

February 7, 2017

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2017 <under J-GAAP>

Company name: **Pressance Corporation Co., Ltd.**
 Listing: First Section of the Tokyo Stock Exchange
 Securities code: 3254
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Scheduled date of filing of quarterly securities report: February 10, 2017

Scheduled date of start of dividend payment: –

Preparation of supplementary material on quarterly financial results: None

Holding of quarterly financial results presentation meeting: None

(Amounts less than one million yen have been omitted.)

1. Consolidated operating results for the first nine months of the fiscal year ending March 31, 2017 (from April 1, 2016 to December 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First nine months of the fiscal year ending March 31, 2017	72,961	4.5	12,447	(13.7)	12,292	(13.9)	8,235	(13.3)
First nine months of the fiscal year ended March 31, 2016	69,846	21.8	14,418	17.7	14,270	17.7	9,502	21.6

Note: Comprehensive income First nine months of the fiscal year ending March 31, 2017: 8,225 million yen [(13.4)%]
 First nine months of the fiscal year ended March 31, 2016: 9,498 million yen [21.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First nine months of the fiscal year ending March 31, 2017	140.03	–
First nine months of the fiscal year ended March 31, 2016	156.07	156.04

Note: Pressance Corporation Co., Ltd. (the “Company”) conducted a 4-for-1 stock split of common stock on October 1, 2016. Basic earnings per share and diluted earnings per share were calculated as though the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2016	156,817	57,278	36.4
As of March 31, 2016	124,277	50,324	40.4

Reference: Equity

As of December 31, 2016: 57,022 million yen
 As of March 31, 2016: 50,198 million yen

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	–	0.00	–	60.00	60.00
Fiscal year ending March 31, 2017	–	35.00	–		
Fiscal year ending March 31, 2017 (Forecast)				12.40	–

Note: Revisions to the dividends forecasts most recently announced: Yes
 Regarding the revision of the dividend forecast, please refer to “Announcement Regarding Dividend Forecast (Dividend Increase)” (in Japanese only) which was announced today, on February 7, 2017.

The Company conducted a 4-for-1 stock split of common stock on October 1, 2016. For the fiscal year ended March 31, 2016 and the 2nd quarter-end of the fiscal year ending March 31, 2017, actual dividend values before the stock split are shown. The year-end dividend per share for the fiscal year ending March 31, 2017 (Forecast) that does not take the stock split into account is 49.60 yen, and the annual total of dividends per share is 84.60 yen.

3. Consolidated results forecasts for the fiscal year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Percentages indicate year-on-year changes.)

Full year	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	100,839	27.7	15,466	10.0	15,089	9.4	10,327	12.3	175.61

Note: Revisions to the results forecasts most recently announced: None

The Company conducted a 4-for-1 stock split of common stock on October 1, 2016. Basic earnings per share in the consolidated results forecasts were calculated based on the number of issued shares (excluding the number of treasury shares) after the stock split.

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement after error corrections
 - a. Changes in accounting policies due to amendments to accounting standards and other regulations: Yes
 - b. Changes in accounting policies due to other reasons than a. above: None
 - c. Changes in accounting estimates: None
 - d. Restatement after error corrections: None
- (4) Number of issued shares (common stock)

- a. Number of issued shares at end of period (including treasury shares)

As of December 31, 2016	61,613,600 shares
As of March 31, 2016	61,613,600 shares

- b. Number of treasury shares at end of period

As of December 31, 2016	2,800,528 shares
As of March 31, 2016	2,800,388 shares

- c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

First nine months of the fiscal year ending March 31, 2017	58,813,129 shares
First nine months of the fiscal year ended March 31, 2016	60,886,897 shares

Notes: 1. The Company conducted a 4-for-1 stock split of common stock on October 1, 2016. Number of issued shares (common stock) was calculated as though the stock split was conducted at the beginning of the previous fiscal year.

2. Due to the introduction of the share-based payment type ESOP, 315,300 shares of the Company held by the trust account are included in the "Number of treasury shares at end of period" as of December 31, 2016, and the 315,300 shares are included in the treasury shares that were deducted in the calculation of the "Average number of outstanding shares during the period" for the first nine months of the fiscal year ending March 31, 2017.

