

May 17, 2018

Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 <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 ordinary general meeting of shareholders: June 22, 2018
 Scheduled date of start of dividend payment: June 25, 2018
 Scheduled date of filing of annual securities report: June 25, 2018
 Preparation of supplementary material on financial results: None
 Holding of financial results presentation meeting: None

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

1. Consolidated operating results for the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|----------------------------------|-----------------|------|------------------|------|-----------------|------|-----------------------------------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended March 31, 2018 | 134,059 | 32.6 | 20,362 | 30.1 | 19,858 | 28.8 | 13,757 | 30.7 |
| Fiscal year ended March 31, 2017 | 101,083 | 28.0 | 15,645 | 11.3 | 15,414 | 11.7 | 10,526 | 14.5 |

Note: Comprehensive income Fiscal year ended March 31, 2018: 13,768 million yen [30.9%]
 Fiscal year ended March 31, 2017: 10,515 million yen [14.4%]

| | Basic earnings per share | Diluted earnings per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|----------------------------------|--------------------------|----------------------------|------------------|------------------------------------------|----------------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended March 31, 2018 | 232.58 | 222.29 | 20.8 | 9.2 | 15.2 |
| Fiscal year ended March 31, 2017 | 178.99 | 178.83 | 19.2 | 10.0 | 15.5 |

Reference: Share of profit (loss) of entities accounted for using equity method
 Fiscal year ended March 31, 2018: 24 million yen
 Fiscal year ended March 31, 2017: (11) million yen

Note: Pressance Corporation Co., Ltd. (the "Company") conducted a four-for-one stock split of common stock effective 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 | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2018 | 245,399 | 75,172 | 29.8 | 1,221.10 |
| As of March 31, 2017 | 185,307 | 59,615 | 32.0 | 1,008.49 |

Reference: Equity
 As of March 31, 2018: 73,209 million yen
 As of March 31, 2017: 59,312 million yen

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|----------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------------|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| As of March 31, 2018 | (40,184) | (1,905) | 42,963 | 29,314 |
| As of March 31, 2017 | (25,443) | (6,942) | 39,997 | 28,439 |

2. Dividends

| | Annual dividends per share | | | | | Total cash dividends (Full-year) | Payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|----------------------------------------------|----------------------------|-----------------|-----------------|----------|--------------|----------------------------------|-----------------------------|-------------------------------------------------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Annual total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended March 31, 2017 | – | 35.00 | – | 12.40 | – | 1,250 | 11.8 | 2.3 |
| Fiscal year ended March 31, 2018 | – | 12.50 | – | 16.90 | 29.40 | 1,762 | 12.6 | 2.6 |
| Fiscal year ending March 31, 2019 (Forecast) | – | 17.50 | – | 17.50 | 35.00 | | 13.0 | |

Note: The Company conducted a four-for-one stock split of common stock effective on October 1, 2016. For the fiscal year ended March 31, 2017 and the 2nd quarter-end of the fiscal year ended March 31, 2017, actual dividend values before the stock split are shown. The 2nd quarter-end dividend per share for the fiscal year ended March 31, 2017 that take the stock split into account was 8.75 yen, and the annual total of dividends per share is 21.15 yen.

3. Consolidated results forecasts for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|-----------|-----------------|------|------------------|-------|-----------------|-------|-----------------------------------------|-------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Half year | 111,573 | 68.4 | 22,174 | 101.8 | 21,750 | 102.8 | 14,829 | 104.8 | 247.35 |
| Full year | 152,471 | 13.7 | 24,541 | 20.5 | 23,661 | 19.2 | 16,132 | 17.3 | 269.09 |

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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: None
 - 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

(3) Number of issued shares (common stock)

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

| | |
|----------------------|-------------------|
| As of March 31, 2018 | 62,365,600 shares |
| As of March 31, 2017 | 61,613,600 shares |

- b. Number of treasury shares at end of period

| | |
|----------------------|------------------|
| As of March 31, 2018 | 2,412,152 shares |
| As of March 31, 2017 | 2,800,528 shares |

c. Average number of shares during the period

| | |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2018 | 59,152,969 shares |
| Fiscal year ended March 31, 2017 | 58,813,115 shares |

Notes:

1. The Company conducted a four-for-one stock split of common stock effective 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, certain number of shares of the Company held by the trust account are included in the “Number of treasury shares at end of period” (313,980 shares for the fiscal year ended March 31, 2018, and the 315,300 shares for the fiscal year ended March 31, 2017) and certain number of shares are included in the treasury shares that were deducted in the calculation of the “Average number of outstanding shares during the period” (314,660 shares -for the fiscal year ended March 31, 2018 and 188,316 shares for the fiscal year ended March 31, 2017).

