment information and is therefore omitted here.

2 Region-specific information

(1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales on the Consolidated Statement of Income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment located in Japan account for more than 90% of property, plant and equipment on the Consolidated Balance Sheet.

3 Information concerning key individual customers

Not applicable because sales to no single external customer account for 10% or more of net sales on the Consolidated Statement of Income.

[Information concerning impairment losses on fixed assets per reporting segment]

Previous consolidated fiscal year (April 1, 2016–March 31, 2017)

This information is reported under segment information and is therefore omitted here.

This consolidated fiscal year (April 1, 2017–March 31, 2018)

This information is reported under segment information and is therefore omitted here.

[Information concerning amounts of amortization of goodwill and remaining unamortized balances, per reporting segment]

Previous consolidated fiscal year (April 1, 2016–March 31, 2017)

(Unit: Millions yen)

	Reportable segment					Other	Companywide/ cancellation	Total
	Total Pack Produce business	Medical Supply business	Life Care business	Dispensing Pharmacy business	Subtotal			
(Goodwill) Ending balance	12	4,423	3,838	2,665	10,941	552	–	11,493
(Negative goodwill) Ending balance	580	0	0	–	581	–	–	581

Notes:

1. Amounts of amortization of goodwill and amortization of negative goodwill are omitted because similar information is reported under segment information.
2. Negative goodwill was incurred for reasons including corporate consolidations implemented before March 31, 2010 and is indicated on the Consolidated Balance Sheet after offsetting.

This consolidated fiscal year (April 1, 2017–March 31, 2018)

(Unit: Millions yen)

	Reportable segment					Other	Companywide/ cancellation	Total
	Total Pack Produce business	Medical Supply business	Life Care business	Dispensing Pharmacy business	Subtotal			
(Goodwill) Ending balance	636	3,849	3,433	2,586	10,506	492	–	10,998
(Negative goodwill) Ending balance	348	–	0	–	348	–	–	348

Notes:

1. Amounts of amortization of goodwill and amortization of negative goodwill are omitted because similar information is reported under segment information.
2. Negative goodwill was incurred for reasons including corporate consolidations implemented before March 31, 2010 and is indicated on the Consolidated Balance Sheet after offsetting.

[Information on gains on bargain purchases per reporting segment]

Previous consolidated fiscal year (April 1, 2016–March 31, 2017)

No important gains on bargain purchases occurred.

This consolidated fiscal year (April 1, 2017–March 31, 2018)

No important gains on bargain purchases occurred.

## (Per-share information)

	Previous consolidated fiscal year (April 1, 2016–March 31, 2017)	This consolidated fiscal year (April 1, 2017–March 31, 2018)
	(Yen)	(Yen)
Net assets per share	1,806.05	1,973.95
Net income per share	186.32	204.57

## Notes:

- Diluted net income per share is not indicated because there were no diluting shares.
- Net income per share was calculated based on the following information:

Account	Previous consolidated fiscal year (April 1, 2016–March 31, 2017)	This consolidated fiscal year (April 1, 2017–March 31, 2018)
Profit attributable to owners of parent (millions yen)	9,410	10,350
Amount not attributable to owners of common stock (millions yen)	–	–
Profit attributable to owners of parent related to common stock (millions yen)	9,410	10,350
Average shares of common stock during the period (shares)	50,507,285	50,599,132

- Net assets per share were calculated based on the following information:

Account	Previous consolidated fiscal year (March 31, 2017)	This consolidated fiscal year (March 31, 2018)
Total net assets (millions yen)	93,632	102,354
Amount subtracted from total net assets (millions yen)	2,247	2,474
(Non-controlling interests included in above) (millions yen)	(2,247)	(2,474)
Ending balance of net assets related to common stock (millions yen)	91,384	99,880
Ending number of shares of common stock used in calculation of net assets per share (shares)	50,599,132	50,599,132

## (Important subsequent information)

## (Purchase of treasury shares)

At its meeting held May 11, 2018, the Company's board of directors passed a resolution related to the purchase of treasury shares pursuant to Article 156 of the Companies Act applicable with rewording as required under Article 165, Paragraph 3 of that Act.

- Reason for purchase of treasury shares

Treasury shares was purchased to implement dynamic capital policies in response to changes affecting business conditions.

- Details of purchase

- Class of stock subject to the purchase: Company common stock
- Total number of shares to be purchased: Up to 860,000 shares  
(Corresponding percentage of total shares issued and outstanding, not including treasury shares: 1.7%)
- Total purchase price of stock: Up to 3 billion yen
- Period of purchase: May 14–September 30, 2018
- Method of purchase: Market purchases on the Tokyo Stock Exchange