* Presentation of implementation status for quarterly review procedures

The quarterly review procedures pursuant to the Financial Instruments and Exchange Act do not apply to this quarterly financial results report, and the quarterly review procedures for quarterly consolidated financial statements pursuant to the Financial Instruments and Exchange Act have not been completed as of the release of this quarterly financial results report.

* Explanation related to the appropriate use of the results forecasts and other items warranting special mention

Forward-looking statements in this document, including the results forecasts, are based on the information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. These statements do not purport that the Company pledges to achieve such statements. Actual business and other results may differ substantially due to various factors.

Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Thousands of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	22,887,486	23,510,796
Accounts receivable - trade	41,604	39,240
Real estate for sale	4,173,879	11,828,391
Real estate for sale in process	88,376,320	108,286,547
Raw materials and supplies	158,567	186,780
Other	2,250,018	3,202,675
Total current assets	117,887,875	147,054,432
Non-current assets		
Property, plant and equipment		
Real estate for rent, net	5,434,454	5,163,502
Construction in progress	–	2,456,752
Other, net	252,617	464,892
Total property, plant and equipment	5,687,072	8,085,147
Intangible assets	24,487	291,622
Investments and other assets	678,464	1,386,568
Total non-current assets	6,390,024	9,763,339
Total assets	124,277,900	156,817,771
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,513	345,873
Electronically recorded obligations - operating	4,857,300	192,780
Short-term loans payable	–	2,920,000
Current portion of long-term loans payable	5,408,599	10,389,199
Income taxes payable	2,668,327	1,610,115
Advances received	7,075,518	7,755,386
Provision for bonuses	103,325	64,591
Other	2,051,037	2,457,059
Total current liabilities	22,171,622	25,735,004
Non-current liabilities		
Long-term loans payable	51,297,550	73,293,900
Provision for directors' retirement benefits	484,351	510,775
Total non-current liabilities	51,781,901	73,804,675
Total liabilities	73,953,523	99,539,679
Net assets		
Shareholders' equity		
Capital stock	1,472,694	1,472,694
Capital surplus	1,402,694	1,406,871
Retained earnings	50,180,742	57,016,497
Treasury shares	(2,864,803)	(2,869,119)
Total shareholders' equity	50,191,327	57,026,943
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,018	(4,417)
Total accumulated other comprehensive income	7,018	(4,417)
Subscription rights to shares	117,312	244,867
Non-controlling interests	8,717	10,698
Total net assets	50,324,376	57,278,091
Total liabilities and net assets	124,277,900	156,817,771

(2) Quarterly consolidated statements of income and comprehensive income
 Quarterly consolidated statements of income (cumulative)

(Thousands of yen)

	First nine months of the fiscal year ended March 31, 2016	First nine months of the fiscal year ending March 31, 2017
Net sales	69,846,971	72,961,662
Cost of sales	48,611,008	52,169,961
Gross profit	21,235,962	20,791,701
Selling, general and administrative expenses	6,817,554	8,344,485
Operating income	14,418,407	12,447,216
Non-operating income		
Interest income	2,392	2,885
Dividend income	1,072	1,498
Foreign exchange gains	–	39,576
Penalty income	39,628	52,123
Purchase discounts	15,278	9,337
Commission fee	41,830	45,798
Other	9,022	31,833
Total non-operating income	109,225	183,052
Non-operating expenses		
Interest expenses	235,422	300,044
Commission fee	21,391	22,657
Share of loss of entities accounted for using equity method	–	11,472
Other	–	3,841
Total non-operating expenses	256,813	338,015
Ordinary income	14,270,819	12,292,253
Extraordinary income		
Gain on sales of non-current assets	1,983	343
Total extraordinary income	1,983	343
Extraordinary losses		
Loss on sales of investment securities	–	12,739
Loss on retirement of non-current assets	758	442
Total extraordinary losses	758	13,182
Profit before income taxes	14,272,044	12,279,413
Income taxes	4,767,660	4,042,107
Profit	9,504,384	8,237,306
Profit attributable to non-controlling interests	1,746	1,980
Profit attributable to owners of parent	9,502,638	8,235,325