* Financial results reports are not required to be audited

* 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 available to the Company at the time of disclosure and on certain assumptions deemed to be reasonable by the Company. These statements do not purport that the Company pledges or ensures to achieve such statements. Actual business and other results may differ substantially due to various factors. For preconditions to the assumptions and other important notes concerning the financial forecasts, please refer to “(1) Business Results” on page 4 of the attachment and “(4) Future Outlook” on page 5 of the attachment.

1. Business Results and Financial Position

(1) Business Results

During the consolidated fiscal year under review, the Japanese economy steadily recovered with moderate increase in consumer spending along with improvements of employment, personal income environment and also business surroundings.

In the real estate industries, cost of lands for development increased as publicly assessed value of lands continued to rise in three largest cities, Tokyo, Osaka and Nagoya, as well as in other large cities. Cost of constructions also increased because demand for Tokyo Olympic 2020 requires large scale of constructions. On the other hand, the demand to acquire houses and condominiums remains solid, attracted by low interest rate on housing loans and by Japan government measures to acquire housing.

In these business circumstances, with “Dominant” strategy, Pressance Corporation Co, Ltd. (the “Company”) is aiming to expand its top market share in the cities in Kinki area as well as Tokai Chukyo area and to strengthen its market position in urban regions in new markets such as Chugoku and Kyushu area. In addition, the Company plans to expand its business by extending its business area to overseas and selling real estates for hotels.

With the result of business operation above, the Company posted the following consolidated performance for the fiscal year ended March 31, 2018, net sales amounted to 134,059 million yen (up 32.6% year on year), operating profit amounted to 20,362 million yen (up 30.1% year on year), ordinary income amounted to 19,858 million yen (up 28.8% year on year) and profit attributable to owners of parent amounted to 13,757 million yen (up 30.7% year on year).

An overview of operating results by product segment is as follows:

Real Estate Sale Business

In the Real estate sale business, the sale of family-type condominium “Pressance Legend Sakaisuji-hommachi” (337 rooms in total) soundly contributed to total sales in the fiscal year ended March 2018.

With the result of business operation above, sales of studio condominium amounted to 29,707 million yen (1,726 rooms), sale of family-type condominium amounted to 71,156 million yen (1,860 rooms), sale of condominium building amounted 19,318 million yen (1,246 rooms), sale of hotel property amounted to 2,744 million yen (183 rooms), sale of other type of housing amounted to 2,183 million yen (85 rooms), sale of other real estate amounted to 3,065 million yen, business accompanying real estate sale amounted to 1,276 million yen. Total sales of real estate sale business posted 129,451 million yen (up 33.0% year on year), operating profit amounted to 19,875 million yen (up 30.1% year on year).

Other Business

Sales in Rental housing business and Real estate management fees business amounted to 4,607 million yen (up 21.7% year on year), and operating profit to 1,524 million yen (up 19.2% year on year) due to an increase in rents revenue with high occupancy rate of owned real estates for rent.

(2) Analysis on Financial Position

Current Assets

Total current assets as of the end of this consolidated reporting fiscal year amounted to 228,067 million yen (up 32.7% year on year), increased by 56,257 million yen. This was mainly due to an increase in inventories with the proactive procurement of lands for condominium development. This resulted in an increase in inventories by 55,257 million yen.

Fixed Assets

Total fixed assets as of the end of this consolidated reporting fiscal year increased by 3,834 million yen and amounted to 17,331 million yen (up 28.4% year on year), this is mainly due to the change of the title and purpose under which the condominium building “Pressance Ohgimachi-ekimae” and three other buildings are possessed. Such buildings were transferred from “real estate for sale” to “real estate for rent” in the amount of 4,202 million yen, and such transformation resulted in an increase in Real estate

for rent by 2,582 million yen.

Liabilities

Total liabilities as of the end of this consolidated reporting fiscal year amounted to 170,226 million yen (up 35.4% year on year), increased by 44,534 million yen. This was mainly due to an increase in loan payable with proactive procurement of lands for condominium development. Loan payable increased by 34,993 million yen. Another factor of increase of liabilities was due to issuance of bonds with share acquisition rights resulting in an increase in the balance by 6,400 million yen.

Net Assets

Total net assets as of the end of this consolidated reporting fiscal year amounted to 75,172 million yen (up 26.1% year on year), increased by 15,557 million yen. This was principally due to the increase in retained earnings by 12,280 million yen because of the posting of profit attributable to owners of parent.

(3) Analysis on Cash Flows

Cash and cash equivalents as of the end of the fiscal year ended March 31, 2018, totaled 29,314 million yen (up 3.1% year on year), increased by 875 million yen.

The state of and factors in each cash flow of the fiscal year are as follows:

Cash Flows from Operating Activities

Net cash used in operating activities came to 40,184 million yen (Compared with 25,443 million yen used in the previous fiscal year).

This was mainly due to the posting of income before income taxes amounting 19,828 million yen and outflows resulted by an increase in inventories and the payment of income taxes. Proactive procurement of lands for condominium development resulted in an increase of inventories including real estate for sale and real estate for sale in process.

Inventories increased by 57,359 million yen, and payment of income tax was 4,855 million yen.

Cash Flows from Investment Activities

Net cash used in investment activities came to 1,905 million yen (Compared with 6,942 million yen used in the previous fiscal year).

This was principally due to outflows resulted by the loan to affiliates amounting 1,094 million yen and the purchase of tangible assets amounting 673 million yen.

Cash Flows from Financing Activities

Net cash provided by financing activities came to 42,963 million yen (Compared with 39,997 million yen provided in the previous fiscal year).

The main reason for this was an increase in loan payable to bank and issuance of bonds with share acquisition rights resulting in an increase in cash balance by 6,990 million yen. Loan debt to bank increased by 34,839 million yen.

(4) Future Outlook

In the real estate market, the demand to acquire houses and condominiums will keep remaining solid, attracted by low interest rate on housing loans and by Japan government supporting measures to acquire housing although attentions to the change in financial markets are necessary. In the condominium business field, the population in the center of large cities tends to increase, and the Company supply products to such areas. Consequently, demands for the Company's products are estimated to remain solid.

Under such business circumstance, the Company operates business vigorously and soundly, continuing to supply the highly convenient condominiums located in the center of cities with facilities and price to satisfy customer needs and wants. The Company will also focus on further education of sales force and strengthen selling capability. Pursuing the creation of new added value in order to satisfy diverse needs, the Company will grow its business.

Real Estate Sale Business

The Company forecasts the following operating results in the financial year ending March 2019; sales of studio-type condominium of 41,951 million yen (up 41.2% year on year), sales of family-type condominium of 74,027 million yen (up 4.0% year on year), sales of condominium building of 13,083 million yen (down 32.3% year on year), sales of hotel property of 15,429 million yen (up 462.3% year on year), sales of other type of housing of 980 million yen (down 55.1% year on year), sales of other real estate of 162 million yen (down 94.7% year on year). We expect to post business accompanying real estate sale of 1,396 million yen (up 9.4% year on year). As a result of forecast in each segment, the Company forecasts total sales amount of real estate sale business of 147,031 million yen (up 13.6% year on year).

Other Business

In the Rental housing business and Real estate management fees business, we expect to increase rental revenue due to an increase of condominium owned by the Company. The Company forecasts sales of other business of 5,439 million yen (up 18.1% year on year).

Cost of Sales and Expenses

We expect lower cost of sales ratio effected by strong sales of studio-type condos which has been representing lower cost of sales. In regard to selling, general and administration expenses, the Company forecasts an increase in personnel expenses effected by staff increase for expansion of business and sales increase of studio condominium.

For the fiscal year ending March 31, 2019, the Company expects consolidated net sales of 152,471 million yen (up 13.7% year on year), operating profit of 24,541 million yen (up 20.5% year on year), ordinary profit of 23,661 million yen (up 19.2% year on year), profit attributable to owners of parent of 16,132 million yen (up 17.3% year on year).