Quarterly consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	First nine months of the fiscal year ended March 31, 2016	First nine months of the fiscal year ending March 31, 2017
Profit	9,504,384	8,237,306
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,169)	(11,436)
Total other comprehensive income	(6,169)	(11,436)
Comprehensive income	9,498,215	8,225,869
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,496,469	8,223,889
Comprehensive income attributable to non- controlling interests	1,746	1,980

(3) Quarterly consolidated statements of cash flows

(Thousands of yen)

	First nine months of the fiscal year ended March 31, 2016	First nine months of the fiscal year ending March 31, 2017
Cash flows from operating activities		
Profit before income taxes	14,272,044	12,279,413
Depreciation	208,747	215,581
Amortization of goodwill	–	4,586
Share-based compensation expenses	77,872	127,554
Increase (decrease) in provision for bonuses	(32,070)	(38,733)
Increase (decrease) in provision for directors' retirement benefits	35,000	26,423
Interest and dividend income	(3,465)	(4,384)
Interest expenses	235,422	300,044
Foreign exchange losses (gains)	–	(39,576)
Share of (profit) loss of entities accounted for using equity method	–	11,472
Loss (gain) on sales of investment securities	–	12,739
Loss (gain) on sales of non-current assets	(1,983)	(343)
Loss on retirement of non-current assets	758	442
Decrease (increase) in inventories	(1,824,390)	(21,392,060)
Increase (decrease) in notes and accounts payable - trade	(11,386,565)	(4,684,009)
Increase (decrease) in advances received	(3,142,067)	441,408
Increase (decrease) in accrued consumption taxes	174,799	321,594
Decrease (increase) in consumption taxes refund receivable	1,202	492,335
Other, net	(68,577)	(1,620,699)
Subtotal	(1,453,272)	(13,546,209)
Interest and dividend income received	3,763	3,875
Interest expenses paid	(233,483)	(297,759)
Income taxes paid	(4,486,063)	(5,150,827)
Net cash provided by (used in) operating activities	(6,169,055)	(18,990,920)
Cash flows from investing activities		
Payments into time deposits	–	(35,010)
Purchase of non-current assets	(88,836)	(4,815,538)
Proceeds from sales of non-current assets	4,321	633
Purchase of investment securities	(1,483)	(1,558)
Proceeds from sales of investment securities	–	16,656
Payments of loans receivable from subsidiaries and associates	–	(344,126)
Purchase of shares of subsidiaries and associates	–	(10,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(732,490)
Net cash provided by (used in) investing activities	(85,999)	(5,921,434)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	720,000
Proceeds from long-term loans payable	24,425,000	44,847,000
Repayments of long-term loans payable	(11,498,449)	(18,670,049)
Proceeds from issuance of common shares	17,317	–
Purchase of treasury shares	(2,864,562)	(138)
Cash dividends paid	(768,352)	(1,396,155)
Net cash provided by (used in) financing activities	9,310,951	25,500,655
Net increase (decrease) in cash and cash equivalents	3,055,897	588,300
Cash and cash equivalents at beginning of period	20,882,199	20,827,486
Cash and cash equivalents at end of period	23,938,096	21,415,786

Supplementary Information

(1) Orders

First nine months of the fiscal year ended March 31, 2016 (from April 1, 2015 to December 31, 2015)

Name of segment	Category	Total amount of contracts				Outstanding balance of contracts			
		Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)
Real estate sale business	Single-room condominiums	1,185	119.8	19,507,300	124.5	745	173.7	12,515,600	180.3
	Family condominiums	952	104.5	33,125,256	111.1	1,013	82.4	34,570,813	91.4
	Sale of condominium building	390	61.1	5,085,743	64.9	827	117.6	10,467,020	122.6
	Sale of other type of housing	39	390.0	1,130,743	829.4	8	800.0	248,921	2,433.9
	Sale of other real estate	–	–	1,441,760	36.9	–	–	618,400	16.1
Total amount of reportable segments		2,566	100.7	60,290,802	105.1	2,593	109.8	58,420,755	102.2

First nine months of the fiscal year ending March 31, 2017 (from April 1, 2016 to December 31, 2016)