For the period of consolidated cumulative second quarter, the Company forecasts consolidated net sales of 111,573 million yen, profit attributable to owners of parent of 14,829 million yen.

(5) Basic Policy on Profit Distribution, Dividend for the Current and Next Fiscal Years

The Company has long believed that returning profits is an important management issue and has adopted a new target of dividend policy. The Company will strive to provide more proactive shareholder return with a higher ratio of profit return.

As an index for the profit return, the Company will gradually increase its dividend payout ratio to 20% within the next five fiscal years until the fiscal year ending March 2023. Also the Company is aiming an increase of dividend in total by 15% or greater year on year, backed by the existing management goal of the growth in operating profits by 10% or greater year on year.

According to the Article of Incorporation of the Company, the dividends of surplus is subject to the resolution of the Board of Directors of the Company, and the Company has set a basic policy of paying two dividends a year, including an interim dividend and a year-end dividend.

For the year ended March 31, 2018, the Company paid an interim dividend of 12.5 yen per share in the consolidated cumulative second quarter and plan to pay out a year-end dividend of 16.9 yen per share, annual total of which to be 29.4 yen per share for the full year.

For the next fiscal year ending March 31, 2019, the Company plans to pay out interim dividend of 17.5 yen per share and a year-end dividend of 17.5 per share, totaling 35 yen per share for the full year.

2. Basic Approach to the Selection of Accounting Standards

The Group prepares consolidated financial statements with Japanese accounting standards. The Group intends to continue examining the application of international accounting standards with considering situations both in Japan and abroad.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

| | As of March 31, 2017 | As of March 31, 2018 |
|-------------------------------------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 30,534,088 | 31,374,433 |
| Accounts receivable - trade | 93,479 | 79,318 |
| Real estate for sale | 14,324,393 | 11,275,614 |
| Real estate for sale in process | 122,174,998 | 180,461,550 |
| Raw materials and supplies | 188,219 | 207,921 |
| Deferred tax assets | 469,435 | 905,770 |
| Other | 4,025,462 | 3,762,667 |
| Total current assets | 171,810,077 | 228,067,276 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 283,395 | 329,039 |
| Accumulated depreciation | (106,106) | (128,852) |
| Buildings and structures, net | 177,288 | 200,186 |
| Real estate for rent | 11,910,872 | 14,677,100 |
| Accumulated depreciation | (557,734) | (741,276) |
| Real estate for rent, net | 11,353,138 | 13,935,823 |
| Land | 271,702 | 271,702 |
| Other | 260,068 | 308,752 |
| Accumulated depreciation | (196,653) | (222,715) |
| Other, net | 63,415 | 86,037 |
| Total property, plant and equipment | 11,865,545 | 14,493,751 |
| Intangible assets | 276,890 | 431,820 |
| Investments and other assets | | |
| Investment securities | 57,226 | 86,133 |
| Long-term loans receivable | 22,471 | 20,900 |
| Long-term loans receivable from subsidiaries and associates | 375,556 | 1,427,267 |
| Deferred tax assets | 450,309 | 420,200 |
| Other | 449,071 | 451,820 |
| Total investments and other assets | 1,354,636 | 2,406,322 |
| Total non-current assets | 13,497,071 | 17,331,894 |
| Total assets | 185,307,149 | 245,399,170 |

(Thousands of yen)

| | As of March 31, 2017 | As of March 31, 2018 |
|-------------------------------------------------------|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 15,752 | 796,037 |
| Electronically recorded obligations - operating | 7,770,600 | 5,955,930 |
| Short-term loans payable | 1,440,000 | 7,965,955 |
| Current portion of long-term loans payable | 23,970,549 | 32,507,172 |
| Income taxes payable | 2,542,037 | 4,190,984 |
| Advances received | 10,825,594 | 12,492,345 |
| Provision for bonuses | 131,810 | 170,067 |
| Other | 2,742,147 | 3,458,537 |
| Total current liabilities | 49,438,492 | 67,537,029 |
| Non-current liabilities | | |
| Bonds with share acquisition rights | | 6,400,000 |
| Long-term loans payable | 75,691,200 | 95,621,800 |
| Provision for directors' retirement benefits | 522,650 | 569,350 |
| Provision for share-based payment | 39,398 | 89,905 |
| Other | | 8,393 |
| Total non-current liabilities | 76,253,248 | 102,689,448 |
| Total liabilities | 125,691,740 | 170,226,478 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,472,694 | 1,973,996 |
| Capital surplus | 1,406,871 | 2,113,852 |
| Retained earnings | 59,308,110 | 71,588,931 |
| Treasury shares | (2,869,119) | (2,471,817) |
| Total shareholders' equity | 59,318,556 | 73,204,962 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (6,212) | 6,980 |
| Foreign currency translation adjustment | | (2,840) |
| Total accumulated other comprehensive income | (6,212) | (4,139) |
| Subscription rights to shares | 287,248 | 180,329 |
| Non-controlling interests | 15,816 | 1,783,260 |
| Total net assets | 59,615,408 | 75,172,692 |
| Total liabilities and net assets | 185,307,149 | 245,399,170 |

(2) Consolidated statements of income and comprehensive income
Consolidated Statements of Income

(Thousands of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|---------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Net sales | 101,083,608 | 134,059,492 |
| Cost of sales | 73,651,139 | 99,575,438 |
| Gross profit | 27,432,468 | 34,484,054 |
| Selling, general and administrative expenses | | |
| Sales commission | 5,092,093 | 5,857,632 |
| Advertising expenses | 471,929 | 436,573 |
| Directors' compensations | 470,730 | 569,220 |
| Salaries and allowances | 2,659,858 | 3,627,888 |
| Bonuses | 137,190 | 214,687 |
| Provision for bonuses | 114,833 | 144,568 |
| Retirement benefit expenses | 17,156 | 22,573 |
| Provision for directors' retirement benefits | 46,375 | 51,700 |
| Provision for share-based payment | 39,398 | 51,874 |
| Depreciation | 53,260 | 61,402 |
| Other | 2,683,700 | 3,083,178 |
| Total selling, general and administrative expenses | 11,786,525 | 14,121,298 |
| Operating profit | 15,645,942 | 20,362,755 |
| Non-operating income | | |
| Interest income | 8,877 | 7,795 |
| Dividend income | 1,498 | 1,350 |
| Purchase discounts | 14,645 | 5,417 |
| Share of profit of entities accounted for using equity method | | 24,118 |
| Foreign exchange gains | 21,979 | - |
| Commission fee | 60,418 | 90,984 |
| Penalty income | 83,657 | 106,818 |
| Other | 44,248 | 63,598 |
| Total non-operating income | 235,324 | 299,883 |
| Non-operating expenses | | |
| Interest expenses | 417,587 | 614,501 |
| Share of loss of entities accounted for using equity method | 11,183 | |
| Foreign exchange losses | | 39,948 |
| Commission fee | 32,806 | 132,542 |
| Other | 5,617 | 17,119 |
| Total non-operating expenses | 467,194 | 804,112 |
| Ordinary profit | 15,414,072 | 19,858,526 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 1,222 | 3,708 |
| Gain on sales of investment securities | 1,211 | - |
| Total extraordinary income | 2,434 | 3,708 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 464 | 7,314 |
| Loss on sales of investment securities | 12,739 | - |
| Loss on valuation of investment securities | | 25,956 |
| Total extraordinary losses | 13,204 | 33,270 |
| Profit before income taxes | 15,403,302 | 19,828,964 |
| Income taxes - current | 4,972,027 | 6,482,826 |
| Income taxes - deferred | (97,762) | (412,037) |
| Total income taxes | 4,874,264 | 6,070,788 |
| Net income | 10,529,038 | 13,758,175 |
| Profit attributable to non-controlling interests | 2,098 | 462 |
| Profit attributable to owners of parent | 10,526,939 | 13,757,713 |

Consolidated statements of comprehensive income

(Thousands of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|----------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Net income | 10,529,038 | 13,758,175 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (13,231) | 13,192 |
| Foreign currency translation adjustment | | (2,840) |
| Total other comprehensive income | (13,231) | 10,352 |
| Comprehensive income | 10,515,806 | 13,768,527 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 10,513,707 | 13,768,065 |
| Comprehensive income attributable to non-controlling interests | 2,098 | 462 |