Name of segment	Category	Total amount of contracts				Outstanding balance of contracts			
		Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)
Real estate sale business	Single-room condominiums	1,271	107.3	21,854,015	112.0	789	105.9	13,349,415	106.7
	Family condominiums	1,533	161.0	56,226,164	169.7	1,986	196.1	73,502,271	212.6
	Sale of condominium building	640	164.1	8,200,670	161.2	790	95.5	10,130,058	96.8
	Sale of other type of housing	26	66.7	692,518	61.2	1	12.5	32,749	13.2
	Sale of other real estate	–	–	3,277,919	227.4	–	–	4,760,539	769.8
Total amount of reportable segments		3,470	135.2	90,251,288	149.7	3,566	137.5	101,775,034	174.2

- Notes:
- In the table above, “total amount of orders” has been replaced with “total amount of contracts.”
 - Consumption taxes are not included in the above amounts.
 - Amounts of additional constructions are included in the above amounts.
 - The sale of condominium building refers to the method of wholesaling the whole or part of each condominium building to condominium dealers.
 - The sale of other type of housing refers to the sale of houses, including used houses and detached houses, other than newly built condominiums.
 - The sale of other real estate refers to the sale of real estate, including commercial stores and sites for development, other than housing.
 - The total amount of contracts for sale of other real estate in the first nine months of the fiscal year ended March 31, 2016, is related to real estate for the hotel business (418,400 thousand yen) and sites for development (1,023,360 thousand yen), while the outstanding balance of contracts for sale of other real estate in the first nine months of the fiscal year ended March 31, 2016, are related to real estate for the hotel business (418,400 thousand yen) and sites for development (200,000 thousand yen).
The total amount of contracts for sale of other real estate in the first nine months of fiscal year ending March 31, 2017, is related to real estate for the hotel business (2,979,539 thousand yen) and sites for development (298,380 thousand yen), while the outstanding balance of contracts is related to real estate for the hotel business (4,760,539 thousand yen).
 - Sanritsu precon Co., Ltd. became a consolidated subsidiary of the Company on December 1, 2016. The financial results of Sanritsu precon Co., Ltd. are not included in total amount of contracts and outstanding balance of contracts for the first nine months of the fiscal year ended March 31, 2016. The said company’s post-consolidation financial results are recorded in total amount of contracts and outstanding balance of contracts for the first nine months of the fiscal year ending March 31, 2017.
 - Business segments which are not included in reportable segments are not applicable.

(2) Sales

Name of segment	Category	First nine months of the FY ended March 31, 2016 (from April 1, 2015 to December 31, 2015)				First nine months of the FY ending March 31, 2017 (from April 1, 2016 to December 31, 2016)			
		Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)
Real estate sale business	Single-room condominiums	1,153	132.1	18,477,700	134.9	1,434	124.4	24,809,600	134.3
	Family condominiums	1,345	110.4	42,020,640	110.4	1,031	76.7	33,857,472	80.6
	Sale of condominium building	330	167.5	4,053,916	124.5	746	226.1	9,847,222	242.9
	Sale of other type of housing	31	310.0	881,822	598.6	33	106.5	910,828	103.3
	Sale of other real estate	–	–	1,743,360	2,423.0	–	–	498,380	28.6
	Business accompanying real estate sale	–	–	225,440	138.7	–	–	326,859	145.0
Total amount of reportable segments		2,859	124.4	67,402,879	121.7	3,244	113.5	70,250,363	104.2
Other		–	–	2,444,091	124.9	–	–	2,711,299	110.9
Total		2,859	124.4	69,846,971	121.8	3,244	113.5	72,961,662	104.5

- Notes:
1. Consumption taxes are not included in the above amounts.
 2. Amounts of additional constructions are included in the above amounts.
 3. The sale of condominium building refers to the method of wholesaling the whole or part of each condominium building to condominium dealers.
 4. The sale of other type of housing refers to the sale of houses, including used houses and detached houses, other than newly built condominiums.
 5. The sale of other real estate refers to the sale of real estate, including commercial stores and sites for development, other than housing.
 6. Business accompanying real estate sale includes agent commission for condominium sale and paperwork accompanying real estate sale.
 7. The net sales for sale of other real estate in the first nine months of fiscal year ended March 31, 2016, and the first nine months of fiscal year ending March 31, 2017, are both related to sites for development.