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Thousands of yen)

| | Shareholders' equity | | | | |
|------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 1,472,694 | 1,402,694 | 50,180,742 | (2,864,803) | 50,191,327 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (1,399,571) | | (1,399,571) |
| Profit attributable to owners of parent | | | 10,526,939 | | 10,526,939 |
| Purchase of treasury shares | | | | (326,867) | (326,867) |
| Disposal of treasury stock | | 4,177 | | 322,551 | 326,729 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | | 4,177 | 9,127,367 | (4,315) | 9,127,229 |
| Balance at end of current period | 1,472,694 | 1,406,871 | 59,308,110 | (2,869,119) | 59,318,556 |

| | Accumulated other comprehensive income | | Subscription rights to shares | Non-controlling interests | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|----------------------------------------------|-------------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Total accumulated other comprehensive income | | | |
| Balance at beginning of current period | 7,018 | 7,018 | 117,312 | 8,717 | 50,324,376 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | | | (1,399,571) |
| Profit attributable to owners of parent | | | | | 10,526,939 |
| Purchase of treasury shares | | | | | (326,867) |
| Disposal of treasury stock | | | | | 326,729 |
| Net changes of items other than shareholders' equity | (13,231) | (13,231) | 169,935 | 7,098 | 163,802 |
| Total changes of items during period | (13,231) | (13,231) | 169,935 | 7,098 | 9,291,031 |
| Balance at end of current period | (6,212) | (6,212) | 287,248 | 15,816 | 59,615,408 |

Fiscal year ended March 31, 2018

(Thousands of yen)

| | Shareholders' equity | | | | |
|-------------------------------------------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 1,472,694 | 1,406,871 | 59,308,110 | (2,869,119) | 59,318,556 |
| Changes of items during period | | | | | |
| Issuance of new shares | 501,302 | 501,302 | | | 1,002,604 |
| Dividends of surplus | | | (1,476,891) | | (1,476,891) |
| Profit attributable to owners of parent | | | 13,757,713 | | 13,757,713 |
| Purchase of treasury shares | | | | (71) | (71) |
| Disposal of treasury shares | | 204,389 | | 397,373 | 601,763 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 1,288 | | | 1,288 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | 501,302 | 706,980 | 12,280,821 | 397,301 | 13,886,405 |
| Balance at end of current period | 1,973,996 | 2,113,852 | 71,588,931 | (2,471,817) | 73,204,962 |

| | Accumulated other comprehensive income | | | Subscription rights to shares | Non-controlling interests | Total net assets |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|----------------------------------------------|-------------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | | | |
| Balance at beginning of current period | (6,212) | | (6,212) | 287,248 | 15,816 | 59,615,408 |
| Changes of items during period | | | | | | |
| Issuance of new shares | | | | | | 1,002,604 |
| Dividends of surplus | | | | | | (1,476,891) |
| Profit attributable to owners of parent | | | | | | 13,757,713 |
| Purchase of treasury shares | | | | | | (71) |
| Disposal of treasury shares | | | | | | 601,763 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | 1,288 |
| Net changes of items other than shareholders' equity | 13,192 | (2,840) | 10,352 | (106,918) | 1,767,444 | 1,670,878 |
| Total changes of items during period | 13,192 | (2,840) | 10,352 | (106,918) | 1,767,444 | 15,557,283 |
| Balance at end of current period | 6,980 | (2,840) | 4,139 | 180,329 | 1,783,260 | 75,172,692 |

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Income before income taxes | 15,403,302 | 19,828,964 |
| Depreciation | 309,849 | 405,680 |
| Amortization of goodwill | 18,344 | 100,212 |
| Interest and dividend income | (10,376) | (8,946) |
| Interest expenses | 417,587 | 614,501 |
| Foreign exchange losses (gains) | (21,979) | 39,900 |
| Share of (profit) loss of entities accounted for using equity method | 11,183 | (24,118) |
| Decrease (increase) in inventories | (40,741,315) | (57,359,750) |
| Increase (decrease) in notes and accounts payable - trade | 2,641,651 | (957,096) |
| Loss (gain) on sales of investment securities | 11,527 | - |
| Share-based compensation expenses | 169,935 | 52,091 |
| Increase (decrease) in provision for bonuses | 28,485 | 38,257 |
| Increase (decrease) in provision for directors' retirement benefits | 38,298 | 46,700 |
| Loss on valuation of investment securities | | 25,956 |
| Loss (gain) on sales of non-current assets | (1,222) | (3,708) |
| Loss on retirement of non-current assets | 464 | 7,314 |
| Increase (decrease) in advances received | 3,507,579 | 1,653,868 |
| Decrease (increase) in consumption taxes refund receivable | (480,956) | 142,915 |
| Increase (decrease) in accrued consumption taxes | 165,598 | (196,641) |
| Increase (decrease) in provision for share-based payment | 39,398 | 51,874 |
| Other, net | (1,367,852) | 819,371 |
| Subtotal | (19,860,496) | (34,722,654) |
| Interest and dividend income received | 10,539 | 8,946 |
| Interest expenses paid | (420,924) | (614,662) |
| Income taxes paid | (5,172,131) | (4,855,818) |
| Net cash provided by (used in) operating activities | (25,443,012) | (40,184,188) |
| Cash flows from investing activities | | |
| Purchase of non-current assets | (5,850,248) | (673,901) |
| Proceeds from sales of non-current assets | 1,512 | 3,708 |
| Purchase of investment securities | (1,849) | (1,944) |
| Proceeds from sales of investment securities | 34,807 | 70 |
| Payments of loans receivable from subsidiaries and associates | (354,396) | (1,094,850) |
| Payments into time deposits | (35,010) | - |
| Proceeds from withdrawal of time deposit | | 35,010 |
| Purchase of shares of subsidiaries and associates | (10,000) | (10,978) |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (732,490) | (162,993) |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | 5,000 | - |
| Other, net | 90 | - |
| Net cash provided by (used in) investing activities | (6,942,584) | (1,905,878) |

(Thousands of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|---------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Cash flows from financing activities | | |
| Proceeds from long-term loans payable | 64,484,000 | 69,432,045 |
| Repayments of long-term loans payable | (22,328,399) | (41,118,222) |
| Proceeds from issuance of common shares | – | 834,720 |
| Purchase of treasury shares | (138) | (71) |
| Cash dividends paid | (1,397,909) | (1,478,402) |
| Net increase (decrease) in short-term loans payable | (760,000) | 6,525,955 |
| Proceeds from stock issuance to minority shareholders | | 1,782,000 |
| Proceeds from issuance of bonds with share acquisition rights | | 6,990,279 |
| Other | | (4,460) |
| Net cash provided by (used in) financing activities | 39,997,552 | 42,963,842 |
| Effect of exchange rate change on cash and cash equivalents | (363) | 1,580 |
| Net increase (decrease) in cash and cash equivalents | 7,611,591 | 875,355 |
| Cash and cash equivalents at beginning of period | 20,827,486 | 28,439,078 |
| Cash and cash equivalents at end of period | 28,439,078 | 29,314,433 |

Others

(1) Orders and sales

a. Actual orders

Fiscal year ended March 31, 2017

| 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 | Studio condominiums | 1,723 | 107.4 | 29,398,500 | 109.8 | 783 | 82.2 | 13,249,900 | 81.3 |
| | Family condominiums | 2,115 | 155.9 | 78,100,183 | 162.8 | 2,056 | 154.1 | 78,816,477 | 169.4 |
| | Sale of condominium building | 1,248 | 235.5 | 18,731,686 | 257.9 | 1,244 | 138.8 | 18,536,374 | 157.4 |
| | Sale of hotel property | 429 | 595.8 | 6,680,396 | 375.1 | 501 | 695.8 | 8,461,396 | 475.1 |
| | Sale of other type of housing | 35 | 67.3 | 1,004,672 | 66.6 | 7 | 87.5 | 217,210 | 86.5 |
| | Sale of other real estate | – | – | 678,380 | 40.7 | – | – | – | – |
| Total amount of reportable segments | | 5,550 | 153.5 | 134,593,819 | 154.7 | 4,591 | 140.7 | 119,281,358 | 155.3 |

Fiscal year ended March 31, 2018

| 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 | Studio condominiums | 2,435 | 141.3 | 43,388,576 | 147.6 | 1,502 | 191.8 | 27,103,251 | 204.6 |
| | Family condominiums | 1,948 | 92.1 | 72,747,421 | 93.1 | 2,144 | 104.3 | 80,407,205 | 102.0 |
| | Sale of condominium building | 1,229 | 98.5 | 18,690,623 | 99.8 | 1,140 | 91.6 | 16,794,869 | 90.6 |
| | Sale of hotel property | 534 | 124.5 | 10,391,444 | 155.6 | 834 | 166.5 | 16,108,748 | 190.4 |
| | Sale of other type of housing | 86 | 245.7 | 2,093,668 | 208.4 | 8 | 114.3 | 126,995 | 58.5 |
| | Sale of other real estate | 2 | – | 3,065,785 | 451.9 | – | – | – | – |
| Total amount of reportable segments | | 6,234 | 112.3 | 150,377,519 | 111.7 | 5,628 | 122.6 | 140,541,070 | 117.8 |

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 mainly 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.
- Amounts of contracts in previous year refers to lands for development.
Amounts of contracts in the fiscal year refers to commercial stores (68,136 thousand yen) and to lands for development (2,997,649 thousand yen)
- 1,038,565 thousand yen in the total amount of contracts and the outstanding balance of contracts for sale of hotel property in the fiscal year ended March 31, 2017, corresponds to settled contracts for land only, and as the associated building contracts remain unsettled in these cases, the number of units corresponding to these buildings are not included.
- Lala place Co., Ltd. became a consolidated subsidiary of the Company on April 1, 2017. The financial results of Lala place Co., Ltd. are not included in the total amount of contracts and the outstanding balance of contracts

for the fiscal year ended March 31, 2017. The company's post-consolidation financial results are recorded in the total amount of contracts and the outstanding balance of contracts for the fiscal year ended March 31, 2018.

10. Number of rooms in total amount of contracts and the outstanding balance of contracts may fluctuate due to change of business plan.
11. Business segments which are not included in the reportable segments are not applicable.

b. Actual sales

| Name of segment | Category | FY ended March 31, 2017 (from April 1, 2016 to March 31, 2017) | | | | FY ended March 31, 2018 (from April 1, 2017 to March 31, 2018) | | | |
|-------------------------------------|----------------------------------------|-------------------------------------------------------------------|------------------|---------------------------|------------------|-------------------------------------------------------------------|------------------|---------------------------|------------------|
| | | 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 | Studio condominiums | 1,892 | 138.5 | 32,453,600 | 147.7 | 1,726 | 91.2 | 29,707,185 | 91.5 |
| | Family condominiums | 1,544 | 108.0 | 50,450,244 | 112.3 | 1,860 | 120.5 | 71,156,692 | 141.0 |
| | Sale of condominium building | 900 | 224.4 | 11,971,922 | 243.2 | 1,246 | 138.4 | 19,318,038 | 161.4 |
| | Sale of hotel property | – | – | – | – | 183 | – | 2,744,091 | – |
| | Sale of other type of housing | 36 | 81.8 | 1,038,521 | 82.6 | 85 | 236.1 | 2,183,883 | 210.3 |
| | Sale of other real estate | – | – | 878,380 | 36.8 | 2 | – | 3,065,785 | 349.0 |
| | Business accompanying real estate sale | – | – | 504,693 | 180.4 | – | – | 1,276,139 | 252.9 |
| Total amount of reportable segments | | 4,372 | 134.9 | 97,297,362 | 128.5 | 5,102 | 116.7 | 129,451,818 | 133.0 |
| Other | | – | – | 3,786,245 | 116.7 | – | – | 4,607,674 | 121.7 |
| Total | | 4,372 | 134.9 | 101,083,608 | 128.0 | 5,102 | 116.7 | 134,059,492 | 132.6 |

Notes:

- 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 mainly 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 lands for development, other than housing
- Business accompanying real estate sale includes agent commission for condominium sale and paperwork accompanying real estate sale.
- The net sales for sale of other real estate in previous year refers to lands for development.
The net sales for sale of other real estate in the fiscal year ended March 31, 2018 refers to commercial stores (68,136 thousand yen) and lands for development (2,997,649 thousand yen)